

*Tuesday, 12 November 2024]*

No 80—2024] FIRST SESSION, SEVENTH PARLIAMENT

**PARLIAMENT**  
**OF THE**  
**REPUBLIC OF SOUTH AFRICA**

---

**ANNOUNCEMENTS,  
 TABLINGS AND  
 COMMITTEE REPORTS**

---

TUESDAY, 12 NOVEMBER 2024

---

**TABLE OF CONTENTS**

**ANNOUNCEMENTS**

**National Assembly**

1. Referral to Committees of papers tabled ..... 2

**TABLINGS**

**National Council of Provinces**

1. Chairperson..... 2

**COMMITTEE REPORTS**

**National Assembly**

1. Finance ..... 299

**National Council of Provinces**

1. Finance .....	338
------------------	-----

---

## ANNOUNCEMENTS

### National Assembly

#### The Speaker

#### 1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Portfolio Committee on Small Business Development** for consideration and report:
    - (a) Revised Annual Performance Plan of the Small Enterprise Development and Finance Agency (SEDFA) for 2024/25.
  - (2) The following paper is referred to the **Standing Committee on Appropriations** for consideration and report:
    - (a) Proposed amendment in terms of section 10(1)(a) of the Financial Sector and Deposit Insurance Levies Act, 2022 (Act No.11 of 2022) to Table E of Schedule 5 to that Act for an increase of levies payable to the Office of the Pension Funds Adjudicator.
- 

## TABLINGS

### National Council of Provinces

#### 1. The Chairperson

**Please note:** The following report replaces item 1(a) under Tablings in the name of the Chairperson of the National Council of Provinces in the ATC (Announcements, Tablings and Committee Reports) of 06 November 2024, on page 4.

- (a) Consolidated Provincial Week Report: 16 – 20 September 2024



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

# National Council of Provinces

## Consolidated 2024 Provincial Week Report

**Date: 16 – 20 September 2024**

**Theme:** *Confronting the challenges facing the timely delivery of viable public infrastructure to communities.*



## Contents

1.	EXECUTIVE SUMMARY.....	3
2.	LIST OF ACRONYMS .....	8
3.	INTRODUCTION.....	10
4.	EASTERN CAPE PROVINCE: CHRIS HANI & JOE GQABI DISTRICT MUNICIPALITIES ..	11
5.	FREE STATE PROVINCE: MANGAUNG METRO & MATJHABENG LOCAL MUNICIPALITIES 47	
6.	GAUTENG PROVINCE: JOHANNESBURG, WEST RAND, SEDIBENG, EKURHULENI AND TSHWANE REGIONS.....	77
7.	KWAZULU-NATAL PROVINCE: ETHEKWINI METRO & ILEMBE DISTRICT MUNICIPALITIES 108	
8.	LIMPOPO PROVINCE: WATERBERG DISTRICT MUNICIPALITY .....	166
9.	MPUMALANGA PROVINCE: EHLANZENI DISTRICT: THABA CHWEU LOCAL MUNICIPALITY .....	207
10.	NORTHERN CAPE PROVINCE: SOL PLAATJE AND DIKGATLONG LOCAL MUNICIPALITIES.....	227
11.	NORTH WEST PROVINCE: NGAKA MODIRI MOLEMA DISTRICT & MAHIKENG, RAMOTSHERE MOILOA & TSWAING LOCAL MUNICIPALITIES.....	256
12.	WESTERN CAPE PROVINCE: CITY OF CAPE TOWN METRO .....	270
13.	CONCLUSION .....	295

## **1. EXECUTIVE SUMMARY**

### **1.1 Introduction**

The 2024 NCOP Provincial Week focused on addressing the challenges of timely delivery of viable public infrastructure to communities across various provinces in South Africa. The 2024 NCOP Provincial Week Consolidated Report provides a comprehensive overview of public infrastructure across various provinces in South Africa. It consolidates findings of provincial delegations from site visits, briefings, and engagements with provincial and local government officials, highlighting key issues, challenges, and recommendations. This summary encapsulates the general overview, key findings and key recommendations as gleaned from the report.

### **1.2 General Overview**

#### **1.2.1 Major causes of incomplete, delayed and abandoned projects**

The report notes various reasons contributing to incomplete, delayed or abandoned projects in many of the provinces. In the main these relate to project planning, management, monitoring and implementation which are necessary to avoid cost escalations that are draining the fiscus, as well as contractual disputes which result in the termination of contracts, cash-flow and performance-based challenges, inadequate oversight, vandalism and theft.

Other challenges include labour and community unrest, Covid-19 disruptions, challenges experienced regarding the submission of compliance documents, supply chain management capacity constraints, and attacks by construction mafia. Unlawful occupation of land is also a significant factor. This often results in the interruption of infrastructure projects at the site of occupation. Some of the areas that are occupied are typically high-risk and cannot be supplied with interim services. Land acquisition, which is often difficult to secure prior to the commencement of construction, also contributes to project holdups. In some areas projects do not commence on time due to delayed approvals by traditional authorities.

Worth noting is the observation that at times some defaulting companies, such as CMS at Ngaka Modiri Molema District Municipality in the North West province, are given more contracts in spite of their poor performance record. The Delegates observed that such malpractices often resulted in a series of abandoned projects.

#### **1.2.2 Negative impact and solutions**

Economic activities are negatively affected as businesses rely on infrastructure projects, for example the construction of road network, for operations. Communities continue to suffer because of project

delays although public resources were already expended. It was observed that there was a serious lack of consequence management mechanisms to deal with the delays and failures in the implementation of projects. The Delegates highlighted a need to facilitate proper consultation with community members to ensure awareness and buy-in. The use of technology is regarded as one of the solutions to address the challenge of project delays.

As part of their recommendations, the Delegates requested remedial action, detailed time-bound reports and sufficient responses to questions asked on sites, among other things. Where criminality was suspected there was a call for the matters to be brought to the attention of law enforcement agencies. The need for proper investigations to identify administrative lapses, negligence or collusion with criminal elements, was highlighted with a view to enforce consequence management mechanisms.

In some instances, the Delegates raised concerns about new timeframes for the completion of projects which seemed unrealistic in the face of challenges that still needed to be addressed. They requested a reconsideration of such timeframes. The Delegates also noted the failure to take proper care of projects that were nearing completion or were completed, something which often promoted acts of vandalism. Post facto realisation of capacity constraints after a contractor had been awarded a tender was raised as a matter of concern that required appropriate action. The importance of consistent monitoring was also highlighted.

### 1.3 Key Findings

The report contains the following key findings:

#### 1.3.1 Infrastructure challenges

- **Delays and incomplete projects:** Many infrastructure projects across provinces face significant delays, are incomplete, or have been abandoned. Common reasons include budget constraints, contractor performance issues, community unrest, extortion, theft and administrative inefficiencies.
- **Maintenance issues:** Aging infrastructure and inadequate maintenance are recurring problems, leading to frequent breakdowns and service interruptions.

#### 1.3.2 Financial constraints

- **Budget cuts:** Several departments report severe budget cuts, impacting their ability to complete projects and maintain existing infrastructure.

- Misallocation of funds: Instances of funds intended for infrastructure being used for other purposes, such as salaries, have been noted.

### 1.3.3 Governance and accountability

- **Poor project management:** There is a lack of effective project management and oversight, leading to cost overruns and delays.
- **Use of consultants:** Over-reliance on consultants for compiling financial statements and managing projects, often resulting in poor quality and additional costs.
- **Consequence management:** There is a need for stronger consequence management to hold contractors and officials accountable for delays and poor performance.

**The above challenges have had serious consequences, which include but not limited to, the following:**

- Delays in health facility upgrades, hospital construction, school infrastructure projects and refurbishment projects.
- Poor performance in infrastructure development, particularly in water and sanitation sectors, as well as challenges in maintaining and upgrading water supply and sanitation systems.
- Several large-scale housing and road projects which face delays due to contractor issues and community unrest.
- Delays to significant housing projects due to land acquisition issues, funding arrangements, budget constraints and contractor performance or related issues.
- Extensive road network requiring significant upgrades and maintenance.
- Investments in bulk water supply projects and refurbishment of existing infrastructure.

However, the report notes major investments in road infrastructure, water supply schemes, sanitation infrastructure, and energy projects, as well as the successful implementation of innovative human settlement solutions to address spatial development needs. It also demonstrates that where progress was made, the Delegates expressed support for the efforts made. For example, in the case of the road paving project at Pniel near Kimberley, the delegation lauded the implementation of a model for the empowerment of contractors and called for it to be used as best practice in other provinces.

In the final analysis, the findings highlight the critical need for improved governance, better financial management, and stronger accountability mechanisms to enhance the delivery and maintenance of public infrastructure across the country.

## 1.4 Key Recommendations

Following their observations, the delegations made, among others, the following key recommendations:

### 1.4.1 Enhanced Project Planning and Management

- Strengthen project management practices to ensure timely and cost-effective delivery of infrastructure projects.
- Implement robust monitoring and evaluation systems to track project progress and address issues promptly.

### 1.4.2 Financial Oversight and Accountability

- Improve financial management and oversight to prevent unauthorised and wasteful expenditure.
- Enforce consequence management for non-compliance and poor performance by officials and contractors.

### 1.4.3 Community Engagement

- Enhance community engagement and social facilitation to address local concerns and prevent project disruptions.
- Promote transparency and inclusivity in project planning and implementation to gain community support.

### 1.4.4 Intergovernmental Collaboration

- Foster collaboration between national, provincial, and local governments to align infrastructure projects with broader development goals.
- Leverage public-private partnerships to supplement funding and expertise for infrastructure projects.

## 1.5 Conclusion

The 2024 NCOP Provincial Week Consolidate Report highlights significant challenges in the delivery of public infrastructure across South Africa. Addressing these challenges requires improved project management, financial oversight, community engagement, and intergovernmental collaboration, among other things. Implementing the **recommendations** will enhance the efficiency and effectiveness of infrastructure delivery, ultimately improving the quality of life for communities.

Overall, the report highlights the need for better planning, management and oversight to ensure the successful completion of infrastructure projects and mitigate the negative impacts on communities and businesses.



## 2. LIST OF KEY ACRONYMS

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
BFI	Budget Facility for Infrastructure
BRICS	Brazil, Russia, India, China, and South Africa
CIS	Country Investment Strategy
CRU	Community Residential Unit
CSIPs	Country Strategic Investment Programmes
DoCSR&T	Department of Community Safety, Roads & Transport
DCoGSTA	Department of Cooperative Governance, Human Settlements & Traditional Affairs
DoHS	Department of Human Settlements
DoL	Department of Labour
DBSA	Development Bank of Southern Africa
DDI	Domestic Direct Investment
DFI	Development Finance Institution
DPME	Department of Planning, Monitoring and Evaluation
ERRP	Economic Reconstruction and Recovery Plan
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Service
FIDPM	Framework for Infrastructure Delivery and Procurement Management
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GFCF	Gross Fixed Capital Formation



IDA	Infrastructure Development Act
IDC	Industrial Development Corporation
IDMS	Infrastructure Delivery Management System
IF	Infrastructure Fund
ISA	Infrastructure South Africa
JOGEDA	Joe Gqabi Economic Development Agency
LSEN	Learners Special Education Needs
MiD	Mild intellectual Disability
NDP	National Development Plan
NIP	National Infrastructure Plan
NPC	National Planning Commission
PICC	Presidential Infrastructure Co-ordinating Commission
PPP	Public-Private Partnership
SOE	State-Owned Enterprise
SMME	Small, Micro and Medium Enterprises
WTW	Water Treatment Works
WWTW	Waste Water Treatment Works

### 3. INTRODUCTION

The 2024 Provincial Week is a high-impact integrated oversight driven approach to the challenges of abandoned and incomplete community assets and infrastructure in the various provinces. It was intended to afford Permanent Delegates an opportunity to return to their respective provinces to assess progress and plans to address the challenges of abandoned and incomplete community assets and infrastructure. This included oversight visits to incomplete, delayed and abandoned public infrastructure projects with the various affected departments.

While strengthening institutions responsible for infrastructure planning and delivery has been identified as the top priority of the National Infrastructure Plan 2050, the NCOP has an imperative oversight role to ensure that provinces develop institutional capability and plans to drive material progress in South Africa's infrastructure ambition.

## **4. EASTERN CAPE PROVINCE: CHRIS HANI & JOE GQABI DISTRICT MUNICIPALITIES**

### **4.1 EASTERN CAPE PROVINCIAL OVERVIEW**

#### **4.1.1 Chris Hani District Municipality**

The Chris Hani District Municipality is situated on the northern region of the Eastern Cape and comprises of six local municipalities that are covering 110 wards. It shares borders with five districts namely, Pixley Ka Seme, Joe Gqabi, Sarah Baartman, Amathole and OR Tambo. The municipality has been characterised by significant underdevelopment and high levels of poverty. Only 35.2% of the district's population resides in urban areas, while 63.8% reside in predominantly rural areas. The agricultural sector has been identified as a key developmental sector for the district. It has the most potential to contribute to job creation, promote livelihood opportunities and contribute to sustained social and economic growth and development.

#### **4.1.2 Provincial Overview: Premier of the Eastern Cape**

The Premier highlighted major efforts to create employment opportunities by attracting major investors in industries within the provincial economy. Unemployment remained one of the major risks that has been negatively impacting on socio-economic standing of the province. The Premier stressed that unemployment hit hard the most vulnerable groups in society, young people, women and persons with disabilities. Low economic growth rate remained a challenge. It was coupled with low economic growth, geopolitical risks such as US-China trade wars, conflict between Russia-Ukraine and conflict between Israel and Hamas that affected global trade and production. All had a direct effect to the South African economy and province.

Bold efforts to reconfigure public employment programmes had been highlighted, ranging from repurposing Labour Activation Programme to Expanded Public Works Programme. Collaboration initiatives between state training institutions (Setas), higher education and training, including science, technology and innovation that included partnership between the government and industry players had been identified essential to harness employment opportunities and job creation for young people. Investing in skills in industries such as ICT, agriculture and engineering painted as a thoughtful strategic policy direction over medium to long term to benefit the economy and society.

The following industries were growth opportunity levers that could accelerate inclusive economic growth and sustainable development:

- Agriculture, including Agric Business,

- Manufacturing beyond automobiles,
- Oceans economy,
- Tourism and both cultural and wildlife tourism and
- Digital economy.

Domestic and global investments needed to meet some of the strategic policy outcomes of the National Development Plan (Vision 2030). The Eastern Cape, following the national development commitments has attracted billions of rands to inject to the economy to stimulate economic growth and propel job creation initiatives. In the past five years, the Eastern Cape economy witnessed investment injection which amounted approximately to R200 billion. Some of the investments initiatives were headed by firms such as Aspen, Volkswagen and South African Breweries. Through South Africa-China trade and investment initiatives, the province has the potential to attract investment under automobile industry. Golden Dragon and China City Industrial Group has developed a Memorandum of Understanding with local partners like the Strategic Investment Group Africa (Siga) and SA National Taxi Council to develop a cost-effective minibus for the South African Taxi Industry. Further, collaborative efforts were being undertaken that would likely see a factory being established through China Capital Investment Group and/or Siga joint venture in East London Industrial Development Zone. It was further reported that there were efforts to attract BYD to produce electric vehicles in the province.

Agriculture has been an essential industry that could drive economic development and spur rural development, thus change rural economies and incomes. It has been reported that the province would also channel its resources and energies to boost agricultural production and Agric linked manufacturing activities. Important work between the province and the Department of Water and Sanitation was essential to reviving infrastructure in irrigation schemes in harnessing food security and boost participation of emerging farmers as critical commercial agricultural entrepreneurs.

Further, oceans economy has been central to the growth and development plan of the province. The Ocean Economy Master Plan has been developed and the province was focusing on implementing it. Revitalisation of small towns, including resetting small harbours has been part of the bigger strategy to stimulate growth in the rural coastal towns.

Tourism, including cultural and wildlife has the potential to change the unemployment narrative in the province. More than 6.9 million domestic trips have been undertaken in the Eastern Cape in 2023, 1 million more than in 2022. This contributed R6.5 billion to the provincial economy. It was important to invest in other critical sectors such as transport and roads, energy and water and sanitation, including digital and innovation to expand growth and development of tourism, including lubricating rural

development. It was pinpointed that public capital spending in growth enhancing sectors such as roads, energy, water and sanitation and energy were essential for the growth and development.

The province has invested in the following infrastructure development projects:

- Belstone-Breidbach interchange,
- Msikaba Bridge and Mthentu Bridge under construction,
- Ndabakazi interchange under construction, and
- R410 road from Queenstown to Lady Frere, including other 8 projects are in the procurement stage.

The road infrastructure investment has so far created more than 6000 jobs. More than 700 Small, Medium and Micro Enterprises (SMMEs) have benefited. It was anticipated that within the next five years, Sanral would invest R50 billion to strengthen roads in the province. Rural roads, including climate change were major risks that needed to be tackled. The province intended to invest on measures to respond on climate change, including procuring more yellow fleets to maintain rural roads and using alternative surfacing.

Water and sanitation systems were in the high and critical risk. Further water supply was another area that needed to be tackled which also depicts rural and urban inequality. The provincial government submitted that there were water and sanitation infrastructure challenges, not only in the Chris Hani district, but also in other districts such as Alfred Nzo. The Makana Local Municipality continued to experience water shortages it has faced for several years. It was reported that in the next five years, capital spending would increase to cover Zalu Dam in Lusikisiki, Coerney Dam in Nelson Mandela Metro, Foxwood Dam in Amathole and Raising of Gcuwa Weir. An investment amounting to R5.4 billion was secured for water security and supply for our communities.

There were bold plans such as the establishment of the Eastern Cape Electricity Transmission Grid in partnership with Eskom. The plans were anticipated to unlock 547 megawatts of additional electricity generation projects, with R13,7 billion expected for capital injection that would also create over 2000 jobs. The Eastern Cape through the partnership under Three Capes Alliance which included Northern and Western Cape provinces, intended to establish an integrated regional Green Hydrogen sector.

The province managed to build 100 schools, mainly in the rural areas in the past five years. Despite improvements in investing in school infrastructure, schools' infrastructure programme remained a challenge. Schools located in upper- and middle-class communities enjoyed good infrastructure compared to underdeveloped and impoverished communities, particular in the rural areas.

Public health industry was experiencing human capital shortages, including insufficient funding. Budget cuts measures remained a serious public health risk, including medico legal bill that choked fiscus that could be directed to improve health infrastructure. It was submitted that the province within the next five years, would build Bambisana Hospital in Lusikisiki with R616 million, Zithulele Hospital in Mqanduli with R1 billion and Madwaleni Hospital with R560 million.

Indwe Hospital which was planned to be constructed in 2020 required funding. This was one of the infrastructure projects that were affected due to the re-direction of funds to cover Covid-19 related health expenditure items such as generators, boilers, air-conditioning systems and some medical equipment like ventilators, vital signs monitoring and gas systems. Further health facilities were being revamped such as SS Gida Hospital, Taylor Bequest Hospital, Nessie Knight Hospital and All Saints Hospital.

#### **4.1.3 Deputy Executive Mayor of Chris Hani Municipality**

At the end of 2020, the district's population size stood at 872 000, accounting for about 1.5% of the national population. At the end of 2020, the district's unemployment level was at 46.2%, higher than the national average which stood at 30.3%. The number of jobs created in the district amounted to 123 000 in 2020. The district's developmental agenda was distributed across the six local municipalities and focuses on these sectors: Dr AB Xuma Local Municipality (crop production, forestry); Emalahleni Local Municipality (coal mining, tourism); Sakhisizwe Local Municipality (crop production, livestock improvement); Intsika Yethu Local Municipality (crop production, irrigation schemes); Inxuba Yethemba Local Municipality (bio-fuels, heritage tourism) and Enoch Mgijima Local Municipality (tourism, industrial expansion).

The cornerstone of the development agenda was to ensure local beneficiation. Its full maximisation was reliant on the eradication of water infrastructure backlogs, ensuring energy security, optimising on transport linkages, efficient intergovernmental relations and a sound research and planning base in the district. Some of the district's development priorities included the expansion of irrigation schemes such as the Ncorha Irrigation Scheme, the construction of dams such as the Engcobo Caca Dam, electrification at Komani Industrial Park, investments in alternative energy and the building of a skills centre.

The following have been identified as some of the catalytic projects, including the estimated investment cost for the district: Fertiliser Blending (R85 million); Fresh Produce Packhouse (R25 million); Mechanization Centre (R250 million); Coal Mining Initiatives - along the Molteno Mining Belt (R140 million); Komani Industrial Park (R500 million); Ncora Irrigation Scheme (R350 million) and Middleburg Bulk Water Supply (R900 million).

The district required intervention in the following areas:

- assistance in the replacement of the District Development Model champion both provincially and nationally; and
- revival of the district political and administrative committees; and
- co-funding for catalytic projects and funding approval for the Cala Dam.

#### **4.1.4 Infrastructure**

The district municipality was a Water Services Authority and a Water Services Provider in its area of jurisdiction. The Municipal Health Services took full responsibility of monitoring water quality and taking water quality for compliance monitoring. Water Services Provider was monitored by Technical Services with operational monitoring of water quality. The district continued to make progress in its infrastructure provision.

In the education sector between the period 2019 and 2023, the district completed 115 projects. Approximately eight replacement schools were constructed at a total cost of R457 million. The district completed 59 sanitation projects which was at 63% under the sanitation appropriate for Education (SAFE) Initiative. About six schools were provided with additional classrooms, using alternative building technology. There were 14 schools that have been provided with security fencing and 20 with water.

The district was continuing with work in the following three major projects (human settlements sector):

- Tsomo Multipurpose Centre;
- Enyanisweni Housing Project and
- Joe Slove Housing Project.

Work on the Tsomo multipurpose centre has been delayed with progress (currently at 48%). The challenge was a local group called the Tsomo Committee that demanded to take over the land allocated for the project. The issue had since been resolved.

The Fikile Gwadana Road has been identified as a major project in the transport sector. The road ran from the N6 outside Komani and served the Ezibeleni township and newly established Queen Industrial area. An access road would be created to the industrial area. This project was also delayed due to court action that resulted in it being on hold for 11 months (Aug 2022 – Jul 2023). However, the court interdict has been lifted and the contractor had since returned on site in July 2023. Its completion date was estimated to be 30 September 2024.

The Tsomo Water Treatment Works was the major infrastructure project for water and sanitation. Clusters of unserved areas were identified as potential projects during planning for eradicating water supply backlogs in 2007. Cluster 9 Backlog Water project included Tsomo River Abstractor Works & Water Treatment Works. The project commenced in 2010 and bulk supply components included the Water Treatment Works that reached completion stage, whilst the last components were almost at completion. This project was cross-border and would serve villages and towns in both Chris Hani and Amathole Districts.

The district has several other projects such as Gqaka (electrification), Sitholeni (electrification), Nkobongo Dam (water) and Thompson Dam (augmentation of water supply for the town of Elliot) that required intervention.

## **4.2 Joe Gqabi District Municipality (JGDM)**

The JGDM is located to the west of Alfred Nzo, north of OR Tambo and Chris Hani districts and east of the Northern Cape. It covers an area of 25 617 km<sup>2</sup>. The district has three local municipalities, namely, Senqu, Elundini and Walter Sisulu. The latter is a recently amalgamated municipality comprising of former Gariep and Maletswai Local Municipalities. Urban nodes include Aliwal North (primary); Sterkspruit, Ugie, Mount Fletcher, Maclear (secondary – major service centres) and Burgersdorp, Lady Grey, and Barkley East (secondary – minor service centres). Rural nodal settlements in Senqu include N dofela, Qoboshane/Telle-B, Hillside-E and Herschel, whilst Eludini comprises of Mangolaneng, Katkop, and Ngcele.

Agriculture was a key sector in the district which included commercial agriculture and subsistence agriculture. The deterioration of road networks was impacting negatively on farming in the whole region. The closing down of the railway system has increased transport costs. The tourism sector was also key. However, such sector was comparatively underdeveloped compared to other districts within the Eastern Cape.

### **4.2.1 Acting Executive Mayor of JGDM**

The Joe Gqabi District's population has grown from 348 673 in 2011 to 393 048 in 2022. At 52.5% in 2022, females comprised most of the population with males at 47.5%. Senqu Local Municipality was the most populous with a population size of 147 073 in 2022. Elundini Local Municipality followed with a population size of 141 762. The Walter Sisulu Local Municipality was the least populous with its population size at 104 213. The number of households in the district had also increased from 97 471 in 2011 to 124 294 in 2022.

The district has identified several backlogs regarding service delivery such as water provision at 19%, sanitation at 6%, waste removal at 46.9% and electricity supply at 6.1%. The district was at 19.5% backlog, while sanitation was at 6.4% regarding the provision of piped water. The number of flush toilets connected to sewerage has significantly increased from 26.9% in 2011 to 54% in 2022. Some rural areas of Senqu and Elundini were without reliable water supply. Several projects under the Public Protector Backlog were still at construction stage. These were to address community concerns and improve service delivery.

All municipalities in the district were working on long-term strategies to reduce backlogs but are dependent on grant availability. In response to the national agenda, the district has established institutional structures for the implementation of the District Development Model (DDM). For example, the DDM calendar meetings were aligned with the Integrated Development Plan (IDP) processes to enhance intergovernmental collaboration. Several catalytic focus areas have been identified for the DDM and included water and sanitation service provision, agriculture and tourism and renewable energy. However, the functional effectiveness of the DDM subcommittees in the district requires improvement.

Over the past two financial years, the JGDM maintained a clean audit outcome. Senqu Local Municipality and JoGEDA maintained clean audit results in the 2022/23 financial year. Elundini Local Municipality received an unqualified audit opinion with matters of emphasis for the 2022/23 financial year and Walter Sisulu Local Municipality improved from a disclaimer to a qualification. Audit improvement plans have been introduced for both municipalities. The district owed the Department of Water and Sanitation an amount of R48 million which is for the abstraction of raw water from the Holo Hlahatsi Dam. The district faced several challenges in its maintenance planning, which included inadequate budgets for local municipalities, aging infrastructure, insufficient plant and machinery to maintain infrastructure and increased vandalism that affected maintenance.

Disaster preparedness was a concern across all municipalities. The district has signed a Memorandum of Understanding (MoU) with other municipalities such as Chris Hani District Municipality and Xhariep District Municipality on disaster management. The district has also secured funding from Santam to develop a Level One Disaster Management Plan which was being compiled by the North West University. Other activities included contingency plans, keeping storm water drains clean, prevention of illegal dumping and graveling of roads.

The district's development agency JoGEDA, continues to play a pivotal role in its economic development and growth. The Agency assists with large economic projects, investor attraction and project management of the JGDM infrastructure programmes. However, it faces some challenges. The interim Board has raised concerns regarding the Agency's ability to be a going concern. The

district partnered with the Eastern Cape Socio Economic Consultative Council (ECSECC) to assist in the possible repositioning of the Agency, to ensure its financial viability.

Several partnerships have been established for economic development and growth such as Elundini Local Municipality and private partners for the development of the Ugie Industrial Hub and JoGEDA's partnership with Stellenbosch University on a business training programme for the youth. The district has identified several infrastructure projects, however all of them were dependent on the availability of funding. Limitations in available grant funding limited their speed of implementation. The district was working with the Development Bank of Southern Africa (DBSA) on the Adopt a District Project, as an attempt to source additional funding and partnerships.

Several catalytic projects were in the pipeline for the district, but few are being constructed. Some of the identified infrastructure projects included the Maletswai Bulk Services Upgrade (R100 million), Orange River Macro Scheme (R1.3 billion), Lady Grey Dam (R260 million), Mt. Fletcher Bulk Service Upgrade (R1 billion) and the Burgersdorp Bulk Water Supply (R300 million).

### **4.3 Site visits: Chris Hani District**

#### **4.3.1 Tsomo River Abstractor Works Water Treatment Works**

The Development Project is situated in the Intsika Yethu Local Municipality under the jurisdiction of the Chris Hani District Municipality. The project was planned to serve Intsika Yethu Local Municipality, Ngcobo Local Municipality, including Mngquma Local Municipality which is under Amathole District Municipality. Many surrounding villages were anticipated to benefit. The development project was a cross-border water infrastructure project. The project would provide bulk water supplies to 392 settlements with approximately 43 000 households.

Its construction started in 2016 and initially planned to be completed in 2018. To date, the Water Treatment Works was 100 percent complete. It was a 25 mega litre plant. The project was funded by the Department of Water and Sanitation through the Regional Bulk Infrastructure Grant. Investment on the project totals R285 million and approximately 2000 jobs were substantially created during construction phase and locally based SMMEs were also used.

##### **4.3.1.1 Challenges**

- Eskom transformer was exposed to vandalism and could affect the operation of the plant;
- Load-shedding or electricity reduction resulting in alternative use of generators. This could result to serious exposure to diesel costs;

- Lack of water supply to households due to old infrastructure pipelines and this has led to the municipality incurring additional costs as it is compelled to utilise water tank trucks to distribute water to affected villages;
- Lack of modern technology to provide sustained security for the asset; and
- Delays to accelerate and complete the upgrade of the Water Treatment Works to 42 mega-litres per day could cost an additional R353 million to cater for Umnquma Local Municipality, including the surrounding villages.

#### 4.3.1.2 Recommendations

- As from the 2024/25 to the 2025/26 financial years, the Chris Hani District should engage the Department of Water and Sanitation to secure funding to invest and replace old infrastructure pipelines.
- Over the 2025/26 financial year, the district municipality must make funding provision to invest on ICT security infrastructure to elevate security of the plant;
- The Department of Water and Sanitation should develop funding proposal for the completion of phase two of the project and submit to the NCOP by end of March 2025;
- The district municipality and the Department of Water and Sanitation should engage the National Treasury on soliciting funding required to complete the project at the end of the current financial year;
- Thematrix system that is designed to detect and prevent vandalism and theft should be installed. The system should be designed to transmit data of thieves directly to the law enforcement; and
- The Department of Water and Sanitation should invest on solar panel installations for the plant to operate smoothly even during loadshedding and saving on costs of utilising diesel generators. This would also mitigate the risks posed by transformer vandalism and making the plant more self-sufficient in the long term as well as ensuring consistent water supply to communities it serves.

#### 4.3.2 Tsomo Waste-Water Treatment Works

The Tsomo Waste-Water project started in 2018 and was supposed to have been completed in 2012. This project was an upgrade of the Tsomo WWTW from 0.5 Ml/per day to 2.5 Ml/per day by constructing a new treatment works and bulk sanitation services. The estimated cost then was R96-million. The original contractor left the site in 2022. It was reported that the contract was later terminated due to poor performance. The site was left unguarded for several years. The assets were vandalised and building material was stolen.

The project from the start was also faced with workers protesting for unpaid salaries. The Development Project remained incomplete. To date, approximately R94 million has been spent to the project and indirect spending recorded at R25 million with a short fall of R12 million. The sewage was spilling into the Lolwana stream and Tsomo River, but not reaching the waste water facility. Another major concern was the infrastructure related to pipes which were old. Water supply in the villages remained a serious concern. Many communities drew water from the rivers for drinking and household use. The initial planned budget was R133 million.

The budget planned to cover the following:

- Upgrade of the existing Oxidation Ponds to Conversional WWTW;
- New inlet works and main pump station;
- The 2870-meter-long 160 mm diameter outfall sewer gravitating to the Inlet works;
- The 1400 meter long 250 mm diameter sewer pumping main from main pumpstation to the Tsomo WWTW;
- The 400-meter-long 355 mm diameter final treated effluent pipe gravitating to the nearby stream;
- Design and installation of Electrical equipment; and
- Design and installation of mechanical equipment.

Progress to date reported indicated that the civil works recorded 75% completion, electrical works, registered 40% and the mechanical works recorded 40%.

#### **4.3.2.1 Challenges**

- The Eskom vandalised transformer, might take a long time to be fixed and thus negatively affecting the commissioning of the WWTW;
- Could incur increased cost if generator is installed as an alternative as energy generation to commission the WWTW;
- The non-performance of the appointed contractors further delayed the completion of the project;
- Lack of modern security technology to protect the assets against vandalism and criminal activity;
- Remaining scope covers electrical and mechanical, fencing, building work and some civil works. However, lack of funding and financing to complete the project remains a challenge.

#### 4.3.2.2 Recommendations

- From the 2024/25 to the 2025/26 financial years, the Chris Hani District should engage the Department of Water and Sanitation to secure funding to invest and replace old infrastructure pipelines;
- The district municipality and the Department of Water and Sanitation should engage the National Treasury on soliciting funding required to complete the project at the end of the current financial year;
- The contractor responsible for the failed project must return the money that was paid for incomplete work and should be held accountable for the damages caused to the community and government's property;
- The panel that appointed the contractor should be barred from future tender and/or decision-making processes;
- The local authority that was assigned to oversee the project should be subjected to consequent management;
- While awaiting the completion of the WWTW, the Department of Water and Sanitation should urgently introduce chemicals into old waste disposal systems that would dissolve sewage and prevent contamination;
- Modern security technology such as CCTV cameras, motion sensors and alarms should be installed to prevent vandalism; and
- The Department of Water and Sanitation should develop funding proposal for the completion of phase two of the project and submit to the NCOP by the end of March 2025.

#### 4.3.3 Albertina Sisulu Multi-Purpose Centre

The Development Project is situated in the Intsika Yethu Local Municipality under the jurisdiction of the Chris Hani District. The project started in 2015. The project stalled. The contract was terminated. The project was currently under review after the arbitration process. However, a new contractor was appointed to complete the project. The estimated cost of the project was revised downwards from R23 million to R15 million.

The plan was for the sector departments to bring much needed services to the community. Two local SMMEs were awarded to undertake site clearance and demolition of concrete. Future work included the installation of firefighting equipment and signage, landscaping and joinery, but the new contractor had failed to deliver the project on time.

#### 4.3.3.1 Challenges

- Although not expressed, cost over-runs could be incurred. This could have budget implications;
- Currently, it was anticipated that the project could be finished in 2025; and
- Cost implications of the legal dispute outcome.

#### 4.3.3.2 Recommendations

- The Mayor of Intsika Yethu District Municipality must provide the NCOP with the report on the settlement of the land claim with the Tsomo Development Forum by the end of March 2025; and
- The project should be completed within the 2024/25 financial year and the progress report must be submitted to the NCOP by the end of June 2025.

#### 4.3.4 Nyanisweni Housing Development

The Development Project is situated in Intsika Yethu Local Municipality under the jurisdiction of Chris Hani District Municipality. The project was anticipated to be completed within the estimated budget of R24.9 million. It was expected to build 157 housing units. The bulk infrastructure has been constructed. The houses would be constructed at 40 square meters with 2 bedrooms, kitchen and bathroom plastered in and out, ceiling installation and electrified. So far, the foundations constructed was recorded at 40%, wall plate was recorded at 25% and the roof was at 22%. The overall progress of the project was approximately at 30%. The project offered the opportunity to five local SMMEs that were expected to benefit and including sourcing of local labour which would compose of females and males.

##### 4.3.4.1 Challenges

- Delays caused by slow completion of the project due to SMMEs identified being unable to get the necessary requirements to fully participate in the project;
- Inability to obtain the National Home Builders Registration (NHBRC) certificates;
- Cross-cutting issues such as extortion;
- Weak inter-departmental and spheres of government collaboration in planning and funding; and
- Although not expressed, cost over-runs would be incurred, considering the historical account of the project.

#### 4.3.4.2 Recommendations

- A well costed project completion plan should be submitted by the end of March 2025;
- The project should be completed within the planned timeline; and
- A progress report should be submitted to the NCOP by the end of the 2024/25 financial year, considering both the local and provincial government accounting phases.

#### 4.3.5 Joe Slovo Housing Development

The Development Project is situated in Intsika Yethu Local Municipality under the jurisdiction of Chris Hani District Municipality. The Project was anticipated to be completed within the estimated budget of R26,9 million. It was expected to build 169 housing units. The bulk infrastructure has been constructed. The houses to be constructed were at 40 square metre with 2 bedrooms, kitchen, bathroom plastered in and out, ceiling installation and electricity. So far, the foundations constructed was recorded at 55%, wall plate was recorded at 53% and the roof at 50%. The overall progress of the project was around 89%. The project offered the opportunity to 5 local SMMEs that were expected to benefit, including sourcing local labour which would compose of females and males.

##### 4.3.5.1 Challenges

- Delays caused by slow completion of the project due to failure by the identified SMMEs to get the necessary requirements to fully participate in the project;
- Inability to obtain NHBRC certificates;
- Cross cutting issues such as extortion;
- Weak inter-departmental and spheres of government collaboration in planning and funding; and
- Although not expressed, cost over-runs would be incurred, considering the historical account of the project.

##### 4.3.5.2 Recommendations

- A well costed project completion plan be submitted by the end of March 2025;
- The project should be completed within the planned timeline;
- A progress report should be furnished to the NCOP by the end of the 2024/25 financial year, considering both the local and provincial government accounting phases.

#### **4.3.6 Fikile Gwadana Road**

The road is under the Enoch Mgijima Local Municipality and stretches from the north of the N6 outside Komani. It served the Ezibeleni township and the newly established Queen industrial area. It was 6.7 km long with the first 4.5 km serving the industrial area and the next 2.2 km serving the Ezibeleni township and Ikhala TVET college. The road section was constructed using a paving surface. The main objective was to provide a vital access road to the Queen Industria area which was expected to have heavy traffic and encouraged businesses to establish themselves in the industrial area, thus stimulating economic activity.

The project has been delayed due to court action which put the project on hold from August 2022 to July 2023. The interdict has since been lifted and the contractor has returned on site. The project was at 98% complete. The estimated project cost was R140 Million.

##### **4.3.6.1 Challenge**

- Although legal issues were resolved, litigation has caused delays and cost overruns.

##### **4.3.6.2 Recommendations**

- All streets adjacent to the road be upgraded utilising paving with proper road markings; and
- The project needed to be completed within the 2024/25 financial year.

#### **4.3.7 Komani Eco Industrial Park**

This industrial development programme fitted to the overall South Africa trade and industrial strategy, including the provincial and local government growth and development strategy. The development programme is situated in the Enoch Mgijima Local Municipality under the jurisdiction of the Chris Hani District Municipality. It was managed by the Chris Hani Development Agency.

The industrial park was integral part of the greater Komani urban area and comprised of two existing industrial areas of Queendustria and Ezibeleni, including the vacant land (Remainder Erf 163) between the two industrial areas. The industrial park hosted 49 businesses ranging from highly commercial and micro, small and medium enterprises, leading to total employment of more 2000 jobs. Tenant companies utilised shared infrastructure and utility services, including facilities economic infrastructure such as water and electricity supply, coupled with ICT. There was a need of economic infrastructure to meet the current and medium to long term needs of the industrial park.

The park has approximately R2 billion worth combined business investment. There was a R1,2 billion investment in pipeline from Solar Energy, Automotive, Food and Beverage manufacturing as well as Wool Washing plant.

#### 4.3.7.1 Challenges

- Increased demand from Water and Sanitation and Electricity supply to cover both households and businesses;
- Need for investor relocation due to lack of industrial capacity dedicated water, electricity, ICT connectivity and Industrial access roads infrastructure;
- Lack of security infrastructure to protect the assets;
- Lack of modern technology to provide sustained security for the assets;
- Insufficient funding to manage the operations of the park;
- Collaboration efforts and coordination with national state-owned entities was weak; and
- Low to medium partnership relationships with private sector to attract private capital to improve functional effectiveness of the park, taking into consideration the current constrained fiscus environment.

#### 4.3.7.2 Recommendations

- Within the current financial year and the 2025/26 financial year, the district municipality with the support of the provincial government, including the Department of Trade, Industry and Competition should engage the Department of Electricity and Energy, Water and Sanitation with the intention to provide the necessary infrastructure in order to enhance operational capacity of the industrial park;
- Public resources at the national and provincial level should be used to attract private capital to optimise operations of the industrial park; and
- There should be a dedicated and consistent cleaning programme to maintain the park's cleanliness. The cleaning programme should be conducted on a regular basis and be overseen by the district municipality or the relevant authorities;
- The management of essential utility services like water, electricity and ITC should be outsourced to established private companies to safeguard and prevent further value deterioration of assets;
- The fencing of the park should be an immediate priority as the security of the park's premises is vital to maintain investor confidence and protecting infrastructure;
- The park should invest in alternative energy solutions such as solar power to supplement current electricity supply. This would mitigate the risks associated with unreliable power outages and loadshedding, while also reducing operational costs in the long term; and

- The progress report should be submitted to the NCOP by the June in the 2025/26 financial year.

#### **4.3.8 Louis Rex Primary School**

The school is located at Enoch Mjijima Local Municipality and is a quintile 3. The school was accommodated in 32 prefabricated classrooms and 3 Grade R classrooms. Each prefab accommodated 28 to 30 learners. It had two male and two female ablution prefabricated blocks facilities. Public Works was the implementing agent for the project. Phase one of the project was for provision of fencing to the school boundary and has since been completed. The scope of work for Phase two was at 98% in terms of progress with clearing of the demolition works of the old school still to be finalised. The project cost for Phase two of the project was R26,755 million. Phase three of the project entailed the construction of permanent structures for the school. The contractor for permanent structure would be on site in March 2025 as the procurement process to appoint a contractor was in progress.

The scope of work to be executed in Phase three highlighted as follows:

- Construction of an administration block;
- Construction of male and female toilet blocks;
- Construction of multi-purpose classroom, media room and ordinary classrooms;
- Construction of sports field, walkways and play areas; and
- Construction a Grade R campus.

The procurement of phase three will be completed in January 2025. The school was unable to provide computer lessons due to the current accommodation arrangements. However, computer/media classrooms were part of the designs for the permanent structures. Procurement of four outstanding prefabs were in progress as they would be procured on a separate contract by the Department of Education to relieve overcrowding at the school.

##### **4.3.8.1 Challenges**

- Phase two of the project was delayed mainly due to the contractor's financial constraints;
- Poor performance on the project by the contractor;
- Only one local SMME was involved in the project;
- There were no water tanks at the school;
- The project was delayed by the late connection of electricity by the municipality;
- There was no security for learners as they start arriving at the school around 6am;
- The school had no sports field and learners have no space to play;

- The school had no covered shelter for learners when it is raining;
- There was no storage space available at the school;
- There was no dining room for workers to eat as the staff room was not enough to accommodate all educators; and
- There was a shortage of human resources such as general workers and clerks.

#### **4.3.8.2 Recommendations**

- The Department of Education should fast-track the procurement of outstanding prefabs before the start of the rainy season and covered walkways;
- The contractor should expedite the installation of water tanks;
- Contractors should be sourced from the internal databases to shorten the procurement period and be thoroughly evaluated to mitigate risks before appointment;
- The protection of learners, teachers and workers should be prioritised through the provision of a 24-hour on-site security guards as well as the matrix system to protect the property and equipment;
- The Department of Public Works and Infrastructure should utilise due diligence when contractors breach the terms of the contract as well as apply penalties against the contractors who default;
- The termination of contracts should be enforced as a last resort as contractors take the department to court and this lead to further delays;
- The Phase 3 of the project should cater for the provision of storerooms, a staff room, boardroom, a space for outdoor activities, a sports field and covered shelters; and
- The Department of Education should expedite the provision of computers as well as a temporary structure for the computer lab.

#### **4.3.9 Komani Waste-Water Treatment Works**

It is situated on the outskirts of Komani. The plat was not highly optimal functioning due to blocked lines and failure of various components inside the three processes which the plant was composed of. The main function of the plant was to collect domestic sewage from the Komani town and surroundings area and treat the sewage to a standard set by Department of Water and Sanitation so that it could be released into the eco system. The waste water entered the plant and was released untreated. The overall completion percentage was at 79%. A few issues were identified during the contract that forced the Chris Hani District Municipality to make a few changes in the scope because it could not be detected when the bill of quantities was created.

#### 4.3.9.1 Challenges

- An extra pump needed to be installed at de-sludging sump to pump sludge to the lagoons;
- Thickener tank steel cradle had to be replaced;
- Underground cable faults were to be determined and repaired;
- Overflow from inlet blocked manhole at Humus tanks were causing the area to flood and work could not be done in the area until the overflow was reduced by the Aerators and Bio-Filters;
- Possible cost implications which could affect the planned budget and spending;
- Funding and financing challenges due to fiscus that is constrained, could require resource mobilisation;
- The above issues prolonged the programme to go beyond the expected time frame.

#### 4.3.9.2 Recommendation

- All the above challenges should to be resolved by the end of 2024/25 financial year for the plant to operate optimally;
- Progress report should be submitted to the NCOP by the end of the 2024/25 reporting period.

#### 4.3.10 Unplanned project visits

The Enoch Mgijima Fire Station facility in Queenstown and the town hall which was burnt down were visited. To date the municipality has not been able to refurbish the town hall and reset the fire station. Operational performance and financial sustainability of the local municipality remained a concern. This was one of the municipalities that experience an accelerated decline in service delivery after it was born out amalgamation of the three separate entities namely, the Tsolwana, Inkwanca and Lukhanji Local Municipalities in August 2016. The local municipality was under administration. It appeared that the municipality's organisational health capacity and capability needed to be addressed. Financial and non-financial support should be considered to place the municipality on the growth path.

##### 4.3.10.1 Challenges at Komani Fire Station

- The fire station was completely under resourced from human and financial perspective;
- It had no functioning fire engine working and had three permanent staff members and volunteers; and
- The building was dilapidated and posed a serious risk to the safety of workers and to the entire community.

#### 4.3.10.2 Recommendations of the fire station

- The fire station be declared a heritage site as a result of its historical significance;
- The fire station should be relocated to a new and fully equipped facility with proper infrastructure and the necessary firefighting vehicles, including fire engines with adequate capacity to handle large fires; and
- The fire station should hire qualified firefighters to improve emergency response to meet the needs on the Chris Hani region adequately.

#### 4.3.10.3 Recommendations of the Town Hall

- There should be a clean-up of the town hall site and the deployment of security guards to prevent it from being utilised by homeless persons and posing danger to the community;
- Hazard signs should be installed around the building and repair falling walls to prevent further damages to the neighbouring buildings and/or potential harm to motorists and pedestrians; and
- The legal team should pursue the refurbishment of the town hall by securing insurance compensation and leveraging its status as a heritage site.

### 4.4 Site Visits – Joe Gqabi District Municipality

#### 4.4.1 Lady Grey Hospital

The project entailed the reconfiguration and upgrading of the Lady Grey Hospital in the Senqu Local Municipality. The scope of work included a new single-storey hospital building (OPD, Accident & Emergency, Pharmacy); new paved access road and parking, new paved yards and walkways, handrails and balustrades to ramps, concrete stormwater pipes, high-security fencing; new sewer reticulation and connection, new steel water tank; electrical, medical gas and HVAC installations. The existing hospital continued to be functional amid such developments.

The Eastern Cape Department of Health appointed the provincial Department of Public Works and Infrastructure as the implementing agent for the project. The initial project value was estimated at R43.4 million and BNN Construction was appointed as the main contractor. The initial contract period was for 18 months with the commencement date being 28 March 2023. The date of completion 28 September 2024. Cash flow challenges experienced by the contractor resulted in the termination of the contract around November 2023. Upon termination, approximately 16% of the work had been completed and R2.29 million of the budget been spent.

The provincial Department of Public Works and Infrastructure reported that a new service provider for the completion of the contract has been appointed. The closing date for the new tender was 18 April 2024. The procurement of the new contractor was concluded in July 2024. The site handover for construction was anticipated for 30 September 2024. The Department reported that contracting occupational health service compliance and application for a permit were underway to identify and activate the site handover. The new estimated project value was R52 million and the project would be completed within 22 months. The scope of work has been amended and in addition to the construction of a new entrance and guard house, pharmacy, both an outpatient department and one for accidents and emergencies, adjustments would also be made to the mortuary to ensure its compliance with the standard of health regulations and minor maintenance work would be conducted inside the hospital.

#### 4.4.1.1 Challenges

- The initial contractor, BNN Construction experienced cash flow challenges on the project;
- Such financial challenges also affected the payments to labourers, resulting in continued strike threats;
- The project suffered continued changes of site agents and health and safety non-compliance stoppages;
- The project team intervened and tried to assist the contractor, however progress was not show positive outcomes; and
- Default notices were issued and the contract was later terminated.

At the time of termination, the contractor had managed to complete the following works:

- Demolition of existing single-storey brick building;
- Demolition of existing single-storey timber prefabricated buildings of various sizes;
- Demolition of existing single-storey metal shed;
- Demolition of existing external water and sewer pipes (partial demolition to work area only); and
- Demolition of existing concrete paving blocks, paving and stormwater channel (partial demolition to work area only), temporary hoarding, excavations for retaining walls and footings, concrete blinding for retaining wall footings, excavations for creating building platform, building platform (imported filling).

The rest of the scheduled works comprised of the completion of the foundations and all elemental superstructure items and external works were not realised due to the termination of the contract.

#### 4.4.1.2 Recommendation

- The provincial Department of Public Works and Infrastructure to provide a detailed project documentation to the delegation. The documentation should include the department's monitoring processes, details on its Project Steering Committee, Gantt chart and the geo-tech report for the project.
- The information should also be shared with the legislature, specifically the relevant portfolio committee to ensure that oversight was conducted on the project.

#### 4.4.2 Umlamli Hospital Road

The project entailed the upgrading of the road from Sterkspruit to Mlamli Hospital. The district road (DR08606) runs south-easterly from Sterkspruit to Mlamli Hospital. The 12-kilometer section of the road earmarked for upgrade was crucial for providing improved access to healthcare facilities, particularly Mlamli Hospital for the residents of Sterkspruit and surrounding areas. Upgrading the road to a higher standard would ensure safer and more comfortable travel and reduce the travel time for patients seeking medical attention at Mlamli Hospital. The decision to upgrade the road was made in response to numerous pleas from the local community to enhance the overall quality of life in the area.

The initial contractors appointed for the project were Razz Civils and Gorogang Plant Hire JV. The contract was valued at R225.9 million with a start date of 10 December 2020 and completion estimated for 10 June 2023. The project started slowly and while progress picked up after four months. Slow progression was recorded from May 2022. In line with the General Conditions of Contract of 2015, the Provincial Department of Transport requested the contractor to provide a turnaround plan after falling significantly behind schedule. The contractor submitted a plan on 4 October 2022 which was closely monitored. It became evident that the contractor faced serious cash flow challenges resulting in delayed or non-payment to subcontractors and labourers. The situation escalated when the contractor failed to return to the site after the December 2022 break.

After numerous interventions to support the contractor at all levels of management in the department, including intervention from the Executive Authority, no progress on the site was observed. The department subsequently terminated the project in February 2024, stating that the RAZZ Civils/ Gorogang Plant Hire JV was in breach of contract. Expenditure on the unfinished project was R150.5 million with progress stated at 57%. The tender process for a new contractor was yet to be finalised with the process yet to be submitted to the Provincial Treasury. The new contract value for the project was R250 million.

#### 4.4.2.1 Observations

- The Provincial Department of Transport over deducted the contractor's retention fee. Deductions were meant to be up to a maximum of R1 million, but the contract stated R10 million which the department deducted. Such amount was incorrectly stated in the contract between the two parties. A legal opinion was sought by the department which showed that the department owed the contractor about R9 million and the department had to pay back this amount to the contractor;
- The contractor only came back to the site in August 2023 after the repayment of such funds. Upon their return, their pace on the project was slow and it eventually came to a standstill in November 2023. Thus the state of the road has been deteriorating for about a year;
- The contractor then advised the Department of Transport of their intention to terminate the contract, stating the non-payment of one payment certificate by the department as their reason;
- The department argued that the non-payment of the certificate was due to the penalties owed by the contractor when they abandoned the site and failed to complete the project on time;
- In January 2024, the contractor terminated the contract claiming that the department had not paid them. The department officially terminated the contract in February 2024;
- The contractor declared a dispute and an adjudicator was appointed. The findings from the adjudicator's report stated that the contractor's termination of the contract was invalid and that of the department was valid. It further stated that the contractor owed the department an amount of R8 million in penalty fees which it must pay;
- The department was in the process of recalling the performance guarantee which was about 10% of the contract value (±R22 million). The contractor was disputing such payment; and
- On the 28 March 2024, the tender for the project was re-advertised and was in the procurement stage and would be submitted to the Provincial Treasury.

#### 4.4.2.2 Recommendations

- It has been requested for documentation of the project breakdown detailing the costs for the project, including the four incomplete bridges be provided. The key questions are on how the department arrived at the current expenditure amount and the actual work at 57% completed;
- The Provincial Department of Transport should improve its procurement processes. The time to award a new contract for this project was taking too long;
- The Provincial Department of Transport should improve the monitoring of its projects. The department advised that it was in the process of taking legal steps against the engineer who

was onsite and responsible for monitoring the project. They claimed that the engineer failed in their duties to fully report and provide feedback on the project;

- The new contract amount of R250 million for the project appeared to be under-budgeting. The department should engage Provincial Treasury and establish the actual value of the project. This might mean re-advertisement of the tender; and
- An analysis and report from the Department of Transport on how they would identify gaps and how gaps would be closed internally for them be improved and the report should be presented at the relevant legislature's portfolio committee.

#### **4.4.3 Empilisweni Hospital**

The Provincial Department of Health initiated a project that sought to address security issues within health facilities throughout the province. Projects were awarded to contractors to provide fencing, guardhouses, lighting and other security related infrastructure. The project for Empilisweni dates to 2018.

The scope of work for the contract included the following:

- Temporary staff accommodation for doctors and health professionals (provision of park homes);
- Prefabricated buildings (one prefab for two disabled nurses);
- Prefabricated buildings (three prefabs for four doctors and two nurses);
- Prefabricated buildings (three prefabs for 18 nurses);
- Prefabricated buildings (five prefabs for 60 students);
- Provision of electrical and civil works bulk services (new parking bays, new ramps, walkways, external plumbing and drainage); and
- Demolition of condemned buildings.

The initial contract was for five months at an estimated value of R13.7 million. Kontinental Engineering Consulting, which was initially contracted, only completed 37% of the work. Due to cash flow problems, the contractor failed to complete the project and abandoned the site since January 2019.

The following interventions were applied by the Provincial Department of Health:

- Regular progress and technical site meetings were conducted with the contractor to monitor progress, quality of work, programming, project management and health and safety;
- Verbal notifications at site meetings, emails and contract instructions were issued to the contractor. The contractor abandoned the site since January 2019 and failed to respond to several correspondence made by the Project Manager; and

- The department did not approve the contractor's application to have penalties waived and be provided an extension of time without cost to return to the site and completed the project. Thus, the department terminated the contract on 12 July 2021.

#### **4.4.3.1 Project Challenges**

- There was an inability of the initial appointed contractor, Kontinental Engineering to complete the project;
- Delays in terminating the initial appointed contractor occurred;
- The outbreak of the COVID-19 pandemic in 2020 shifted the focus to the construction of isolation facilities for Covid positive patients;
- The project scope changed from the provision of prefab structures to brick-and-mortar accommodation;
- There were in-house capacity challenges of the new implementing agent, the Provincial Department of Public Works and Infrastructure to implement the project internally; and
- Delayed procurement of professional service providers by the implementing agent for the project occurred.

#### **4.4.3.2 Upgrade of Security Services**

The Provincial Department of Health initiated a project to upgrade security services across health facilities across the province. Empilisweni Hospital falls within cluster two of the district and would receive upgrades at the cost of R4.09 million. The implementing agent for this project was the Provincial Department of Public Works and Infrastructure. The project entailed the installation of a security fence around the hospital. The second phase of the project would entail the revamping of the guardhouse. Progress on this project has reached 85% completion of works and would be completed by 30 September 2024.

#### **4.4.3.3 Clean-Up Maintenance Programme**

The programme involved painting, plumbing and carpentry to several facilities at a cost of R10 million across the province. The scope of work included kitchens and laundromats at hospitals to ensure the compliance of buildings with the health practitioner regulations. For Empilisweni's MC Bavu has been contracted for these services at an amount of R864 871.

The work entails the following:

- *Kitchen Area* – replacement of damaged floor coverings, provision of new change rooms, provision of supervisor’s office, repairs of kitchen cupboards, installation of new shelving and security gate at storeroom, and replacement of damaged electrical fluorescent lights;
- *Laundry Area* – preparing and applying epoxy floors, provision of supervisor’s office, closing off water drainages with metal sheets, paintwork to internal and external walls, and repairing damaged roof extractor fans; and
- *Casualty Area* – replacement of two damaged internal doors, repairing damaged entrance double door, installation of metal corner L-shaped brackets, and revamping of ambulance entrance area.

The project duration was from 4 June 2024 to 23 October 2024. The project was underway with approximately 95% of work completed and expenditure to date was at R379 661.

#### **4.4.3.4 Observations**

Empilisweni is a level one hospital and this presents several challenges, especially pertaining to decisions taken at a provincial level that affected the running of the hospital. The Provincial Department of Health coordinated most of the hospital’s infrastructure projects. The hospital’s current Chief Executive Officer was appointed on an acting basis. The incumbent was appointed on 2 April 2024 until 30 June 2024. He was recently re-appointed on 19 August 2024, but still in an acting capacity.

Refuse collection by the local municipality has stopped at the hospital. This was due to the hospital’s debt to the municipality which amounted to R4.1 million for rates and electricity. The hospital has approached the municipality to review the bill and establish its actual source which might include other community stakeholders that might have connected illegally to the hospital’s electricity source. The hospital would approach the municipality to negotiate a payment plan on the bill. An amount of R1.1 million has been set aside for the negotiation process.

The hospital was in a legal dispute with the church that sold it the land. When the land was purchased, it was not registered at Land Affairs. There was a disagreement between the hospital and the Department of Public Works and Infrastructure regarding the size of the hospital’s land. When installing the fence, the Provincial Department of Public Works and infrastructure installed it far from the indicated boundary and agreed upon margins. Instead of fencing around the entire plot, they installed the fence closer to the hospital building, claiming budget insufficiency as the main reason. This in turn opened space for community members to invade the unfenced land and build informal housing structures. The project’s contract value was R4 million.

The planning by provincial departments was concerning as it entailed significant financial losses. When the land issue was resolved, the Department of Public Works and Infrastructure would have to redo the installation of the fence on the margins that were initially agreed upon. This meant that spending on the project would be duplicated. It is worth noting that there was never a dispute on the ownership of the land before until the Department of Public Works and Infrastructure did this blunder.

The current accommodation facilities where the doctors were housed were inadequate and appeared neglected. This has ramifications on the retention of skills as no doctor would be satisfied in staying in such facilities. It is worth noting that the provincial Department of Health has several challenges regarding budget allocations and accruals which in turn affect the efficiency of its hospitals such as Empilisweni.

As it stands, there was a discrepancy between the presentation provided by the department to the delegation as opposed to the discussions at the site.

#### **4.4.3.5 Recommendations**

- The legislature and its relevant portfolio committee should engage the hospital and its social partners on the challenges raised and find solutions on the land question and any other issues affecting the efficient running of the hospital;
- There should be mobile clinics for immediate care to ensure continuous healthcare access during transition period;
- A new hospital that will create a healthier and more efficient environment for patients and staff should be constructed to resolve current infrastructure failures and hygiene issues;
- Internship programme opportunities should be introduced for doctors and nurses to attract young professionals who are eager for hands-on experience in the field;
- The old hospital structure should be converted into a mental health institution;
- The Provincial Treasury should assist the local municipality to recoup the money owed by the hospital;
- The Provincial Department of Health should improve its planning and coordination of infrastructure projects. It must also fully honour where feasible, decisions made during engagements with community and social stakeholders; and
- The Provincial Department of Health should provide a detailed background information on the project at Empilisweni. This information should be shared with both the NCOP and legislature.

#### **4.4.4 Edger Housing Rectification Project**

The Lady Grey Edger 200 housing project was initiated by Senqu Local Municipality in 1998 in response to housing demand in the Khwezi Naledi Township. A total number of 200 beneficiaries were

identified, however no formal screening or beneficiary application processes were followed as the houses were built prior the existence of Housing Subsidy System (HSS) and the NHBRC. The Municipality being a developer appointed a contractor managed to build 62 houses and the project was blocked.

The Department of Human Settlements took over the project and it was unblocked in 2012 to complete the remaining 138 houses in 2014. The community expressed their dissatisfaction with the structures, citing poor workmanship on the 62 houses. They deemed such houses as posing danger to beneficiaries and they were referred for assessment by the NHBRC in 2015. The assessment by NHBRC found that 56 units were defective and were recommended for rectification.

It was noted that even though the project was referred for rectification, the budget limitations and its policies could not fulfil the rectification requirements and therefore qualified for IRDP programme and funding thereof was secured. Provincial approval for the demolition and rebuilding of the units was only obtained in September 2022. The Department reported that the beneficiaries' registration process on the HSS was completed and all 56 beneficiaries were approved.

#### **4.4.4.1 Project Scope**

The Department of Human Settlements has appointed Zaborigo Projects Pty (Ltd) as the main contractor on 22 July 2024. Royal Mndawe Holdings has been appointed as the Professional Service Provider (PSP) on 6 September 2024 for the demolition and rebuilding of 56 units, including the construction and monitoring of the project. The project was valued at R13 918 657.76.

The department was in the process of finalising the contracts for both the PSP and the contractor and plans to conclude the process in October 2024. The PSP would complete all designs in November 2024. Physical construction activities were planned to commence in January 2025.

The department has indicated that no risk has been taken in appointing both the contractor and PSP simultaneously, as the contractor would align their work on the plans produced by the PSP. All houses have been priced by the contractor for rebuilding from foundation level to completion and all foundation designs have been accommodated on the contractor's prices Bill of Quantities. The project was being implemented in line with the Prevailing National Subsidy Quantum.

#### **4.4.4.2 Project Approach and Issues**

- Social facilitation has been conducted with the beneficiaries who would be temporarily relocated to create space for the rebuilding of the new houses;

- Procurement delays affected the implementation of the project. Work on the project has been stagnant as three separate provincial government delegations visited this site with continuous reassurances by the Department of Human Settlements that a contractor has been appointed and yet no demolition and breaking of ground has taken place;
- The Provincial Department of Human Settlements reported that a contractor had been appointed for the project, yet the required project designs have not been completed. This was concerning as a contractor could not already be appointed and yet there were no designs on what they would be building;
- A discrepancy was highlighted between the information presented by the department to the delegation and what happened on the ground and with the finalisation of the project, specifically regarding project timeframes;
- The department assured the delegation that the PSP and contractor would be monitored to ensure that they honour the project timeframes and milestones as set in the contract; and
- Project Steering Committee and site meetings would be conducted for accountability of performance.

#### **4.4.4.3 Recommendations**

- The Office of the Premier should ensure that the process of the project was smoothed out as the information provided was not credible;
- The delegation did not accept the Edger Housing Project timeframes as the project was stalled in 1998 and was then only planned to start in 2025;
- It has been recommended that the project should go back to the province to be fixed as only 62 of 200 units have been built;
- The project should be monitored by the province and a progress report be submitted to the NCOP;
- The Department of Human Settlements should account to the Provincial Legislature's Human Settlement Portfolio Committee on the project;
- The NCOP should assist the JGDM in ensuring that the project was fully activated; and
- The Legislature through its portfolio committee, should conduct oversight on the project and monitor its performance.

#### **4.4.5 Nkopane Junior Secondary School**

Nkopane Junior Secondary School is based in Herschel, Sterkspruit. An evaluation of the infrastructure at the school was conducted in September 2015. The existing facilities were all found to be in poor condition, the overall state of the buildings was deemed inadequate and the assessment concluded that none of the classrooms could be renovated. The toilets were in a state of disrepair,

necessitating the demolition of the entire toilet block. The school also faced challenges of an unreliable water supply and the lack of a sewerage system.

Tsepo ya Rona was appointed as the contractor in 2016. The site was handed over on 9 January 2017, with completion planned for 11 September 2019. The project was valued at R1.6 million. On 12 March 2018, the contractor issued a letter of notice to terminate the contract due to late payment by the Department of Education and advised about the suspension of the work until the payment has been made. On 20 March 2018, the client's Occupational Health and Safety Sub-Consultants monitored the site after the contractor had vacated it. On 20 April 2018, the contractor issued a letter of termination due to late payment by the Department.

In May 2018 negotiations to mediate the challenge commenced. However, these were unsuccessful as the contractor demanded a substantial increase, in addition to the original contract amount. The contractor cited discrepancies found in the original bill of quantities as the reason for the request. These entail money that was not brought forward to the bill summary, escalation amounts that were way too low, provisional sums that were incorrectly brought to the bill summary, and some items that were underpriced by the original or previous contractor. The formal termination of the contract took place on 22 November 2021.

The new tender was advertised in 2022, but the bid fell through in November 2022. In 2023, the bid was cancelled and the Provincial Department of Public Works and Infrastructure readvertised. The new tender was advertised in March 2024 with the closing date in April 2024. The project's estimated cost was R53 million, but the recommended contractor came in at R48.4 million. A new contractor has been recommended and concurrence with the Provincial Department of Education. On 12 September 2024, the Provincial Department of Education received documentation to ensure compliance and concurrence on all areas pertaining to the project from the Department of Public Works and Infrastructure. The proposed project start date was November 2024 and the completion date in June 2027.

#### **4.4.5.1 Project Scope**

The project scope included the construction of new classrooms and support spaces, demolitions, a nutrition block, an administration block, grade R classrooms and toilets, a multipurpose classroom, a play area, a sand pit block, ramps and walkways, sidewalks and paving, covered walkways, tanks and tank stands, elevated tank, landscaping, stormwater drainage and a refuse room. The constructed buildings would be single-storey and the scope also included electrical and mechanical works.

#### 4.4.5.2 Observations

- The school had a complement of about 350 learners when the project was approved, however that number has dropped to about 250 learners;
- The viability of the project starting at the end of the year was questionable;
- The project was likely to only start at the beginning of the new year;
- The appointment of the first contractor was in 2016 and the termination was only in 2021;
- The COVID-19 pandemic could be used as an excuse for this delay;
- Inadequate consequence management for responsible public officials in the implementation of these projects was concerning;
- It was expensive to terminate a contract. The Department of Public Works and Infrastructure's contract was with the Joint Building Contracts Committee (JBCC). Should the Department decide to terminate a contract, about 10% of the contract's remaining amount was due to the contractor even if they have not done any work. Thus, it was advisable that the implementing agent could avoid contract termination; and
- Poor project management and planning was a consistent challenge with both the Departments of Public Works and Infrastructure and Education when it came to infrastructure projects.

#### 4.4.5.3 Recommendations

- The enrolment should increase to ensure the school was above the accepted norm threshold; and
- There should be a constant monitoring and verification so as to ensure timeous completion of the project.

#### 4.4.6 Sterkspruit Waste-Water Treatment Works

The purpose of the project is to provide bulk sewer infrastructure for the community of Mokhesi. The bulk infrastructure will transmit wastewater from the Mokhesi village to the Sterkspruit WWTW, which is to be upgraded to a 6 Ml/per day wastewater treatment plant.

The Mokhesi Bulk Sewer Infrastructure project was the first phase under this project. The other phases were not at implementation stage yet and include:

- Sterkspruit and Tapoleng Bulk Sewer Infrastructure Stage;
- Esilindini Bulk Sewer Infrastructure Stage; and
- Sterkspruit Regional Wastewater Treatment Works Stage.

The project was the first of its kind, where the villages around Sterkspruit town, Mokhesi, Tapoleng and Esilindini would be provided with water borne sewer infrastructure. Drilled holes from the rigs were covered with green plastic filled with soil to prevent the holes from being blocked. The estimated cost for the project was R396 million, including an amount of R3.7 million co-funded by the Joe Gqabi District Municipality.

#### 4.4.6.1 Project Scope

The project scope entails the construction of bulk gravity and pumping sewer pipelines and three pumpstations to connect the Mokhesi area to the Sterkspruit Wastewater Treatment Works. Priority is given to the areas that can drain by gravity to the existing bulk sewer infrastructure. Pump stations and pressure lines will be built as required for the drainage zones that are not able to connect to the existing bulk sewer infrastructure by gravity only after approval by the engineer.

The scope work for Mokhesi Bulk Sewer Infrastructure:

**Sewer lift pump station** - there were four natural drainage areas within the Mokhesi area to be covered by the proposed bulk connector sewerage system which would demand pumping of sewerage to the proposed new wastewater treatment plant via three intermediate pump stations.

**Bulk sewer lines** - both gravity and pressure were estimated at approximately 23 106 kms of diameters varying from 160 mm to 315 mm to cover the Mokhesi area along with 326 maintenance holes and other associated features and fixtures.

#### 4.4.6.2 Project Approach

##### 4.4.6.2.1 Sewer Bulk Infrastructure for Mokhesi

- The phase was under construction. The construction started in January 2024 with a duration of 12 months. The project was planned to be completed by February 2025.

##### 4.4.6.2.2 Sewer Bulk Infrastructure for Sterkspruit and Tapoleng

- The phase was at the tender and documentation stage. The tender would be advertised in September 2024.

##### 4.4.6.2.3 Sewer Bulk Infrastructure for Esilindini

- The phase has gone back to the design stage, due to the rapid growth of the population and households in the Esilindini area. The phase is planned to go out to tender in the 2026/27 financial year; and

- Four millilitre Wastewater Treatment Works - the phase has gone back to the design stage. This was necessitated by the rapid growth of the population and households in Sterkspruit, especially the Esilindini area.

#### **4.4.6.3 Progress registered**

- The construction of Phase One started in January 2024;
- Approval of the waiver for co-funding was up to 75% of the project;
- Local employees appointed on phase one and 24 local people have been appointed; and
- Designs for the other three phases were completed and the budget has been approved for the project for the Medium-Term Expenditure Framework.

The project was behind schedule, however progressing well. To deal with hard rock, the contractor started by using excavator machines, then tried an excavator pecker, however, these did not work. The contractor has now brought in three rigs that were being used to drill through the rock in preparation for blasting. Trenches were very close to houses and a specialist blaster would be brought in to ensure that the blasting would be controlled.

#### **4.4.6.4 Observations**

- The project started very slow as it quickly encountered hard rock and wetlands on the other side;
- It experienced poor performance from the contractor at the beginning of the project, but close monitoring has been initiated to improve performance; and
- There was slow expenditure on the grant in the 2023/24 financial year, but Phase 2 of the project has been initiated and construction would start in the 2024/25 financial year.
- The delegation commended the Department for the hard work and the efforts towards ensuring the smooth running of the project;
- There were no issues that required intervention on the project.
- The project was applauded by the delegation as a success and a good story to tell.

#### **4.4.7 Ugie Langeni Road**

The Ugie, Langeni, and Maclear areas are renowned for their expansive forest plantations. The area is also well known for its commercial farming. The logs from these forests are transported to a sawmill in Langeni for processing. In the early 2000s (2002-2003), the Eastern Cape government received a proposal for additional forests to be planted in the Maclear area, with PG Bison establishing a processing plant in Langeni. The concept involved the wood being processed in Langeni and then transported to Mthatha, and from there, by train to the East London harbour. This would require the

upgrading of the R412 from the R61 to Ugie over the Ncembu Plateau. The Ugie Langeni Road that starts at the R61, past the Mthatha Airport, to the entrance of Ugie.

#### 4.4.7.1 Project Scope

The total cost of the road, which would be done in three phases and was a total length of 63 kms and costed R1.5 billion. The construction was divided into three phases:

- Phase 1: upgrading of the road from Ugie for 33 kilometres enroute to Langeni (R 246 000 000.00);
- Phase 2: upgrading of the road from the end of phase one over the Ncembu Plateau to Langeni processing plant, which was approximately 17 kms (R 900 000 000.00); and
- Phase 3: upgrading of the road from Langeni processing plant to R61 which was approximately 13 kms (R 365 000 000.00).

The construction project consisted of three phases commencing in early 2000 and concluding in late 2012. The last phase (Phase 3) was completed in 2012. Phase 2 presented the greatest complexity as it involved greenfield construction over an escarpment. Extensive geotechnical investigations were conducted, leading to the implementation of substantial reinforcement structures. In response to above-average movement experienced during the rainy period, an additional retaining structure was constructed.

A portion of this route was greenfield terrain over the Ncembu escarpment and viaducts were constructed. After the construction of the road, a retaining structure was constructed to mitigate the movement of the road down the escarpment. PG Bison eventually established the processing plant in Ugie.

#### 4.4.7.2 Challenges

- The road was poorly constructed, and the contractor has done a shoddy job;
- The road was closed and not used by the public;
- There have been warnings of imminent danger or collapse of a section of the road which must be investigated by the department;
- There was inadequate hydraulic capacity to carry the catchment runoff during floods, a poorly designed water channelling system resulting in water ingress to underlying layers and thus caused fine aggregates of fill and pavement layers to be washed away. This has resulted in the formation of transverse and longitudinal cracks, displacement and sagging of the road, in turn causing a safety hazard for commuters; and

- The topography where the road has been constructed was very mountainous and the severe displacement of the pavement was highly concerning for a possible collapse of that section of the road, hence the NCOP concurred with the department that the road remained closed for traffic and the road has been closed since June 2023.

#### 4.4.7.3 Recommendation

- As the road was closed, a decision was taken by the delegation to view another site;
- The Office of the Premier should continuously monitor the Department of Transport and ensure that the road was fixed and useable.

#### 4.4.7.4 Overall Observations

- Poor planning on infrastructure projects and inefficiencies within provincial departments that result in either fiscal dumping or duplication of spending on one project.
- A consistent trend of '*appointing and collapsing*' was identified among all the visited projects; this was concerning as this meant a duplication in spending and constructing at a higher cost than initially estimated.
- Inadequate project management by provincial departments.
- Cash flow problems appeared to be the main challenge for contractors resulting in the abandonment of sites and termination of contracts.
- There was duplication in spending resulting from abandoned projects that needed to be readvertised, and new service providers appointed.
- Tender processes that take too long in awarding contracts, resulting in abandoned projects deteriorating even further.
- Inadequate consequence management, especially with responsible public officials.
- The blacklisting of contractors was inadequate.
- Delayed spending on projects saw the money returning to the Treasury, in turn, the funds were reallocated to other projects which affected service delivery.
- Monitoring of projects during implementation was inadequate with departments seemingly dependent only on contractor reports, instead of regular onsite inspections.
- The process of recouping funds from defaulting contractors needed to be improved.
- Contractors appointed for these projects appeared not to have been fit for purpose.
- The vetting process of contractors needed to be evaluated by responsible provincial implementing agents.
- There was a lack of improved interdepartmental co-operation, consultation and communication at provincial level prior to appointment of contractors.

- There is a need for clear and concise contract formulation to eliminate later disputes regarding the terms and conditions of contracts, thereby delaying finalisation of projects.
- Better planning and scoping are needed on departmental level.
- A review of the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act to efficiently deal with illegal land occupation is needed.
- Sufficient consequences and consequence management for defaulting contractors as well as negligent officials should be implemented.
- Each contract should name one official who will be held accountable to ensure the timeous execution and delivery of projects.
- There was a need for ensuring that defaulting contracting companies as well as their respective individual directors be promptly and properly blacklisted in case of defaulting on contractual obligations.

#### 4.4.7.5 Conclusion

Good governance remained one of the focus areas. Poor governance decisions had a direct effect on the performance of the infrastructure spending. This was the focus that the province has committed to address policy issues for consideration. Across government, it was essential that delivering of services needed to improve social and economic wellbeing of the people and planet. Climate change required that investment in infrastructure to be climate change proof.

Spending in public capital on water and sanitation, roads and storm water, housing and sewerage systems would have greatest impact on economic growth and development and change the social outlook of the communities. Some of the policy issues raised highlighted some challenges that needed to be resolved and have been raised in various government strategic policy documents, including the work done by the Financial and Fiscal Commission.

The policy engagement emphasised the need for government to consider the following issues:

- Grants for infrastructure investment should prioritise growth-enhancing infrastructure (i.e. water and sanitation and electricity) so that municipalities could play their role in promoting economic development and growth.
- Government should establish an incentive grant or a reserve fund for maintaining and renewing infrastructure to ensure the long-term sustainability of critical socio-economic infrastructure and enhance local economic growth.
- A dedicated funding to boost technical capacity to implement provincial and municipal infrastructure.
- Infrastructure spending remained a challenge.

- Recognised efforts to renew and create new infrastructure productivity and change wellbeing of local communities was needed.
- There was a big push to leverage fiscus to attract private capital to boost infrastructure investment.
- The role of development financing was central, particular in rural economies.
- The role of DBSA was acknowledged. More needed to be done to change the economic and social life in the rural communities.
- Infrastructure development projects needed to be delivered on time to manage cost overruns.
- Integrated crime strategy needed to be implemented to eliminate construction mafias.
- Partnerships with the private sector needed to be harnessed to accelerate infrastructure delivery to manage social instability.
- Both political and administrative leadership needed to up the game, particularly at local government.
- Decisive actions needed to be taken, and consequence management must be effected.

## **5. FREE STATE PROVINCE: MANGAUNG METRO & MATJHABENG LOCAL MUNICIPALITIES**

### **5.1 Introduction**

The Provincial Week commenced at the Free State Provincial Legislature at the Fourth Raadsaal in Bloemfontein. In opening the briefing session, Hon. M Dhlamini, the National Council of Provinces (NCOP) Provincial Whip, introduced the NCOP as the house of Parliament that is the voice, eyes and representatives of Provincial Legislatures. In welcoming the NCOP Delegation, the Speaker of the Free State Provincial Legislature, Hon. M.A. Dukwana, reflected on how the work of the NCOP contributes towards ensuring accountability and transparency in the usage of resource and the delivery of public infrastructure. In reflecting on the theme for the Provincial Week during the Opening Remarks, the Premier of the Free State Legislature, Hon. M. Letsoha – Mathae, stated that the National Development plan, 2030, calls for aggressive investment in infrastructure and that the Free State Growth and Development Strategy adopts this approach. Through the Infrastructure Delivery Management System infrastructure preparation, planning, co-ordination implementation will take place. The Premier linked the Human Settlements project to be visited with the provincial approach of specific interventions, internal verification of beneficiary information, alignment of projects with multi – year business plan and regular reporting to stakeholders. The Premier committed the province to availing land for human settlement including working relations with municipalities to identify inner city land to promote densification and integration.

### **5.2 Briefing on the Provincial Perspective**

The Office of the Auditor General delivered a briefing on the Audit Outcomes for Departments and Municipalities in the Province. The AG found that Mangaung Metro and the intermediate cities of Maluti-A-Phofung, Matjhabeng, and Metsimaholo LMs failed to achieve key targets related to infrastructure development, particularly in areas like water, sanitation, and electricity. Common root causes identified are inadequate budgeting, misalignment between budget allocation and target achievement, and prioritization of operational expenses over capital investments. Secondly, poor planning, execution, and monitoring of projects contribute to underperformance and lastly, ageing and dilapidated infrastructure, especially in the water and sanitation sectors, hinder service delivery and limit progress on targets.

The Briefings by the Provincial Executive focused on the projects identified for site visits during the visit week. The Provincial Department of Public Works and Infrastructure (Provincial DPWI) is implementing the Leboneng School Hostel project on behalf of the client Department, being the Provincial Department of Education. Hon. M.J. Maboya, MEC for Education in the Province,

addressed the delegation to concur with the presentation delivered by the Provincial DPWI on the project. The MEC further pledged to commit to the interventions that have been put in place and that are being monitored by both departments. Similarly, Hon M. Mahlatsi, MEC for Health in the Free State Province, addressed the delegation to concur with the Provincial DPWI report on health facilities. MEC Mahlatsi also used the opportunity to update the AG Report findings on the state of health facilities in the Province. Of the 232 clinics, 144 have been inspected and 117 have been assessed to be compliant with the required standards. Further, 50% of regional hospitals have been assessed to meet the requirements for an ideal health facility.

### **5.3 Presentation by the Department of Public Works and Infrastructure**

#### **5.3.1 Key Issues**

The Acting MEC for Public Works and Infrastructure in the Free State Province, Hon. T.Z. Mokoena introduced the presentation by the Department of Public Works and Infrastructure. Provincial DPWI implemented 39 projects on behalf of Client Departments during the 2024/25 financial year. Two projects, Dr Sello Primary School (Viljoenskoon) and Eureka Hostel (Bloemfontein) have already been completed and handed over to the Client Departments.

#### **5.3.2 Challenges**

Approximately 250 people are illegally occupying some of the blocks in the Kopanong Complex, occupying about 3 760 m<sup>2</sup> of floor area. Most of the buildings are not compliant to Occupational Health and Safety Standards (for example the roof structure is made from untreated material of asbestos nature which is exposed directly to the sun and fire mains have been tampered with for additional water supply connection). When Provincial DPWI disconnects water and electricity these are reconnected again illegally by the occupants. A prohibition notice was issued by the Department of Labour because of illegal electrical connection as this poses a safety risk to the public. The Provincial DPWI has made efforts to evict the unauthorized occupants, but these attempts have not been successful. As a result, the complex remains in a dangerous state, with illegal occupation and unsafe living conditions continuing to be a serious concern. The provisions of the Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 19 of 1998 must be followed to ensure that the evictions are just and equitable. The Provincial DPWI is to identify alternative suitable accommodation because the occupants have been staying in the structure for years. Lease agreements are also considered to regularize occupation where the structure and the condition of the buildings are not compromised.

### 5.3.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
MEC for Public Works and Infrastructure and MEC for Health	Other than the Department of Education where there are norms and standards that are approved before the project is started, the Department of Health must be consulted for every facility that is being planned and it takes between three to six months to receive the strategic brief approval. The MEC for Public Works and MEC for Health are having engagements with the Minister of Health to fast track the process of approval.	Ongoing
MEC for Public Works and Infrastructure	The MEC for Public Works and Infrastructure is working with the MEC for Co-Operative Governance and Traditional Affairs and the Matjhabeng Municipality to identify alternative accommodation for settlement of qualifying occupants.	Ongoing

## 5.4 Departments of Cooperative Governance and Traditional Affairs and Human Settlements

### 5.4.1 Key Issues

The MEC for Co-Operative Governance and Traditional Affairs in the Free State Province, Hon. T.Z. Mokoena, introduced the presentation on the state of water and sanitation infrastructure in the province and introduced the presentation on the Human Settlements projects identified for site visits. An update was provided on the AG report in respect of the number of serviced sites, which was 433 at the end of the previous financial year. To date, 19 000 serviced sites are being attended to and the Provincial DoHS is attending to this backlog.

The presentation by Provincial COGTA provided an overview of the provision of free basic services and it was reported that on average, more than 85% of the Free State Province population have access to basic services in formal dwellings. The most marked improvement has been in respect of the provision of access to sanitation which stood at 64.7% in 2002 and improved to 87.4% of households having access to sanitation in 2022. One of the measures to address vandalism of municipal infrastructure is that when MIG funding applications are made by municipalities, provision is made for budgeting for security measures. In addition, municipalities are encouraged to not use concrete and steel palisade as these are easily damaged.

The MIG Expenditure figures were given for Municipalities in the Province as of August 2024. Nine Municipalities in the Province have unspent 2023/2024 MIG Funds, more than R5 million each with Kopanong LM having 2023/2024 unspent MIG funds of R10.9 million. Except for Tokologo LM (22%) and Moqhaka LM (24%), none of the Municipalities in the province spent more than 13% of its MIG expenditure during the 2024/25 financial year, with expenditure being as low as 1% in Kopanong LM, Mohokare LM and Masilonyana LM. Mafube LM has to date spent none its MIG allocation of R25.5 million.

#### **5.4.2 Challenges**

Municipalities do not adequately secure their infrastructure. Theft and vandalism (i.e. theft of cables, transformers etc.) particularly in Qwaqwa 2 is rife and illegal tempering of municipal infrastructure causes low levels of reservoirs and inability of water reaching high lying areas such as Qwaqwa. In Qwaqwa houses have been constructed without approval and illegally connected to the municipal infrastructure. The 4ML reservoir at the parliamentary villages therefore almost never has water because of this reason.

Provincial COGTA reported that conditional grant spending in municipalities are low and that conditional grants such as the MIG are often used for operational expenditure. This does not comply with the DORA conditions and puts municipalities at risk of not receiving further transfers.

In Masilonya LM challenges include that in Theunissen/Masilo the existing sewer plant has mechanical and electrical components that are completely dysfunctional. The existing disinfection pumps and motors hinder the ability to meet effluent quality standards. In Winburg/Makeleketla the existing Wastewater Treatment works is overloaded and cannot treat the effluent to the required quality standards. In addition, the mechanical challenges at the WWTW further exacerbate the challenge.

In the Thabong Community Residential Units project, due to the delay in the transfer from the National Department of Human Settlements, the Provincial DoHS was not able to honour some of the

contractor invoices. In terms of the contract entered into with the contractor interests may be charge on the outstanding amounts but the Department is in discussion with the contractor in this respect as this will lead to an audit finding of fruitless expenditure.

Where material irregularities are identified by the Provincial DOHS, the Department voluntarily reports the material irregularities to the AG and refers the matter to the Directorate for Priority Crime Investigation (“the Hawks”). The Provincial DOHS has handed over material irregularities in respect of 106 companies to its appointed legal panel which will assess the material irregularities and recommend cost recovery steps and provide the basis for consequence management to be followed.

#### 5.4.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Premier	Those forwarded as the intervention team in Municipalities will be provided with specific timeframe to perform their work and will no longer have open ended timeframes.	Ongoing
MEC for COGTA	The concern was raised that reports are that Vaal Central will be bankrupt over the next year, owing in large part to outstanding debt from municipalities. Provincial COGTA responded that a three-pronged approach is being recommended to the Municipalities. Firstly, to pay the capital amount in the current account because the debt is historical. Secondly, it is recommended that a Service Level Agreement be entered into with Vaal Central where it would be responsible for the supply of water and collection of service charges. Thirdly, municipalities are encouraged to enter payment plans. Cabinet has also established an Inter – Ministerial Committee that is focusing specifically on the	Ongoing

	<p>ten municipalities that are the largest debt contributors.</p> <p>The MEC for COGTA is continuing with engagements with DWS in respect of the debt owed by municipalities in the province.</p>	
--	---	--

#### **5.4.4 Recommendations**

The Delegation recommends that Provincial COGTA on a quarterly basis report to the Free State Provincial Legislature on conditional grant expenditure by Municipalities across the Province.

The Delegation recommends that the Provincial DOHS provides the outcomes of the Structural Engineering Assessments (undertaken to determine the present value of the sites and the value lost due to vandalism, underperformance and delays) and Legal Panel Assessments to the Free State Provincial Legislature and NCOP, to enable the tracking of recommendations contained in the assessment.

The Delegation recommends that the Provincial DOHS provides regular reports to the Free State Provincial Legislature on progress towards the completion of the Thabong Community Residential Units and Dark and Silver City Redevelopment projects.

### **5.5 Department of Community Safety, Roads and Transport**

#### **5.5.1 Key Issues**

Hon. J.N.I. Mbablulo, MEC for Community Safety, Roads and Transport in the Free State Province introduced the presentation by the Department of Transport. The MEC reported that of the thirty – one projects outlined for the financial year, the majority are progressing as planned. The Excelsior to Tweespruit Road project as well as the Kroonstad to Steynsrus Road project are however encountering significant delays.

The Provincial Road Maintenance Grant contributes 85% of the budget of the Provincial Department of Community Safety, Roads and Transport (Provincial DCSR&T). The Department has 31 projects across the districts at a budget of R4.3 billion in total. Projects in the Thabo Mofutsanyana DM account for R1.6 billion, being the largest share amongst the Districts.

### 5.5.2 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Premier	<p>The existing project management and other technicians must register with recognised professional bodies. In future, no one will be appointed without being registered.</p> <p>(This applies to all infrastructure projects).</p>	Ongoing
MEC for Community Safety, Roads and Transport	<p>The due diligence process will from now include identifying companies which are under business rescue and where a person who has previously defaulted has registered a new company.</p>	Ongoing

### 5.5.3 Recommendations

The Delegation recommends that the Provincial SCSR&T provides regular reports to the Free State Provincial Legislature on progress on both the Excelsior to Tweespruit Road and Kroonstad to Steynsrus Road projects.

The Delegation recommends that the NCOP commend the Provincial SCSR&T on its flagship programme with the Central University of Technology that received an award from South African Institution for Civil Engineers (SAICE) for the best community-based project in the Country.

## 5.6 Briefings on the Local Government Perspective

### 5.6.1 Mangaung Metropolitan Municipality

Cllr. G Nthatsi, Executive Mayor of Mangaung Metropolitan Municipality, addressed the delegation on water and sanitation provision to Botshabelo.

### 5.6.1.1 Key Issues

Area	Issue
Botshabelo Section U	In Botshabelo Section U stands are serviced with water, however, waterborne sanitation is yet to be installed. The Municipality is yet to identify a funding source for the installation.
Settlement adjacent to Botshabelo Section U	In the settlement adjacent to Botshabelo Section U water is being provided through outlet pipes and the Municipality on 21 October 2021 appointed a contractor to complete household water connections. The project was stopped by court interdict and to assist the community, communal taps were provided.
Botshabelo Section W	Botshabelo Section W stands are serviced with water and waterborne sanitation. The Botshabelo Wastewater Treatment Works that has been identified as a site to visit the sanitation pumpstations in Section W is vandalized frequently, causing sewage spillages.
Vista Park 3 Development, Mangaung Metro	R287 million has been spent on the Visa Park 3 Development in the Mangaung Metro. The contractor has, however, not honoured the terms of the Land Availability Agreement entered between it and the Municipality as the contractor has not made the required financial contribution.

### 5.6.1.2 Recommendations

The Delegation recommends that Mangaung Metropolitan Municipality prioritizes the identification and allocation of funding towards the provision of waterborne sanitation in Botshabelo Section U.

The Delegation recommends that Mangaung Metropolitan Municipality ensures that the Botshabelo Wastewater Treatment Works are secured so that further vandalism and sewage spills are prevented.

The Delegation recommends that the Mangaung Metropolitan Municipality, within six months receipt of the Visit Week report, provide the Free State Legislature and the NCOP with a progress report on the way forward in respect of the utilization of the Taxi Rank Precinct.

## **5.6.2 Matjhabeng Local Municipality**

### **5.6.2.1 Key Issues**

Cllr H.A. Mokhomo, Acting Executive Mayor of Matjhabeng Local Municipality delivered a presentation on the Municipality's aged sewer infrastructure consisting of a total of 1543km of sewer pipelines, which mostly are collapsed, blocked, and some of the sewer lines have reached its designed life span and requires urgent replacements. The briefing covered Ministerial Intervention Projects being implemented in the Municipality which include repair and unblocking of collapsed sewer network pipes and refurbishment or upgrading of nine WWTWs. Fifty -two (52) of the 57 pumpstations in the Municipality are not working and require refurbishment. Of these, some have been merged to create bigger pumpstations and the number identified for refurbishment has been reduced to 44. Of the total R2.2 billion budget for these intervention projects, expenditure as of August 2024 stood at R703 million.

### **5.6.2.2 Recommendations**

The Delegation recommends that the Free State Legislature maintain oversight over the implementation of the Ministerial Intervention Projects in Matjhabeng LM and report to the NCOP should there be any delays in implementation.

The Delegation recommends that Matjhabeng LM ensures that its municipal infrastructure is secured so that further vandalism and sewage spills are prevented.

The Delegation recommends that the Provincial Free State Legislature engaged with the Provincial DOHS on intervention plans for Hani Park and T16 Human Settlements projects.

## **5.7 Oversight Visits: Visits to incomplete, delayed or abandoned infrastructure projects**

### **5.7.1 Hostel Construction at the Leboneng Special School (Welkom)**

The Leboneng Special School Hostel project will provide accommodation for students attending the adjacent special needs school and their educators. Stakeholders are optimistic about the project's

completion by the newly anticipated date, aiming to deliver a fully functional facility that meets the needs of its future occupants.

- **Client Department:** Provincial Department of Education
- Date Site Handed Over to the Contractor: 28 February 2019
- Initial Completion Date: October 2021
- **Project Value:** R 74 811 691.94
- Revised Completion Date: 13 December 2024
- **Expenditure to Date:** R 68 033 466 (90.9%)

Area	Issue
Project Scope of Work	The project comprises of two dormitory blocks (98 beds per dormitory), a parking area and storage water tank and Block C with a kitchen, dining area / multi-purpose hall and laundry facilities. The project is currently at 97% completion.
Outstanding Work	<ul style="list-style-type: none"> <li>• Minor electrical works in the hall which is at 90% completion.</li> <li>• Paving around hall walkways which is at 80% completion.</li> <li>• Floor covering the hall and walkways which is at 80% completion.</li> <li>• Multipurpose hall ceiling.</li> <li>• Backup Booster pump</li> <li>• Procurement and Installation of Equipment (Orders to be placed to DPWI)</li> <li>• Kitchen and laundry</li> </ul>
Reasons for Project Delay and Interventions Put in Place.	<ul style="list-style-type: none"> <li>• There was a delay in obtaining the DOL construction permit. The Provincial DPWI now applies to DOL for the construction permit before the site is handed over to the contractor.</li> <li>• Multiple variation orders had to be obtained due to changes in project scope and adequate time is now spent on project preparation and planning to avoid changes. The consultants are also held accountable for foreseen changes that could have been avoided by evoking Professional Indemnity claims.</li> </ul>

	<ul style="list-style-type: none"> <li>• Payments delays were experienced in the initial stages of the project, however the Provincial DOE has rectified the problem, and payments are made on time.</li> <li>• Previously delays were experienced in the acquisition of land for the project site, however timely engagements now take place with municipalities before site planning takes place.</li> <li>• Social Facilitation was inadequate and only started after the site was handed over to the contractor. Social facilitation is done as part of planning before the contractor is appointed so that stakeholders are aware of the project and potential disruptions are avoided.</li> <li>• The approvals of Variation Orders were delayed however the introduction of variation order committee has improved the turnaround time.</li> <li>• Covid-19 construction delays accounted for 8 to 11 months delay.</li> </ul>
--	---

#### 5.7.1.1 Observations

As part of the design feature, light walls have been installed to reduce the electricity costs to the hostel. A back- up generator is also located at the hostel to be used in the event of loadshedding.

Due to an oversight on the part of the consultant, the geotechnical assessment did not identify the need for a retention wall to be built adjacent to the hostel and sections of the hostel flooded during construction. The necessary corrections were made to the stormwater and ground channel network. The costs incurred for the corrections will be recovered through a claim from the consultant's professional indemnity.

The delegation expressed heartfelt gratitude to the educators for the work that they are doing and appealed to the Department to ensure that the project is completed so that both the educators and children can live in better conditions and know that they are valued.

#### 5.7.1.2 Challenge

Educators from the school were present and informed the delegation that the temporary accommodation (while the hostel is being built) provided learners at guest houses are not satisfactory. There is for example not sufficient space to play, and the neighbours have also expressed dissatisfaction with the children being accommodated there.

### 5.7.1.3 Recommendation

Recommendation	Department/ Person Responsible	Time Frame
The Delegation recommends that due to the vulnerability of the children who will occupy the hostel, the Department should consider placing spikes on top of the fence that will be erected.	Provincial DPWI	During Project Construction

### 5.7.2 Construction of Thandanani Clinic in Welkom

The construction of the new Thandanani Clinic, located in Welkom, Thabong, is a significant development aimed at enhancing healthcare facilities in the region and represents a crucial investment in local healthcare facilities. The completion of this project will significantly improve healthcare accessibility for the community, offering enhanced facilities and services to meet the needs of the community.

- **Client Department:** Provincial Department of Health
- Date Site Handed Over to the Contractor: 28 April 2021
- Initial Completed Date: October 2023
- **Project Value:** R 41 117 467
- Revised Completion Date: 15 December 2024
- Expenditure to Date: R 26 966 838 (65.5%)

Area	Issue
Project Scope of Work	<ul style="list-style-type: none"> <li>• Shared support which includes a community room, general store, staff room, reception and waiting area, ablutions and medicine stores in Block A.</li> <li>• Maternal health consulting, child health consulting, and breastfeeding room in Block B.</li> <li>• Acute care includes an emergency room, procedure room and consulting room in Block D.</li> </ul>

	<ul style="list-style-type: none"> <li>• Chronic room, treatment room, sputum collection room, consulting room, dental room, dirty utility, clean utility, and counselling room in Block E.</li> <li>• Laundry, garden store, cleaning material storage, medical waste.</li> </ul>
Outstanding Work	<ul style="list-style-type: none"> <li>• Water and sewer which is at 80% completion.</li> <li>• General site work which is at 85% completion.</li> <li>• Installation of a fence, water tank, fixed furniture and window burglar bars.</li> <li>• Landscaping</li> <li>• Electrical connection (Bulk Eskom)</li> </ul>
Reasons for Delays and Interventions Put in Place	<ul style="list-style-type: none"> <li>• The same delays were experienced at the Leboneng Hostel in respect to obtaining DOL construction permits, the acquisition of land and social facilitation and the same interventions were put in place.</li> <li>• Multiple variation orders had to be obtained due to changes in project scope and adequate time is now spent on project preparation and planning to avoid changes.</li> <li>• Procurement Delays (project advertised on 06 Nov 2020 but procurement finalized on 29 March 2021) and therefore capacitation of PMU and SCM units have been undertaken.</li> <li>• Multiple payment delays that hampered the contractor's cash flow.</li> </ul>

### 5.7.2.1 Observations

The delegation raised concerns about the design specifications for the roofing. The direction of the wind blast together with the length of the roof sheeting will result in water dripping against the windows and walls. The contractor responded that due to the conditions of the area, gutters were not considered as the need to remove dust and bird manure, to prevent rust, increases maintenance. The contractor indicated that the shortcoming was addressed through the installation of channels adjacent to the walls which would convey the water away. In addition, sealant will be painted on the wall.

Upon enquiry from the delegation, the contractor confirmed that an undercover outside waiting area as well as a waiting area at reception inside has been constructed.

The Auditor General has begun placing greater focus on controls that are necessary in the approval of variation orders, given the potential for abuse. As a result, Provincial Departments have built an additional control measures including the establishment of a Technical Committee (constituted of the

CFO, line function and SCM officials) to assess applications for variation orders. The work of technical committees is however duplicated in both Departments involved.

### 5.7.2.2 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<p>The Delegation recommends that the Department consider the addition of a carport in the ambulance arrival area to protect the privacy and dignity of patients at arrival at the clinic</p>	<p>Provincial DPWI</p>	<p>During Project Construction</p>
<p>The site is surrounded by a collapsable fence, and this was identified by the members as a security risk as it increases the risk of vandalism. The Delegation recommends that a secure fence must be installed.</p>	<p>Provincial DPWI</p>	<p>During Project Construction</p>
<p>In both the construction of the Hostel at Leboneng Special School, the housing projects and the new Thandanani Clinic, the process to obtain approvals for variation orders extended the project duration.</p> <p>The Delegation recommends that the Free State Provincial Legislature engage with Provincial Treasury on streamlining of the controls related to the processing of variation orders.</p>	<p>Free State Provincial Legislature</p>	<p>Within three months of the Visit Week.</p>

### 5.7.3 Kopanong Complex in Welkom

The Kopanong Complex is a significant infrastructure project aimed at consolidating government services and improving public access to essential resources. As a multi-purpose facility, it has the potential to serve as a hub for public services, providing office spaces, meeting rooms, and other necessary amenities.

Area	Issue
Project Background	<p>The Provincial Department of Health moved from Kopano Complex to Bongani Hospital, a newly built hospital situated close to Thabong in Welkom. There was no proper plan for the use of Kopano complex after the relocation, and there was no proper handover. Certain portions of the complex were left unguarded, which created an opportunity for illegal occupation and vandalism of buildings.</p> <p>Provincial DPWI has now implemented a process where a Client Department must provide a 6 month notice of intention to surrender an immovable asset and within this period Provincial DWPI inspects the immovable asset and requires that the Client Department to bring the immovable asset to a standard at least equivalent to the condition it was when it took occupation.</p>
Use of refurbishment Using Internal Capacity Approach at the Complex.	<p>Through this approach the Provincial DPWI identifies Client Department accommodation needs, budgets for procurement of material and implements refurbishment projects. Ten office blocks have been refurbished by in-house artisans and are being occupied by six Client Departments.</p>
Use of Refurbish Operate Transfer (ROT) Approach at the Complex.	<p>Through this approach the private sector partner refurbishes existing government buildings, operates it for a period to recoup the costs and hands it over to the government at the end of the concession agreement. The Department has secured Central University of Technology as a tenant</p>

	for the conversion of Nurses Homes to student accommodation in Welkom with a floor space of 7 200m <sup>2</sup> . The project is budgeted at R78.5 million
Continuing Vandalism	Declining infrastructure at the complex due to vandalism and lack of maintenance. The Provincial DPWI has ensured that there is security on site, even though it comes at a high cost.

### 5.7.3.1 Observations

The Provincial DPWI will be placing an advertisement for 1000 artisans (both skilled and unskilled) through the EPWP programme. As part of their appointment, the artisans will over a three-year period be assisted to complete their trade tests. Provincial DPWI has been able to absorb 21 artisans who was previously appointed through the National Youth Fund into the Department.

Refurbished sections of the hospital serve as office accommodation for the Free State Department of Sport, Arts, Culture and Recreation. It also houses a gym meant to serve officials from the Provincial Departments. The Provincial DPWI is close to completion of boardrooms for the Department of Education and a further section will be refurbished to be the Department stores

### 5.7.3.2 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
Files containing personal information (Identity Numbers, home addresses etc.) of individuals were strewn around in the dilapidated sections of the old hospital building. The Delegation recommends that Provincial DPWI should identify the data owners so that the files are disposed of in accordance with the	Provincial DPWI	Within three months of the Visit Week.

provisions of the Protection of Personal Information Act, 4 of 2013.		
To the dismay of the delegation, officials from the Provincial Department of Health as well as the control centre for the Emergency Medical Service (EMS) are housed in the hospital complex in conditions that are not conducive working conditions. The Delegation recommends that staff should be provide with suitable working conditions.	Provincial DPWI together with the Provincial DOH	Within one-year months of the Visit Week.

#### 5.7.4 Construction of Tweespruit to Excelsior Road

- **Project:** Excelsior to Tweespruit Road (R307)
- Anticipated site hand-over to contractor: 30 September 2024
- Project Value: R79.7 million

Area	Issue
Project Scope of Work	Rehabilitation of 43km road  2km has been primed (Base and sub-base completed and primed).
Reasons for Project Delay and Interventions Put in Place.	Slow implementation, poor planning and failure to follow the approved program by the contractor that abandoned the site several times. Due to cash – flow problems the contractor was at times unable to procure materials, pay subcontractors, staff and staff accommodation (leading to evictions). Defaulting in payment to clients (e.g. laboratory and surveyor) resulted in results being withheld and the project not being

	<p>able to proceed. On 21 June 2024 the contractor was terminated, however this is being disputed by the contractor.</p> <p>The replacement contractor was appointed on 16 September 2024 and the contractor will immediately resume with traffic accommodation (temporary road traffic control signage and flagging operations) because this is an inconvenience to the local community.</p> <p>To prevent a recurrence of delays, the Department has vetted the replacement contractor, including conducting a risk assessment and ensuring that the contractor is not on the National Treasury defaulters list.</p>
--	--

#### 5.7.4.1 Observations

The construction of Primary Road P37/1 between Tweespruit and Excelsior, a 44 km stretch, is a critical project initiated by the Department of Community Safety, Roads, and Transport in the Free State. The project focuses on special maintenance and was initially set to be completed over 22 months. However, poor performance by the initial contractor led to the termination of the contract, causing significant delays. This setback left the project abandoned and stalled, with an estimated value exceeding R200 million. A new timeline has been established, with plans to resume construction and complete the project by June 2025, provided work proceeds as scheduled. The tender process required a CIDB grading of 9CE or higher, and the department is focused on securing a qualified contractor to avoid further delays.

The Tweespruit to Excelsior Road project is essential for the Free State province, aiming to improve connectivity, boost economic growth, and enhance residents' quality of life. Despite these benefits, the project has faced several challenges, including theft, vandalism, and unresolved debts from the previous contractor, who completed only 3 kilometres before abandoning the contract.

#### 5.7.4.2 Challenges

Tau Pele Construction has been appointed as the new contractor, but the project's costs have increased due to the re-tendering process and the need to address the issues left by the initial contractor. The Department is still calculating the financial losses and working to recover funds. Arrangements have been made with the new contractor to manage employment contracts and settle debts owed to sub-contractors, ensuring smoother progress as the project resumes.

### 5.7.4.3 Recommendation

Recommendation	Department/ Person Responsible	Time Frame
The Delegation recommends that, the Provincial SCSR&T provides regular reports to the Free State Provincial Legislature on progress on the completion of the project.	Provincial SCSR&T	Ongoing

### 5.7.5 Construction of Welkom G Hostel

- **Project:** Thabong Community Residential Units
- Beneficiary Target: Matjhabeng LM
- Date Site Handed Over to the Contractor: 2014
- Initial Completion Date (Under new current contractor): July 2025
- **Project Value:** R237 million for the current contractor work.
- Revised Completion Date: End of 2025
- **Expenditure to Date:** R15.35 million (approx. 6.4%)

Area	Issue
Project Scope of Work	780 residential units of different typologies. The project is currently at 45% completion.
Reasons for Project Delay and Interventions Put in Place.	The AG report highlighted significant issues with the project which has been plagued by delays, contractor issues and security concerns. To address the challenges experienced, the Department has now put in place regular monitoring and reporting by Lesedi Technical Engineering Consulting. Budget reallocation has also been done to address additional scope and vandalism repairs. Engagements are taking place with community leaders to minimise

	disruptions, this includes a Steering Committee on which all stakeholders, including representatives from the municipality sits.
Occupancy Management	<p>To prevent illegal occupation and vandalism it has been determined by the Department that beneficiaries will move into the newly completed blocks in a staged process as each block is finished.</p> <p>A facilities management institution will be responsible for the management and operations of the hostel until the municipality can fully take over. This temporary management setup ensures that the G-Hostel functions smoothly and is well maintained.</p>

The Top Site and Bottom Site Redevelopment, also known as the Dark and Silver City Redevelopment, represents a major initiative to modernize outdated hostel accommodations into contemporary housing units. These projects emphasize improving infrastructure to offer enhanced amenities and better living conditions for residents. Furthermore, the redevelopment aims to support community development by adding social facilities and fostering a more integrated living environment. By tackling issues of overcrowding and inadequate conditions, the redevelopment strives to benefit the local economy and strengthen the community's social structure.

#### 5.7.5.1 Observations

Initiated in 2014, the project will deliver 780 community residential units by the scheduled completion date of November 2025.

The project was abandoned by the previous contractor and advance payment to that contractor is currently being investigated. The site is currently under construction by the subsequent contractor after resolving payment matters. This did not affect the completion date of November 2025.

Part of the scope of the new contractor was to install stairs at the units (some of which were already at multi – level build) that were partially completed by the previous contractor. The installation of internal access roads has also commenced.

To prevent illegal occupation, the intention is to release units for occupation once they are completed. Once the Department is close to completion, the municipality will be alerted that beneficiaries from the Housing Subsidy System may be allocated to the units. It is anticipated that the first 2 block (with 4 units each) will be completed within the next two months.

### 5.7.5.2 Recommendation

Recommendation	Department/ Person Responsible	Time Frame
The Delegation recommends that the Provincial DOHS provides regular reports to the Free State Provincial Legislature on progress towards the completion of the project.	Provincial DOHS	Ongoing

### 5.7.6 Thaba Nchu Piggery Project

#### 5.7.6.1 Observations

The Thaba Nchu Piggery Project, launched to promote pig farming in the Thaba Nchu region, aims to enhance local agricultural practices, stimulate economic development, and create opportunities for rural communities. Unfortunately, the Municipality was unavailable to provide feedback to the delegates, so information was obtained from the nearby beneficiaries.

#### 5.7.6.2 Challenges

The Namatsegang Piggery Project, located in Ward 41 of the Mangaung Metropolitan Municipality, has faced significant challenges. The initiative, designed as an income-generating venture for a consortium of 22 residents breeding pigs, was meant to boost local economic activity. A key issue has been the lack of funding, which has impeded the implementation of necessary infrastructure and operational support. Despite receiving training from the provincial Department of Agriculture, the project has struggled to kick start due to inadequate resources.

Initiated in 2015, the project was awarded to Yezane Construction with a tender amount of R2.5 million. However, by 2024, it remains incomplete. The ongoing abandonment of the project is a severe setback for the local community, which has missed out on the economic benefits and employment opportunities the piggery could have provided. The lack of progress highlights deficiencies in the municipality's commitment to essential service delivery and infrastructure development. This failure has directly contributed to rising unemployment in the area.

### 5.7.6.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Premier	That, as undertaken during the site visit, the office of the Premier gather further details about the project and submit same to the Provincial Free State Legislature and NCOP.	Within three weeks of the date of the visit.

### 5.7.7 Botshabelo Water Treatment Plant

#### 5.7.7.1 Observations and Challenges

The unfinished water treatment project in Botshabelo has faced multiple delays and challenges. This project, intended to provide essential water and sewage infrastructure, has been part of the Mangaung Metropolitan Municipality's Integrated Development Plan for several years but remains incomplete.

Key issues include unfilled trenches that pose a safety hazard, especially after rains, and a failure to meet the target of connecting 1,000 households. The municipality has cited limited financial resources and the availability of human capital as contributing to delays.

#### 5.7.7.2 Recommendation

Recommendation	Department/ Person Responsible	Time Frame
During the briefing session the Executive Mayor of Mangaung Metro reported that the Botshabelo WWTW is undergoing refurbishment and of the R23 million project costs, R2.5 million is required to address vandalism. The Delegation recommends that the Provincial	Mangaung Metro together with Provincial Treasury.	During the current financial year.

COGTA must assist the Municipality in securing grant funding to complete the project.		
---	--	--

### 5.7.8 Mangaung Dark / Silver City

- **Project:** Dark and Silver City Redevelopment
- Beneficiary Target: Mangaung LM
- Date Site Handed Over to the Contractor: 2014
- Initial Completion Date (Under current Contractor): January 2025
- Revised Completion Date: End of 2025
- **Top Site Project Value:** R 52 million for the current contractor work
- **Expenditure to Date:** R 27 million (approx. 51 %)
- **Bottom Site Project Value:** R63 million for the current contractor work
- **Expenditure to Date:** R40.44 million (approx. 64%)

Area	Issue
Project Scope of Work	<p>Top Site: 286 residential units of different typologies which are at 78% completion.</p> <p>Bottom Site: 526 residential units of different typologies which are at 85% completion.</p>
Reasons for Project Delay and Interventions Put in Place.	<p>The redevelopment has faced delays due to several key issues. Frequent contractor changes driven by non-performance have interrupted the project, causing delays as new contractors are brought in and oriented. Unattended sites were left vulnerable after contractor terminations and suffered from vandalism requiring costly repairs and added security.</p> <p>In the Top Site, the project experienced site closure by the NHBRC.</p> <p>Financial problems, including delays in paying for completed work and advance payments to the contractor, have caused cash flow issues and stoppages. Moreover, slow bureaucratic processes for approving variation</p>

	<p>orders and claims have hindered timely project adjustments, affecting the overall schedule.</p> <p>The same intervention in respect of regular monitoring and reporting by Lesedi Technical Engineering Consulting, budget reallocation and social facilitation as with G – Hostels has been put in place.</p>
--	---

#### 5.7.8.1 Observations

The delegation visited the “Bottom Site” at which 526 units will be constructed. At the top site 286 units will be constructed. The completion date for entire project is November 2025.

Key factors causing delays include multiple changes in contractors due to non-performance; vandalism on unattended sites after contractor terminations; community disruptions and non-compliance issues. Other factors where financial constraints: non-payment of completed work certificates and bureaucratic delays in approvals for variation orders and claims.

The intention is for units to be released for occupation and members raised concerns about whether the premises is safe for use by tenants, including persons with disabilities, and whether the temporary access road that will be used by tenants would be safe as it is located adjacent to a major road.

#### 5.7.8.2 Recommendation

Recommendation	Department/ Person Responsible	Time Frame
The Delegation recommends that the Provincial DOHS provide regular reports to the Free State Provincial Legislature on progress towards the completion of the project.	Provincial DOHS	Ongoing

#### 5.7.9 Overhaul, Modernisation and Expansion of Park Road Police Station

- **Project value:** R53.4 million (for the remaining work)
- **Expenditure to Date:** None (the project is pending approval)
- Initial Site handover date: 30 November 2017

- Anticipated Completion Date:
- **% of work completed:** (the project is pending approval)

#### 5.7.9.1 Observations

The project is implemented by the National Department of Public Works together with the Development Bank of South Africa (DBSA) as implementing agent. The initial completion date was 30 November 2019, with an initial contract value of R62.8 million. R 9.7million was paid to the initial contractor and R42.4 million has been certified for work done by the second contractor appointed.

The initial contract was terminated due to non – performance and the second contractor terminated their services due to non – payment on the part of DBSA.

Budget confirmation to complete work done is under review by SAPS before tending for a replacement contractor may commence. The remaining works is estimated to be completed within 19 months of handing the site to the contractor and the estimated cost of completion is R75.8 million.

#### 5.7.9.2 Challenges

The delegation heard how the delay of the refurbishment and upgrading of the Police station is affecting the ability of SAPS to protect communities and combat crime. The condition of the site is a health and safety risk to officers and the public and injuries on duty has already occurred as a result.

The acting Station Commander appealed that the greatest need is for the holding cells to be refurbished so that SAPS does not have to take vehicles out of the communities for the purpose of transporting detained persons – as far as Welkom – to police stations with sufficient holding cells. The other SAPS priority is for the construction of the Community Services Centre to be completed and the sewer systems to be repaired.

A section of the station that must still be refurbished is in use for the purpose of processing fingerprints.

#### 5.7.9.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The Delegation recommends that the replacement of the sewerage system should be added to the current	National Department of Public Works and Infrastructure	During Project Construction

<p>project scope. This is a concern because even if the cells are refurbished, the sewage from the floor above spills into the holding cells.</p>		
---	--	--

## 5.7.10 Refurbishment of Odendaalsrus Police Station

### 5.7.10.1 Observations

The project is implemented by the National Department of Public Works together with the Development Bank of South Africa (DBSA) as implementing agent. A significant amount of money had already been used on the Odendaalsrus Police Station project, as a result only 64 per cent of the project had been completed. The project was stopped due to non-payment of the contractors. This resulted in the principal-agent terminating his services, thus prompting the appointment of a new contractor. By July 2018 despite an initial budget of R77 million, R49 million had already been spent.

During the site visit it was revealed that the Department of Public Works and Infrastructure had failed to deliver suitable buildings for essential services. The project began planning and inspections in 2006, with construction starting in August 2018 and continuing until 2024. Multiple plan changes caused delays, and specialists involved in the project, including architects and electricians, have reportedly not been paid.

Despite the R49 million spent, the station remains incomplete, with inadequate facilities, and significant security issues. The case illustrates broader failures within the Department of Public Works and Infrastructure and its implementing agent, the DBSA. In response to inquiries during the oversight, the department announced efforts to replace the contractor and complete the project within 18 Months of receiving approval from relevant stakeholders (Department of Labour, SAPS budget approval and others). The Department estimates that R61 million will be needed to complete the remaining works on the site.

### 5.7.10.2 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
----------------	--------------------------------	------------

<p>The site experiences ongoing electrical problems and vandalism due to the absence of security. The Delegation recommends that the Department must ensure that the site is secured.</p>	<p>National Department of Public Works and Infrastructure.</p>	<p>Urgently</p>
<p>The delay in both SAPS Station projects was in large part due to prolonged delays on the part of the Development Bank of South Africa to pay the last contractor. DBSA has reported that they now have a 10-day turnaround time for the payment of contractors. The Delegation recommends that the DPWI must on a quarterly basis report to the Free State Provincial Legislature and the NCOP on instances where this turnaround time has not been adhered to in these projects.</p>	<p>National Department of Public Works together with DBSA</p>	<p>Quarterly</p>

### 5.7.11 Bloemfontein Inter Modal Taxi Rank Precinct

#### 5.7.11.1 Observations and Challenges

To the dismay of the delegation, none from the Mangaung Metropolitan Municipality was on site to lead the oversight visit at the Bloemfontein Taxi Rank Precinct, which is a joint project between the Department of Transport and the Municipality.

Six tenants are in the complex and one tenant (a dentist) left because of the lack of electricity. There is no electricity provision in the complex building and the tenants run a generator at their own costs however there is water provision in the building.

The delegation heard from tenants that their lease contracts with the former building manager had been terminated and that they are waiting for the Municipality to enter into lease agreements with

them. There is ongoing vandalism of fixture and electrical works, and the building has to close at 17h00 everyday as a security measure. This restricts the operating hours of tenants (which includes a General Practitioner and Pharmacist) and therefore restricts peoples access to these essential services.

The delegation heard that the taxi rank project worth R400 million is not being utilised by taxi operators. The reported reasons for it not being utilised is that the parking garage does not suite the needs of taxi operators. The length of time it takes to scale the parking floor and for passengers to access the taxis up the various levels reduces the number of trips that can be undertaken.

#### 5.7.11.2 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Executive Mayor of Mangaung Metropolitan Municipality	<p>The Executive Mayor was not present at the Site Visit but during the briefing session the following undertaking was made.</p> <p>In respect of the Intermodal Taxi Rank Precinct, the Municipality together with taxi owners and associations and the Provincial DoCSR&amp;T are identifying how the prescient can be best utilized, including addressing its past limitations. An engineer has been appointed to this end. The challenge of the outstanding transfer of land to Transnet has been resolved and the Municipality is now in the process of writing off the debt that was incurred when the land was still under Transnet.</p>	None Given

### 5.7.11.3 Recommendation

Recommendation	Department/ Responsible Person	Time Frame
The Delegation recommends that that the Select Committee on Public Infrastructure and Minister in the Presidency invite the Municipality to brief the committee on the way forward in respect of the use of the precinct.	Select Committee on Public Infrastructure and Minister in the Presidency.	Within six months of the Visit Week.

### 5.8 Conclusion

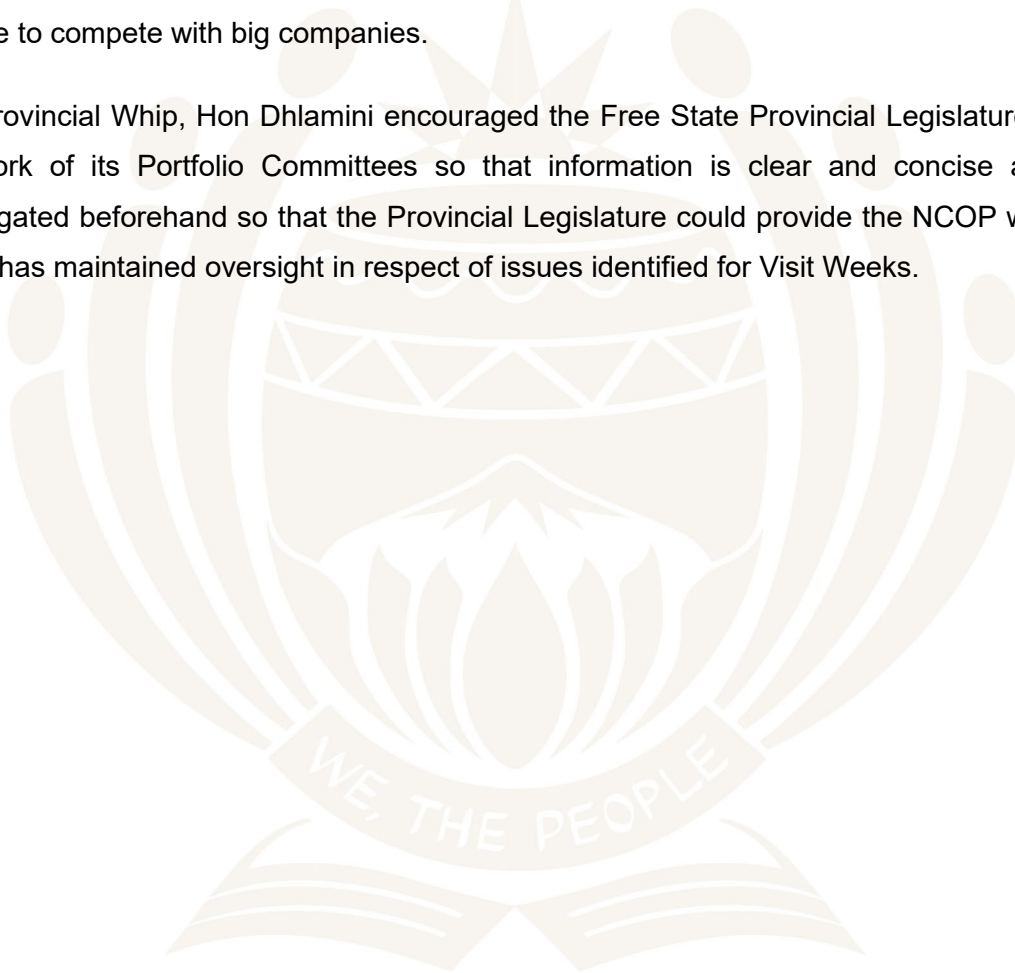
The AG findings in respect of the audits of Departments and Municipalities in the Province highlighted several recurring challenges that impede timely and successful completion of infrastructure project. These AG findings were confirmed during the site visits to the identified projects and emphasis was placed on interventions that has been put in place and which will be monitored going forward. To mitigate these issues, effective project management practices, clear contract terms, and thorough planning are essential. Regular monitoring and prompt resolution of problems are also crucial for successful project delivery. The Premier has committed the province to working with the AG and other oversight bodies in identifying “blind spots” with the view to improve the work conducted in the Province. Departments which do not comply with corrective actions of the AG will be closely monitored by the Premier’s office and subjected to consequence management.

In closing the Visit Week proceedings, The House Chairperson for International Relations and Member’s Support, Hon Bheki Radebe, gave special thanks to the Speaker of the Free State Legislature, for the warm welcome, the Premier whose presence was visible throughout the week, the MECs present, the HODs, DGs, Permanent delegates in the NCOP, the Special delegates, Members of Parliament present, the office of the Auditor General and the voices of everyone who was present during the oversight. Hon. Radebe also applauded the delegation and pleaded with the delegation to follow up on all the commitments given at different sites. He also highlighted the importance of initiating consequence management to ensure accountability for wrongdoing.

Members of the delegation focused on different aspects during closing remarks, including expressing strong dissatisfaction with particular projects, such as the abandoned Thaba Nchu Piggery Project

where no Mangaung Metro officials or political principles were present to give account for the disgraceful state of affairs. The Premier expressed appreciation for the visit and amongst other, stated that her mandate is clear - to utilise the services of people in the Free State, give them a chance to prove themselves, to perform and unlock financial institutions to help people to work and develop and be able to compete with big companies.

The Provincial Whip, Hon Dhlamini encouraged the Free State Provincial Legislature to strengthen the work of its Portfolio Committees so that information is clear and concise and thoroughly investigated beforehand so that the Provincial Legislature could provide the NCOP with a report on how it has maintained oversight in respect of issues identified for Visit Weeks.



## **6. GAUTENG PROVINCE: JOHANNESBURG, WEST RAND, SEDIBENG, EKURHULENI AND TSHWANE REGIONS**

### **6.1 Briefing on state of provincial and municipal infrastructure**

#### **6.1.1 Speaker of the Legislature Hon. M. Mosupyoe**

Opened the meeting and highlighted that collaboration is essential across all provinces to ensure that the oversight undertaken during this week will lead to valuable outcomes.

#### **6.1.2 Opening welcome by Acting Provincial Whip Hon. J Mananiso**

- Welcomed all present and focused the meeting on the theme to be dealt with by all provinces based on understanding the importance of quality infrastructure in dealing with poverty, inequality and unemployment.
- Provinces all have similar issues and emphasised that this week was about oversight to see issues on the ground to ensure accountability by those responsible.
- Engagements will take place on presentations to ensure transparency on emerging issues. The idea is to stop working in isolation to ensure that municipalities make South Africa a construction site to address the perpetuation of historical inequalities. The Preferential Procurement Policy Framework Act 5 of 2000 is prescriptive on who should benefit in the servicing of the infrastructural development of Gauteng.
- Projects to be presented on and sites to be visited have been sampled to ensure meaningful oversight. These infrastructure projects face challenges, but these can be addressed head on so that progress can translate into tangible benefits for South Africans.
- It was emphasised that this Provincial Week programme is not a judgmental process but a means of facilitating accountability and finding best solutions to address challenges with regard to abandoned and incomplete projects.

#### **6.1.3 The Premier of the Province Hon. P. Lesufi**

- A decision was taken to accelerate the Medium-Term Programme Plan with a priority on fighting crime as a lot of state infrastructure is being vandalised and prone to attacks by the construction mafia.
- Economic development and job creation is also a priority identified by the province as infrastructure plays a key role.
- There are plans for the Gautrain to expand its reach to the West Rand, Ekurhuleni and across the province and this is intended to bring in investment into the province.

- The improvement of townships, hostels and the province's CBDs and putting an end to informal settlements with technology to assist in fast tracking development. Premier mentioned that hostels are changing from single person dwellings previously to currently include family units. One CBD within one local municipality will be identified starting with the Johannesburg CBD.
- There will be a focus on capacitating and upgrading of departments such as Health, and Mamelodi District Hospital was identified as one that needs to pioneer these developments.
- The private sector will also be included through Public Private Partnerships (PPPs) to assist government in forging its infrastructural development plans.
- Schools will also be prioritised for development, and this will be managed by the removal of temporary schools made out of asbestos and the building of new schools.
- Social Development will also focus on fighting drug abuse through the national department.
- Support is also needed for the sporting sector and the need for an upgrade of sporting facilities in township schools across the province.
- Roads will also be upgraded by investing R4 billion for the second phase of e-Tolls to allow free flow of traffic.
- Housing will focus on areas such as social housing and land will be acquired for government to allocate it to people who can build on their own and for themselves and there is also a major housing projects underway. The housing allocation will also be up graded to get houses to those who need them.
- The Premier stated that there is a need to conclude incomplete infrastructure and that they have established a committee to address collusion between officials and contractors and that is currently one of the tracking and consequence management efforts in place.
- The issue being that some contractors are also allocated projects when they have not completed current projects. This will be eliminated as it prolongs the life of projects to years and the deliberate vandalism of abandoned projects by contractors to benefit from being re-appointed to fix the problems they have intentionally created will be put to an end.
- Lifestyle audits will also be done to identify each person responsible for supply chain management and thorough checks will be done to ensure that officials do not illegally benefit from their positions.
- Before a project starts it will go through a matrix and a vetting process before it is approved, and funding is allocated. There are 44 projects currently in progress that have issues, and these are some of the strategies which are employed to focus on addressing project challenges.

## 6.1.4 Briefing by MEC for Infrastructure and COGTA Hon. J Mamabolo

### 6.1.4.1 Challenges

List of delayed projects sites to be visited and a summary of challenges:

- Simunye High School in Westonaria, is a delayed project which was intended to be completed in the upcoming year. Delays were caused because the contractor was under performing. The challenges faced are armed robberies on site and sub-contracting construction disruptions and interventions. Currently security is being enhanced with armed security.
- Rustervaal Secondary School, was initiated in 2016 and set for construction in 2018. However, after construction commenced the project was abandoned before completion and it is currently not completed in August 2024. The Department of Education is set to appoint a contractor and handover the site to the contractor by end of September.
- Barcellona Primary School, construction was initiated in 2017 and the contractor was appointed in 2018, however the contractor abandoned the site in the same year. The school is currently operating on dilapidated mobile classrooms.
- Semphatho Junior Secondary School, construction was halted due to the contractor abandoning the site. However, through the intervention of GPL Infrastructure and Portfolio Management the construction of the school has resumed and due for completion by end of September 2024.
- Women's Living Heritage Monument, construction is delayed due to fires and there were also quality issues with previous construction team and currently the work is being completed at 95%. There was vandalism of this project and its due for completion by December 2024.
- Transoranje LSEN is a completed school due to the intervention of GPL Infrastructure and Portfolio Management. However, there are several defects and issues raised regarding the workmanship of the project.
- Kopanong Hospital in Vereeniging, the construction of the ABT started in 2021 with the original completion date of August 2022, however the contractor was unable to finish the project and their contract was terminated. A completion contractor was appointed in May 2021 but due to outstanding fees the site could not be handed over due to monies owed. Subsequent plans were put in place to repurpose the structure submitted in September 2021. The decision is still awaited on a way forward and the structure remains abandoned until a way forward can be decided upon.

#### 6.1.4.2 Recommendations

- Service providers should be consulted, and measures undertaken that once a project misses 2 deadlines it should be declared as being under distress and focused on as consequence management. This will also prevent unnecessary legal action. If contractor cannot finish a project for any reason the project will be allocated to another contractor.
- Capacity for consequence management and data information is being updated so that it is credible to take delayed projects forward. There needs to be digitalisation of the progress on projects. So that there is a single view of each project and its progress.
- Law enforcement will deal with construction mafia with the use of SAPS to curb disruptions of projects on site.
- On payment of service providers who have completed work with no issues there needs to be prompt payments as one of measures to address challenges. Capacity to act has been strengthened. Smart technology and data information will create access to information and proper oversight which is consistent.

#### 6.1.5 Briefing by MEC for Finance

- Spoke to the total budget allocated by treasury for these projects per department and what remains to date, and the allocation earmarked for delayed projects.
- The Department of Health has delayed projects due to construction related challenges, so too are the educational projects and Department of Social Development is facing the same issues. There are also issues around provision of land.
- Blacklisting of non-performing contractors is going to be implemented as a form of consequence management to ensure that that they are not re-appointed in any of the departments for construction projects.

##### 6.1.5.1 Closing Remarks

Some of the interventions include that the GPL Portfolio Committees have played a pivotal role due to thorough oversight and there are success stories. The Minister of Human Settlement spoke to some of these challenges which point to a need for a change in organisational behaviour.

This is continuous work that needs to be improved by working together and, representation of the voice of the voiceless.

Issues of repeat offenders need to be addressed by having data bases of transgressors being monitored and this comes out clearly through the consequence management presented on various projects of departments.

### 6.1.6 Briefing by MEC Social Development Hon Faith Mazibuko

The briefing outlined the Gauteng Department of Social Development's (GDSD) ongoing infrastructure projects aimed at improving service delivery through the development of social infrastructure. It highlighted the construction, refurbishment, and maintenance of facilities to ensure equitable access for disadvantaged communities in Gauteng.

#### 6.1.6.1 Key Issues Raised

- **Project Delays:** Many projects have experienced delays due to community unrest, contractor issues, cash flow challenges, and COVID-19 disruptions.
- **Contractor Performance:** Several contractors were either terminated or had their contracts suspended due to non-performance or financial challenges.
- **Safety and Risk Concerns:** Some projects face challenges due to proximity to gas pipelines, necessitating redesigns and further studies.
- **Legal and Administrative Delays:** Issues such as land ownership transfers and approvals are causing additional delays for some projects.

#### 6.1.6.2 Challenges

- **Community Unrest:** Social instability has affected construction timelines.
- **Contractor and Funding Issues:** Some contractors were terminated due to performance issues, and projects have been delayed due to funding shortfalls.
- **Environmental and Safety Risks:** Projects near critical infrastructure like gas pipelines require risk assessments and potential redesigns.
- **Regulatory Delays:** Delays in securing land transfers and occupancy certificates have further impacted project timelines.

#### 6.1.6.3 Recommendations

- **Community Engagement:** Increased efforts to engage local communities and mitigate unrest should be implemented to prevent further delays.
- **Contractor Management:** Stricter oversight and timely interventions for underperforming contractors are necessary.
- **Risk Mitigation:** Detailed risk assessments and redesigns should be expedited for projects near safety-sensitive areas, such as gas pipelines.
- **Legal and Administrative Acceleration:** Prompt resolution of land transfer and approval issues should be prioritised to avoid further delays.

#### 6.1.6.4 Action to Be Taken

- **Completion Deadlines:** Most delayed projects now have revised completion dates, ranging from October 2024 to December 2025.
- **Contractor Reinstatement:** Some contractors have been reinstated, and work has resumed on stalled projects.
- **Ongoing Coordination:** Regular bilateral meetings are scheduled to resolve land ownership and occupancy certificate issues, with expectations of full completion and launches once administrative hurdles are cleared.

## 6.2 Visit to Health Institutions

### 6.2.1 Charlotte Maxeke Hospital

**Contacts at Site:** DBSA Professional Service Provider (PSP)

#### 6.2.1.1 Observations / Progress.

- The hospital was damaged due to fire that took place.
- The department plans to demolish the building and has already started in some areas.
- Construction of a shear wall and concrete wall to stabilise the building has already commenced.
- There are two active contractors on site, one is in charge of demolishing and the other for the probing system.

#### 6.2.1.2 Challenges

- The department reports that there are no delays on the project.
- The project was recovered from the Department of Infrastructure Development (DID), then it went to National Department of Health and back to the Provincial Department of Health.
- No information was given on what work was implemented or funds spent on this project by either DID or the national Department of Health.
- There are still vehicles stuck inside the building that caught fire.

#### 6.2.1.3 Questions

- What are the blockages and what causes the delay in the project?
- What has been done to try and fix it?
- How many people are employed in this project and are they from Johannesburg? (The department will provide statistics on this item).

#### 6.2.1.4 Recommendations

- Consequence management for contractors who default on projects;
- Consequence management for officials who continue to appoint defaulting contractors;
- Further investigation needs to be undertaken on MOUs signed.
- The delegation would like to get information on how much money has been spent on this project, starting with the budget when the project was with DID and the national Department of Health.
- Information on how much has been spent on this project and what has been achieved so far since it was started.

#### 6.2.2 Kopanong Hospital

**Contact on Site:** Hon Mamabolo (MEC for Infrastructure/Cogta), Hon Nkomo-Ralehoko (MEC for Health)

##### 6.2.2.1 Observations/Progress

- The project, initiated in 2020 as a response to the COVID-19 pandemic, aimed to construct 300-bed hospital with 104 high-care and 196 ICU beds at Kopanong Hospital in Vereeniging.
- The initial contract was terminated on January 15, 2021, due to non-performance and cash flow issues after 65% progress had been made. At the time of termination, key construction milestones included:
  - 90% completion of wall panels
  - 85% completion of water and fire installations
  - 80% completion of sewer reticulation
- A subsequent contractor was appointed, but the site handover was delayed due to disputes involving local subcontractors.
- The project was repurposed to include 200-bed general ward, 50 ICU beds, and administrative buildings, but this proposal faced delays due to non-responsiveness from the Gauteng Department of Health (GDoH).
- The latest contractor, Condocor Construction, was terminated in August 2024 due to GDoH's lack of response and local unrest over unpaid subcontractor claims.
- Awaiting a decision on repurposing and will continue with the works as soon as they receive it.
- Commissioned a structural engineering phase 2 conditional assessment to determine whether the structure is intact.

- Confirmed that it is intact, and it can be repurposed and the costing is about R80 million to finish the structures.
- Next phase is to get the funding from DID to complete the structure.

#### 6.2.2.2 Challenges

- **Non-performance and Financial Issues:** The initial contractor, Condocor Construction, failed to meet performance standards and experienced cash-flow problems.
- **Subcontractor Disputes:** Local subcontractors made unverified claims of R16 million against Condocor for unpaid work, causing unrest and halting the site handover to the new contractor.
- **Site Conditions:** The project faced complications from latent defects, stormwater management issues, foundation failures and deterioration due to adverse weather during construction.
- **Repurposing Delays:** Despite the submission of a repurposing proposal, GDoH failed to respond to multiple follow-ups, thus stalling the progress.
- **Community Unrest:** Local unrest stemming from unpaid SMMEs further delayed the project.
- **Same contractor appointed:** In one mega project and failed to deliver and yet appointed on another mega project.

#### 6.2.2.3 Recommendations

- **Resolve Subcontractor Disputes:** Engage with local subcontractors to verify and settle outstanding claims to prevent future disruptions.
- **Clear Communication with GDoH:** Improve communication with the GDoH to ensure timely decision-making, particularly regarding the repurposing of the project.
- **Address Latent Defects:** Expedite the identification and rectification of construction defects to minimise further delays and avoid structural damage.
- **Stakeholder Engagement:** Proactively involve local stakeholders and address community concerns to mitigate unrest and ensure smooth project continuation.

#### 6.2.2.4 Action to Be Taken

- **Subcontractor Claims:** An urgent review and verification of the R16 million subcontractor claims should be initiated to settle disputes and allow for site handover.
- **Repurposing Decision:** Pressure should be applied on GDoH to respond to the repurposing proposal, allowing the project to move forward under the new scope.
- **Re-appoint Contractor:** A new contractor needs to be appointed following the termination of Concor Construction in August 2024.

- **Community Engagement:** Establish communication channels with local communities to address grievances and prevent further work stoppages.
- SIU Report on Kopanong: needs to be visited.
- **Interdepartmental discussions:** On what can be done to repurpose the structure already built.

### 6.3 Mega Projects – City of Johannesburg

#### 6.3.1 Fleurhof Mega Project

**Contacts at Site:** Mlungisi Mabaso (City of Johannesburg MMC for Human Settlements), Wickus (Project Developer)

##### 6.3.1.1 Observations/Progress

- **Housing Development:** Initially planned for 6,000 units, the project has expanded to 16,891 units, with 9,143 residential units completed and handed over.
- **Civil and Electrical Infrastructure:** Infrastructure for 10,674 units, including bulk water, electricity, roads, and sewer systems, is ready. Fleurhof Substation and a 30 ML water reservoir has been commissioned to handle future demands.
- **Approvals and Town Planning:** All town planning and environmental approvals are in place, with increased unit density approved for 24 extensions.

##### 6.3.1.2 Challenges

- **Site Issues:** Rocky terrain requires blasting and crushing, causing construction delays.
- **Vandalism and Illegal Occupation:** RDP units faced vandalism and illegal occupation, leading to additional security costs and delays.
- **Community Unrest and Resistance:** Protests, vandalism, and local opposition slowed down approval processes. Skilled labour shortages and City Power delays also extended timelines for electrical supply.
- **Social Infrastructure and Funding Shortfalls:** The lack of schools, clinics, and police stations remains an issue. Funding shortfalls from the Urban Settlements Development Grant (USDG) could delay further phases.

##### 6.3.1.3 Recommendations

- **Densification:** Maximise land use through densification to reduce costs and improve unit delivery.

- **Community Engagement:** Continue engaging with communities through social facilitators to mitigate unrest and secure buy-in.
- **Skill Transfer:** Upskill local labour to ensure sustained efficiency and address labour shortages.
- **Proactive Planning:** Engage early with resistant communities, especially around the Westlake and Main Reef intersections, to avoid further delays.

#### 6.3.1.4 Actions to Be Taken

- **Completion Timeline:** The Westlake and Main Reef intersection is expected to be completed by September 2025. The remaining 7,800 housing units are projected to be completed within 3-5 years, depending on approvals and funding.
- **Monthly Coordination:** Monthly meetings between developers and the City of Johannesburg to monitor progress and adjust timelines.
- **Additional Resource Allocation:** Seek additional funding from the City and Province to address security, social infrastructure, and vandalism-related costs.

### 6.3.2 Montrose Mega Project – Randfontein

#### 6.3.2.1 Key Issues

- No social amenities to date, no roads, no paving, no storm water drainage, and no electricity since the project started 2017.
- Number of houses allocated to military veterans.
- Non-performance by developers after putting in bulk infrastructure.
- SSMEs were not paid by the developer who appointed its own service providers.
- Municipality indicated that they do not have enough money for bulk infrastructure for project completion.
- Vandalism of units.
- The sewage bulk infrastructure is temporary.
- Abandoned project with no electricity, roads, no electricity, no fencing, and housing invasion, houses built have no car ports as per the design of the houses.

#### 6.3.2.2 Progress/Observations

- No electricity on site.
- Notice to terminate contract with the developer.
- 3 criminal cases have been opened for the vandalism and some of the perpetrators have been brought to book.

- The department intervened and interacted with the developer and a legal process was started to terminate the contract with the developer in June 2024.
- The Executive Mayor wrote to the MEC about the challenges related to the developers.
- There is collaboration between the municipality and the DID and communication on how to resolve these issues.

#### 6.3.2.3 Challenges

- Environmental vandalism and challenges of existing infrastructure.
- Houses have been illegally invaded.
- No basic services, no roads and the site is very far from job opportunities.
- No economic opportunities and a very bad project planning that makes no sense.
- Slow pace of legal and procurement challenges.
- The main contractor appoints and pays the subcontractors and where payment does not happen that is when issues emerge.
- Criminal syndicate exists and affects the mega projects.

#### 6.3.2.4 Recommendations

- Opening criminal cases against the developer in instances where they are at fault for any of the issues on the project.
- Proper consequences for defaulting contractors.
- A review of the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act to ensure a fair mechanism to deal with land occupation as it was recommended by the last administration.

#### 6.3.2.5 Noteworthy

- Allocation of this mega project as presented by a DID official was that today there has been an allocation of 173 beneficiaries who are Military Veterans.
- The houses are 50 square metres and do accommodate persons with disabilities.
- The name of the developer in this project is SCM (Pty) Ltd.

### 6.3.3 Lethabong Mega Project, Sebokeng

**Key Contacts at Site: Ms Natasha, [Natasha@Milastrategies.co.za](mailto:Natasha@Milastrategies.co.za)/ 0715097967**

#### 6.3.3.1 Progress/Observations

- The development offers 5780 residential houses and apartments, of which 1558 are fully subsidised.
- 830 are earmarked for social rental housing which is funded by the Gauteng Department of Human Settlements and SHRA.
- The balance of the development will be bonded housing in the affordable housing and First Home Finance previously known as FLISP (GAP) housing markets.
- All the completed stands have been completed and title deeds are being allocated.
- Offered learnerships and graduate programmes that support local capacitation and skills development.
- Operated within the approved budget despite many challenges experienced.
- A task team that deals with local issues has been established.
- Currently moving to phase 3 while finding a solution for those people who cannot be replaced by the local municipality.
- 100% job opportunities created with satisfying statistics benefitting both men and women as well as learners through learnership programmes.
- A court interdict in place to deal with any disruptions.
- Relying on the municipality as an active partner when dealing with locals that cannot be placed anywhere else.
- A very healthy relationship between the Councillor, Contractors and more importantly with the Community Members.
- Once allocations are done, a public meeting is convened with about 200 locals attending. The process is transparent.
- There is an established dedicated unit called Service Delivery that works directly with communities.
- Active partnership with SETA.
- Successfully sponsored Sehopotso Secondary School towards their matriculation camp.

### 6.3.3.2 Challenges

- Problems with political parties during election periods. During this period, protests spring up because of political activities, thus affecting the progress of the project (intra party politics).
- Undocumented illegal immigrants who have hopes to benefit from the project even though they do not qualify.
- During allocation, the foreign nationals still come to queue, hoping to be lucky and benefit from the project.
- Eskom is not moving at the same pace in as far as bulk electricity is concerned.
- Eskom debt is a huge hindrance.

### 6.3.3.3 Recommendations

- Eskom bulk supply. The NCOP needs to determine if intergovernmental relations processes could not assist.
- A system is needed to root out the illegal immigrants who take chances and apply for these houses

## 6.4 Education and Infrastructure Development projects

### 6.4.1 Duzenendlela Special School Orange Farm

The session started off with brief introductions by Hon J Mananiso, Leader of Delegation. She outlined the purpose of the visit citing that it was to see if things were in order at the school, where there were challenges, what were the limitations and what would be the solutions to these challenges. In the main, the objective was to hold the MEC, and all charged with responsibilities accountable.

An apology was tendered on behalf of the MEC and the HOD who could not be present at the school. From the onset, this apology was not accepted because this visit should have been prioritised as the most important site visit. The delegation stressed that the MEC and the HOD needed to present themselves at the briefing at the Provincial Legislature to answer questions.

#### 6.4.1.1 Progress/Observations

- The school belongs to the Johannesburg South and was established to cater for the learners with special needs. It was initially located in Orange Farm but was later relocated.
- The land on which the school is located, is privately owned. The owner of the land wants to sell it to the department. However, the area around which the school is located has not been proclaimed as a residential area.
- MiD maximum of 20 learners in the school.
- There are learners with autism spectrum.
- There are therapists at the school as well as social workers who are permanently stationed at the school.
- There were no abandoned or delayed projects at the school.

#### 6.4.1.2 Challenges

- Overcrowding in the MID, Grade 5 and this was reported to the Department. Hoping to get mobile classrooms to alleviate the overcrowding challenges.
- No water and electricity, currently using a donated generator for electricity, there is work that is being done to ensure that at least basic services are provided at the school.

- No proper sewer, have a burst septic tank.
- No paving, when it rains, the school becomes muddy, and wheelchairs cannot be used.
- No walking paths for learners.
- A whole broad spectrum is being ignored and occupational therapist and speech therapists should be available.
- Learners are at risk because of the fence that is being damaged by residents, vandalism continues to be a major risk.
- Limited funds available, the department has a 1-million-rand threshold, it needs to source more funding from investments. Work is done in phases, and this delays progress.
- The owner wants to sell the rest of the land and not just the portion on which the school is located.
- Several issues were raised by the report of the Human Rights Commission
- To date, there was no alternative land available to relocate the school. The Department was working with DID to look at other alternatives.
- Sexual assault amongst pupils at the school.
- The question remains: what impact would the removal of the school have on the residents?

#### **6.4.1.3 Executive Undertakings and Commitments Made**

- None. The MEC and HOD of Education were not in attendance. They submitted apologies.

#### **6.4.1.4 Recommendations**

- A permanent solution that will respond to the challenges faced by the learners.
- Was there no abandoned school in Orange Farm, or surroundings which could be used to house the school?
- There may be a need to rethink the kind of fencing used. Brick fence may be a better solution for the school.

### **6.4.2 New Simunye High School**

#### **6.4.2.1 Key Issues**

- Criminal syndicate caused major robbery of infrastructure, and this has caused a delay in the mega project being completed timeously as initially planned.
- Contractor reported the death of security personnel overseeing the safety of the project and reported this to SAPS.

#### 6.4.2.2 Observations

- The project is on track in terms of the financial projections and plans including the R100 000 per month spent on security.
- The revised completion date is envisaged to be before end January 2024.
- The project manager of the technical aspect of the project is done in consultation with project manager of the department.
- There is a penalty fee clause in the contract for delays which will be paid by the developer to the department in the completion of the project in terms of the contract in place.
- Regular weekly meetings are held between the contractor and the department to monitor the progress.
- Both project managers from the department and the contractor team are present on site on a weekly basis to ensure progress of the project.
- Other stakeholders such as SAPS are also consulted to ensure security.

#### 6.4.2.3 Challenges

- Criminal syndicate exists and affects mega projects negatively when there are robberies and theft of infrastructure on project sites.
- The project does not have new dates for completion, and this will affect the intake of pupils in January 2025.

#### 6.4.2.4 Recommendations

- Opening criminal cases against persons found at fault for causing delays and issues on the project.
- There is major progress on this project regardless of the robbery that occurred during this project.

### 6.4.3 Rustervaal Secondary School

#### 6.4.3.1 Key Issues

- There has been a delay for 6 years on this project.
- MEC committed to provide the delegation with a detailed report within 14 days of the visit on the reasons for the delays in this project.
- This project has a revised completion date of August 2025.

- The MEC committed to regular feedback to the NCOP on this delayed project and ensured that there would be termination of the contractors' contract where there are unjustifiable delays.

#### 6.4.3.2 Challenges

- Project approved in 2016, and construction commenced in 2018, ever since there has been very little progress made, and two contractors have been dismissed one in 2020 and another appointed in March 2024 and site was handed over to him four days before the delegation arrived.
- The department terminated the contract in 2020 and appointed a new contractor in March and site was handed over to the new contractor within 4 days of the NCOP visit.
- The MEC stated that the reports given to the NCOP were not thorough about the status of the site and that with the appointment of the recent contractor a detailed report will follow.

#### 6.4.3.3 Executive Undertakings and Comments Made

MINISTER/MEC/COUNCILLOR	UNDERTAKING	TIMEFRAME
MEC	Provide a detailed report on the 6-year delay	14 days
MEC	Completion of project	August 2025

#### 6.4.3.4 Recommendations

- MEC to provide regular feedback on progress made and monthly check-ups to determine site progress.
- The department to ensure tighter contract formulation that shortens the time to correct failures.

#### 6.4.3.5 Noteworthy

- There is no proper accountability, transparency and responsibility being taken for the delay on this site.
- There is no willingness to see this or any of the delayed projects through.

#### 6.4.4 New Barcelona Primary School

**Person Responsible on Site:** Hon Mamabolo (MEC for COGTA/DID)

#### 6.4.4.1 Observations/Progress

- The project involves constructing a new Barcelona Primary School, a learning institution located in Winnie Mandela, Etwatwa, Ekurhuleni, to cater for learners from Grade R to Grade 7.
- The school has existed since 1996 as a container (temporary shelter structure), and it is still the case today.
- The school is designed as a modern, technology-based facility following the Department of Education's infrastructure norms and standards, consisting of a total of 52 classes.
- The project includes the construction of various blocks for administration, classrooms, laboratories, and arts and culture facilities. It also incorporates external works, mechanical and electrical installations, and green technology initiatives.
- The contract, valued at R175 million, was signed on September 12, 2024, and the project is at the contracting stage, ready for site handover.

#### 6.4.4.2 Challenges

- **Land Ownership Issues:** The land is owned by the City of Ekurhuleni (CoE), which caused delays in project implementation and led to unrest within the local community.
- **Community Unrest:** The delays related to land ownership and project execution contributed to dissatisfaction and unrest among community members.
- **Project Delays:** The project started in 2018, but the first contractor abandoned it after 2 months, and the new/current contractor was only appointed in September 2024 and is expected to start work in October 2024.
- **Work on Site:** Although the project was commissioned in 2018, eight years later there is practically nothing happening on site at the moment.

#### 6.4.4.3 Recommendations

- **Resolve Land Ownership Conflicts:** Coordinate with the City of Ekurhuleni to finalise land ownership issues and ensure that all necessary permissions are in place to avoid further delays.
- **Engage Community Stakeholders:** Conduct regular consultations with the local community to address concerns and keep them informed about project progress, which can help alleviate unrest.
- **Expedite Contractor Mobilisation:** Ensure that contractors are ready to begin work immediately after the site handover to make up for lost time due to earlier delays.

- **Adherence to contractual obligations:** clear terms of contract and proper management of these contracts.
- **Consequences for poor planning:** There must be consequences for contractors/stakeholders who fail to plan properly for projects that result in a loss of money and time, penalty clauses to be applied should a party default on a contract.
- **Filling in the gaps:** The department (DID) must account for what happened between 2018, when the first contractor abandoned the project and 2024 when the new contractor was appointed.

#### 6.4.4.4 Action to Be Taken

- **Hand Over Site for Construction:** Complete the consultation process with stakeholders and hand over the site to the appointed contractor for construction to begin.
- **Monitor Land Ownership Progress:** Continue working with CoE and ensure there are no further delays related to land permissions.
- **Community Engagement:** Organise ongoing engagement with the community to maintain transparency and prevent further disruptions.
- **Consequence Management:** MEC for COGTA and DID to verify data on department officials and contractors who may have contributed to delaying the project and subject them to disciplinary action where necessary.
- **Due Diligence:** The MEC will have a meeting with the contractor to conduct due diligence and also finalise any outstanding issues regarding the contract.
- **Continuous monitoring:** The Gauteng Department of Education (GED) and DID and other relevant MECs will have quarterly visits to the school/site to verify if there is any progress.

#### 6.4.5 Semphato Secondary School in Soshanguwe

##### 6.4.5.1 Introduction

- The meeting discussed the progress and challenges of the schools' construction project. This project commenced in 2021, but the goal is to complete the project by December 2024 to accommodate the January intake of learners.
- The school was initially built from brick and mortar and the department offered mobile classrooms at a point when the school was not conducive to learning due to the deteriorated state of its infrastructure.
- Notwithstanding various completion timeline percentages provided in preparatory reports to the delegation, it was presented and confirmed that the project is currently at 91% completion.

- The Department of Education presented that they do not delay in making payments to the contractor in this project.
- The school is currently an underperforming school in terms of a declaration by the HOD.

#### 6.4.5.2 Key Issues Observed

- There are delays in this project which resulted in damages due to environmental factors such as rain.
- Community disruptions on this project were because of work allocation in relation to business forums who were consulted through meetings held with the ward councillor and PSC to assist with addressing and resolving work allocation and these matters were resolved within 2 to 3 days.
- It was reported that there were no fatalities in the school but there are subcontractors who lost their lives during the project but because these incidents did not occur on the project site, the fatalities cannot be linked to said project disruptions with complete certainty.
- The contract was terminated and then reinstated but there was default in the contract and the contractor was afforded a chance to produce a recovery plan but at first it was not convincing to the PSPs and the DID officials and could not be presented to the accounting officers in its current form at the time.
- Upon presentation of the contract recovery plan by the contractor it was found that the contractor failed to prove that the arrangement to have building material delivered on site would succeed. This was the contractual default that led to contract cancellation by the department.
- The main reason for the contractors not performing was a lack of finances.
- Subsequently the contractor made another rescue plan which on presentation was seen as a better plan, with proof that the materials would be delivered on site. Thereafter there was reinstatement of the same contractor as they were able to show that they would pay everyone who was owed for work done on the project. This recovery plan also then dealt with the plight of the community members affected by the agreement.
- The Department of Education District Director for Tshwane North presented on the school's curriculum issues and stated that the school started as junior secondary school that offered only grade 7, 8 and 9 and then went through a transformation process where there was implementation of a new grade every year until grade 12 was offered a few years ago.
- The school has been underperforming for the past two years and has a new principal who was precautionarily disciplined and suspended for 2 months and is back in the school since May 2024.

### 6.4.5.3 Challenges

- There has been challenges with getting textbooks due to procurement issues which have since been partially resolved.
- The budget allocation to this school is not sufficient to obtain the things required and to make sufficient payments to recover from the debt it is currently in.
- It will therefore take time to get the school out of debt to the point where it has a positive bank balance.

### 6.4.5.4 Executive Undertakings and Comments Made

MINISTER/MEC/COUNCILLOR	UNDERTAKING	TIMEFRAME
Department of Education District Director for Tshwane North	The school is currently under administration.	The department will oversee the school's finances until its debt is cleared

### 6.4.5.5 Recommendations

- There needs to be negotiation for approval of construction budgets prior to the year of projected completion.
- Project agreements need to be assessed on a consistent basis so that challenges can be addressed timeously before they lead to contract termination.
- All stakeholders need to be appraised and informed like the HOD of the Department of Education to take an approach that is in the best interest of the project.

### 6.4.5.6 Noteworthy

- Interventions were undertaken to ensure progress. The school, which initially was in a very poor condition, is now undergoing a slow but impressive transformation with its infrastructural improvements.
- The principal has been given the post suspension support and put on a mentoring and coaching system to help guide him and there has been a satisfactory improvement in the school with hopes of increasing the schools pass rate from 60% to 80% in the current year.
- Additional Maths and Science teachers have also been appointed and there has been a noticeable improvement since their appointment.
- The school has a support circuit team that is at the school almost daily to help guide the principal of the school.

#### 6.4.6 Trans-Oranje School for The Deaf

Person Responsible: Mr Selepe (Deputy Director General for DID)

##### 6.4.6.1 Observations/Progress

- The Trans-Oranje School for the Deaf in Pretoria underwent a comprehensive renovation and restoration project to upgrade the facility to Gauteng Department of Infrastructure Development (GDID) and Gauteng Department of Education (GDE) standards.
- The project aimed to improve working conditions for staff, enhance safety and efficiency for both staff and learners, and ensure the school meets the growing demand for education.
- The project was completed on March 30, 2023, with all outstanding defects addressed before the end of the defects liability period on March 30, 2024.
- The original contract amount was R114,769,524.62, with a revised and final amount of R123,395,338.06.

##### 6.4.6.2 Challenges

- **Project Delays:** The project faced delays as the original completion date was set for April 7, 2020, but final completion was only achieved on March 30, 2023.
- **Cost Overruns:** The contract amount was revised upward, resulting in a final cost of over R123 million, compared to the original R114 million.

##### 6.4.6.3 Recommendations

- **Adherence to Timelines:** Future projects should incorporate more stringent project management controls to avoid delays and ensure timely completion.
- **Cost Management:** Implement improved financial oversight to prevent significant cost overruns in future projects.
- **Heritage Compliance:** Ensure continuous collaboration with heritage authorities such as the Provincial Heritage Resources Authority Gauteng (PHRAG) when dealing with heritage sites to avoid project delays.

##### 6.4.6.4 Action to Be Taken

- **Monitor Post-Completion Period:** Continue monitoring the facility for any remaining defects until the end of the defects liability period, ensuring all issues are addressed.
- **Close-Out Financials:** Finalise all financial obligations related to the project, including any pending payments or outstanding claims.

- **Evaluate Lessons Learned:** Conduct a project review to identify lessons learned in handling delays and cost management to improve future projects.

The delegation registered their unhappiness with the absence of the MEC for Education, the HOD and the MEC for Sports during the site visits. It was stressed that they should have prioritised this visit. They also did not present themselves to the briefing at the Legislature on the last day.

## 6.5 Social Development

### 6.5.1 Bekkersdal Old Age Home

**Person Responsible on Site:** Hon Faith Mazibuko (MEC Social Development)

#### 6.5.1.1 Purpose of the site visit

The purpose of this site visit was to assess the Gauteng Department of Social Development's (GDSD) ongoing infrastructure projects aimed at improving service delivery through the development of social infrastructure. This project includes the construction, refurbishment, and maintenance of facilities to ensure equitable access for disadvantaged communities in Gauteng.

#### 6.5.1.2 Key Issues Raised

- **Project Delays:** Project was originally scheduled to finish in December 2019 but as of September 2024 it remains unfinished.
- **Contractor Performance:** Contractor has performed poorly resulting in delays and is currently not on site.
- **Safety and Risk Concerns:** If the site is left too long without being completed, then it runs the risk of being vandalised.
- **Legal and Administrative Delays:** Issues such as funding shortfall and other associated risks are causing additional delays for the project.

#### 6.5.1.3 Challenges

- **Community Unrest:** Social instability has affected construction timelines, especially at the earlier stages of the project.
- **Contractor and Funding Issues:** Project has been delayed due to funding shortfalls, which was also exacerbated by the COVID-19 lockdown.
- **Safety Risks:** Although there is a perimeter wall and security on site, there is a huge cost to this if the site is not complete and functional. Projects near critical infrastructure like gas pipelines require risk assessments and potential redesigns.

- **Regulatory Delays:** The DID officials still have to meet and decide to discuss the approval of an extra R25 million.

#### 6.5.1.4 Recommendations

- **Community Engagement:** Increased efforts to engage local communities and mitigate unrest should be implemented to prevent further delays.
- **Contractor Management:** Stricter oversight and timely interventions for underperforming contractors are necessary.
- **Risk Mitigation:** Detailed risk assessments and redesigns should be expedited for the project as and when required.
- **Administrative Acceleration:** Prompt resumption of construction by the contractor in order to meet the new deadline.

#### 6.5.1.5 Action to Be Taken

- **Completion Deadlines:** Department of Infrastructure Development (DID) to meet with contractor to review the scope of the project and new timelines.
- **Budget Constraints:** Contractor has requested an additional R25 million, which have been approved. However, DID will further meet with the contractor to review if that amount is sufficient.
- **Consequence Management:** Department of Infrastructure Development (DID) to institute consequence management and hold accountable those who are responsible for delaying the project.
- **Project Handover:** Contractor to hand over project to client (Department of Social Development) by the end of December 2024.

## 6.6 Roads and Transportation

### 6.6.1 R82 Road Construction (Road K57)

**Person responsible on Site:** Hon Mazibuko (Acting MEC Roads And Transportation)

#### 6.6.1.1 Purpose of the site visit

The site is a Road K57 (R82) upgrade project, which involves the transformation of a single carriageway road into a dual carriageway connecting Johannesburg and the industrial hub of Sedibeng District. It was meant to identify the key issues affecting the project and provides details on the steps being taken to address them.

### 6.6.1.2 Observations

- **Consultant Termination:** The original consultant was terminated due to poor performance in February 2024 delaying the project.
- **Encroachment:** Human settlements and businesses have encroached on road reserves hindering progress.
- **Service Relocation:** Eskom, Rand Water, and Telkom infrastructure providing services are present along the road requiring relocation or adjustment to accommodate construction.
- **Unsuitable Roadbed Material:** The roadbed requires replacement with suitable materials to ensure stability.

### 6.6.1.3 Challenges

- **Consultant Non-Performance:** The original consultant failed to meet expectations, leading to a delay in construction.
- **Encroachments:** Human and business encroachments on the road reserves are delaying work and require relocation.
- **Utility Services:** Eskom, Rand Water, and Telkom infrastructure runs through the construction site, necessitating the rerouting of services.
- **Site Conditions:** The *in-situ* roadbed is unsuitable for construction, requiring specification of new materials.

### 6.6.1.4 Recommendations

- **Resume Construction:** Following the appointment of the new consultant in August 2024, work should resume by mid-October 2024 under professional supervision.
- **Encroachment Resolution:** The Department of Human Settlements must expedite the relocation of stakeholders who have encroached on road reserves.
- **Service Adjustments:** Approvals for the removal or adjustment of Eskom, Rand Water, and Telkom infrastructure should be expedited.
- **New Roadbed Materials:** The specification of suitable roadbed material must be implemented to avoid further delays.

### 6.6.1.5 Action to Be Taken

- **Consultant Replacement:** A new consultant was appointed in August 2024, and the contractor will mobilise to resume work by October 2024.
- **Service Relocation:** Eskom has identified services for relocation, and Rand Water and Telkom have approved the necessary adjustments.

- **Encroachment Management:** Final notices have been issued to businesses and settlements in the road reserves, with ongoing engagement with the Department of Human Settlements.
- **Recovering lost monies:** There is an ongoing legal process to recoup money spent on the terminated consultant. This process is still ongoing.
- **Project handover:** The project is expected to reach completion by June 2025.

## 6.6.2 Bakerton Library

### 6.6.2.1 Key Issues Observed

- There has been a delay of 3 months on the completion of this library project built alongside an older library because there were concerns about the older library being obsolete.
- The contractor is on site 2 to 3 times a week during active construction period, however when there are delays the contractor is on site once every two weeks.
- There is currently security on site funded by the contractor and there has been an agreement for security to remain on site until continuation of the project. The contractor is still liable for the site until its official handover to the City of Ekurhuleni upon completion of the project.
- The security fee is part of the 30% which covers local labour force assisting with the project.
- Job creation, the EPWP contributes 12 to 15 jobs created in the community each year. In the previous financial year 22 jobs were created with this project. Local labour is usually employed for 6 months to a year if possible depending on the quality of the work done on site with training provided by the contractor.
- The IPW (Instruction to Proceed with Work) for the contractor namely SMZ (PTY) LTD, was for a multiyear contract of R28 million for completion of the project over 3 years from May 2022 to June 2024 and the budget becomes available in each financial year in portions. The contractor is not paid the entire amount prior to completion of the project.
- Upon stopping the contract, there had to be a renegotiation to retain the same contractor to continue with construction once the budget became available to prevent against the expense of appointing a new contractor who would have to assess the work already done. After motivations made and negotiations with the current contractor they were retained to see through the project to completion.
- The construction value has not changed with no consumer price adjustments added nor escalations, so the R28 million will not be exceeded and has not been exceeded with the R10 million being allocated in this financial year. The only issue was getting the funds timeously. This year is the 3<sup>rd</sup> financial year of the project.

- The project is now anticipated to start on the 30 September 2024 and practical completion will be reached in two months which is anticipated to be in December 2024. Therefore, there will be adherence to the timelines initially agreed upon.
- The structure of the library was approved in consultation with the librarians, the community and the end-user department as to what would work best for them in the area. The top part of the structure is designated for studying and computer usage and will be a quiet section. The noisy portion of the library with kiddies reading section would be located at the bottom of the library, with a needs analysis done with the end users.
- The idea is to make this library a future library, so that the existing older library will become an arts and culture facility.
- It was found that there was no crisis in relation to this particular project.

### 6.6.2.2 Challenges

- In the previous financial year there was a shortage of R10 million, and it only became available in this financial year, as a result the project had to be stopped in April and there were no delays besides the delay in budgetary allocation. The project would have been completed if the money was allocated timeously.
- Contractors used their own money to budget for security that was not budgeted for and are usually not able to charge for more resources in instances where delays are a departmental fault.

### 6.6.2.3 Executive Undertakings and Comments Made

MINISTER/MEC/COUNCILLOR	UNDERTAKING	TIMEFRAME
Project Manager of the Department	The IPW is signed off and what remains is the provision of the final drawings to go to real estate for signature of the IPW for return to site	30 September 2024
Member of Mayoral Committee	Completion of project by August 2025	Monthly check-ups on progress at the site

#### 6.6.2.4 Recommendations

- There needs to be negotiation for approval of construction budgets prior to the year of projected completion.

#### 6.6.2.5 Noteworthy

- The library is built on a dolomite site, but the soil is good enough to hold the building and it passes all structural requirements.
- The library is envisaged as a forward thinking ‘future library’ with Lego toys, PlayStations, tablets and computers that interest children nowadays. There will be soft copies of books available for reading online and people will be brought in from the community to do readings for the children.
- The needs analysis found that libraries are now seen as safe spaces and not necessarily a space to borrow books but spaces for university students to study and for people to use them as “internet cafés” to apply for jobs and do administrative tasks like school applications.
- There are after-school care programmes to help learners with their homework.
- Other programmes include Born To Read Programmes, where pregnant mothers can start reading to their unborn babies and after birth there are other programmes like Raise A Reader where children can grow up familiar with reading in the library.
- Also, exposure of children to tablets and laptops is facilitated within the library space so that the library is not just a space to read but a space to capacitate children to be technologically savvy in a digitally driven advancing society.
- Compared to the inner-city libraries this project is one of the bigger ones with more to offer people within communities who may not necessarily be able to get to the city.

#### 6.6.3 The Women’s Living Heritage Monument, Pretoria

##### 6.6.3.1 Progress/Observations

- It was noted that there was no presence of women and yet the project was designed to celebrate women of South Africa.
- The project was meant to take 4 years to complete.
- The project commenced in 2012, it didn’t make sense that 12 years later, it remained incomplete.
- It seemed that there was no sense of urgency to complete the project.
- It was confusing that reports on the facility indicated “completed”, but the presentation stated otherwise. The delegation was not happy that these reports were not aligned.

- Who are the contractors that have been involved, what is their history and what circumstances surrounded the termination of contract and reasons thereof?
- Given that cases of vandalism, were there criminal cases as a result and what is the status of such cases?
- It was surprising that vandalism is a big issue yet there was a security at the building.
- Why were the security personnel not held accountable and who was paying the security and at what cost?

### 6.6.3.2 Challenges

- Budget allocation and performance of the PSP.
- Need to protect different firefighting systems.
- Certificate of occupancy could not be issued by the City of Tshwane until challenges identified are sorted.
- Vandalism in the building, thefts, damages, lifts are not working.
- Generator issues. Certain part of the generator could not be found.
- Governance issues by the involved departments.
- Disconnection by the City of Tshwane.
- Batteries and solar panels needed to be replaced.
- Fire system not procured.
- CCT smart control has since been damaged.
- Ventilation system and ceiling vandalised.

### 6.6.3.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Head of Department	The Facility will be fully operational	October 2024
NCOP	The delegation will be present to celebrate the opening of the facility	Monday, 4 November 2024
Contractor	All the work will be finalised, and the project will be concluded	October 2024

City of Tshwane	Committed to continuing assisting the facility to meet its deadlines as meeting with other key stakeholders	Ongoing
DDG	To submit a fully-fledged report of the week-long visit detailing financial report of the Women's Living Heritage Monument with all the relevant statistics.	14 days  This time frame is in line with the commitment made by the MEC Mamabolo

#### 6.6.3.4 Recommendations

- The HOD should ensure that he becomes the first HOD to complete the facility, leaving a legacy.
- The NCOP together with the GPL will ensure that issues raised find expression through oversight mechanisms such as Ministerial Briefings, Committee Meetings, Statements etc, to highlight the urgency of the need to complete the project.

#### 6.7 List of Executive Undertakings and Comments Made

	MINISTER/MEC/COUNCILLOR	COMMENTS	TIMEFRAME
Rusterval Secondary	MEC	<b>6.7.1</b> Provide a detailed report on the 6-year delay	14 days
Semphato Secondary	Department of Education District Director for Tshwane North	<b>6.7.2</b> The school is currently under administration.	The department will oversee the school's finances until its debt is cleared

Bakerton Library	Project Manager of the Department	<b>6.7.3</b> The IPW is signed off and what remains is the provision of the final drawings to go to real estate for signature of the IPW for return to site	30 September 2024
	Member of Mayoral Committee	<b>6.7.4</b> Completion of project by August 2025	Monthly check-ups on progress at the site
Women's Living Heritage Monument	Head of Department	<b>6.7.5</b> The facility will be fully operational	October 2024
	NCOP	<b>6.7.6</b> The delegation will be present to celebrate the opening of the facility	Monday, 4 November 2024
	Contractor	<b>6.7.7</b> All the work will be finalised, and the project will be concluded	October 2024
	City of Tshwane	<b>6.7.8</b> Committed to continuing assisting the facility to meet its deadlines and meeting with other key stakeholders	Ongoing

	DDG	<b>6.7.9</b> To submit a fully-fledged report of the week-long visit detailing financial report of the Women's Living Heritage Monument with all the relevant statistics.	14 days  This time frame is in line with the commitment made by the MEC Mamabolo
--	-----	---	--

## 6.8 General Comments

- We acknowledge that this is our first Provincial Week in the 7<sup>th</sup> Parliament and we will use it as a building bridge.
- The NCOP has a constitutional mandate in terms of section 69 of the Constitution to summon any person to appear before it to give evidence or to produce documents and to report to them.
- The presence and availability of MEC(s) Health and Wellness, Social Development and Infrastructure Development and Cooperative Governance and Traditional Affairs to accompany the delegation to their infrastructure sites to brief them on the status of those projects is applauded.
- However, the delegation has registered their dissatisfaction at the absence of the MEC for Education and Sport, Arts, Culture and Recreation during the delegation's site visit to the schools and the library. This conduct was viewed as unacceptable.

## 6.9 Recommendations

- An emphasis that MECs must be available or delegate an HOD or DDG to avail themselves to brief and answer questions during site visits to their department's projects.
- In future NCOP oversight visits in the province MECs must be available.
- The Premier must account for the absent MEC and give feedback to the NCOP.
- We seek commitment from the Premier that there will be consequence management if the NCOP call is not answered in future.

## 7. KWAZULU-NATAL PROVINCE: ETHEKWINI METRO & ILEMBE DISTRICT MUNICIPALITIES

The KwaZulu-Natal NCOP Permanent Delegates, having undertaken the Provincial Week visit to KwaZulu-Natal Province in the eThekweni Region on 16 -20 September 2024, and having looked at the issues debated reports as follows:

Delegation:

- Honourable Mr M Billy – Provincial Whip and Leader of Delegation
- Honourable Mr. P Govender: Deputy Chairperson of the NCOP
- Honourable Mr. M Kaunda
- Honourable Mr. S Majola
- Honourable Ms. Z Ngcobo
- Honourable Ms. S Mokoena

Panellist:

- Hon. N Boyce, Speaker of the Legislature
- Hon. MB Gwala, Chief Whip of the Legislature
- Hon. M Billy, KwaZulu-Natal Provincial Whip


### 7.1 Purpose of the Briefing Session: Opening and Welcome for the NCOP delegation

#### 7.1.1 Key Issues


Participant	Area	Issue
Hon. N Boyce, Speaker of the Legislature	KwaZulu-Natal Provincial Legislature	<p>That the NCOP needs to provide feedback on several public infrastructure issues that were raised with it during 2022 Taking Parliament to the People in Ugu District, including Steven Dlamini Dam in Harry Gwala Municipality and police stations.</p> <p>That the KwaZulu-Natal delegation to the NCOP should be readily available to the</p>

		Province at all times and not only during the Provincial Week Programme.
Hon. MB Gwala, Chief Whip of the Legislature	KwaZulu-Natal Provincial Legislature	<p>That to enable the public to have trust in governance there need to be renewal, with government fulfilling its obligations to the communities within the given time frames.</p> <p>That there was a need for an integrated service delivery initiatives as public, generally, do not differentiate between the different spheres of government.</p> <p>That for government to regain public trust, it needs to change the way it conducts its responsibilities by prioritizing the need for transparency and openness.</p>
Hon. M Billy, KwaZulu-Natal Provincial Whip	National Council of Provinces	<p>That the NCOP through this programme aims at facilitating cooperative governance between the different spheres by enabling coordination between national, provincial and local spheres and thus fostering cooperation, collaboration and consultation. This will assist in addressing overlapping challenges in housing, health, education and economic development.</p> <p>That as 2024 Provincial Week focus area was regarding incomplete, delayed and abandoned projects, the Province would have to provide a clear and cost-effective plan in relation to service delivery and governance.</p>

<p>Hon. AT Ntuli, KwaZulu-Natal, Premier</p>	<p>KwaZulu-Natal Executive</p>	<p>The presentation outlined the details of various legacy projects with specific timeframes that government will be implementing during the 7th administration.</p> <p>The Premier spoke about putting in place systems and appropriate mechanisms to address some impediments and gaps when infrastructure projects are implemented in all three spheres of government.</p> <p>The Provincial government needed to focus on infrastructure projects, as these are central to the achievement of the goals of the National Development Plan (NDP), and delivery of services to the people.</p> <p><b>On Special Economic Zones (SEZ):</b> Most importantly, infrastructure projects, which are located under two Special Economic Zones namely the Dube Trade Port and Richards Bay Industrial Economic Zones are vital to drive inclusive economic growth and job creation. Intervention was needed in Richards Bay to resolve the truck traffic which has become a nightmare, which also interfaces with the N2.</p> <p>With regards to the Dube Trade Port, the Province needed to attract private sector investment, including support for localisation of production by manufacturers, and this has reached R1.3 billion of private sector investment by June</p>
--	--------------------------------	---

		<p>2024, as well as the future projected R3.25 billion private sector investment by March 2025.</p> <p><b>On Catalytic Projects:</b> The Premier outlined the few Catalytic Projects, which are still in progress such as roads in support of private sector driven projects, the Sibaya Coastal Precinct in Durban, the Avoca Node and the Kassier Road, which aims to support the Shongweni development.</p> <p><b>On Social Housing Infrastructure:</b> The N11 CRU Project in Newcastle, Amajuba District Municipality is valued at R268.4 million and has incurred the total expenditure of R186.7 million, and this will yield 540 completed units with 324 practically completed units.</p> <p><b>On Water and Sanitation Projects:</b> The Premier made a point that the Water and Sanitation Projects in Zululand District, uMkhanyakude District and uMzinyathi District Municipality were important, and this will positively impact on people's lives around these areas.</p> <p><b>On Poverty and Inequalities:</b> To reduce poverty and inequalities, the Premier indicated that the Multi- Planting Season Programme is launched annually which includes mechanisation services, provision of production inputs as well as agricultural advice.</p>
--	--	---

		<p><b>On State Capacity:</b> To enhance the capacity of the state, the Premier made a point that there was a need to conduct reviews of One District One Plan One Budget whilst linking with revitalized Operation Sukuma Sakhe to better coordinate all the ward-based interventions.</p>
<p>Ms N. Mkhize, Stakeholder Liaison Manager</p>	<p>Auditor-General of South Africa</p>	<p>The Office of the Auditor General of South Africa (AGSA) emphasised the fact that provincial infrastructure plays a pivotal role in KwaZulu- Natal, and it underpins essential services and therefore, addressing infrastructure deficits such as backlogs is crucial for improving service delivery and meeting the growing needs of KwaZulu-Natal's population.</p> <p>AGSA also addressed the root causes of failure to deliver infrastructure projects, which included backlogs, inadequate skills and capacity, lack of accountability for non-compliance by contractors, lack of risk assessment and mitigation from project inception, inadequate coordination, collaboration and deliverables not synchronized in ecosystem as well as failure to conduct proper needs assessments and feasibility studies. Ultimately, any project failure will negatively impact on service delivery to the people.</p> <p><b>AGSA proposed the following recommendations:</b></p>

		<p>With regards to infrastructure backlog, there is a need to accelerate the development and upgrading of essential infrastructure, particularly in water, sanitation, and transportation, to meet the growing population demand.</p> <p>With regards to regular maintenance, there is a need for municipalities to adhere to the rigorous maintenance schedule to ensure that existing infrastructure remains functional and safe throughout its lifespan.</p> <p>With regards to the inspection and repair, there is a need for municipalities to conduct regular inspections and timely repairs to prevent issues from escalating into major problems.</p> <p>With regards to efficient management, there is a need to strengthen project management practices to ensure effective execution and completion.</p> <p>With regards to monitoring performance, there is a need to implement robust monitoring and evaluation systems to track progress, identify early warnings, and ensure accountability is enforced.</p> <p>With regards to coordination and planning, there is a need for key service delivery departments to refine the infrastructure delivery model and coordination between the implementing departments and the client departments to improve infrastructure value chain.</p>
--	--	--

		<p>With regards to intergovernmental collaboration, there is a need to establish regular coordination meetings involving all stakeholders, including municipal authorities.</p>
<p>Mr Z. Phakathi, Senior Manager: Research and Library Services</p>	<p>KwaZulu-Natal</p>	<p>That the Legislature had planned, amongst its activities for the calendar year 2024, to conduct a Multiparty Oversight Visits between 19 and 20 September 2024.</p> <p>The aim is to track progress made on the implementation of the National Development Plan (NDP) in iLembe District using the Provincial Plan and Provincial Growth and Development Strategy.</p> <p>Furthermore, it aims at providing feedback to the citizens of iLembe District regarding service delivery, particularly focusing on the implementation of projects, and ensuring that service delivery-related issues raised in the community meetings as well as those observed during project visits and verifications are responded to.</p>

### 7.1.2 Challenges

- There used to be initiatives such as Inkululeko Programme, through which various projects were pursued, including the Mandla Mthethwa School of Excellence in Ndumu, amongst others, that were focusing on innovative development in rural areas, however, some of these projects are no longer yielding positive results as envisioned.
- Metropolitan municipalities, including eThekweni Metropolitan Municipality, normally carry most of the burden when rural districts were not properly developed and as such there was an urgent need to respond to this to curb migrations from small rural areas to urban cities.

- That there is inadequate monitoring and implementation according to agreed plans, which result in additional costs due to payments for standing time, and cost escalations.
- Land acquisition remains a challenge as it is often difficult to acquire a piece of land prior to the commencement of the construction work and this results in delays for the project to start and finish.
- Some of the projects do not meet the expected standard due to poor quality and unacceptable workmanship standards.
- The lack of consequence management where monies are being lost due to poor project management of contractors and limited maintenance remained a challenge.

### 7.1.3 Executive Undertakings and Commitments Made

- Undertakings made by Minister, MECs or Councillors that relate to the challenges recorded above

Minister/MEC/Councillor	Undertaking	Time Frame
<b>The Premier</b>	The Province has started mobilizing private sector investment to assist with some infrastructure projects, and the Province aims to reach R3.25 billion in private sector investment.	<b>31 March 2025</b>  Notwithstanding the March deadline, the Premier should report to the NCOP on this matter on a regular basis.
<b>The Premier</b>	The Province has started profiling households, frontline service delivery in wards, schools and healthcare facilities with an aim to prioritise catalytic projects.	<b>30 November 2024</b>  Notwithstanding the March deadline, the Premier should report to the NCOP on this matter on a regular basis.

### 7.1.4 Recommendations

- The Provincial Department of Public Works, Basic Education, Health, Transport and Human Settlements, including Cooperative Governance should within 60 days develop clear

mechanisms to address the issue of project planning, management, monitoring and implementation to avoid unnecessary cost escalations.

- That the infrastructure departments, municipalities together with other implementing agencies develop mechanisms to ensure that land acquisition is secured prior to the commencement of construction work to prevent project delays and feasibility studies not being properly conducted.
- That the executive authorities in their respective departments ensure that the necessary consequence management is implemented against any contractor who fails to deliver as agreed, and that the NCOP through its sector committees should enforce such remedial actions to assist the Province.
- That the Department of Cooperative Governance within 60 days should develop a clear plan to assist municipalities to effectively utilise the 15 per cent portion of the Municipal Infrastructure Grant (MIG), which is earmarked for maintenance and operationalisation of projects. NCOP should continue to monitor progress in this regard.

Recommendation	Department/ Person Responsible	Time Frames
<p>That these catalytic projects need to be revived as they were instrumental in the innovative development of rural areas.</p> <p>That government should take the lead in the strengthening of the economy of the country and that the Public Investment Corporation (PIC) and the BRICS Regional Bank could be used as a funding source, among others.</p> <p>That the NCOP, through its select committees, should take up the issues raised with relevant government departments and</p>	<p>Department of the Premier and Public Works and Infrastructure</p>	<p>A clear plan should be developed within 90 days after the adoption of this Report by the NCOP.</p> <p>The Premier should provide regular reports on this matter during the NCOP engagements.</p>

ministries as part of its oversight process.		
--	--	--

## 7.2 Department of Transport & Human Settlement

### 7.2.1 Purpose of the Briefing Session

The purpose of the briefing by the Department of Transport and Human Settlement was to table a report on the state of Provincial & Municipal Infrastructure, Programmes and Initiatives to address incomplete, delayed and abandoned public infrastructure.

### 7.2.2 Key Issues

Participant	Area	Issue
<b>Hon S A Duma, MEC for Transport &amp; Human Settlement</b>	Department of Transport	<p>KwaZulu-Natal Department of Transport has been facing challenges due to poor performance on most of its capital projects. A technical team has been formed to deal with problematic projects and to provide technical support to transport infrastructure and District Service.</p> <p>The meeting was informed that projects with high risk constituted 65 percent, medium risk was 16 percent and the low-risk projects constituted 19 percent, which illustrates that urgent interventions are needed to change the status of most of the projects.</p>

### 7.2.3 Challenges

The MEC reflected on projects which were experiencing a challenges and one of those projects is Road L1578, where the contractor has not been on site since the 24 October 2022, while waiting for a variation order approval.

With regards to the upgrade of the main Road P16-3 Phase 2, the contractor is insolvent due to various delays encountered on site and delays in approval of claims. The contract is valued at R76,103,020.02.

With regards to the construction of Mpolweni River Bridge, the contractor suspended work due to non-approval of variation orders.

As for the upgrade of the Main Road P700 KM, the contractor has terminated work due to delays in payments. The project cost was R43,000,000.00.

Construction of Ngubevu River Bridge, the slow implementation of the project is due to delays in finalizing the award for consultants to assist with design and documentation of two additional piers and road approaches.

#### 7.2.4 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<p><b>Hon S A Duma, MEC for Transport &amp; Human Settlement</b></p>	<p>An executive undertaking made in relation to road L1578 is that the infrastructure delivery management system must gather all contractual information and convene an urgent meeting with all stakeholders to resolve the matter.</p> <p>The MEC informed the NCOP about the upgrade of main road P16-3 Phase 2, that the Head of Department is given a mandate to intervene on all outstanding matters at Bid Adjudication Committee (BAC) and the timeframe set is 31 September 2024.</p> <p>The MEC made an executive undertaking in relation to Mpolweni River Bridge, that the directorate of the Department of Transport will pay for valid claims while internal processes are going on to mitigate arbitration costs.</p>	<p><b>As soon as possible after the adoption of this Report by the NCOP or within 60 days.</b></p> <p><b>31 September 2024, agreed upon time frame. There needs to be an update on progress soon after the adoption of this Report by the NCOP or within 30 days.</b></p> <p><b>Within 30 days as required by section 38 (j) of the Public Finance Management Act. As soon as possible</b></p>

	<p>The Department is finalizing the termination report of the upgrade road P700 KM, to close the contract in consultation with the legal unit and it includes the request to utilize urgent deviation to complete the work on site.</p> <p>In relation to the construction of Ngubevu River Bridge, the Department has facilitated that tender document for appointment of consultants to be advertised. The anticipated start date of the construction is scheduled for June 2025 and the aim to complete the project is 31 March 2026.</p> <p>The Department is to review supply chain processes to deal with construction constraints and the Department is further reviewing some of the limitations of powers to the employment agent on the contractual document which lead to lengthy decision-making processes.</p>	<p><b>The Project is scheduled to start in June 2025 and finish on 31 March 2026</b></p> <p><b>The start date of the construction is scheduled for June 2025 and the completion date is March 2026</b></p>
--	---	--

### 7.2.5 Recommendations

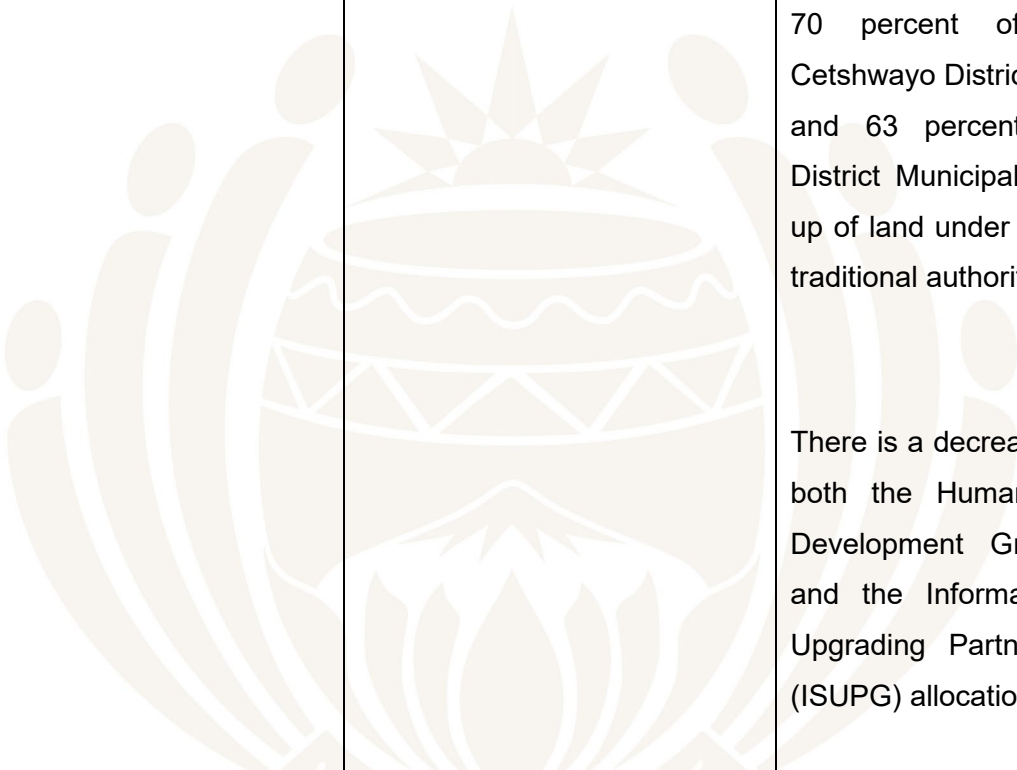
Recommendation	Department/ Person Responsible	Time Frames
The current growth challenges faced by KwaZulu-Natal cannot be resolved by	<b>MEC for Transport &amp; Human Settlement</b>	<b>Ongoing</b>

<p>expansionary fiscal policy alone, but by fiscal transformation of consolidation and reallocation to yield efficiency.</p> <p>Well qualified, multidisciplinary teams in the relevant government departments agencies, equipped with the necessary decision-making power and actively involved in the project are crucial for speed and quality of the delivery processes.</p>	<p><b>MEC for Transport &amp; Human Settlement</b></p>	<p><b>Ongoing</b></p>
--	--	-----------------------

### 7.3 Department of Human Settlement

#### 7.3.1 Key Issues

Participant	Area	Issue
<p><b>Hon S A Duma, MEC for Transport &amp; Human Settlement</b></p>	<p>Department of Human Settlement</p>	<p>eThekweni has experienced the most significant increase in the demand for housing and is due to rapid migration of poor/indigent families to the city centre, thus increasing the number of informal settlements and informal dwellings.</p>

		<p>Vast portions of the province are made up of traditional authority land, approximately 70 percent of the King Cetshwayo District Municipality and 63 percent of iLembe District Municipality are made up of land under the control of traditional authorities.</p> <p>There is a decreasing trend on both the Human Settlement Development Grant (HSDG) and the Informal Settlement Upgrading Partnership Grant (ISUPG) allocations.</p>
--	---	---

### 7.3.2 Challenges

- Non-availability of suitable land for development and lack of bulk infrastructure in most priority development areas.
- The Province has 43 stalled projects in all districts with iLembe District contributing 15 stalled projects, which is the highest turnover, followed by uMgungundlovu with 7 projects.
- Lack of coordinated funding, intergovernmental relations, and contractual related issues and lack of risk management processes in projects remained a challenge.
- Richmond Farm A & B is projected to yield 4000 Units, and outstanding units are estimated to be 964, with some of the reason for delays in building of units is due to the Section 21 company which was dissolved, and the project was handed over to the eThekweni Municipality.
- Kingburg West, 300 sites could not be developed due to land invasion, and in Ray Nkonyeni, the KwaNzimakwe PHP project is blocked due to bulk issues as the district municipality is still waiting for approval of funding and availability of funds for bulk infrastructure.

### 7.3.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Hon S A Duma, MEC for Transport & Human Settlement	<p>About the Richmond Farm A &amp; B Project, the Municipality is currently undertaking necessary feasibility studies due to the time lapse and changes to the settlement patterns.</p> <p>The MEC made an undertaking to the NCOP that land identification for the Kingburg West Project is being undertaken and soon the challenge will be resolved.</p> <p>The MEC is having ongoing discussions with the water service authority to address the issue of bulk infrastructure.</p>	<p><b>Feasibility studies to be completed before the end of 2024</b></p> <p><b>The challenge will be resolved before end of 2024</b></p> <p><b>Should be resolved in the new financial year with the availability of bulk budget.</b></p>

### 7.3.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
The MEC called on all spheres of government to put in place mechanisms to deal with implementation weaknesses and lack of institutional coherence in the three-sphere planning as it relates to the development of	All spheres of government	Ongoing

catalyzing priorities of the National Development Plan (NDP) and MTFD.		
--	--	--

## 7.4 Department of Health

### 7.4.1.1 Purpose of The Briefing Session

The purpose of the MEC of Health presentation was to provide the NCOP and the Legislature with a status report on the state of Provincial Infrastructure and programmes and initiatives to address incomplete, delayed and abandoned public infrastructure

### 7.4.1.2 Key Issues

Participant	Area	Issue
<b>Hon N Simelane, MEC for Health</b>	Department of Health	<p>Public Health Sector Portfolio of infrastructure assets in KwaZulu-Natal is estimated at R70 billion. The Department is overseeing 69 hospitals, 22 Community Health Centers, 589 clinics, 13 administration, 84 EMS bases, 33 Forensic Mortuaries and 3 Nursing Colleges.</p> <p>The Department of Health of KwaZulu-Natal, has the responsibility to maintain and operate existing healthcare assets with a view to optimize economic value added, upgrade existing healthcare assets to achieve clinical and technical modernization in line with service demand, norms and standards.</p>

### 7.4.1.3 Challenges

The slow growth in the equitable share allocation has overall negative impact irrespective of pressures to improve maintenance of facilities. There is a need to fund frequent breakdowns to generators and other major electrically operated equipment due to loadshedding.

The KwaZulu-Natal Department of Health has a backlog of approximately more than 300 clinics still to be built, the backlog hampers the service demand, norms and demands in healthcare in the Province.

Disruption of projects by third parties including Business Forums, some communities and others causing major delays in project completion.

#### 7.4.1.4 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Hon N Simelane, MEC for Health	The MEC of Health informed the NCOP that a plan to construct 11 clinics were approved in the 2023/24 financial year. Currently 3 of these are being constructed in areas such as Nyavini in Ugu, Mpolweni in uMgungundlovu and Mpaphala in King Cetshwayo.	2023/24

#### 7.4.1.5 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
Funding the breakdown generators is needed urgently and other major electrically operated equipment due to loadshedding	Department of Health	The 2025/26 budget allocation should consider including these through the Division of Revenue Bill.

### 7.5 Department of Education

#### 7.5.1 Purpose of The Briefing Session

The MEC for Education tabled a report on the state of Provincial Education Infrastructure to the National Council of Province's Provincial Week, detailing programmes, initiatives to address incomplete, delayed and abandoned public infrastructure.

## 7.5.2 Key Issues

Participant	Area	Issue
<p><b>Hon S E Hlomuka, MEC for Education</b></p>	<p>Department of Education</p>	<p>The Department of Education services 5 789 public ordinary schools and 76 special schools.</p> <p>During the 2018 assessment 1377 schools were reported to have pit latrines and 1 273 have been eradicated.</p> <p>The MEC reported that KwaZulu-Natal, Department of Education had 1 242 schools with asbestos, however, the Department is addressing the challenge. Currently, 85 schools with asbestos have been eradicated, 58 are under construction and 60 are on tender; 308 on design and 731 are on initiation stage.</p> <p>The KwaZulu-Natal and Gauteng Province experienced widespread vandalism, looting and burning of property and infrastructure during the July 2021 unrest. As a result, 144 education institutions were vandalized, looted and burned.</p> <p>The KwaZulu-Natal Province experienced excessive rain resulting from storms and flooding attributed to the effects of climate change. The excessive rains caused widespread damage to infrastructure from the 10<sup>th</sup> of April 2022. Some schools' infrastructure was severely damaged in all</p>

		<p>districts across the Province apart from Thukela and uMkhanyakude Districts.</p> <p>District officials undertook assessments and evaluation of the extent of the changes. A total of 356 schools were reported to have been affected.</p>
--	--	--

### 7.5.3 Challenges

The MEC highlighted the following challenges facing the Department of Education in the Province:

- Disruption by business forums;
- Inadequate budgets and budget cuts;
- Regular occurrence of natural disaster;
- Delays in procurement due to the incapacity of implementing agents and Professional Service Providers;

## 7.6 Department of Cooperative Government and Public Works

### 7.6.1 Purpose of The Briefing Session

Highlighting delivery challenges of Municipal Infrastructure Grant and COGTA conditional grants-based projects in KZN municipalities and reflecting on support interventions and recommendations.

### 7.6.2 Key Issues

Participant	Area	Issue
Hon T.D Buthelezi, MEC Cooperative Governance and Traditional Affairs	KZN COGTA	Inadequate project monitoring and implementation which resulted in additional costs due to payments for standing time, cost overruns, etc.

		<p>Instances where project quality did not meet the expected standards – poor quality workmanship.</p> <p>Poor planning as land acquisition was not secured prior to commencement of construction resulting in delays and standing time costs.</p>
--	--	--

### 7.6.3 Challenges

Poor project management and slow Supply Chain Management (SCM) processes in some municipalities in relation to grants transferred resulted in:

- Delayed project implementation by municipalities, and withdrawal of funds by National Treasury.
- Dissatisfaction by beneficiaries leading to community unrest, and damage to parts of the infrastructure that has been already developed.
- Some nodes are not yet formalised and require intensive consultation with the landowner, particularly the Ingonyama Trust Board (ITB) so as to release land or agree on the formal approach to town management.
- Non-compliance with the Memorandum of Agreement (MoA) between the municipalities and CoGTA, especially poor reporting, leading to the withdrawal of grants by the Department.
- Alignment of connections for critical services i.e. water, sanitation and electricity.
- Lack of capacity compromises new development, delay implementation of Labour-Intensive Construction (LIC) projects and Local Economic Development (LED) projects by district municipalities, Eskom, as well as other provincial departments.
- The current financial constraints in KZN CoGTA have a potential to limit the progress on the small town rehabilitation programme of the Department.
- There are concerns about possible cost escalations of projects and there are persistent unresolved land issues including existence of graves on site.
- Some Municipalities do not have the required MIG funds to complete projects within the 18-month construction period that has been granted to the Contractor, including inadequate skills

and capacity to manage infrastructure projects. Lack of accountability for non-performance by contractors and professional service providers.

- A lack of continuous risk assessments and mitigation from project inception throughout the project life cycle.
- Inadequate coordination, collaboration and deliverables not synchronised in accountability ecosystem (e.g. between implementing agents and other departments).
- Failure to conduct proper needs assessments and feasibility studies; or conducting them but not using them as a base to implement the infrastructure projects.
- Contractors appointed that cannot perform the work, and ineffective monitoring of project milestones and quality of work performed.
- Underperformance by consultants/contractors without consequences management, including contractors not paid on time or overpaid.
- Dishonest and misleading reporting wherein stalled and abandoned projects are listed as completed and the unaccounted MIG funds from the Municipality are not recovered from the contractor.
- On abandoned MIG funded projects around uMsunduzi Local Municipality within uMgungundlovu District (DM) that was initiated in 2015/16 financial year with project cost of R30 million, the project has R22.8 million (76 percent) of unspent or remaining funds. The project is listed as being completed but has not been constructed. CoGTA is unable to confirm what work was done for the money that has been spent.

#### 7.6.4 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>LM Meyer – MEC for Public Works and Infrastructure in KZN</b>	The Department will meaningfully engage with Black Business Forums (BBF) particularly those with organised and properly constituted structures operating within the country's legal framework.	Within 90 days after the adoption of this Report by the House. In addition, a regular report should be submitted in the NCOP for update.

## 7.6.5 Recommendations

### 7.6.5.1 Department of Public Works and Infrastructure in KwaZulu-Natal

- Within 90 days of the adoption of this Report, the Department of Public Works should provide regulatory framework to recognise and regulate the environment for all business forums in the Province. The NCOP should follow up on this through sector committees and continue to monitor this issue on regular basis.
- The government should create procurement opportunities where it is possible for local subcontracting through open and fair competitive bidding process to advance local businesses owned by youth, women, people living with disabilities, rural enterprises and businesses owned by military veterans.
- The delegation strongly condemned project stoppage and felt that it was unacceptable to have government funded projects being hijacked and stopped by criminals in the name of business forums, and that the Department together with law enforcement agencies should isolate and apprehend the unscrupulous business forums and extortionists including construction mafias.

### 7.6.5.2 Department of Cooperative Government and Traditional Affairs

The provisions of the District Development Model (DDM) with the One District One Plan approach are crucial in aligning initiatives by all sectors and derive value from infrastructure projects.

- In the same vein the sector departments in a particular town should combine efforts in coordination, planning and implementation of infrastructure programmes and enhance economic multiplier effects of infrastructure projects.
- Approval and adherence to Medium Term Expenditure Framework (MTEF) commitments to allow forward planning at the municipal level is necessary and should be expedited.
- Alignment to Municipal Integrated Spatial Development Framework (MISDF) and Service Delivery and Budget Implementation Plans (SDBIP) should be promoted consistently.
- There is a need for urgent implementation of the KZN Provincial Small Towns Socio-economic Revitalization Strategy that was adopted by Cabinet in February 2022. The adoption of a priority list of how the programme will be rolled out across the Province and development of town-specific proposals that will guide all sector departments towards integrated interventions in specific small town should be developed.
- There is a need to improve and advance project planning to enable timely implementation of projects.
- Some Municipalities should be supported by other spheres of government to strengthen project monitoring and contract management.

- Consideration should be given for the establishment of a Provincial Project Management Unit to enhance service delivery capacity.
- Monitor the performance of municipalities in the provision of sector infrastructure and compliance with sector conditions.
- Department of Sport Arts and Culture should ensure that funds allocated for sector infrastructure are properly spent.
- Sector departments have an increasing responsibility to support municipalities in planning and implementing their infrastructure programmes. Sector departments must also oversee compliance on standards and norms in terms of their regulatory responsibilities.
- On a stalled Xaba TAC Park Home Infrastructure project in Umzumbe Local Municipality, the NCOP in cooperation with the KZN Provincial Legislature should conduct robust oversight over the DPWI and KZN COGTA to verify the astounding report that says the project is at 90 percent completion rate whilst in terms of budget expenditure, R1.3 billion remains unspent out of R1.9 billion allocated.
- The provincial and national spheres of government should synchronise plans and provide project management capacity building to empower municipalities on issues such as project design, costing and monitoring of deliverables until project closure. This would reduce appointment of incompetent service providers who produce poor project value and substandard workmanship with no consequence management.

## 7.7 Site Visits

### 7.7.1 Hammarsdale Treatment Works

**Municipality:** eThekweni Metropolitan Municipality:

**Key Contacts at Site:** Contractor- Mr Ashley Pillay (cell number: 082 808 9056)

#### 7.7.1.1 Observations

- The city of eThekweni Metropolitan Municipality inherited the problems of the plant from Umngeni Water Board in year 2000 with systemic challenges of compliance to required norms and standards owing to old and dilapidated equipment.
- About 60 percent of what the water treatment plant is processing comes from local industries and 40 percent from residential areas in the equidistance.
- The total budget of the project is R270 million and at the time of the NCOP Provincial Week oversight the contractor had already spent about R31 million.

### 7.7.1.2 Challenges

- The contractor experienced a delay in the execution of the design components required for the purposes of procurement of the high value plant and equipment. This effectively resulted in budget underspending.
- The contractor has subsequently employed another technical design management team to deal expeditiously with specifications and supply chain compliant project design.
- The treatment plant was contaminating river streams and the ocean with effluent deposits with hazardous biological and chemical residuals to the catastrophic detriment of marine life and irreparable harm to human ecosystems.
- The water treatment plant is currently operating below capacity treating 8.5 MI/per day instead of 27 MI/per day.

### 7.7.1.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>eThekwini Mayor:</b> Councillor C. Xaba	The Council will make concerted efforts to ensure that the contractor responsible for upgrading the treatment plant will deliver the project on the agreed 06 May 2026 with no cost overruns. The residential and industrial clients will receive the water reticulation at the distribution pressure compliant with industry norms and standards.	The project should be concluded at mid-term or precisely 06 May 2026. However, there should be regular update to the NCOP during the cause of the next project cycle.

#### 7.7.1.4 Recommendations

Recommendation	Department/ Responsible Person	Time Frame
The lost capacity of the plant to treat water solids and reticulate water fit for consumption to residential and industry clients should be restored immediately.	eThekweni Municipality and de facto the project contractor as an implementing agent.	Immediate to 06 May 2026

#### 7.7.2 Kennedy Road Housing Project

**MUNICIPALITY:** eThekweni Metropolitan Municipality

**Key Contacts at Site:** Mr Lawrence Pato - Head: Human Settlement eThekweni Municipality

Contact no: 0844972566

##### 7.7.2.1 Observations

- The project is intended to provide housing structure for the community of Kennedy Road Informal Settlement and the nearby overcrowded informal settlements of Kennedy Road within the eThekweni Metropolitan Municipality. These communities have approximately 3000 households and are situated approximately 7 kms Northwest of Central business district of Durban (Ward 25).
- The housing structure/typology planned to be erected is a double storey structure of 49 square meter per unit comprises of two bedrooms upstairs, with kitchen and living room located downstairs.
- The delegation noted that there were no activities around the site prior the NCOP Provincial Week visit, and delegates were further concerned about the quality of workmanship on site, including the size of newly built family structures.
- The project is intended to develop 3 sub-phases which are planned to be delivered as follows:
- Sub-Phase 1 includes the development of 45 units in Dodoma Avenue whose construction of 45 units was reported during the oversight visit as having been completed and handed over to beneficiaries.

- Sub-Phase 2 is about the development of 198 units in Barton Place and is currently under construction. This phase is 100% funded by the Urban Settlement Development Grant (USDG) which is a substantial conditional capital allocated to Metropolitan Municipalities for erection of urban housing.
- Sub-Phase 3 includes the development of 225 units. This phase is still at planning process and the construction of engineering services was reported during the oversight visit as complete.
- The NCOP delegation was informed that the funding for the whole project has been approved and work has since commenced on the 2 portions, namely Dodoma Avenue and Barton Place, to initially assist 243 households.
- The approved total budget was confirmed during the oversight visit to be R54 250 144.38 whilst the expenditure was reported to be R21 222 206.53.
- This project started on 15 March 2016 and is projected to be completed on 24 May 2026.

#### 7.7.2.2 Challenges

- Excess Beneficiaries: The existing Kennedy Road Informal Settlement comprises approximately 3000 households, more than the current project can accommodate.
- Geotechnical / Environmental Constraints: The current informal settlement is located on land that is constrained by difficult gradient and adverse environmental conditions. This has seriously impacted on the proposed upgrading of Sub Phase.
- Labour issues: There is a high demand for work by local subcontractors, and there are disputes between the communities regarding ownership of the project and allocation.

#### 7.7.2.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Mayor of eThekweni Municipality,	To provide progress report to the NCOP on the outstanding work of the project leading to its completion date. This will ensure that the project meet its end date.	A progress report to be provided to the NCOP on a quarterly basis, starting from November 2024.

#### 7.7.2.4 Recommendations

- The NCOP must ensure that it receives quarterly progress report on the performance of the project from eThekweni Mayor.
- The relevant NCOP Committee should request a briefing meeting from the role players and stakeholders of project namely the Municipality, Provincial and National Government, including any relevant stakeholders.
- The Developer namely the Municipality must submit to NCOP a comprehensive report before the end of November 2024 detailing the Site layout concerning service establishment such as Sanitation, Roads, Storm Water, Water, and Electricity.

#### 7.7.3 Go-Durban – Corridor C1: Project Number 1t-347761 (Inanda Road between N2 and Teakfield Road)

Municipality: **eThekweni**

Key Contacts at Site: **Mr Thami Manyathi, Head eThekweni Transport Authority**

##### 7.7.3.1 Progress/ Observations

- The project commenced on 1 June 2019 and was anticipated to be complete by 29 January 2025.
- The project is expected to have nine full corridors, namely eight road-based and one rail based, with 90 percent of the work having been completed to date and 85.27 percent of the R9 billion that was invested already having been spent.
- It was noted that additional curbing, sidewalks, paving and asphalt finishing would be required and furthermore, stormwater system, Transnet gas line culvert, kerbing and channelling were also essential for the completion of the project.
- The national Department of Transport is of the view that the City of eThekweni was not complying with the infrastructure project funding conditions or framework and thus in contravention of the Division of Revenue Act.

##### 7.7.3.2 Challenges

- Unforeseeable events have halted the completion of the project, including amongst others, protection of the Transnet Gas Line, Sasol Pipeline, Sewer Rising Main and Cathodic Protection.

- Furthermore, repair of the Western Bank of uMhlangane Canal, electricity service relocations, delays in permission to occupy (PTO) approvals and Covid-19 pandemic also negatively affected the progress of the project.
- Lack of consensus between the business forums aligned to taxi and bus industries regarding share equity has contributed to the delays in the project.
- The national Department of Transport believes that the proposed equity shares of 65/35 by the City of eThekweni was not in line with the provisions of the Division of Revenue Act, which prescribes the conditions of funding for the project.

### 7.7.3.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Cllr C Xaba, Mayor of City of eThekweni,	That the Mayor will arrange a meeting with the Minister of Transport and the relevant stakeholders to resolve the matter, and the National Treasury should be part of the engagement as a custodian of the Division of Revenue Act and grant funding.	Provide a report back to the NCOP within 90 days after the adoption of the Report. A regular report on this matter is also required to the NCOP through sector committees to ensure that this issue is addressed.

### 7.7.3.4 Recommendations

Recommendation	Department/ Responsible	Person	Time Frame
That a meeting between the national Department of Transport, National Treasury and eThekweni Metropolitan Municipality be arranged with all the affected stakeholders (including the taxi associations with the sole intention of reaching an agreement and	Department of Transport, National Treasury and eThekweni City Municipality		A progress report should be submitted to the NCOP within 60 days after the adoption of the Report.

urgently implementing the GO-Durban project).		
That a (legal and mutually viable) Public-Private Partnerships be urgently finalized and introduced.	Department of Transport and eThekweni City Municipality.	A progress report should be submitted to the NCOP within 60 days after the adoption of the Report.
That the legislation be amended or reviewed to ensure that unnecessary impediments are avoided regarding the implementation of the project. A relevant Select Committee of the NCOP to assess the legislation and provide report to the NCOP.	Department of Transport, National Treasury and eThekweni City Municipality.	A progress report should be submitted to the NCOP within 60 days after the adoption of the Report.
That compliance with legal prescripts and conditions of the projects be adhered to whilst not compromising the impact and implementation of the project.	Department of Transport, National Treasury and eThekweni City Municipality.	A progress report should be submitted to the NCOP within 60 days after the adoption of the Report.
	Department of Transport, National Treasury and eThekweni City Municipality.	A progress report should be submitted to the NCOP within 60 days after the adoption of the Report.
That the NCOP through its sector committees should make a follow up visit to assess the implementation of the project as it affects the poor communities, which were meant to benefit.	The NCOP through motions and select committees.	During future oversight visits. However, the Mayor should submit progress report to the NCOP on a regular basis.

- Department of Public Works

#### 7.7.4 Menzi High School

##### Key Contacts at Site:

Project Manager: **Phumlani Ndlela from Kwazulu-Natal Public Works Project**

Principal Agent: **Design Workshop**

Quantity Surveyor: **Felix Msomi Quantity Surveyor**

Contractor: **Masakhane Properties**

##### 7.7.4.1 Observations

- The contract amount is R37 851 349,21. Project on site is 56% and R15 519826,26 has already been spend on the project.
- The project start date was 20 June 2022 and the completion date was envisaged to be 19 December 2024. However, due to challenges relating to business forums wanting to force their inclusion in the project, a revised completion date had to be granted. Currently, the project will be completed in the year 2026.
- The project scope is to build 13 new classrooms, 1 multipurpose classroom, 1 media centre, 1 science laboratory, administration block and assembly area.
- The labourers for the project are employed from the local community in ward 82,83, and 85 of eThekweni. The employment of local labour is coordinated by the Community Liaison Officer, Mr. Trevor Mkhize.

##### 7.7.4.2 Challenges

- The Project Steering Committee is not functional.
- Work stoppages by local Business Forums has affected the project progress demanding work opportunities. Work stoppages led the department to incur additional cost due to standing time cost by contractors
- Local labour requesting wage increase
- Non-payment of the contractor has also contributed to the slow progress of the project.
- People with disabilities have been overlooked in the project

##### 7.7.4.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame

<b>LM. Meyer - MEC for Public Works and Infrastructure</b>	<p>The MEC made an undertaking that people with disabilities will be included in the project</p> <p>The department will appoint a community liaison officer.</p> <p>The MEC has signed a Memorandum of Understanding with the Police Commissioner to deal with criminal business forums</p>	<p><b>Soon as possible after the adoption of this Report by the NCOP.</b></p> <p><b>Soon as possible after the adoption of this Report by the NCOP.</b></p> <p><b>Ongoing</b></p>
--	---	---

#### 7.7.4.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
An urgent national Construction Imbizo must be convened soon to look and develop mechanism to regulate and legislate business forums. (similar to business chambers or associations. E.g. Business Unity SA & Black Business Council) (must include government, businesses, SARS, CIPC, law enforcement, communities)	Department of Public Works. (SARS & CIPC)	<b>within 90 days after the adoption of this report.</b>

<p>Building infrastructure has become expensive in the Province due to changing inclement weather and terrain, and therefore there is a need to adjust the manner in which planning is done as well as conditional grants, which are allocated in the Division of Revenue Bill should cater for these.</p>	<p>Department of Public Works and National Treasury</p>	<p><b>In the next Budget cycle, 2024 Medium Term Budget Policy Statement (MTBPS).</b></p>
--	---	---

### 7.7.5 Lower uMkomazi Bulk Supply Scheme

**Implementing Agency:** uMngeni – uThukela Water and eThekwini Municipality

**Contractor:** Stevens Stock PCI Consortium

**Contact:** Senior Residence Engineer

**Budget:** R270 Million

**Completion Date:** April 2026

Participant	Area	Issue
<p><b>uMngeni Water Board</b></p>	<p><b>Lower uMkomazi Bulk Water Supply Scheme</b></p>	<p>Due to the limited capacity of the available water infrastructure to supply water to the coastal areas of eThekwini and uGu Municipalities from Amanzimtoti to Heberdeen, a new lower uMkomazi Water Supply Scheme was considered.</p> <p>This is supported by the future projections that indicate that the water requirements in the next 30 years is anticipated to be 155 to 255 MI/d for the supplied area, and the current availability is 90MI/d.</p>

		<p>The lower uMkhomazi Bulk Water Supply Scheme, is currently implemented by uMngeni - uThukela Water to provide a volume of 100Ml/d or more to provide more water to South Coast areas of KZN.</p> <p>The project delivery is estimated to be December 2027 and located in the eThekweni Metropolitan Municipality (Ward 99).</p> <p>This is the phase 1 project of the raw water component, which consists of two components, namely Ngwadini System, and Goodenough System, which is meant for water abstraction, pumping system, raw water storage etc.</p> <p>The phase 2 of the project will implement water treatment works, main pipe to Quarry Reservoir, and green start administration building for potable water.</p> <p>About 355 temporal work opportunities are created, 65 small businesses have benefitted.</p> <p>Approximately 50 000 households are going to benefit from the potable water supply.</p> <p>The projected budget amounts to R6.1 billion, and to date only R1.3 billion has been spent (21.64 percent). However, the water supply scheme alone is allocated R960 million, which has increased to R995 million.</p> <p>Phase 1 is divided into 3 components, namely, Ngwadini Advance Works, Goodenough Abstraction Works, Pumping System, and Construction of the Water Channel Storage Dam.</p>
--	--	---

#### 7.7.5.1 Challenges

- There is misalignment between the lower Bulk Water Supply Scheme and the Water Treatment Scheme, which will lead to delays in commissioning the water pumps in the Treatment Plant, as such the project will be partially commissioned for now.

- There is misalignment between project planning, and supply chain management processes, which leads to project delays.
- There have been work stoppages by communities and business forums who were demanding job opportunities from the project, particularly the youth from the surrounding areas due to the high level of unemployment.
- The lack of skills in the community remained a challenge for contractors to ensure that more people were participating in the project.
- There was a lack of stakeholder engagement before the start of the project to ensure that everybody was on board, and local communities took ownership of the project.
- A point was made that building infrastructure project in KwaZulu-Natal has become more expensive due to the nature of terrain, inclement weather conditions, which result in heavy rains and floods.

#### 7.7.5.2 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Senior Residential Engineer</b>	The project will be completed in April 2026 and partially commissioned. However, it will be fully commissioned once the Water Treatment Plant is also completed.	<b>April 2026</b>
<b>Senior Residential Engineer</b>	Skills transfer to the local communities will be implemented as part of the intervention to address the current socio-economic challenges and the youth unemployment.	<b>As soon as possible</b>
<b>Community Liaison Officer (CLO)</b>	The Project Steering Committee will continue to engage with the local business forums to avoid project stoppage and ensure continuous stability.	<b>Ongoing process</b>

<b>Community Liaison Officer</b>	The Project Steering Committee will always make sure there is fairness, and that people are employed on rotational basis to ensure that most people do benefit from job opportunities.	<b>Ongoing process</b>
----------------------------------	--	------------------------

### 7.7.5.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
There is a need to develop a proper and clear mechanism to ensure that all stakeholders are engaged as early as before the start of the project to avoid unnecessary work stoppages.	Department of Water and Sanitation, Trans Caledon Tunnel Authority (TCTA), uMngeni – Thukela Water and eThekwini Municipality	A progress report should be submitted to the NCOP within 60 days of the adoption of this Report by the House
There is a need to develop clear measures to address the misalignment between the lower Bulk Water Supply Scheme and the Water Treatment Scheme, which will lead to delays in commissioning the project.	Department of Water and Sanitation, Trans Caledon Tunnel Authority (TCTA), uMngeni – Thukela Water and eThekwini Municipality	A progress report should be submitted to the NCOP within 60 days of the adoption of this Report by the House.
There is a need to put measures in place to address the misalignment between project planning, management and supply chain	Department of Water and Sanitation, Trans Caledon Tunnel Authority (TCTA), uMngeni – Thukela Water and eThekwini Municipality	A progress report should be submitted to the NCOP within 60 days of the adoption of this Report by the House.

management processes to avoid project delays.		
Given the terrains, the changing weather climate with heavy rains and floods in the Province that happen almost each year, this means that there is a need to change the manner in which the Province is planning for infrastructure, including the allocation of conditional grants in the division of revenue needs to suit the current weather conditions.	Provincial Department of Public Works, Transport, Education, Health, Department of Water and Sanitation, Trans Caledon Tunnel Authority (TCTA), uMngeni – Thukela Water and eThekweni Municipality	A progress report should be submitted to the NCOP within 60 days of the adoption of this Report by the House.

### Site visit to iLembe District Municipality

The NCOP and Multiparty delegation of the KZN Legislature conducted an oversight visit of identified projects within iLembe District Municipality with the purpose of establishing whether these projects are still on track in relation to the scope of existence. Consequently, the NCOP delegation managed to attend to site visits of projects located at **Maphumulo and Ndwedwe Local Municipalities** respectively, whose jurisdiction is iLembe District Municipality. The district has four Local

#### 7.7.6 Temporary Residential Units Programme

Maphumulo Local Municipality

**District Municipality:** iLembe District Municipality

**Contractor:** Stepone Group

**Key Contacts at Site:** Maphumulo Local Municipality

### 7.7.6.1 Progress/ Observations

- The Temporary Residential Units Programme was established in 2022 to provide relief to people in urban areas who found themselves in emergencies as a result of fire and natural disasters.
- Since the project started the service provider which had been appointed by the provincial Department of Human Settlement in Kwazulu-Natal in collaboration with the national Department of Human Settlement had erected 18 instead of 32 temporary structures to accommodate various residents in various wards of the Maphumulo Local Municipality.
- The delegation noted that the contractor has supplied the Temporary Residential Units (TRUs) in line with the standards and specifications set out by the Department of Human Settlements.

### 7.7.6.2 Challenges

- The budgetary constraints from the National Department to pay service providers had caused the project not to achieve its plan of erecting a total of 32 temporary structures.
- There is no proper coordination between the Provincial Department of Human Settlement and national Department of Human Settlement in ensuring that this project avoids delays.
- There is no electricity connection in Temporary Residential Units.

### 7.7.6.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Maphumulo local Municipality.	The Executive Council of the Municipality has undertaken to start a process of providing water and electricity connection to the residents of the temporary residential units.	Before end of 2024

### 7.7.6.4 Recommendations

Recommendation	Department/ Responsible	Person	Time Frame

<p>The National and Provincial Department of Human Settlement together with Maphumulo Local Municipality is to develop a working plan to ensure that the outstanding 14 temporary residential units are erected in totality to meet the scope of the project.</p>	<p>KZN Department of Human Settlement, Department of Human Settlement and Maphumulo Municipality.</p> <p>Provincial of Human National of Human and Local</p>	<p><b>Before end of 2024</b></p>
---	--	----------------------------------

### 7.7.7 Plezini Road Upgrade

Maphumulo Local Municipality

**District Municipality:** iLembe District Municipality

**Key Contacts at Site:** Maphumulo Local Municipality

#### 7.7.7.1 Progress/Observations

- The project is a Road and Related Stormwater Infrastructure, and its total project cost is R15 million and was funded through a Municipal Infrastructure Grant (MIG).
- The project started in January 2024 and was supposed to be completed mid-July 2024.
- It was reported that the upgrade of this road will improve the lives of the people from ward 9 of Maphumulo Local Municipality.
- When the project gets completed the provisioning of basic service to the people in the area will be efficient and public transport will enter the area to pick up and drop off community members living in the area.
- The project has created a total number of 10 job opportunities for the local people since its inception.

#### 7.7.7.2 Challenges

- The project completion date of 30 September 2024 is delayed.
- The delays were attributed to rainfalls and community forums stopping work.

#### 7.7.7.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
-------------------------	-------------	------------

<b>Maphumulo Municipality.</b>	<b>Local</b>	The Maphumulo Local Municipality has made an undertaking that the local emerging contractors will benefit from the Contract Participation Goal (CPG) through sub-contracting as the project progresses.	On going
--------------------------------	--------------	---	----------

#### 7.7.7.4 Recommendations

<b>Recommendation</b>	<b>Department/ Responsible</b>	<b>Person</b>	<b>Time Frame</b>
The Maphumulo Local Municipality to ensure that a skills transfer exercise take place in the project in the form of a Training for subcontractors and Local Labour.	Road and construction section of the Municipality.		<b>On going</b>
Maphumulo Local Municipality to ensure the project is completed not beyond the extension deadline.	Maphumulo Municipality.	Local	

#### 7.7.8 Road Damage Structure, ward 12, on R74

Maphumulo Local Municipality

**DISTRICT MUNICIPALITY:** iLembe District Municipality

**CONTRACTOR:** WSM Group

**Key Contacts at Site:** Maphumulo Local Municipality

##### 7.7.8.1 Progress/observations

- The aim of this project was to conduct repairs to the structural road damage caused by the floods on the R74 bridge.
- The distance of repairs to the structural road damage was 50km long.

- The total cost of the project was R15 million and a total of 78 people including the youth and women were employed during the implementation of the project resulting into 59% being the Youth and 30% being women.
- The project is 98% complete. The contractor remains on-site, addressing snags and minor additional work.

#### 7.7.8.2 Challenges

- The project was delayed due to the business forum disruptions and other social issues.
- The closure of the R74 bridge in Ward 12 impacted negatively on the flow of traffic.
- The road level is uneven and not smooth although it is at 98 complete.

#### Site visit to Ndwedwe Local Municipality

The Local Municipality is classified as a category B municipality in terms of the Municipal Structures Act, 1998 (Act no. 117 of 1998) and comprises of mostly rural areas governed by traditional authorities. The tenure is under the Ingonyama Trust, and a very small percentage is directly under the control of the municipality (town). There are 19 traditional authorities.

#### 7.7.9 Sonkombo Water Supply Reticulation and Drilling of Production Boreholes

Ndwedwe Local Municipality

**District Municipality:** Ilembe District Municipality

**Wards:** 1,2,3,4,7,8,9,11 And 12

**Contractor:** Kukhanya Projects

##### 7.7.9.1 Progress/Observations

- The project has provided business opportunities to five local Sub-Contractors, plus 23 employment opportunities to local workers which equal to 30 percent of women and 60 percent males who were employed.
- The project entails the development of new production boreholes and Installation of pump cage and fence to protect the borehole infrastructure.
- The project started on January 2023 and completed on 20 June 2024. Its budget was R16 million.

### 7.7.9.2 Challenges

- Local business forums halted the project demanding appointment of local SMMEs from affected wards at elevated rates
- Borehole collapse unexpectedly due to ground conditions
- Ndongolo borehole dried out as a result of the area's nature and unforeseen ground conditions
- Delays in transportation of equipment to remote Sonkombo area.

### 7.7.10 Mavela Phase 3

Ndwedwe local municipality

**District Municipality:** iLembe District Municipality

**Contractor:** Projecon Cc

**Wards:** 13,14 &15

#### 7.7.10.1 Progress/Observations

- The project entails the building of houses with two bedrooms, lounge, kitchen open plan and bathroom.
- The project started on 01 March 2024 and is expected to be completed on 30 November 2026.
- The active contract is to build 300 housing units. The budget is R65 527 128.00
- The top Structure Specification is 40m<sup>2</sup> house and a concrete apron slab around the house.
- As of the 11 September 2024, forty-eight (48) houses had been handed over to the beneficiaries
- Six were under construction and could be ready for handing over in a week's time
- Ten were at slab level- with blocks and cement already delivered.
- The project has created employment opportunities for a total of seventy (70) labourers from twenty-five (25) sub-contractors.
- In addition, the NCOP delegation was informed that the main contractor has employed a truck driver, two truck assistants, site clerk, and Community Liaison Officer (CLO), and two people through the ward councillor.

#### 7.7.10.2 Challenges

- The terrain is affecting the project under Ndwedwe Local Municipality However, the Municipality is assisting with the TLB equipment to open sites.

- Delays on payments from the Department of Human Settlements has resulted in a decision to stop construction of new slabs. This means the projects will be halted at 64 houses out of 300 for the Department to catch-up with payments.

### 7.7.10.3 Recommendations

Recommendation	Department/ Responsible	Person	Time Frame
The Department of Human Settlements must ensure that there are no delays in payments to avoid delays in completing the project as per the scope of the project.	MEC of Human Settlement and Minister of Human Settlement.		End of October 2024

### 7.7.11 Mabhaleni access road, in Ward 6

Ndwedwe Local Municipality

**District Municipality :** Ilembe District Municipality

**Contractor:** : Shardesh Sewlal Engineers

#### 7.7.11.1 Progress/Observations

- This project forms part of Ndwedwe Municipality's IDP for implementation during the 2021/2022 financial year.
- The project was funded via the Municipal Infrastructure Grant (MIG) project system.
- This project was initiated to provide the residents with improved accessibility which leads to an improvement in the quality of life.
- The road constructed was approximately 2.3km long and consisted of grading, installation of headwalls, and pipe across the road allowing water inwards and expelling from opposite ends to assist with soil erosion.
- The project commencement date was the 1<sup>st</sup> of December 2021 and the date for completion was 13 June 2022.
- The total cost of the project was R 5 640 870,06.
- The project was completed as per the scope and timeframe and there were no issues/ challenges on the ground.

### 7.7.12 Khanyisa Sports Ground, ward 9 in Ndwedwe

Ndwedwe local municipality

**District Municipality :** iLembe District Municipality

**Contractor :** Phila-iso Group

#### 7.7.12.1 Progress/Observations

- A constructor was appointed in July 2024 to start work on the 2 hectares of land.
- The project has two phases. The first phase of the project is underway engaging the tribal authority, the affected homesteads, dealing with earthworks, surveying, pegs, and removing turfs and debris in the area.
- The second phase of the project is the construction of the sports field according to the specifications. The building of the comb court design comprises the following facilities: tennis, netball, basketball, gymnasium, changing rooms, soccer grounds, racetrack and grandstand.
- The Municipality has prioritised the community in terms of its role in infrastructure development, job creation and skills development initiatives, and has engaged in dialogue on issues of mutual interest.
- It was reported that the local workforce will benefit from the project development.
- The total contract value of the project is up to a sum of R14 262 116,20.

#### 7.7.12.2 Challenges

- The identified project land hector extends to four households which is an encroachment.
- The project has suffered a two-month delay as it has started in September instead of July. The delays caused by the engagements between the Municipality and the affected households.
- The race-track is no longer part of the specification due to the limitation of the land, encroachment and design changes to accommodate the specification on the available land.

#### 7.7.12.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Ndwedwe local municipality and tribal authority iNkosi Ngcobo	The leadership of the municipality and tribal authority iNkosi Ngcobo have made an undertaking that negotiation would continue concurrently with the construction. Both	On going

	parties have resolved that the project must commence in September 2024.	
--	---	--

### 7.7.13 Hlalakahle Community Development Centre, ward 7.

Ndwedwe Local Municipality

**District Municipality** : iLembe District Municipality

**Contractor** : P4s Trading Cc ss the Appointed Contractor

**Consultants** : Vuba Imagineers

#### 7.7.13.1 Progress/Observations

- The project is aimed at building an Early Childhood Development Centre and a community hall which will benefit the people of Bhamshela and surrounding areas.
- The project is funded through MIG with a total cost of R 12 690 029.20. Over R 11 196 934.55 has been spent at the time of the oversight visit (19 September 2024).
- The project started in August 2023 and was scheduled to be completed in June 2024.
- The project is at an advanced stage towards full completion. During the time of the visit, road construction was in progress and grass had not been laid on the ECD yard.
- The project employed a total of 24 local people to do excavations, mixing mortar on site, bricklaying and backfilling. 2 men and 3 women are adults while 12 men and 7 women are within the youth age.

#### 7.7.13.2 Challenges

- It was mentioned that the project has no reported challenges, although it is running behind time as it was due to be completed by the end of June 2024 and extended to July 2024 but still it has not yet been completed.
- It was also reported that work is continuing to finish whatever has not yet been completed.

#### 7.7.13.3 Recommendations

Recommendation	Department/ Responsible	Person	Time Frame
----------------	----------------------------	--------	------------

To ensure that the project is completed within the revised time frames.	Ndwedwe Local Municipality	End of September 2024
---	----------------------------	-----------------------

#### Site visit to KwaDukuza Local Municipality

The KwaDukuza Local Municipality is one of four Municipalities under iLembe District Municipality, in KwaZulu-Natal. It has a population of 324 912. During the oversight visit the KZN Multi-party delegation of the Legislature together with the NCOP Permanent Delegates visited four projects, focusing on tracking progress on the implementation of projects that assist in increasing human and physical capital within KwaDukuza Local Municipality.

#### 7.7.14 Shakaville Hostel Refurbishment, Ward 18

KwaDukuza Local Municipality

**District Municipality:** iLembe District Municipality

**Key Contact at Site:** John Phahla, [Johnp@kwadukuza.gov.za](mailto:Johnp@kwadukuza.gov.za)

##### 7.7.14.1 Progress/ Observations

- The KZN Department of Human Settlement awarded a budget of R16 310 935,30 to refurbish Shakaville Hostel.
- The Department built sixteen (16) transit camps to provide temporal shelter to hostel residents while the maintenance of the main hostel units is underway.
- This project commenced on the 14<sup>th</sup> of July 2023. It entails the replacement of asbestos roof, ceiling, tiling, painting, and electrical items. Due to poor performance of the contractor, the project was terminated and the process of appointing a new contractor is in the pipeline and the process is envisaged to be finalised in October 2024 after the budget adjustments following the tabling of the 2024 MTBPS.
- KwaDukuza Municipality reported that the Department of Human Settlement did not involve them during the planning phase and that the contractor was not introduced to the municipality thereafter.
- The Municipality discovered that the contractor illegally connected electricity through by passing the Municipal meter. He was subsequently charged for this transgression.

### 7.7.14.2 Challenges

- Several challenges were reported since this project started- including the contractor failing to perform. There has been interference by business forums, an illegal connection of electricity by the contractor, theft and vandalism of equipment and materials.
- Poor performance from contractors has caused implementation delays and this contract was terminated.
- Hostel residents have been kept in transit camps for more than a year, where many families occupy one room houses which do not have decent ablution facilities and reliable access to water.

### 7.7.14.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The Department must appoint a new contractor to complete this project.	Department of Human Settlements	31 October 2024
The Legislature to closely monitor the implementation of this project to ensure that there are no further delays.	KwaZulu-Natal Portfolio Committee on Human Settlement	

### 7.7.15 Rocky Park Housing Project

KwaDukuza Local Municipality

**District Municipality:** iLembe District Municipality

**Key contact at Site:** John Phahla, [Johnp@kwadukuza.gov.za](mailto:Johnp@kwadukuza.gov.za)

#### 7.7.15.1 Progress/ Observations

- Rocky Park Integrated Residential Development offers three (3) housing categories- low-income units (with 9 schemes)-; CRU (Rental Stock) and Middle-Income Units (Affordable Units).

- The project comprises of 2 and 3-story walk-up apartments to cater to the needs of over seven hundred households. Installation of internal infrastructure services and various social amenities form part of the project plan.
- To date, this project has produced 773 units and has since been put on hold.
- The project is divided into schemes 1 to 9. The Department reported that only schemes 8 and 9 were completed, while scheme 1 to 7 was left at wall phase and their condition has deteriorated.
- The Department of Human Settlements reported that construction of the incomplete units was put on hold in May 2022, following disputes between the contractor and the Department after the contractor included items that were not on the specifications. This contract was then terminated leaving several units incomplete.
- Beneficiaries have assumed occupation of complete units. Scheme 9 has 24 occupants (6 BNG and 18 CRU), while scheme 8 has 53 occupants (CRU).
- KZN Department of Human Settlements took over the development status of the project. Currently, there is no implementing agent on site.
- The Delegation observed that there are incomplete sections that have been illegally occupied. The Municipality reported that there are various illegal activities taking place in some of these units and the Police members were asked to intervene.
- The Delegation was informed that there is an amount of R68 million which was allocated to this project that cannot be traced and that the Department of Human Settlements was making direct payments to the contractor.
- The Municipality submitted a request to the Office of the Premier and Treasury to investigate the allegations of fraud and maladministration. A report from this investigation is being finalised and will be released in due course.
- The Municipality has applied for an eviction order to evict both illegal occupiers and those that are refusing to pay rental and municipal services.
- The Department is in a process of finalizing an appointment of another implementing agent to complete the remaining units.
- On the issue of stalling of projects caused by business forums also known as construction mafias, the Municipality reported that this challenge has delayed implementation of major projects in the area. On numerous occasions, there have been attempts to find a solution with all involved however, there has not been any significant progress.
- Member of the South African Police Service confirmed that a case was opened at Kwa Dukuza Police Station (case no: CAS 35/09/2023). SAPS member reported that Police members have been called to intervene in preventing illegal invasion and to maintain stability on several occasions.

- The Municipality alleges SAPS have failed to resolve this matter.
- KwaDukuza Municipality reported that there was a huge controversy with occupants (illegal and legal occupants) of Rocky Park project. The Department does not seem to have information on who the legal beneficiaries are.

#### 7.7.15.2 Challenges

- Completion of Schemes 1 to 7 largely stalled due to a fallout between the Contractor and the Department.
- Vandalism and illegal occupation of units, occupation certificate not issued for units that have been completed, theft of plumbing material, and maintenance challenges.
- Massive budget cuts on ongoing works and for projects that are already part of the Department's annual business plan.

#### 7.7.15.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Kwa Dukuza Police Station Commander	To make a follow up on this case.  Working with other relevant stakeholder, to implement the eviction order once it has been issued by the court.	Ongoing

#### 7.7.15.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The Municipality must formulate a task team comprising of relevant stakeholders to resolve this challenge of lawlessness and illegal invasion of units.	Mayor of KwaDukuza Municipality	This shall be resolved with immediate effect, and a progress report shall be submitted to the Provincial Legislature within 60 days of

		the adoption of this Report by the House.
To provide a progress report on case no: CAS 35/09/2023 that was registered.	Kwa Dukuza Police Station Commander	Report should be provided on a regular basis on how far the investigation has gone to resolve the case.
To act on the findings and recommendations emanating from the forensic investigation that was instituted by the Office of the Premier and Treasury.	Municipality and Department of Human Settlements	Proper consequence management measures should be implemented as prescribed by section 81 of the Public Finance Management Act 1 of 1999, within 30 days after the completion of the forensic investigation. A progress report should be submitted to the Provincial Legislature within 60 days of the adoption of this Report.
To submit a copy of the forensic investigation report to the Portfolio Committee at the KZN Legislature.	MEC: Department of Human Settlements	Ongoing
The Municipality must ensure that a Steering Committee representing all sectors is fully constituted and functional to prevent project implementation delays caused by certain people.	KwaDukuza Municipality	This should be resolved within 30 days after the adoption of the Report of the Provincial Legislature.
To establish a task team comprising of relevant stakeholders to resolve	KwaDukuza Municipality	Ongoing

challenges of lawlessness and illegal occupation of units.		
--	--	--

### 7.7.16 Hullet Bridge, Ward 2

KwaDukuza Local Municipality

**District Municipality:** iLembe District Municipality

**Key contact at Site:** Mr. Senzo Buthelezi, Director: PMU, Civil Engineering & Human Settlement, 032 437 5079.

#### 7.7.16.1 Progress / Observations

- This project came about after the previous structure got washed away by recent floods, in 2022. This has forced the local community to make use of a temporal bridge to access schools and a clinic.
- In terms of budget, this project was allocated R25 610 551.68 (Incl. Vat).
- Project site was handed over on the 13<sup>th</sup> of February 2023, with a completion date of 29 February 2024. The project comprises construction of a new reinforced concrete suspended bridge measuring 10.75 m wide and 50 m total length to replace the existing crossing which was breached by floods.
- The delegation observed that to date this project has not yet been completed. The Department reported that only 65 percent of the work has been completed so far due to delays.
- The contractor applied for an extension of four and half months.
- The delegation was assured that this project will be completed before the end of December 2024.

#### 7.7.16.2 Challenges

- Delays caused by business forums that were demanding higher percentage cut leading to the contractor abandoning and leaving the construction site. This matter was later resolved and the construction resumed.
- The Municipality reported that the contractor has submitted the method statement and a plan to fix the width of the pier.
- The contractor failed to completely prevent water from entering the footprint. Therefore, the EA requested that the contractor proceed as per their method statement on precluding water and call for inspection.

- The Municipality reported that a contractor was busy quantifying the cost attached to additional costs due to outside forces such as weather. Contractor will claim on the insurance and that might require more funds that are over the budget of the project.

### 7.7.16.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
To ensure that the project is completed within the revised time frames.	KwaDukuza Municipality	31 December 2024

### 7.7.17 Nonoti Recreational Beach Node Development Project, Ward 3 &11

KwaDukuza Local Municipality

**District Municipality:** iLembe District Municipality

**Key contact at Site:** Mongeli Yengwa, [MongeliY@kwadukuza.gov.za](mailto:MongeliY@kwadukuza.gov.za)

#### 7.7.17.1 Progress/ Observations

- The project is implemented in accordance with the South African Operation Phakisa (Oceans Economy) initiative to unlock the economic potential of South African's Oceans.
- It entails creation of a green-field beach access through the establishment of appropriate beach facilities/amenities and other related infrastructure with an intention of promoting tourism and economic development in the Municipality.
- The aim of creating this blue flag beach facility is to stimulate domestic and international tourism opportunities and to boost the local economy of the broader municipal area.
- The delegation was informed that the piece of land where the beach node is situated is owned by Inqaba Community Trust. KwaDukuza Local Municipality provides infrastructure through an MOA.
- This project is being implemented in five phases. Project phase one- landscaping, construction of ablution facilities, parking and bulk infrastructure, for a budget of R8.2 million. This phase has been completed.
- Phase two, currently under construction, entails an upgrade of the road leading to the beach, for a budget of R31.8 million.

- R25 million was allocated for Phase three. This phase will encompass construction of a lifeguard tower and a kiosk.
- Phase four will cover construction of a swimming pool and an amphitheatre. An amount of R7.5 million has been budgeted for to complete this infrastructure.
- Phase five will include construction of the following amenities- beach boardwalk, recreational pier and a tidal pool.
- The whole project area will be fenced thus providing controlled access to the beach.
- The Municipality reported that to date it has funded the Planning and Concept Design Report (June 2018), Preliminary Designs for the Beach Infrastructure (June 2019), and the works for phase 1 construction, as associated with the project planning.
- Phase 2 of the project is funded through the Municipal Infrastructure Grant (MIG).
- It was further mentioned that the Municipality requires a grant partner to fund capital investment works associated with future phases of this project.
- Number of direct jobs created to date- 76 direct and 40 indirect jobs. The Municipality further reported that more than 10 people have received training on various skills.

#### 7.7.17.2 Challenges

- The implementation of this project has been delayed by business forums and certain community members demanding work opportunities. Community members were incorporated in the project; but later on, demanded more of a percentage cut. The Municipality reported that this matter has since been resolved.
- It was of concern to the Municipality that despite such progressive policies aimed at achieving the goals of the NDP, members of the community are not meeting it halfway by skilling themselves or registering companies to trade.
- There was an observation that there were several residential houses mushrooming in the area leading to the beach node. The area which was reserved for economic development and construction of the resort and other economic infrastructure in the near future. The Municipality has no control over the land and how it is managed by the Trust.

#### 7.7.17.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Kwa Dukuza Municipality	The Council approved its SCM policy to make it mandatory the	Ongoing

	employment and sub-contracting of local companies for all projects that are above R 4 million. And to allocate 30% and up to 45% of the project value to sub-contractors and the youth.	
--	---	--

#### 7.7.17.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
To protect the land demarcated as a beach node to prevent encroachment.	KwaDukuza Local Municipality	Ongoing
There is a need to engage and reach written agreements local communities around the available opportunities as early as before the project starts to avoid any unnecessary project stoppages.	KwaDukuza Local Municipality	Ongoing

#### Oversight visit to Infrastructure Projects located within Mandeni Local Municipality

The NCOP and Multiparty delegation of the KZN Legislature concluded the oversight visit of the programme of the day by visiting the infrastructure projects located within the Mandeni Local Municipality whose jurisdiction is iLembe District Municipality. The focus area was with regard to incomplete, delayed and abandoned projects in the local area. Conversely, the main aim was to track progress made on the implementation of the National Development Plan (NDP) in iLembe District using the Provincial Plan and Provincial Growth and Development Strategy. Due to inclement weather conditions during the day of the oversight visit, the delegation managed to visit two projects namely:

- Inyoni Integrated Residential Development Project (The project was intended to clear slums in ward 10&16)
- Nkwenkwezi Secondary School (the project involves additions of classrooms and renovations)

### 7.7.18 Inyoni Integrated Residential Development Project, Ward 10 &16

Mandeni Local Municipality

**District Municipality:** iLembe District Municipality

**Implementing Agent:** DPA Project and Zibandlela Trading CC

#### 7.7.18.1 Progress/Observations

- The DPA Project which is one of the implementing agents was awarded contract to build houses in Phase 1-3 with the project value of R 370 283 497.96, and the expenditure at the time of the oversight visit was reported to have been R 201 427 091.49.
- The delegation was informed that Civil works were underway for phase 4 and 47 sites had been serviced. It was reported that the project value of phase four was R 148 616 254.78, the expenditure sat at R 23 044 238.36.
- The 2024/25 project budget is R 3 294 120.00.
- The contract for phase four commenced on 3 August 2023 and ends on 2 August 2025.
- This is an ongoing project and as a result, the monitoring and regular reporting in a form of accountability is absolutely necessary and paramount important to hold those responsible accountable.

#### 7.7.18.2 Challenges

- The missing beneficiaries was a challenge because houses needed to be occupied as soon as they are completed due to the area being prone to vandalism.
- It was reported that the houses have been vandalized when left unoccupied while the Municipality had been undergoing the necessary process of advertising to try to locate the missing beneficiaries.
- Due to the mounting cost on the Implementing Agents to fix the houses, it was resolved that the Municipality would undertake beneficiary swapping based on the needs/circumstances of the beneficiaries.
- It was reported that the beneficiaries were not taken off the list but were merely swapped with other beneficiaries on the beneficiary administration list that were in dire need of accommodation. In this regard the Municipality has been accused of selling houses while embarking on a swapping procedure.
- As this is a developing area with an anticipated human settlement characterised with sound amenities, it was reported that the Government Departments such as Education, Department

of Sports, Arts and Culture to name a few, were not coming to the party where the schools will be needed based on the population size.

### 7.7.18.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
Mandeni Local Municipality and Provincial Department of Human Settlements.	The Municipality and Department to convene a meeting of relevant stakeholders such as the Education, Department of Sports, Arts and Culture and many likewise stakeholders. The purpose is to discuss and resolve the needs assessments of the area such government services which may be needed in the area after the completion of the project.	Within 90 days after the adoption of this report.

### 7.7.18.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
To ensure that all the phases of projects are completed on time.	Mandeni Local Municipality and Provincial Department Settlement of Human Settlement	Ongoing. Regular Progress report to be provided monthly to the Legislature and to NCOP. The regular updates to start from December 2024 onwards.
The Mandeni Local Municipality to keep an updated list of housing beneficiaries.	Mandeni Local Municipality	Ongoing

### 7.7.19 Nkwenkwezi Secondary School

Mandeni Local Municipality

**District Municipality:** iLembe District Municipality

**IMPLEMENTING AGENT:** Development Bank of Southern Africa (DBSA)

**Contractor:** Pan African Development Pty Ltd

#### 7.7.19.1 Progress/ Observations

- The project involves additions and renovations of Nkwenkwezi Secondary School in Ndulinde area, under the Mandeni Local Municipality.
- The original budget of the project is R53, 971, 584 inclusive of VAT. Accordingly, the construction value of the project is about R46,9 million with the original duration of ten (10) months. In this regard, the site was handed to the contractor on 12 January 2024 with original expected finish date being 12 November 2024.
- It was reported that a total of nine new classrooms with associated administration support offices have been completed. Renovations have also been completed and these include the replacement of the roof, doors, ceiling and windows. The floor in the refurbished block has also been redone.
- During the oversight visit, the contractor was busy on-site with the construction of ablution facilities and the clearing of the site for the administration block and dining hall.
- The delegation was informed that the project has created benefits for local communities in the form of employment creation and small business enterprises. A cumulative total of 177 personnel has been employed at the site. A total of 4% of the contract was set aside for local labour employment and as of August 2024, it was reported that nearly R868 547 had been spent on wages (local labour). In addition, about 26% (i.e. R12,3 million) of the contract value was reported to have been set aside for various SMME packages.
- During the oversight visit of the NCOP and Multiparty delegation the contractor was also on-site installing electricity cables.
- The perimeter clear-view fence has not been installed.
- Learners still use mobile facilities as the decanting process has not been done.

#### 7.7.19.2 Challenges

- Due to actual and expected delays caused by rainfall and outstanding deliverables, there might be changes to the expected completion dates.
- While there have been no major construction challenges, there have been delays induced by weather challenges and revision in scope due to prevailing site conditions.

### 7.7.19.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
The Implementing Agent, Contractor and Provincial Education Department.	The relevant stakeholders to convene a meeting to ensure that the project gets completed within the project scope.	Ongoing

### 7.7.19.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The Implementing Agent, Contractor and Provincial Education Department to be invited to a meeting to provide progress report on the status of the report.	Portfolio Committee on Education of KZN Legislature	Ongoing. The first meeting to take place before the end of October 2024.
Learners to be moved from the containers to the completed classrooms. It was reported that a total of nine new classrooms with associated administration support offices have been completed.	Provincial Education Department	01 November 2024
The Mandeni Local Municipality and the Contractor should ensure that the Driving License Testing Centre and Disaster Management Centre Administration Office is completed as soon as possible.	Mandeni Local Municipality	This should be completed within 60 days of the adoption of this Report by the House. Provincial Legislature should continue to monitor this through its sector committees.

<p>Both the Department of Transport and Mandeni Local Municipality should develop a clear plan for the maintenance and repair of the District Road R883, which assist both government officials and communities around the area of Sikhonyana village.</p>	<p>Department of Transport and Mandeni Local Municipality</p>	<p>This should be achieved within 60 days of the adoption of this Report by the House. Provincial Legislature should monitor progress.</p>
<p>The provincial department of education must expedite the renovations and refurbishment of <b>Vutha Primary School</b> in Ward 6 at Mandeni. It was reported that the school infrastructure is in a bad state of condition and needs urgent intervention to be saved from collapsing.</p> <p>The provincial department of education should in consultation with relevant spheres of government in ward 6, at Mandeni, convene a community meeting to apprise the community about the renovations and refurbishment plans of the education department concerning Vutha primary school.</p>	<p>Provincial Education Department</p> <p>Provincial Education Department</p>	<p>This should be achieved within 60 days of the adoption of this Report by the House. Provincial Legislature should monitor progress.</p> <p>This should be achieved within 60 days of the adoption of this Report by the House. Provincial Legislature should monitor progress.</p>

## 8. LIMPOPO PROVINCE: WATERBERG DISTRICT MUNICIPALITY

### 8.1 Briefings on state of provincial & municipal infrastructure

#### 8.1.1 Presentation by the Premier Dr Phophi Ramathuba

After the opening remarks by the Premier, the Director General, Mr Nchabeleng, was asked to present on the state of provincial and municipal infrastructure.

##### 8.1.1.1 Key Issues

Participant	Area	Issue
<b>Director General Nchabeleng (Premier's Office)</b>	<b>Roads</b>	<ul style="list-style-type: none"> <li>▪ The Dikgerekgere Wednesday programme is a departmental initiative to address the critical issue of deteriorating roads infrastructure in the province and accelerate service delivery.</li> <li>▪ Over 13,000 km of provincial road network is unpaved (gravel) – with only 6,676 km paved. The Total is 19,884km.</li> <li>▪ Identified catalytic projects – based on the Nodal Strategy.</li> <li>▪ The province requires R 37.5 billion to upgrade 2,792 km prioritised roads.</li> <li>▪ Requires R 14 billion to maintain strategic paved roads (6,692 km).</li> <li>▪ Need to prioritise projects – in line with the Provincial Nodal Growth Points, while maintaining the paved and gravel roads.</li> <li>▪ As at end July 2024, 101 578,4m<sup>2</sup> of potholes were repaired, 27.1 kilometres of gravel roads were re-gravelled, and 14 582,6 kilometres of gravel roads bladed.</li> </ul>

	<p><b>Nature Reserves</b></p>	<ul style="list-style-type: none"> <li>▪ Employment 1 264 Work opportunities created.</li> <li>▪ 19 strategic roads identified to be transferred to SANRAL – as strategic intervention due to limited financial resources.</li> <li>▪ Province has over 43 nature reserves and 11 resorts - majority of which requires attention. Most of these facilities are not in good condition, thus not habitable. This requires over R 1.6 billion.</li> <li>▪ Focus is to ensure that all schools to have access to water supply, access to decent sanitation, and electricity and provided with adequate classrooms, while eliminating inappropriate material (e.g. mud schools).</li> <li>▪ Regarding backlogs on school infrastructure, the CSIR's backlog assessment estimates the number of required Units (classrooms and toilets) to be 22971, which amounts to R3.2 billion.</li> <li>▪ Because of budgetary constraints, the province is, therefore, compelled to consider alternative funding models for these facilities.</li> <li>▪ Total number of facilities built or upgraded since the dawn of democracy stands at 1 960.</li> <li>▪ This includes constructed 153 new clinics, 27 emergency medical services, 16 malaria camps, and 15 forensic mortuaries.</li> </ul>
	<p><b>Schools</b></p>	



- Delays in the appointment of consultants.
- Slow progress by contractors in completing projects or submitting compliance documents.
- Theft and vandalism of buildings/projects.
- Non-payment of subcontractors.
- Community uprising impacting on progress in completion of projects.
- Funding shortfalls.
- On-going dispute between the HDA and the contractors.
- Disputes on the scope of works – resulting in non-payment of service providers.
- There is a growing trend of construction mafias that seems to be gaining traction in the province.

#### Theme 2: Supply Chain

- Infrastructure procurement is highly governed and requires the approval and concurrency between departments and implementing agents.
- Due to limited capacity within supply chain, the turnaround time to appoint contractors is often long, sometimes taking over 4 to 6 months to conclude.
- This is worsened by the underquoting by contractors and PSPs to get work. This ultimately affects their ability to finance these projects leading to poor performance.
- Terminating a project is not a priority as it further delays the delivery. But sometimes the province has no choice.

#### Theme 3: Projects and Contract Management

- The province currently does not have adequate number of project managers and technical skills to carry out some of this work.
- The province has advertised positions in order to attract these critical skills.

#### Theme 4: Budgeting

- The pace to deliver infrastructure projects is often affected by the limited available budgets to roll out the infrastructure.
- Due to pressure to deliver infrastructure, owing to infrastructure backlogs, the time allocated towards the planning of infrastructure is somehow affected.

### 8.1.1.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
	<ul style="list-style-type: none"> <li>The Provincial Government adopted the Infrastructure Planning Framework, aligned with IDMS and the National Treasury's Budget Planning Cycle.</li> <li>This framework necessitates that departments and implementing agents develop and submit the planning documents as required by the relevant legislative documents.</li> <li>The province is now using these planning documents not only for compliance, but as key inputs to their provincial infrastructure planning. A lot has been done – but through the planning framework the province will continue to optimise this process.</li> <li>During April 2024 – the province conducted an audit of incomplete projects initiated during or before the 6th Administration and were planned to be completed before the 7th Administration. 28 Provincial infrastructure projects were identified and profiled as being active. 11 were completed June 2024, while 17 proceeded to the 7th Administration.</li> </ul>	<p>Done</p> <p>Done</p>
	<ul style="list-style-type: none"> <li>The province has established an Integrated Infrastructure Governance Structure – that tracks and monitors projects from construction sites – to senior management within departments, and within the provincial sphere. There is proper reporting to the Executive Council – through the Infrastructure Cluster Committees.</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>In some cases, communities stop projects for various reasons. The stoppages of projects prolonged the completion of projects and, often times, also increased project costs. Social Facilitators are utilised in all the projects.</li> <li>Whilst this has its limitation, the MECs have been intervening where applicable.</li> </ul>	Ongoing

	<ul style="list-style-type: none"> <li>• Reducing turnaround times to appoint and replace contractors where projects are terminated.</li> <li>• A short-term solution is using a panel of contractors, term contractors, and other procurement methods to reduce prolonged turnaround times to procure contractors. These interventions have proven critical to appointing service providers speedily – especially after the termination of poor-performing contractors.</li> <li>• In the long term the province plans to have a dedicated Infrastructure Procurement Unit which will be separate from the Goods and Services Unit.</li> </ul>	
--	---	--

## **8.1.2 Presentation by Mr S E Rachoene, Limpopo MEC for Public Works, Roads and Infrastructure and Mr M J Phukuntsi, Acting HOD**

### **8.1.2.1 Purpose of the Briefing Session**

To give a high-level overview of the Provincial Roads Network and Building Infrastructure, together with programmes to ensure that the provincial government delivers the much-needed socio-economic infrastructure; to detail the challenges experienced relating to the backlog on the upgrade of roads from gravel to tar, maintenance of both paved and gravel roads, the maintenance of the building infrastructure portfolio; and strategies developed to reactivate and complete incomplete projects, focusing on the Waterberg District.

### **8.1.2.2 Key Issues**

- Of the total road network of 6,400 km in the Waterberg District, 4,669 km is gravel, only 1,485 km is paved, and 286 km is soil.
- The majority of the roads, paved and unpaved, are in a poor condition.
- Upgrading from gravel to tar requires R 11 million per kilometre. Because resources are limited to only R 400 million for upgrading, projects need to be prioritised in line with the Provincial Nodal Growth Points, while maintaining the paved and gravel roads.
- There is a backlog of 718 km prioritised roads in Waterberg, requiring R 9.7 billion.
- R 3.233 billion is needed to maintain the 1,347 km strategic paved roads in the district.
- The Dikgerekgere Wednesday programme was launched in the Waterberg District on 10 July 2024; and is intended to address the critical issue of deteriorating road infrastructure in the province and accelerate service delivery.

- It is anchored around accelerated maintenance of strategic gravel roads through re-gravelling and blading, leading to improved services, growing the economic hub and improving the overall quality of life of communities.
- The programme further addresses the provincial backlog by using the departmental resources; and its successes include 101 578,4 square metres of potholes repaired; 14 582,6 kilometres of gravel roads bladed and 1 264 work opportunities created.
- As a strategic intervention, due to limited financial resources, four strategic roads to be transferred to SANRAL have been identified in the Waterberg District.
- Only 16 percent of the provincial building and land is located in the Waterberg District. Plans are underway to update the register, assess the condition of all assets and develop a similar system to RAMS (under the roads network). This will also include developing operations and maintenance plans for all assets.
- Of the 43 state-owned nature reserves in the province, seven are in the Waterberg District and the majority of those are not in a good condition and require attention, for which alternative funding models need to be considered.
- An April 2024 audit of incomplete projects initiated during or before the 6th Administration showed that only five projects remained incomplete in the Waterberg District, of which two fell under the department, namely Altoostyd and Marapong CRU. The challenges with these projects and the strategic interventions are listed below.

### 8.1.2.3 Challenges

Marapong CRU:

- Slow progress due to non-performance of the implementing agent and contractor.
- Non-payment of subcontractors.
- Community uprising.

Altoostyd:

- The high cost for developing bulk services led to a funding shortfall.
- There is an ongoing dispute between the HDA and the contractor who installed internal engineering services, over payments to the contractor and the release of technical information required for testing and commissioning. This affects final completion and the Section 87 certificate.
- The department had written a letter to Lephalale Municipality to allocate a development area within Altoostyd for construction of approximately 160 houses for the qualifying TRA residents. The response is awaited.

- Installed infrastructure has been vandalised.

#### 8.1.2.4 Executive Undertakings and Commitments Made

- A detailed action plan developed to accelerate the Marapong CRU project.
- The department has allocated funds for upgrading of bulk services at the Altoostyd project in the 2024/25 financial year.
- The HDA has been engaged to fast-track the resolution of the ongoing legal dispute with the contractor appointed at Altoostyd.
- Lephalale Local Municipality has also been engaged in respect of the relocation of the current occupants of the TRA.

#### 8.1.3 Presentation by the MEC for Human Settlements

##### 8.1.3.1 Key Issues

Participant	Area	Issue
DDG: Settlements	Human Settlements	<ul style="list-style-type: none"> <li>• The HSDG Budget allocation for 2024/25 is R 892 884 000 while ISUPG allocation is R 212 572 000. The allocated budget is earmarked to deliver 4 555 units, 5 312 sites and 1 460 title deeds.</li> <li>• Regarding the department's performance and targets, the housing units delivered as of 30th August 2024 are 1 955 against a target of 4 555 units translating to 42.9%. A total of 1 512 units are work in progress (WIP) with 622 approved foundations and 890 wall plates.</li> <li>• The department relocated Marapong hostel dwellers on the 17 March 2017, anticipated to stay for 18 months to develop the Marapong CRU. The department has acknowledged the delay in resettlement of the Marapong Hostel dwellers and reports that it has developed an action plan together with acceleration techniques to fast track the process. Due to the delays in completion of Marapong CRU, and the inconvenience to the residents, the department has requested the municipality to identify land to relocate the residents who</li> </ul>

		<p>don't qualify for rental accommodation to BNG houses. The municipality is still to respond to the request.</p> <ul style="list-style-type: none"> <li>• Regarding the Smash Box Informal Settlement, the Department reports that Anglo American mine donated land and a MOU was drafted; and a feasibility study was completed. The project could not progress due to non-issuance of Council resolution despite several attempts. The Department in collaboration with NHS continue to engage the Municipality. The challenge is that Anglo American has lost interest in the project due to the delay.</li> <li>• The department reports on a completed Regorogile Housing Project, which is situated in Thabazimbi Local Municipality, with a total of 200 housing units completed and occupied contributing towards increased adequate housing Project Budget: R 33 461 400.00</li> <li>• With regard to its Water Projects Initiative, the department reports on 5 Capricorn Engineering Projects costing R23.7 million, 9 Mopani Engineering Services Projects that cost R93.8 million and 4 Sekhukhune Engineering Services Projects costing R64.6 million.</li> <li>• The department has also reported on 9 Bulk Infrastructure Projects, some of which are at varying stages of progress, with some facing challenges ranging from slow progress, new service provider being appointed, to revised scope of work. Other projects are reported to be progressing smoothly. The overall cost of these projects is R119.3 million.</li> </ul>
--	--	--

### 8.1.3.2 Challenges

The challenges listed by the department included the following:

- Work stoppages by subcontractors due to delays in payment by contractor and demand for increased payment rate.
- Business forums demanding 30% beneficiation.
- The escalation of projects costs due to consumer price index.
- Underperformance by the contractor.

- Long pending contractual disputes between HDA and the Contractor delayed completion of engineering services and the appointment of the contractor to construct the top structures.
- Insufficient bulk funding.

### 8.1.3.3 Executive Undertakings and Commitments Made

- Work stoppages: joint inspection for measurement of the work done to speed up submission of interim payment certificates on time:
- Business forums demanding 30% beneficiation: appointed social facilitator and continuously strengthening stakeholder engagement.
- Escalation of projects costs: project recapitalisation in consideration of the inflation rate.
- Underperformance by the contractor: appointment of capacitated subcontractors.
- Pending contractual disputes between HDA and the contractor: HDA and COGHSTA are engaging to resolve the litigation. The department has engaged NHFC to assist with project packaging and call for proposals.
- Insufficient bulk funding: Lephalale municipality has been advised to apply for additional funding to augment the allocated budget from HSDG.

### 8.1.4 Presentation by Cllr M J Maeko, Executive Mayor: Waterberg District Municipality and Mr P Raputsoa, Municipal Manager

#### 8.1.4.1 Key Issues

- The Waterberg District has a water deficit of 60 megalitres per day. This is mainly due to old infrastructure and the fact that the old asbestos pipes need to be replaced by PVC pipes and new infrastructure needs to be built for new developments and mining activities in the area.
- Some water projects, such as in Lephalale and Mogalakwena, are progressing as planned, but others are being stalled or delayed due to various reasons.
- Most projects in the Thabazimbi LM are stagnant as the Department of Water and Sanitation is not comfortable to proceed due to governance issues caused by political instability.
- The paving of roads is moving at a very slow pace, due to a lack of funding.
- There are two stalled road and stormwater projects in the Thabazimbi LM.
- Electricity is supplied by both the municipalities and Eskom and while a backlog does exist, there are no stalled electricity projects, and most areas do have access to electricity other than what is the case with water.
- There are four stalled waste management projects in the district and this is due to reasons such as litigation, appointment of contractors, and budget issues.

- The Waterberg District is considering 10 catalytic projects that, if implemented, would address some of its infrastructure challenges. Feasibility studies have been done on three of those.

The district requests support for the following:

- Designation as a Water Services Authority to provide all regional bulk infrastructure and support.
- Designation as an Energy Provider to enable it to leverage the opportunities within the Just Energy Transition spectrum.
- A process to have Fire Services, Municipal Health and Air Quality Monitoring fully funded to enhance performance, and the total devolution of the Air Quality Monitoring function.
- Devolution of the D roads back to the district with the requisite funding.
- Engagements with National Treasury and the Department of Tourism on the creation of a tourism levy grant, and transfer of payment of tourism levies from the province to the district.
- Support with feasibility and bankability studies on all its catalytic projects.
- Support with the establishment of a housing agency to enable the district to benefit from the social housing component.
- Consideration of a differentiated approach to the application of varying parameters used in the grading and categorisation of the Municipality.

#### 8.1.4.2 Challenges

- Old infrastructure, such as asbestos pipes, leads to a backlog in water supply.
- Political instability in the Thabazimbi LM has led to all its water projects being stalled.
- Insufficient funding means that the paving of gravel roads is moving at a very slow pace.
- Litigation, appointment of contractors and budget issues have led to four waste management projects in the district being stalled.

#### 8.1.5 Presentations by the Mayors of Local Municipalities

##### 8.1.5.1 Key Issues

Participant	Area	Issue
<b>Executive Mayor Mokhetle</b>	<b>Lephalale Local Municipality</b>	Highlights from the Mayor's brief presentation included the following observations:

		<ul style="list-style-type: none"> <li>• Serious concerns about delays with the CRU/Altostaat housing projects and the need to speed up the process.</li> <li>• On community forums halting government projects there is a need to work with communities.</li> <li>• On relocating communities, the Mayor warned against moving people to places where there is no infrastructure.</li> <li>• Replacement of the asbestos pipes on the water projects is appreciated.</li> <li>• On road infrastructure, he highlighted the need to deal with the challenges with the Lephalale single bridge, which has become a crime spot.</li> <li>• Need to follow up on the Lephalale SEZ status to activate economic status and strengthening border controls</li> </ul>
<b>Executive Taueatsoala</b>	<b>Mayor</b> Mogalakwena	<p>The Mayor lamented the municipality's rising water demands compared to the available supply, with a shortfall of 14 megalitres per day.</p> <p>The Sekhukhune project needs to be finalised before this demand problem is sorted. This challenge is also exacerbated by electricity problems.</p> <p>He also listed stalled projects (Moshate Sports stadium, Segole mini water scheme, Motse pebbles and Mabusela Mosoge road and storm water).</p> <p>The Mayor then spoke on matters referred to the SIU, which related to water tankers in which water was not delivered as well as other tender irregularities.</p> <p>He also asked for the NCOP intervention on implementing a project but where there are challenges with Eskom (project is at 99% completion). The problem has to do with a transformer that Eskom has failed to build.</p>

### 8.1.5.2 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
<p>Questions/comments raised:</p> <ul style="list-style-type: none"> <li>• Serious concerns were raised about the level of accountability for uncompleted projects, which is zero.</li> <li>• Periodical investigative and forensic reports on these projects are needed.</li> </ul>	All departments	Quarterly
<p>Questions/comments raised:</p> <ul style="list-style-type: none"> <li>• about measures in place to deal with water catchments.</li> <li>• Why is the HDA involved in all the disputes?</li> <li>• What is the criteria for upgrading informal settlements?</li> <li>• On maintenance of national roads, why the budgets should go to Road Agency, instead of the Department?</li> <li>• It is not clear from the presentations how school projects have been abandoned.</li> </ul>	Water /Human Settlements/Transport	n/a
<p>Question/comment raised:</p> <ul style="list-style-type: none"> <li>• The 9-year delay in the relocation of communities in the CRU housing project is shameful. Provincial Legislature</li> </ul>	Human Settlement/Water	Urgent

<p>made promises, but nothing has happened.</p> <ul style="list-style-type: none"> <li>• Status of Lephalale as an SEZ is long overdue.</li> </ul>		
<p>Question/comment raised:</p> <ul style="list-style-type: none"> <li>• Whether consequence management is being followed so that people are able to account for their actions/inactions.</li> </ul>	All departments	
<p>Question/comment raised:</p> <ul style="list-style-type: none"> <li>• Concerns were raised about the site research report and the presentations not talking to each other.</li> <li>• Budgets needs of the Limpopo infrastructure department need to be attended to.</li> </ul>		
<p>Question/comment raised:</p> <ul style="list-style-type: none"> <li>• Worries about the implementation plan and timeframe for relocation of CRU people and whether the projected date was realistic.</li> <li>• There was also confusion about the Municipality having to find land for people who do not qualify to rent BNU houses.</li> <li>• Some Municipalities have failed to state what the NCOP should do to assist them with their challenges.</li> </ul>	Human Settlement	

<p>Question/comment:</p> <ul style="list-style-type: none"> <li>• There is a need to track the recommendations from the last Provincial Week (2023), as advised by the Speaker of Limpopo Legislature in her opening remarks.</li> <li>• Why is the Department selling water to the farmers (see above)?</li> </ul>	<p>All departments/ Water &amp; Sanitation</p>	
---	--	--

### 8.1.6 Presentation by Cllr T Swanepoel, Thabazimbi Local Municipality

After the MEC for COGHSTA clarified that the court had yet to rule on who the rightful Mayor of Thabazimbi Local Municipality was, the Leader of the Delegation indicated that the presentation made by Cllr Swanepoel would not be considered for the purposes of this meeting.

### 8.1.7 Presentation by Ms L T Kobe, Provincial Head: Limpopo Operations, Department of Water and Sanitation

#### 8.1.7.1 Purpose of the Briefing Session

To brief the delegation on water services projects funded by the Department of Water and Sanitation in the Waterberg District Municipality and implemented by the local municipalities who are the designated Water Service Authorities (WSAs).

#### 8.1.7.2 Key Issues

- The three dams in the district are at an average capacity of 92.7 percent.
- Groundwater is a key resource that must be explored, developed and managed, but some areas have poor quality groundwater that must be treated before use.
- The district has 309 boreholes of which only 200 are operating due to the need for maintenance or electricity connections or vandalism, while 10 have run dry.
- The district has nine WTWs with an average performance of 30.5 percent. This low performance is attributed to –
- Insufficient O&M of the infrastructure due to WSAs not ring-fencing 10 percent of the MIG budget;
- Theft and vandalism;

- Ageing infrastructure, leaks, non-revenue water; and
- Poor cost recovery.
- Phase 1 of the Mokolo and Crocodile River West Augmentation Project (MCWAP) was completed in 2015 and is operational.
- MCWAP Phase 2 aims to supply water to Eskom, Exxaro and the town of Lephalale from the Mokolo River through a 160 km pipeline. The estimated budget is R10.7 billion, which is fully funded with 88 percent from the private sector and 12 percent from the national fiscus.
- The project is in the procurement phase with construction planned to start in January 2025 with water delivery in the 2028/29 financial year.
- The Olifants Management Model (OMM) includes two dams (De Hoop and Flag Boshielo) and the construction of bulk pipelines to supply water to the Sekhukhune, Capricorn, Polokwane and Mogalakwena Municipalities.
- It will provide potable water through yard connections to 390 000 people; ensure water security for mining and industrial investment; and create approximately 42 000 jobs.
- Funding support has been received from the Infrastructure Fund and mining houses on a 50-50 percent funding model. The total estimated cost is R25 billion with a completion date of November 2030.
- The performance of the Water Services Infrastructure Grant (WSIG) is not good in the District, with Mogalakwena LM spending only R1.6 million of the R26 million transferred for WSIG projects; Bela Bela LM spending only R3.7 million of R25 million transferred; Modimolle/Mookgopong LM spending only R22 million out of a R102 million allocation; Lephalale LM spending R22 million of a R102 allocation; and Thabazimbi LM, where all the WSIG projects are stalled, spending only R2.7 million out of an allocation of R67 million.
- The department is reconsidering Thabazimbi LM's IA status, and may transfer it to the District.
- The province has regressed in terms of green and blue drop performance, with eight water supply systems and 13 WWTWs being found to be in a critical state in the district, requiring them to submit corrective action plans, which some municipalities have managed to do.

### 8.1.7.3 Challenges

- Insufficient funding for effective implementation of projects within planned time frames.
- Misalignment of projects execution – resource development, bulk distribution and reticulation - which affects approval of technical reports.
- Late submission of business plans and technical reports.
- Delays in appointment of service providers.
- Poor performance of implementing agents (IAs), service providers and contractors leading to incomplete projects.

- Community and labour unrest (including SMMEs and business forums) impacting on project implementation progress, due to high expectations.
- Theft and vandalism of infrastructure and unauthorised connections (including on incomplete projects).
- Stalled projects (Lephalale and Thabazimbi).
- Institutional instability (Thabazimbi LM).
- Projects completed but not functional.

#### **8.1.7.4 Executive Undertakings and Commitments Made**

- Establish public-private partnerships (PPPs) to co-fund projects and WSAs to enhance cost recovery measures to reinvest in infrastructure development.
- Coordinated, integrated planning in water sector; alignment of, among others, IDPs, WSDP, Water Master Plans, SDF, and SDBIP.
- Enhance project management and enforce contract conditions, intensify oversight and monitoring of project implementation.
- Enhance social facilitation and cohesion.
- Provide alternative basic water supply and enforcement of bylaws by WSAs.

#### **8.1.7.5 Response**

On accountability/consequence management, Executive Mayor Mokgethle said they were taking responsibility as leaders by taking transgressors to task. On relocation, a clear programme of action with timeframes is needed from COGSTA.

There is a need to accept that there is a serious crisis in Thabazimbi and suggested that the municipality needs to be dissolved or placed under administration. On municipalities not performing well and not providing people with potable water, the department must direct bulk water supply to where it is needed most.

The MEC for Public Works acknowledged the appreciation by the NCOP of the good work they are doing. He went on to state that it was misleading to say the maintenance of roads is the responsibility of RAL, which is getting the Dept's full attention as they try to capacitate it. RAL is an entity of the Department.

The MEC for COGSTA answered the comment about policy failures that most of the policies were well thought out but the challenge was on implementation. On the relocation project, there was consequence management. Money has also been recovered. On the relocation of people from the CRU housing project, he said there are people there who are unemployed and therefore would not

have money for rent, hence the need for alternative arrangements. On the criteria for upgrading informal settlements, there is a strategy in place, but that depends on available budget.

On HDA, he advised that the department has scaled down on the work done with HDA.

The Premier reassured the MPs that the provincial government has a duty to assist its people with the water challenges. Municipality needs to provide the Premier's office with lists of active projects, and this may include water projects. On Thabazimbi, she said Chapter 7 empowers provincial governments to assist where necessary. In the future, her office will have to decide on this matter. All the legal steps will be followed in following up.

## 8.2 Sites Visits

### 8.2.1 Altoostyd Housing Project

#### 8.2.1.1 Progress

- Relocation of residents at Marapong to Altoostyd temporary shacks which was expected to be for a period of 18 months was extended to more than eight years

#### 8.2.1.2 Challenges

- No proper sanitation
- No electricity
- Poor access to potable water
- Temporary shacks warranty has deteriorated
- The place no longer conducive for human settlement
- No access to basic health facilities

#### 8.2.1.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
MEC Coghsta	Relocation of residents to new houses	March 2025

#### 8.2.1.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
<ul style="list-style-type: none"> <li>Finalise and review the profile of residence to check those who will qualify for Marapong CRU and those who should be allocated to RDP houses to be erected at the Altoostyd mixed zone settlement</li> </ul>	MEC Coghsta	March 2025
<ul style="list-style-type: none"> <li>Urgent refurbishment of ablution facilities and portable water access</li> </ul>	MEC Coghsta	October 2024

### 8.2.2 Marapong CRU

#### 8.2.2.1 Progress

- Delay to complete the projects.
- Utilisation of the same contractor who did not perform well for more than 8 years.
- Appointment of Marapong CRU property management.
- Review and finalisation of the beneficiary list.
- Lack of internal access road at Marapong CRU.
- Realistic completion date of the project.
- Water provision to the project.
- Electricity provision to the project.

#### 8.2.2.2 Challenges

- Beneficiary list not reviewed to check who qualifies to occupy units at Marapong CRU.
- No plan has been developed for water and electricity.
- Project completion delays.
- No Project property management plan.
- Work stoppages by subcontractors due to delays in payment by the main contractor and demand for increased payment rate.
- Business forums demanding 30% beneficiation.
- The escalation of projects cost due to consumer price index.

### 8.2.2.3 Executive Undertakings and Commitments Made

Minister/MEC/Councilor	Undertaking	Time Frame
MEC Coghsta	To develop a questionnaire to monitor the monthly performance of the projects	October 2024
MEC Coghsta/Local Mayor	Work with the Municipality to finalise the water and electricity connection for the project	November 2024
MEC Coghsta	To finalise the beneficiary list of MARAPONG CRU to avoid delays on the occupation by beneficiaries which might lead to vandalism and theft	October 2024
MEC Coghsta/Local Mayor	Completion and occupation of Marapong CRU	March 2025

### 8.2.2.4 Recommendations

- Projects of this magnitude should be implemented in phases to allow for seamless alignment and integration of beneficiaries to avoid vandalism.
- The department should finalise the list of beneficiaries to occupy the units upon completion.
- Water and electricity should be finalised urgently.
- Internal access roads to be paved.
- The project should be finalised by the end of the 2024/25 financial year.
- Appointment of the property management company to manage the project upon completion.

### 8.2.3 Mokolo and Crocodile River West Augmentation Project (Mcwap1)

Municipality: Lephalale Local Municipality

Key Contacts at Site: Mr Modiba V – 083 633 6625

### 8.2.3.1 Progress/ Observations

- The Mokolo Dam has a capacity of 150 million cubic meters and was built in 1979. It is a national key point.
- The new pump station has been constructed with assistance from Exarro as part of the MCWAP 1 project.
- Through the MCWAP 1, water is treated at Zeeland for provision of water to Lephalale.
- The infrastructure is currently operated and managed by Exarro but is the property of the Department of Water and Sanitation, which also owns the land.
- The MCWAP 2 project will entail taking water 160 km from the Crocodile River through Thabazimbi and is currently at procurement stage.

### 8.2.3.2 Challenges

- The delegation expressed its dissatisfaction over the fact that the Mayor of the Lephalale LM was not present at the site during the visit and that they were briefed by a junior official.
- There were delays in the procurement for the commencement of the MCWAP 2 project, which will start in January 2025.
- The operation of the pump station by Exarro could create a problem in the long term as the DWS needed to build the necessary capacity.

### 8.2.3.3 Executive Undertaking

- The Executive Mayor of the Waterberg Municipality will liaise with the DWS to ensure that the people of Thabazimbi benefit from the project.

### 8.2.3.4 Recommendations

- The Mayor of the Lephalale LM must avail himself to brief the delegation on the projects within his jurisdiction, as he was not present at the site visits.
- The department should consider increasing the capacity of the dam, even if only by 2 metres so that it can meet the water needs of Waterberg and Lephalale in particular.
- The department should have a clear exit plan which shows when they will fully operate the pump station on their own. They should indicate how they will develop the capacity to operate the pump station.
- Details of the agreements with Exarro should be provided – as well as the skills transfer to DWS employees.

- As part of its Social and Labour Plan (SLP), Exarro should avail resources to skill young people who can be trained to operate the pump station, in partnership with the department and the municipality.
- The department should ensure that the MCWAP 2 project benefits the people of Thabazimbi, as the pipes will be passing through their area.
- The municipality should work with the department to ensure that there is distribution of water to the Thabazimbi communities – as this will also assist to prevent community unrest and illegal connections.
- The MCWAP 2 project should be implemented in line with the District Development Model to ensure that it benefits the whole Waterberg District.
- The companies doing the MCWAP 2 project should appoint a local social facilitator or partner with a local company in order to manage community issues well.

#### **8.2.4 Northam Wastewater Treatment Plant**

Municipality: Thabazimbi Local Municipality

Key Contacts at Site: Mr Manyama Social Facilitator: 0674896008 and Mr Modiba – DWS:083 633 6625

##### **8.2.4.1 Progress/ Observations**

- The project has a budget of R108 million which is funded by the Anglo Mine.
- The project has reached 76% completion stage. It is expected to be complete in August 2025.
- The project involves the construction of the wastewater treatment plant with various components including the reactor and the channels.
- The project is implemented under Thabazimbi Local Municipality, and it is meant to address the waste that comes from Northam.
- The project was initiated because the current municipality infrastructure, with oxidation ponds, is overloaded and not able to handle all the waste from Northam which led to overflows and pollution of the underground water.
- The project is still implemented in partnership with the Thabazimbi Local Municipality.
- The Wastewater Treatment Project initiated by Anglo American Platinum AS(SLP) is a critical infrastructure initiative aimed at addressing environmental and social challenges in the local community. Originally proposed in 2011/2012, the project faced significant delays due to various capacity issues as there was the lack of adequate implementation by the local municipality. The existing wastewater treatment plant also has challenges as it is overloaded.

- **Project Sponsorship and Initial Challenges:** The project was initially sponsored by multiple stakeholders, including Anglo American Platinum, which made a financial contribution to its development. However, it did not progress as intended, primarily due to operational constraints and community concerns. As a result, environmental and social issues emerged, prompting a plea from the community and the Human Rights Commission for Anglo American Platinum to re-engage with the project.
- **Recommitment and Project Resumption:** In response to community requests, Anglo American Platinum committed to fully fund and lead the project to completion, addressing the pressing social issues identified. This recommitment marked a pivotal moment, allowing the project to regain momentum. In 2021, Anglo collaborated with local stakeholders, including the municipality, to restart the project, emphasising the importance of stakeholder engagement in the planning and execution phases.
- **Implementation Phases and Current Status:** Following the project's resumption, a thorough stakeholder process was conducted to appoint a principal contractor. This contractor then engaged local subcontractors to facilitate project execution. As of now, the project is approximately 76% complete, with ongoing efforts to manage various facets of the implementation.
- **Community Engagement and Administrative Dynamics:** Initially, the project faced challenges related to community dynamics and administrative processes. However, effective communication and collaboration among stakeholders have helped to resolve these issues, leading to smoother operations. The project is not only crucial for wastewater treatment but also aligns with other initiatives by Anglo, such as the Presidential Housing Project in the area.
- **The wastewater will be treated and utilised for mines particularly for Anglo Platinum Mine and Siyand Sibanye Mine. The dry material will also be prepared and utilised for other purposes like fertilizers.**

#### **8.2.4.2 Challenges**

- **Electricity Supply:** A significant challenge facing the Wastewater Treatment Project is the need to resolve electricity supply issues. Establishing a reliable link to the plant is essential to ensure sufficient power for its operation. Without adequate electrical infrastructure, the functionality of the wastewater treatment system may be compromised, affecting project timelines and overall effectiveness.
- **Water Scarcity:** The region is grappling with persistent water challenges that impact both the project and the community. Addressing water availability is crucial for the successful implementation of the wastewater treatment system, as it directly influences the project's capacity to manage and treat wastewater effectively.

- The old wastewater treatment plants are not functioning well and have not been adequately maintained, hence the need to speed up the completion of the plant.

#### 8.2.4.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Executive Mayor: WDM</b>	The Executive Mayor will arrange a meeting to discuss with the mine and stakeholders regarding the issue of water supply to the mines.	
	On skills transfer, through the Mayoral Bursary Scheme, the district will work with the mine to identify graduates who passed grade 12 to study for qualifications in waste management and place them in the plant.	

#### 8.2.4.4 Recommendations

- Enhanced collaboration with Waterberg District Municipality: Anglo American Platinum should strengthen its partnership with the Waterberg District Municipality. This collaboration is crucial for identifying and addressing any bottlenecks that may arise during the project's implementation.
- Regular reporting mechanism: Establish a regular reporting mechanism to ensure that the municipality promptly communicates any challenges to Anglo and relevant provincial authorities. This will facilitate timely intervention and resolution of issues. Progress should be reported to the delegation.
- The district and local municipality should engage Eskom to ensure that there is electricity supply in the project.
- The project should be facilitated and implemented in order to ensure that the municipality can generate revenue – through supply of water to the plant and mines.

- Stakeholder engagement: Continue to engage with all stakeholders, including community representatives and local political groups, to maintain transparency and foster trust throughout the project.
- Capacity building: Invest in ongoing training and capacity-building initiatives for municipal staff to enhance their ability to manage and operate the wastewater treatment facility effectively.
- Monitoring and evaluation: Implement a robust monitoring and evaluation framework to track project progress and impact, ensuring that any emerging issues are swiftly addressed.
- Resource allocation: Ensure adequate resources are allocated to address potential infrastructure challenges, particularly concerning water and electricity supply.
- The relevant stakeholders should ensure that there is reliable electricity supply and that water scarcity is addressed.
- The Waterberg District Municipality should work with relevant stakeholders to ensure that proper agreements of water supply are signed at reasonable prices.
- Upon completion of the plant, Anglo mine should continue to operate the plant maintenance and operations as per commitment, but it must ensure that there is transfer of skills to the municipality as part of the exit plan.
- A senior official of the DWS (ideally Provincial Head) should be allocated the task of reporting on the project to the delegation.

#### **8.2.4.5 Delegation Briefing Responsibilities**

There is a critical concern regarding the delegation process for briefing the NCOP.

It is essential that the Water and Sanitation delegate takes full responsibility for ensuring that the appropriate officials are selected to brief the NCOP delegation. Inaccurate or ill-informed briefings could jeopardise the quality of information presented to Parliament, potentially leading to misunderstandings or misrepresentations of the project's status and needs.

#### **8.2.4.6 Questions and Responses**

What led to the collapse of the project initially?

- The exact reasons for the initial project collapse are unclear. However, it is known that the municipality requested a halt, despite Anglo already providing initial funding.

What was the total budget set aside for the project?

- The total budget for the project was set at R108 million.

Is there social participation in the project?

- Yes, social participation is a component of the project, with efforts made to involve the community and stakeholders.

What is the anticipated completion date?

- The anticipated completion date for the project is August 2025.

Is there a team from the municipality there daily for training/experience to build internal capacity for when the project is completed?

- Yes, there is a team from the municipality present to gain training and experience, aimed at building internal capacity for post-completion operations.

How are they planning on dealing with water and electricity challenges?

- Anglo is actively working to resolve these challenges by collaborating with the municipality, Mogalies, and Eskom.

What community dynamics were experienced?

- Initially, there were challenges involving political groups spreading misinformation to destabilise the project. However, these dynamics have been addressed effectively.

Who will manage the plant once completed?

- The municipality will manage the plant, as it is their project. Anglo will provide two years of operation and maintenance management services and train local municipal operators.

Will the property be owned by Anglo after completion, or will it be handed over to the municipality?

- The property will be handed over to the municipality upon completion.

Will operations be handled by the municipality after completion?

- Yes, the municipality will take over operations after project completion.

How many employees are there, and how many are from the local community?

- Anglo will provide a report detailing the total number of employees and the breakdown between local and non-local community members.

What is the skills development strategy for this project?

- The project includes a skills development strategy focused on training local personnel to ensure effective management and operation of the facilities post-completion.

Can a report be provided on why the project was stopped in the initial phase?

- A report detailing the reasons for the project's initial halt can be requested for further clarity.

Are construction mafias affecting the project, which is an emerging trend?

- There have been no issues related to construction mafias. If such cases arose, Anglo would have pursued legal action, but this has not occurred.

#### **8.2.4.7 Conclusion**

The Anglo American Platinum Wastewater Treatment Project exemplifies a responsive approach to community needs and environmental stewardship. With a significant portion of the project completed, ongoing collaboration and stakeholder engagement will be essential to ensure its successful conclusion and to address the broader social implications associated with the initiative.

#### **8.2.5 7.2.5 Northam Ward Internal Roads (Ward 8)**

Key Contacts at Site: Mr Billy (Technical Director Thabazimbi Local Municipality): 0664883161

##### **8.2.5.1 Progress/ Observations**

- The observations by the delegation were on the street that still need to be surfaced

##### **8.2.5.2 Challenges**

- The delegation observed the street that needed surfacing.

#### **8.2.6 Northam Water Reticulation Upgrade Project Ward 5**

Key Contacts at Site: Mr Billy (Technical Director Thabazimbi Local Municipality): 0664883161, Mr Modiba (DWS): 0836336625 and Cllr Max: 0694789488 (Ward 8)

##### **8.2.6.1 Progress/ Observations**

- The Northam Water Reticulation Project, implemented by the Thabazimbi Local Municipality and funded by the Department of Water and Sanitation, was initiated in February 2020 with an estimated project cost of R10 million.

- Project term was from February 2020 to December 2022 with Extended Completion date of June 2023.
- The project aimed to construct a 14.2 km water pipeline, including standpipes, to enhance water supply in the area.
- The project is abandoned and stands at 95% completion. The primary reason for this abandonment is the expiration of the contractual agreement between the municipality and the service provider, which was never renewed. This lack of renewal has resulted in the non-payment of outstanding amounts owed to the service provider, further complicating the project's completion.
- Initial success of the project: When the project initially commenced, residents were receiving water, indicating that the system was functioning adequately at that time.
- The project has been stalled since June 2023, largely due to the lack of renewed contractual agreements and non-payment to service providers.
- Job creation: The project initially created 11 jobs, contributing to local employment and economic activity.
- Currently, there is no security on-site, and the project area has been de-established, increasing vulnerability to further vandalism.
- The only visible progress remains the standpipes and chambers that have been installed, which are now at risk of damage.
- On contractual documentation, the last valid contractual date for the service providers is on record, but since the municipality has not renewed these documents, the project remains in a state of suspension.
- Funding transition: Future funding from the mine, which plans to take over project management, is expected to assist in advancing the project. This transition may mitigate issues associated with municipal management.
- Pipe functionality issues: The system is experiencing issues with both non-functional and partially functional pipes. Additionally, some pipes are adversely affected by water pressure, which compromises the overall system efficiency.
- On testing and improvements: The water distribution system has undergone multiple tests to improve flow, but ongoing issues continue to hinder performance.

#### 8.2.6.2 Challenges

- Lack of supply in Extensions 16 and 20: Residents in Extension 16 are facing a complete lack of water supply, and the situation in Ward 20 mirrors this problem, leaving many without access to essential services.

- Other sections of the community not receiving water because of lack of pressure, while in other areas there is vandalism.
- The project that demands immediate attention to prevent further deterioration and ensure water supply to residents.
- Waste of state funds: Ongoing vandalism is leading to the wastage of state funds, exacerbating the issue and raising concerns about financial accountability.
- The Ward 5 councillor highlighted that the issues with water supply are longstanding and need comprehensive solutions rather than temporary fixes.
- As the project funder, the Department of Water and Sanitation is unable to process any invoices due to the contractual issues, which impedes financial flow and project progress.
- The project has been stalled since June 2023 and the contractors indicate that they have not been paid for the work that they have completed - this affected completion of the project and straining the relationship with the contractors.
- There are town planning challenges which could also affect the project. There is a building constructed on the reticulation pipeline and another building was also constructed on the street.
- The failure to renew contractual documents by the Thabazimbi Local Municipality has left the project in a state of limbo, preventing necessary payments and halting progress.
- The abandonment of the project affects local residents who depend on improved water infrastructure for their daily needs.

#### 8.2.6.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
The Executive Mayor (EM)	<ul style="list-style-type: none"> <li>• The Executive Mayor will initiate discussions with private sector stakeholders as early as possible to foster collaboration.</li> </ul>	Starting 20th September 2024

#### 8.2.6.4 Recommendations

- The municipality should provide regular updates on the status of the project to ensure transparency and keep the community informed about progress and challenges.

- Assistance from MEC COGHSTA: The MEC for Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) should be engaged to develop an urgent plan of action to address the ongoing issues with the water supply.
- Immediate action for stability: Urgent measures must be implemented to stabilise the situation and prioritise the best interests of the community, ensuring access to essential water services.
- The municipality and the Department of Water and Sanitation should sign a session agreement with the contractors to ensure that they resume and complete the project.
- Private sector engagement: Actively engage with the private sector to explore partnerships and resources that can expedite the completion of the project.
- Immediate action is required from the Thabazimbi Local Municipality to renew contracts, secure the site, and address vandalism.
- Collaboration with the mine may provide the necessary resources to overcome current challenges and resume the project effectively.
- To address the shortfall for funding pressure pumps and connections, the stakeholders should be encouraged to contribute resources or support to assist the community in overcoming these challenges.
- There should be collaboration amongst relevant stakeholders to resolve ongoing issues and enhance water access for the affected communities.

#### 8.2.6.5 Questions and Responses

Is there a new contract in place?

- No new contract is currently in place. The original contractor remains until an official termination is executed. The contractor is awaiting an extension of term to finalise the remaining work. Until termination occurs, a new service provider cannot be contracted.

Provide an overview of the vandalism taking place.

- The local councillor was asked to provide insights on the vandalism, but the NCOP delegation declined due to political dynamics. However, an official indicated that community members have vandalised the standpipes, hoping to draw water from the underground pipelines.

Is the department working with the local municipality?

- Yes, the Department of Water and Sanitation is working with the local municipality, acting as the implementation agents for the project.

How did they allow such to happen?

- Although there have been several engagements, the ongoing issues appear to stem from internal conflicts within the municipality, which have hindered effective project management.

There are some houses with water taps but no water is coming out; what is the issue?

- The primary issue is related to pressure pumps, which are currently not functioning effectively. Assistance is awaited to resolve this problem.

Are Extensions 16 and 20 part of the project, given reports of no water?

- Yes, Extensions 16 and 20 are part of the project. Reports indicate that residents in these areas are experiencing a lack of water supply.

What is the recommendation from the ward councillor for resolution?

- The ward councillor recommends that subcontractors be given the opportunity to complete their work to resolve ongoing issues and finish the project effectively.

### **8.2.7 Smersha Block Informal Settlement**

Key Contacts at Site: Mr Marota: 066 487 9042, Limpopo Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)

#### **8.2.7.1 Observations**

- The majority of the dwellings in the settlement are shacks.
- There is a primary school in the settlement.
- The ablution facilities seemed unsafe and insufficient.
- The environment is dry and dusty and, combined with high temperatures and the surrounding mines, the air quality could potentially lead to health problems.
- Water is supplied to the community through tankers.
- COGHSTA had tasked the Housing Developing Agency (HDA) to conduct a study on the area and the recommendation had been that the community must be relocated.
- The process of finding suitable land for relocation was ongoing, as an initial potential donation of land by a mine had fallen through.

#### **8.2.7.2 Challenges**

- The absence of basic infrastructure, which infringes on the basic human rights of the residents.
- COGHSTA has reportedly been struggling to no avail to secure an appointment with the Thabazimbi Local Municipality to make a presentation on the situation at Smersha Block.

- There is a need for suitable land to be donated in order to relocate the community.
- People have been living there for as long as 30 years and were reluctant to move.
- The fact that the school only goes up to Grade 7 means that many learners drop out of school after that.

#### **8.2.7.3 Executive Undertakings and Commitments Made**

- The Executive Mayor of the Waterberg District Municipality undertook to continue engagement with the Minister of Electricity and Energy towards a project to provide solar energy to the area.

#### **8.2.7.4 Recommendations**

- The mining companies which made commitments to the community must be made to follow through on those promises. The Portfolio Committee on Minerals and Energy has a role to play in this regard.
- The Minister of Mineral and Petroleum Resources must ensure that all mining companies implement their social and labour plans (SLPs).
- SLPs must always be aligned with municipal Integrated Development Plans (IDPs).
- The residents must continuously be consulted regarding any possible relocation.
- The process of finding suitable land for relocation must be accelerated.
- The Executive Mayor of the Waterberg District as well the relevant oversight committees of the legislature should intervene in the governance issues at Thabazimbi LM that have led to COGHSTA not being able to secure an appointment.
- The delegation must be provided with the report of the study done by the HDA by Friday, 20 September at the latest.

#### **8.2.8 Regorogile Housing Project**

Key Contacts at Site: Mr Marota: 066 487 9042, Limpopo Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)

##### **8.2.8.1 Observations**

- The project was funded by COGHSTA with a budget of R33.5 million.
- Two contractors had been appointed, of which one, Brunel Engineering had delivered 200 houses according to the contract.
- The second contractor had failed to deliver and had since been replaced by a new contractor who was expected to deliver the remaining 200 houses by February 2025.

- Bulk infrastructure, in the form of sewer pipes, had been installed ahead of construction, but there was no running water. The department had installed three JoJo tanks.

#### **8.2.8.2 Challenges**

- Hard rocks had made construction difficult and impacted on the completion time.
- There is no electricity in the houses and the three JoJo tanks installed by the department was not sufficient.
- The poor quality of the road leads to damage to vehicles.
- Safety and security are a problem, partly due to the absence of street lightning.

#### **8.2.8.3 Executive Undertakings and Commitments Made**

- The Executive Mayor of the Waterberg District Municipality undertook to arrange a meeting between all relevant stakeholders for Monday, 23 September, to form a steering committee that will lay the foundation for the service delivery week in the second week of October 2024.

#### **8.2.8.4 Recommendations**

- Urgent intervention is needed in the instability at the Thabazimbi LM, as it is negatively impacting on service delivery.
- A fixed target date is needed for when the community will be supplied with sufficient water, as the current situation posed a health hazard.
- The contractor who had failed to complete the project should be blacklisted to prevent them from getting future government contracts.

### **8.3 NCOP Delegation Meeting with Lephalale Community Leaders**

#### **8.3.1 Background**

On the third day of the programme, as the delegation arrived at the Thabo Mbeki Wastewater project, it was alerted of community protests in Marapong, Lephalale, which the delegation had visited on 17 September, the first day of the programme. The delegation saw it prudent and compelling to attend to the volatile situation, and constituted the following delegation to go and meet with the community leaders at the Marapong Community Library centre:

- Hon Kennedy (Permanent Delegate to NCOP);
- Hon Phala (Permanent Delegate to NCOP);
- Hon Netshifhefhe (Member of Limpopo Provincial Legislature);
- Hon Lebogo (Member of Limpopo Legislature);

- Hon Sepuru (Member of Limpopo Legislature); and
- Cllr M Jack (Waterberg District Executive Mayor).

The meeting was facilitated by the Executive Mayor, Mr M Jack.

#### **8.3.1.1 Community Concerns/Challenges**

- Unemployment;
- Community exclusion from business opportunities in mining areas and power stations;
- ACTOM business in Matimba power station;
- Stakeholders forum;
- Employment of people from other provinces; and
- Absence of the local Mayor, whom it is alleged does not meet with communities and listen to their concerns.

#### **8.3.1.2 Recommendation by the Delegation**

- After listening to the community leaders, the delegation recommended that a stakeholders' forum be convened urgently by the Limpopo Legislature and that feedback in this regard be escalated to the NCOP.

### **8.4 Thabo Mbeki Wastewater Project**

Municipality: Lephalale Local Municipality

#### **8.4.1 Observations/Progress**

The project consists of two phases aimed at improving wastewater management and sanitation facilities in the township.

- Phase 1 started in January 2017 with a planned completion date of February 2018. The revised completion was November 2021, and it was completed in December 2022.
- Phase 2 also received extensions approved by the municipality.
- The original contractor for Phase 1 was removed from the project due to performance issues and the contractor for Phase 2 is now addressing both phases.
- All concrete structures have been completed, pending only the planting of vegetation and final connections to these structures.
- While the borehole has been installed, equipping it is currently on hold due to ongoing vandalism.

- Once electricity is established, connections requiring power can be made, which should help mitigate the risk of vandalism.

#### **8.4.2 Challenges**

- Delays in Phase 1: Incompletion of key items in Phase 1 has hindered progress in Phase 2.
- Electrification Issues: The electrification work, originally scheduled for Phase 1, remains in the design stage with Eskom. While all payments have been made, the lack of completed electrification limits on-site work.
- Dependency of Tasks: The decommissioning of the old septic tank system and the connection of the F connections cannot commence until the electrification is finalized.
- Incidents of vandalism have included the removal of fencing and theft of the JoJo tank, which severely disrupts ongoing work and poses security concerns.
- Recurring stoppages in work have occurred due to delayed payments, contributing to the project's slow pace.
- The contractor has reported cash flow challenges, leading to a reduced work rate and further delays.
- Enhancing security measures, including improved fencing and regular monitoring, would protect equipment and structures from vandalism.
- Address the contractor's cash flow challenges, ensuring timely payment and continuous work.

#### **8.4.3 Executive Undertakings and Commitments Made**

- The Municipality has committed to fast-tracking Eskom connections and holds monthly meetings to monitor electrification progress.

#### **8.4.4 Recommendations**

- Continuous monitoring and effective management of contractor activities will be essential to mitigate delays and ensure successful project completion. Stakeholder collaboration, particularly with Eskom, will be crucial in overcoming current hurdles.
- Regular progress meetings: Implement regular meetings with all stakeholders to track progress and address challenges promptly.
- Prioritise electrification: Engage closely with Eskom to expedite the electrification process.
- Contingency planning: Develop a contingency plan for any further delays to maintain project momentum.
- Timely payments: Ensuring that payments to contractors are made promptly within the treasury framework is critical to maintaining project momentum.

- Comprehensive reporting: A detailed report regarding project status and challenges should be provided to the NCOP delegation.
- Establish completion dates: Clear completion dates must be established to manage expectations and accountability among contractors and stakeholders.
- Regular project liaison committee meetings should be held to discuss resolutions and finalise outstanding projects.
- Push for Eskom Action: The municipality must advocate for Eskom's timely completion of electrification to prevent further vandalism and protect government investments.

## **8.5 R572 ROADS between Tomburke and Alldays**

Municipality: Mogalakwena Local Municipality

Key Contacts at Site: Mr Chesane – RAL Acting CEO 0798692434

### **8.5.1 Progress/Observations**

- The project is implemented by Road Agency Limpopo (RAL) - Preventative Maintenance on Road D887 (R572) in the Waterberg District, Limpopo Province. The contractor is Chesterberry Trading.
- Project budget: The project contract is R19 999 000.00 and (Current expenditure is at R 18 999 950 or 95%).
- Project term: 1 September 2023 to 1 April 2024 (7 Months).
- Revised project term: (12 months) Completion date: September 2024, but a newly revised completion date should be provided.
- The road starts in Tomburke town of Lephalale Local Municipality of Waterberg District Municipality and ends in Alldays town of the Blouberg Local Municipality of the Capricorn District Municipality.
- The sections of R572 road between Tomburke and Swartwater is not in good condition with potholes and bumpy surfaces as a result of various efforts to close the potholes and there are sections after Swartwater, towards Alldays, the road has sections that are badly damaged with gravel also visible.
- Job creation: The project makes provision for local labourers by the contractor. A target of 5% of the tender sum (R828 158.50) has been earmarked for labour utilisation.
- Employment of SMMEs: In line with the contract terms, the project has earmarked 10% of the tender sum (R1 656 317.17) for employment of SMMEs.
- The project is done in phases due to budget constraints. The total length of the road is 136,73 kms. Phase 1 covered 17 kms and Phase 2 covered a length of 8,5 kms which are complete.

The current phase 3 entails maintenance of 10.1 kms of road D887 to also restore the pavement surface and structural condition.

- The maintenance of road D887(R572) includes pothole patching, texture correction using slurry, single seal surfacing, cleaning of stormwater pipes and portal culverts and road furniture.
- Project progress: The project is at 100% completion, and it was completed on 29 August 2024.

### **8.5.2 Challenges**

- The road is badly damaged with some sections having gravel and this affects the business activities in the area as it takes longer to get to a destination.
- Due to limited financial resources the project is done in phases since the total distance of the Road is 136 km.
- There were some stoppages of the project by community members.

### **8.5.3 Executive Undertakings and Commitments Made**

- RAL will look into how much they have available for expenditure on the roads – as they are left with 100 km stretch of road that they have not done.

### **8.5.4 Recommendations**

- The Department and RAL should not commit and promise to build a road when there is no budget available to do so, especially since there is over-commitment.
- RAL should check and report on the amount of funds available and also indicate the distance that they will cover in maintaining this important economic road.
- RAL should engage the businesses in the area including the diamond mine to come and assist with the development of this road.
- RAL should provide reasons why there was over-commitment of their budget.
- RAL should develop a clear solution-driven exercise to address the challenges and ensure construction and maintenance of roads.

## **8.6 Segole 1 and 2 from N11 to Masebe Nature Reserve**

### **8.6.1 Progress/Observations**

- The implementing agent is RAL and the contractor responsible is Bamboo Rock 1349 (Pty) Ltd. On N11 section, the contractor is working with SANRAL since they (SANRAL) are responsible for the N11 road.

- Project budget is R100 million. The project is implemented by RAL and the official commencement date was June 2023, the intended completion date was in July 2024, but it was revised, due to delays encountered including weather and strikes by the SMMEs, to September 2024.
- The project has 46 employees of which 19 are women, 30 youth (including the quality controller) and 27 men as well as one person living with disability.

### 8.6.2 Challenges

- The weather delayed the completion of the project and a bit of community unrest resulted in the delay of the project hence the completion date was revised.
- The scheduled revised completed completion date might not be realised because there is still a lot of work to be done.
- Currently RAL has overcommitment of R1.3 billion, which affects the work of the entity and completion of the project.
- The projects are done in phases because there is no adequate budget.

### 8.6.3 Executive Undertakings

- The MEC will be launching the stakeholder Tuesday programme to allow communities to raise their challenges.
- The MEC will continue with the Dikgeregere Wednesdays programme including in Musina.
- The MEC will meet the operators of the yellow fleet to hear their challenges.
- The Provincial EXCO has taken a decision to do a forensic investigation regarding RAL's R1.3 billion overcommitment as well as the R244 million bridge project which was allocated.

### 8.6.4 Recommendations

- There needs to be consequence management, especially for those involved in maladministration at RAL and the entity needs to have remedial actions.
- The department and RAL should ensure they provide the NCOP delegation with a realistic timeline for completion of the project – since September 2024 does not seem realistic.

## 8.7 Taolome Mini Water Scheme (Bakenberg)

Key Contacts at Site: Mr C Makhubela, Mayor: Mogalakwena Lm and Mr N Risimati: Project Manager  
066 249 1669

### 8.7.1 Observations

- The project is located at Pudiakgopa village, in the Mogalakwena Municipality, Waterberg District.
- The villages which were supposed to benefit from the project are Taolome, Pudiakgopa and Good Hope.
- The budget for the project amounted to R11.4 million.
- The commencement date was 23 December 2022 and actual completion date was 18 August 2023.

### 8.7.2 Challenges

- Boreholes drying up and others not yielding the expected amounts of water. Ground water depletion resulting in only two boreholes providing water, which makes it difficult to serve communities.
- No other sources of water other than the boreholes, some of which dry up on a constant basis. Running multiple boreholes always results in pumps constantly wearing off.
- Because of the lack of water, the project in question has become a white elephant as it does not serve its intended purpose.
- The municipality does not have enough water tankers to supply water to the 178 villages and two townships and more funds are needed to address this.

### 8.7.3 Executive Undertakings and Commitments Made

- In relation to this project and various others, the Premier committed to hold a water summit to address the challenge of water provision in the province.
- A plan has to be developed by the Department of Water and Sanitation through advising and outlining measures to be put in place in assisting the municipality with water tankers. This plan needs to be provided by 20 September 2024.

### 8.7.4 Recommendations

- Urgent intervention is needed in assisting the communities with water tankers as a plausible solution, though it is not a long-term one.
- A need to look at the viability of having a borehole, water tankers and a small packaging plant for each village.
- The need to prioritise the bulk connection project with Sekhukhune Water as a long-term solution.
- The provision of water to the people of Limpopo should be prioritised.

## 8.8 Vaaltyn Local Stadium, Moshate

Key Contacts at Site: Mr C Makhubela, Mayor: Mogalakwena LM and Mr N Risimati: Project Manager  
066 249 1669

### 8.8.1 Observations

- The project had kicked off on 12 April 2016 and was planned to be completed in April 2017, with an original allocated budget of R38 million, to which the Municipality had added R7 million.
- The contractor did not have the capacity for such a project and had gotten the contract by pretending to be part of a joint venture (JV) with a bigger contractor who, upon investigation, knew nothing of the project.
- Political interference, coupled with a lack of capacity and monitoring from the municipality, had contributed to the collapse of the project.
- The contractor had eventually abandoned the project completely and was now taking the municipality to court alleging that he is owed more money, having already been paid R29 million. This was reportedly not the only project abandoned by him.
- The official could not explain how the contractor could have been paid the above amount with little or nothing to show for it. The little work that had been completed had not been up to standard and the columns erected for a pavilion had failed a safety test.

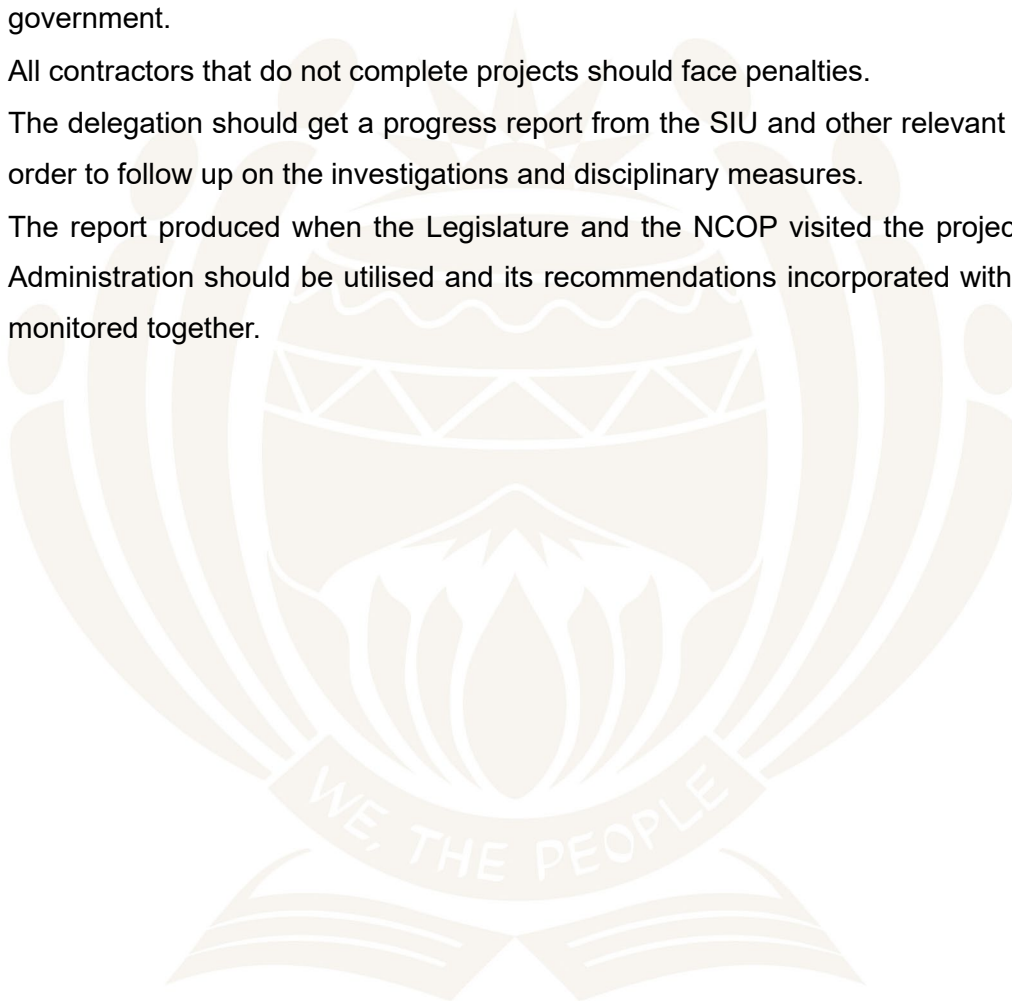
### 8.8.2 Challenges

- The contractor had not had the requisite capacity for the project and the little work that had been done was sub-standard, such as the pavilion columns.
- The only thing done right by the contractor was reportedly the drilling of boreholes, but nobody knew where they were.
- The municipality did not have the knowledge and capacity to properly deal with the matter and possibly recoup funds when the contractor abandoned the project. Recovering the funds at this stage would be a long process and instead the contractor is now suing the municipality for money he claims to be owed to him.
- Most of the officials implicated in the matter had left the municipality.
- The community, which had expected to receive a sports complex in 2017, was still without such a facility.

### 8.8.3 Recommendations

- The municipality must find a way to resuscitate the project for the sake of the surrounding community; and maybe consider approaching the surrounding mines to assist.

- The implicated officials who had resigned must still be followed up and held to account.
- The municipality should consider installing a gate to protect the little that was left of the project.
- The contractor should be blacklisted and barred from doing any further business with government.
- All contractors that do not complete projects should face penalties.
- The delegation should get a progress report from the SIU and other relevant stakeholders in order to follow up on the investigations and disciplinary measures.
- The report produced when the Legislature and the NCOP visited the project during the 6<sup>th</sup> Administration should be utilised and its recommendations incorporated with the above and monitored together.



## **9. MPUMALANGA PROVINCE: EHLANZENI DISTRICT: THABA CHWEU LOCAL MUNICIPALITY**

### **9.1 Briefings on The State of Provincial & Municipal Infrastructure**

#### **9.1.1 Opening - Speaker of Mpumalanga Provincial Legislature, Hon LL Masina**

- The speaker welcomed all the delegates to the gathering.
- The speaker highlighted that public infrastructure is the backbone of society.
- Systematic issues of limited budgets, slow decision-making, and administrative challenges, delay project completion.
- The Speaker concluded by indicating that community involvement is key in the planning and implementation of projects.

#### **9.1.2 Message of Support by Tribal Authority**

- The tribal authority committed its support for the NCOP in conducting its oversight work.
- The tribal authority highlighted the need to fight Gender Based Violence in the communities and committed to doing all it can to protect women and children.

#### **9.1.3 Overview in the Province on Behalf of the Premier – Hon SJ Manzini on behalf of the Premier, Hon MP Ndlovu**

- The province committed to working with the NCOP to pursue its oversight mandate.
- The province is going to host a Lekgotla to outline its provincial plans for the 7<sup>th</sup> administration, and the NCOP will be informed of these plans.
- Mpumalanga province consists of eleven (11) provincial departments, seventeen (17) local municipalities, and three (03) Districts including Nkangala, Gert Sibande, and Ehlanzeni.
- The Department of Public Works Roads and Transport (DPWRT) is an implementing agent for all departments (except the Department of Co-operative Governance and Traditional Affairs (CoGTA), Department of Human Settlements (DHS), and Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA)) and plans to complete a total of two-hundred and sixty (260) projects in the 2024-2025 financial year. This comprises seventy-eight (78) projects under planning and design, and one-hundred and eighty-two (182) projects under construction (both public and transport infrastructure).
- It should be noted that the DPWRT has not recorded any projects that have been abandoned during the past several years. However, some projects were delayed due to budget constraints and the incompetency of contractors.

- Most projects have not been completed at the desired time frame due to many reasons relating to insufficient budget, incompetent contractors, community unrest, and construction mafia.

#### 9.1.3.1 Observations

- Governance structures are in place to ensure joint project planning and management i.e. Joint Operations Committee (JOC), Payment Committees, Consultants Meetings, and Infrastructure Cluster (Office of the Premier).
- The Mpumalanga Infrastructure Master Plan (MIMP): 2060 was recently completed. All departments are required to develop long-term infrastructure plans in line with the MIMP.
- The Department has a Social Facilitation Policy to introduce projects to local municipalities before implementation as part of social mobilisation.
- The province plans to enhance capacity in infrastructure Departments, especially DPWRT, to improve project management.

#### 9.1.3.2 Recommendations

- There is a need to form partnerships with mining houses to assist with infrastructure delivery (roads infrastructure).
- The province is to embark on the proposal of bankable infrastructure Programmes to Infrastructure South Africa (ISA) for funding.
- The assistance of the South African Police Service (SAPS) during community unrest needs to be intensified, including strengthening the criminal justice system.
- Strengthen education to communities to take pride and ensure smooth roll-out of projects that benefit them, and to report project extortions.

#### 9.1.4 Briefing by Thaba Chweu Local Municipality on Key Service Delivery Commitments – Executive Mayor Cllr MF Nkadimeng

- Total Revenue for the 2024/25 financial year is projected at R952 million. R589.6 million (62%) is internally funded (based on expected collection) and R362.4 million (38%) will come in the form of Grants, which are equitable share, operational, and capital grants. The budget is unfunded due to Eskom's debt, which is currently not structured in terms of a signed Repayment Plan.
- Thaba Chweu local municipality's outstanding debt to Eskom account as of 30 June 2024 is R1 543 190 952.00.
- Total interest billed from 1 July 2023 to 30 June 2024 amounts to R72 492 937.00, which is deemed fruitless and wasteful expenditure in terms of section 1 of the Municipal Finance

Management Act [MFMA] definitions. However, it must be noted that due to Thaba Chweu Local Municipality being under Municipal Debt Relief, with interest amounting to R98 231 170 written off.

#### **9.1.4.1 Observations**

- The municipality should continue with the shared Audit Committee Services with the district.
- Filling out the senior management positions is critical.

#### **9.1.4.2 Recommendations**

- Eskom debt should be prioritised. Therefore, there's a need for the following:
  - There is a need to maintain political stability within the Council.
  - Adherence to the payment plan should be a non-compromise factor.
  - Strengthen collection rate.
  - Strengthen enforcement on all illegal tampering with municipal infrastructure and theft.
  - Solicit additional support from sector departments and private businesses for service delivery purposes.

#### **9.1.5 Briefing by Enhlanzeni District Municipality on District Infrastructure Programme – Executive Mayor Cllr EIT Shabangu**

- There are various forms of sanitation systems provided in the district, i.e. flushing toilet systems, pit toilets and chemical toilets.
- The Thaba Chweu Local Municipality is leading with the number of households connected to waterborne sewerage network at 71% and overall number of households with flush toilets at 36% in the district. Due to the nature of spatial development patterns, these areas are mostly serviced by means of pit toilets.
- The figures as presented by STATS SA indicate that the district has a total number of seven-thousand, three-hundred and ninety-two (7392) bucket toilet systems.
- The performance of the district municipalities on the recent Green Drop Assessment did not produce acceptable results and municipalities were required to produce Audit Action Plan to improve the Blue Drop Audit outcomes.
- The Nkomazi Local Municipality's performance showed an improvement as compared with their past performance and it is hoped it improves on this based laid in the recent audit.
- The district is also paying a particular attention to improve the quality of road infrastructure. The district municipalities completed thirty (30) kilometres of new tar and paved roads in the 2023/24 financial year.

### 9.1.6 Briefing by the Auditor General in Relation to the performance of Thaba Chweu Local Municipality.

The Auditor General (AG) provided a snapshot of the 2022/23 performance of the Thaba Chweu Local Municipality and highlighted the following:

- There has been an overall regression in the audit of financial statements, predetermined objectives, and compliance.
- The material findings resulted in qualification on the financial statements and the annual performance report, which is a regression from the prior year.
- The municipality was not able to submit credible financial statements for auditing.
- Fruitless and wasteful expenditure amounted to R182,9 million and unauthorised expenditure amounted to R554,9 million.
- A total of R121,9 million in conditional grants for infrastructure development was received by the municipality and 76% of the allocated grants were spent. However, a significant number of projects were not completed and targets were not achieved.
- The accounting officer and project management unit failed to exercise oversight and effective project management respectively.
- The leadership of the municipality (TROIKA, MPAC, MMCs) made commitments after the 2021/22 audit outcomes. However, very few of those were fully implemented.
- The slow pace of implementation at all levels of the accountability ecosystem contributed to the regression in the audit outcomes.
- On the refurbishment of the Lydenburg Wastewater Treatment Works Phase 1A, 1B, and 2A, the Auditor General noted that project for Phase 1B project was not completed by the revised completion date of 31 May 2024, despite the expenditure of R26.6 million expenditure on the project. In addition, it was highlighted that the Contractor was far behind in the project due to internal cash flow problems and the late appointment of the electrical subcontractor.
- No mitigating plan is in place to address the environmental harm.

#### 9.1.6.1 Recommendations

- The municipality must institute consequence management on all officials responsible for unauthorized, irregular, fruitless and wasteful expenditure as recommended by the AG. An update report on this recommendation must be sent to the NCOP by no later than 31 January 2025.
- Municipal leadership needs to take urgent action to restore the failed accountability by focusing on the core challenges that cripple this municipality.

- The municipality must strengthen its internal controls to ensure that unauthorised, irregular, fruitless and wasteful expenditure does not recur.
- Action must be taken against the contractors responsible for Phase 1B project as recommended by the AG. An update report on action taken must be submitted to the NCOP by no later than 31 January 2025.

### **9.1.7 Briefing by various Sector Departments**

#### **9.1.7.1 Department of Education**

- See Thaba Thweu Boarding School in Day 3

#### **9.1.7.2 Department of Health**

- Thaba Chweu Local Municipality is serviced using three (03) hospitals namely, Lydenburg, Sabie, and Matibidi hospitals, one (01) Ideal Community Health Centre (CHC), and nine (09) clinics.
- Lydenburg Hospital is a one-hundred (100)-bed district hospital that was officially opened on 1 November 1927, and it provides the full package of care for level one hospitals (District Hospitals).
- The general infrastructure of the hospital is old and dilapidated and was graded under those that were said to be poor. The local mine called Dwaars Rivier Chrome Mine has through its corporate social investment, donated the following services: renovation of the maternity ward including roofing, installation of the hospital perimeter fence, and paving the hospital driveway for the ambulances.
- The Department has also considered the upgrade (revitalisation), and it was part of the 10-year infrastructure plan; however, the National Department of Health presented an intention to implement and fund upgrades of the Lydenburg hospitals in 2024. Site visits were conducted, and a high-level scope was outlined. Due to budgetary constraints, the projects were put on hold by the national government.
- The hospital currently has a backup generator in case of load-shedding.
- The hospital has functional medical equipment, though some of it needs to be upgraded.

##### **9.1.7.2.1 Executive Undertakings**

- See Lydenburg Hospital on Day 2

### 9.1.7.2.2 Recommendations

- See Lydenburg Hospital on Day 2

### 9.1.7.3 Department of Cooperative Governance and Traditional Affairs

- The department is actively supporting the municipality with the bulk outfall sewer project in Mashishing Extensions 6, 108, and 110. This initiative is funded through the Mining Town budget from the Human Settlements Development Grant.
- The Lydenburg Waste Water Treatment Plant serves the communities of the former Lydenburg town and Mashishing township.
- The plant serves some eighteen-thousand, five-hundred (18500) households.
- The plant is non-operational due to theft and vandalism of infrastructural assets and equipment. This has resulted in the matter being referred to the Mpumalanga High Court, where the municipality was found to be in contravention of the National Environmental Management Act, by disposing raw sewerage.
- The project aims to refurbish the existing 3.5MI/day plant (returning the plant into operation again) and to upgrade the plant to 11MI/day.

The project was divided into phases:

- Phase 1A – Emergency works funded by Northam Platinum (Booyseindal Mine). Implemented by G-Seal Consulting Engineers as a turnkey solution.
- Phase 1B - Refurbishment and upgrading of the existing works from 3.5MI/day to 5.5MI/day funded by the Thaba Chweu Local Municipality and the Department of Water and Sanitation through Water Services Infrastructure Grant (WSIG) and implemented by the Ehlanzeni District Municipality.
- Phase 2A – Civil Works for the upgrading of the works from 5.5MI/day to 11MI/day and is funded by the Thaba Chweu Local Municipality and the Department of Water and Sanitation through Water Services Infrastructure Grant (WSIG) and is implemented by the Ehlanzeni District Municipality.

### 9.1.7.3.1 Challenges

- The slow progress on site, especially at the Lydenburg Wastewater Treatment Works Phase 1B – Institute bi-weekly progress review meetings to monitor the contractor's programme or construction plan.
- Poor performance in the upcoming Green Drop assessment – Prepare and implement the Green Drop Action Plan.

- Potential security risks for repeat theft and vandalism of the infrastructure – municipality to institute and provide security for the safeguarding of the plant upon completion.
- Inadequate budget allocations for operation and maintenance of basic service infrastructure - The municipality is to take advantage of the 10% allowable under the Municipal Infrastructure Grant [MIG] towards water and sanitation infrastructure as a top-up from its own funding sources.
- Further support will be provided by the Ehlanzeni District Municipality to the Thaba Chweu Local Municipality by procuring water dosing chemicals and testing apparatus.

#### **9.1.7.3.2 Executive Undertakings**

- See Mashishing Sewer Plant Day 1

### **9.2 Site Visits**

#### **9.2.1 Mashishing Sewage Plant Phase 1B**

##### **9.2.1.1 Progress/Observations**

- The town of Mashishing including the surrounding townships, does not have a functioning Wastewater Treatment Plant, which further means that the community lacks a facility that is designed to treat and manage sewage as well as wastewater. This poses public health risk and environmental impact.
- The Waste Water Treatment Works [WWTW] is currently being refurbished by the Ehlanzeni District Municipality as an implementing agent.
- The project cost is R45 million covering professional fees and construction of the two (02) (phases) and the expenditure is currently at R24 million, but there seems to be no value for money upon observing the work done to date.
- It was stated that the electrical and mechanical equipment have been procured and are to be installed as part of the scope of the work.
- No accountability from the contractor.
- Work on site has been disrupted from time to time by labourers / sub-contractors due to non-payment by the main contractor.
- There seems to be no monitoring and evaluation mechanisms in place to ensure that the contractor complies or delivers.
- There are poor project management skills resulting in poor quality work, cost overruns, project cancellations, and abandonment of works.
- In terms of theft and vandalism, there are fences and lights in place for security purposes.

### **9.2.1.2 Challenges**

- Cash flow constraints by the contractor.
- Local community stopping the work on site.
- Vandalism of infrastructure on site.
- The contractor's pricing is low during the bid of tender but the responsibilities, once the project starts, become more.
- The project is in Phase 2A, yet there is a lack of transparency and value for money.

### **9.2.1.3 Executive Undertakings and Commitments Made**

- The NCOP is to meet with the contractor so that he or she can take accountability for the project.
- The Department will ensure that payment obligations are settled with the contractor who indicated that he was not paid despite work continuing on-site.

### **9.2.1.4 Recommendations**

- The contractor needs to come before the NCOP to account for the project on 18 September 2024. However, the contractor did not present him or herself to the delegation on the date provided.
- The contractor needs to provide invoices and pictures of the material that is stored offside to the NCOP by the end of 20 September 2024. The contractor did not provide the requested documentation on the set date.
- The Department of CoGTA must provide a comprehensive report on the remedial measures recommended on the monitored operations of wastewater treatment plants in the Thaba Chweu Local Municipality. This report must be submitted to the NCOP by no later than 30 November 2024.

Table 1: Summary of Day 1

Participant	Area	Issue
Mogane Traditional Council: Kgosi F Mogane	Thaba Chweu Local Municipality - Mpumalanga	<ul style="list-style-type: none"> <li>The House of Traditional Leaders in Mpumalanga supports the fight against gender-based violence.</li> <li>The emphasis is on protecting women and children against GBV.</li> </ul>
Speaker of the Mpumalanga Provincial Legislature: Hon LL Masina	Mpumalanga Provincial Legislature	<p><b><u>Systematic challenges</u></b></p> <ul style="list-style-type: none"> <li>Financial constraints - Budgeting and funding of projects.</li> <li>Maladministration challenges</li> <li>Skills and expertise</li> <li>Public Participation challenges in decision-making processes in the implementation of projects.</li> </ul>
Executive Mayor of the Thaba Chweu Local Municipality: Cllr MF Nkadimeng	Thaba Chweu Local Municipality	<ul style="list-style-type: none"> <li>Filling of senior vacant positions.</li> <li>Eskom debt.</li> <li>Land invasion, illegal water and electricity connections.</li> <li>Refuse removal</li> </ul>
Executive Mayor of the Ehlanzeni District	Ehlanzeni District Municipality	<ul style="list-style-type: none"> <li>Eradication of bucket system</li> </ul>

Municipality: Cllr EIT Shabangu		<ul style="list-style-type: none"> <li>Improving road infrastructure</li> </ul>
Auditor General: Ms. B Bhobho	Mpumalanga Province	<ul style="list-style-type: none"> <li>The audit outcome for compliance for the municipality was material noncompliance.</li> <li>The municipality remains financially constrained.</li> </ul>
MEC for Health: Hon SJ Manzini, on behalf of Hon SK Mashilo	Department of Co-operative Governance and Traditional Affairs	<ul style="list-style-type: none"> <li>Theft and vandalism of the infrastructure.</li> <li>Inadequate budget allocations for operation and maintenance of basic service infrastructure.</li> </ul>
MEC for Health: Hon SJ Manzini	Department of Health	<ul style="list-style-type: none"> <li>Contractor challenges where there is a delay with the completion of projects by contractors.</li> </ul>
MEC for Public Works, Roads and Transport: Hon TS Thomo	Department of Public Works, Roads and Transport	<ul style="list-style-type: none"> <li>Budget constraints.</li> <li>Projects are stopped by business forums.</li> <li>The R540 road is in the process of being transferred to SANRAL and the Department of Transport.</li> </ul>

## 9.2.2 Lydenburg Hospital

### 9.2.2.1 Progress/ Observations

- Cash flow challenges and budget cuts have left the Department of Health with cash flow challenges as some projects were incomplete due to sub-contractors experiencing financial difficulties.
- The Department was promised land by the municipality to build a new hospital, and the land was identified by the municipality, but to date, the department still awaits the title deed of the newly identified land from the municipality.
- The National Treasury visited the hospital in 2023 and identified it as one of the sites it would allocate R350 million to build a new hospital. However, due to budget cuts, the allocation was put on hold until further notice.
- The hospital has a shortage of staff, especially cleaners, mortuary staff, and midwives.
- The hospital has limited ambulances, which makes it difficult for the hospital to respond efficiently and effectively to calls made by the community or to transfer patients to other hospitals.
- The hospital's infrastructure is aging; however, the Department of Health highlighted that the issue of aging infrastructure is affecting the entire province.
- There seems to be a relationship breakdown between the board of the hospital, the Department of Public Works, Roads and Transport, as well as the municipality, regarding the issue of dilapidating infrastructure, in addition to the land allocation for the construction of the new hospital.
- The hospital has not conducted any community participation forums and indicated that they were told that any consultation forums must be organised by the municipality. This was flagged as red tape because it is very seldom that they are invited when such forums are organised by the municipality.

### 9.2.2.2 Executive Undertakings and Commitments Made

- The MEC of Health, Hon SJ Manzini promised that the department will buy ten (10) ambulances annually to cover the shortfall.
- The hospital committed to filling the vacant posts as a matter of urgency.
- The MEC undertook that the Department of Health will continue its consultations with the National Treasury on the allocation of funds for the construction of a new hospital building.
- The representative from the Department of Public Works, Roads and Transport made assurance that he is ready and willing to work with the hospital to address its infrastructure challenges and towards the construction of the new hospital.

- The Mayor undertook that the municipality will focus its attention on finalising and issuing the title deed to the hospital to allow the construction work to begin once the National Treasury delivers its funding commitment.
- The hospital is to continue to strengthen its partnership with the local mining companies to address the hospital with its infrastructure challenges.
- The MEC of Health undertook to encourage more partnerships with local businesses to invest in the hospital, extending beyond inter-boundary regions.

### 9.2.2.3 Recommendations

- The Department of Health is to provide the NCOP with information on how many new ambulances were bought in the 2024/25 financial year and allocated to the Lydenburg sub-district. This information must reach the NCOP by no later than 31 March 2025.
- The department must terminate any outsourcing of mortuary services to private service providers at the Lydenburg Hospital and appoint full-time mortuary staff by no later than 31 October 2024.
- The department should fill the vacancies of cleaners and healthcare practitioners by no later than 31 January 2025. The department is to prioritise funding avenues in its current budget for these vacancies.
- The department must hold consultations with the National Treasury on how soon the allocation of funds for the construction of the new hospital will take place. A feedback report must be provided to the NCOP by no later than 31 October 2024. Should the provincial government not receive a satisfactory answer from the National Treasury, the NCOP to consider writing to the Minister of Finance to respond as to how soon the budget will be availed for the construction of the hospital.
- The Thaba Chweu Local Municipality should provide the title deed on the identified land for the construction of the new hospital to the Lydenburg Hospital by no later than 31 December 2024. An update must be sent to the NCOP by 31 January 2025.
- The Department of Public Works, Roads and Transport must meet with the Department of Health and the management of the Lydenburg Hospital to discuss potential areas of collaboration in addressing the infrastructure challenges of the Hospital. A feedback report on the meeting must be sent to NCOP by no later than 31 October 2024.
- The municipality should organise and facilitate public consultations between the community and the Lydenburg Hospital by no later than 31 November 2024. However, going forward, there needs to be a plan in place that will ensure that the hospital can conduct public consultations without municipal permission or intervention.

- The hospital board should ensure fair and equitable gender representation among its members when appointing the next board.

### **9.2.3 Mashishing Ext. 06 Sewer Spillage Site**

**Municipality:** Ehlanzeni District Municipality - Thaba Chweu Local Municipality

#### **9.2.3.1 Progress/ Observations**

- The delegation visited the community of Mashishing Ext 6 to assess the extent of the sewer spillage into the community and found that the sewer affected various households within the community.
- The local ward councillor indicated that he reported the spillage to the municipality, but the municipality responded that they were not aware of the spillage in the area as it was not reported to them.
- There were concerns about the growing population and households in the area that are connecting to the same sewer line and overloading the line, leading to spillages noting that the Wastewater Treatment Plant is currently being refurbished and non-functional.
- The municipality does not seem to have an effective system and infrastructure delivery programme on water and sanitation.
- There were concerns that the problem of this sewer spillage has been going on for a long time with the failure of the municipality to fix the problem and the delegation felt that they were being misled by the municipality and the local councillor.

#### **9.2.3.2 Executive Undertakings and Commitments Made**

- The technical manager of the municipality responsible for water and sanitation indicated that the sewer spillage would be attended to and fixed within 24 hours. The sewer spillage was fixed within the set timeline.
- The NCOP delegation committed to return to the site on Friday the 20<sup>th</sup> of September 2024 to check whether the municipality managed to stop the sewer spillage. The delegation revisited the site on 20 September 2024 to verify and found that the water spillage was fixed.

#### **9.2.3.3 Recommendations**

- The municipality and the Department of Human Settlements should investigate the extent to which the sewer pipeline is overloaded and come up with a long-term solution to address this problem. A report on this investigation must be sent to the NCOP by no later than 31 January 2025.

- The municipality must create an effective maintenance plan and regularly monitor the sewer spillage and blockage in the manholes.
- The Council must act against the officials (Technical Director) for failure to implement the infrastructure delivery programmes for water and sanitation.
- An update report on the implementation of the maintenance plan and action taken against officials' failure to implement infrastructure delivery programmes for water and sanitation must be submitted to the NCOP by no later than 31 January 2025.

#### **9.2.4 Mashishing Ext 06:108-110 Bulk Outfall Sewage Line**

**Municipality:** Ehlanzeni District Municipality -Thaba Chweu Local Municipality

##### **9.2.4.1 Progress/ Observations**

- The R10 million (project cost) bulk sewer under construction will service these sites and drain into an existing sewer pump station.
- The contractor encountered hard rock, necessitating blasting and challenges. In addition, access to plants from local contractors also caused delays in the project.
- The project-specific concrete pipe sizes caused procurement delays as these pipes are not easily accessible.
- There were project interruptions by the business forums / construction mafia during the inception of the project.
- The project is at 95% completion, only the blasting and connection to the sewer pump are outstanding.
- The contractor is currently off-site citing financial constraints. However, the Department of Human Settlements spent an additional R1,6 million on the project to outsource some services.
- The concern is that the bulk sewage line being built will not address the sewer spillage in Ext 06 informal settlements.

##### **9.2.4.2 Executive Undertakings and Commitments Made**

- The Department of Human Settlements has assured the delegation that the project will be completed by March 2025, since it is in the second phase and is 95% complete.
- The Department indicated its commitment to assisting the contractor in easing his or her financial constraints so that the work continues and concludes within the set schedule.

- Given that the project is 5% towards completion, having used a budget of R8,5 million of the R10 million, the department will continue to monitor and ensure that the project is completed with the remaining R1,5 million.

#### 9.2.4.3 Recommendations

- The project is to be concluded by no later than 31 March 2025. The Department of Human Settlements should submit a completion status report to the NCOP no later than 15 April 2025.
- Any amendments or additions to project costs are to be submitted to the NCOP within seven (07) working days after changes are made.

#### 9.2.5 Thaba Chweu Boarding School

**Municipality:** Ehlanzeni District Municipality -Thaba Chweu Local Municipality

##### 9.2.5.1 Observations

- The school construction is 100% complete as of 9 October 2020, with a total budget of R454 314 306,70 spent (R381 million in construction fees and R57,6 million in consultation fees).
- The school has enrolled approximately one-thousand, one-hundred and sixteen (1116) learners from neighbouring areas where seven smaller schools were closed.
- The school seems to have high levels of learners performing poorly academically.
- There are high levels of vandalism and theft at the school where the perimeter fence was stolen twice in 2024, resulting in a security risk at the school.
- There is a lack of operations and maintenance of kitchen equipment including upkeep in the kitchen and dining area at the school.
- The Wastewater Treatment Plant at the school facility that is responsible for processing all wastewater generated by the school, is currently non-functional due to vandalism and theft by the community. The school relies on emergency water supply.
- The school is not prioritising its intended beneficiaries when enrolling learners (there are learners from neighbouring provinces and day scholars who travel to the school).
- The school indicated that it has infrastructure shortages including six (06) classrooms and learner accommodation.
- The school highlighted that it has a shortage of teachers as well as psychologists, and this hampers learner performance.
- The computer centre currently has no computers.
- The school has boreholes; however, the borehole water is not used as the school indicated that some water levels are low and contaminated with high levels of E. coli bacteria.

- In addition, the school only offers two (02) sporting activities, namely football and netball.
- There is a great need for a maintenance budget for the day-to-day maintenance, which the school management can control. This includes preventative maintenance to keep the facility in good condition and routine maintenance, linked to the specialised equipment on sites, such as wastewater treatment plant and other facilities.
- Many learners are from rural areas and lack an understanding of how the school facilities function (i.e. flushing toilets).

#### **9.2.5.2 Executive Undertakings/Commitments**

- The Department of Education has committed R2,85 million to do general maintenance including addressing the challenges of the water treatment plant.
- The Department of Public Works, Roads and Transport is busy with the procurement process.
- The planning includes the finalizing of the main entrance to the school from the access R540 road.

#### **9.2.5.3 Recommendations**

- There is a need to increase security surveillance at the school to counter high levels of theft and vandalism. The Department of Education and the Department of Community Safety, Security and Liaison should meet and review the state of school security and identify increased resources for security controls to protect against theft and vandalism. Such measures should take place by no later than 31 October 2024.
- The stolen school fence needs to be replaced.
- Community awareness over taking ownership and involvement in security issues at the school needs to take place.
- The Department of Public Works, Roads and Transport is to address the issue of fixing the school entrance in the next budget cycle.
- The school should increase the number of sporting codes that are offered to learners.
- The Department of Education and Public Works, Roads and Transport must urgently establish the school maintenance plan and allocation of resources. An update on the maintenance plan must be provided to the NCOP by no later than 30 November 2024.
- The school is to use the R2,85 million committed by the Department of Education to fix damaged infrastructure, and routine maintenance at the school, including the Wastewater Treatment Plant. A report on the work done must be submitted to the NCOP by no later than 30 November 2024.

- The Department of Public Works, Roads and Transport must finalise the construction of the main entrance to the school. An update on the status of the project must be sent to the NCOP by 31 January 2024.
- The NCOP will initiate a debate on budget cuts in the education sector where Mpumalanga is facing an R3.8 billion budget cut.
- Borehole filters must be maintained at the school to ensure that borehole water is usable. Health inspectors from the Thaba Chweu Local Municipality are to provide routine inspections to assess water quality at the school by no later than 31 September 2024.
- The Department of Education must develop mechanism or awareness programmes aimed at educating learners on how to make use of the school facilities to avoid breakages. Such measures should take place by no later than 31 October 2024.
- Construction of the access road, which includes the intersection where the main entrance gate is planned is underway, and this work must be concluded in the current financial year.

## 9.2.6 R36 Project (Public Works Roads and Transport)

**Municipality:** Ehlanzeni District Municipality - Thaba Chweu Local Municipality

### 9.2.6.1 Observations

- The total expenditure of the project is R125 million out of the total of R191 million project cost.
- There are fifty-eight (58) people employed in the project.
- The road is being implemented in four (04) phases, whereby phase 1 (10km) and phase 2 (18 km) is complete. The Department is currently carrying out phase 3 (11km), which started in May 2022 and is at 67% completion. Phase 4 (10km) will commence immediately, phase 3 is being completed.
- The project was awarded to Edwin Construction for a 11km length and supervised by the MSW project managers and consulting engineers.
- The construction of the road is way behind schedule and the revised completion date is not feasible.
- There have been ongoing work stoppages due to community protests over labour rate disputes.
- There have been also ongoing community protests that have caused delays to the project's completion.
- There were incidences of bypass construction challenges at Bulkop caused by wet conditions.
- There was an introduction of more road lime due to the quality of existing roadbed material.
- There were delays on borrow-pit 4 caused by community members in ward 5.

- Bypass rebuild and maintenance is underway.
- Extension of Time (EOT) was approved, and the project is planned for completion in December 2024.

#### **9.2.6.2 Executive Undertakings/Commitments**

- The contractor obtained a court interdict prohibiting any unlawful interference with the project activities.

#### **9.2.6.3 Recommendations**

- The Department of Public Works, Roads and Transport should monitor and ensure that the project is completed on its extended schedule of December 2024.

### **9.2.7 R540 Project (Public Works Roads and Transport)**

#### **9.2.7.1 Observations**

- The provincial road, P81/1 is a RISFSA class 1 flexible paved road with a network extent of approximately 88 km. It is an inter-district road from Belfast (Emakhazeni Local Municipality) located in the Nkangala District to Lydenburg (Thaba Chweu Local Municipality) in the Ehlanzeni District Municipality.
- The road needs to be rehabilitated - 41.2 km needs heavy rehabilitation, 41,6km needs light rehabilitation, and 5,31km needs reseal light. All this work costs approximately R885,8 million.
- The department indicated that it does not have the funds to cover the project and indicated that it is engaging with SANRAL to take over the road as the entity may have the necessary resources to rehabilitate the road infrastructure.

#### **9.2.7.2 Executive Undertakings/Commitments**

- The Department is to continue engagements with SANRAL to take over the road and rehabilitate it when funding is available.
- SANRAL has indicated that they can only take ownership of the road once the transfer is Gazetted and there are no objections to the takeover. Failure to do so, they cannot conduct any work on the road.

### 9.2.7.3 Recommendations

- The transfer of the R540 from the Department of Public Works, Roads and Transport must urgently be Gazetted. An update on the resolutions of the Gazette and the transfer status must be submitted to the NCOP by no later than 30 November 2024.
- The feedback on the department's engagements with SANRAL as well as an update on the plans and phases that the department will use to fix the road must be submitted to the NCOP by no later than 31 January 2025.

### 9.2.8 R37 Road Project (SANRAL)

**Municipality:** Ehlanzeni District Municipality - Thaba Chweu Local Municipality

#### 9.2.8.1 Observations

- This was a routine road maintenance project.
- There were workers onsite, and work was ongoing.
- The project was supposed to end on 31 January 2024 but was revised to 31 October 2024, with the completion rate to date being 78%.

#### 9.2.8.2 Executive Undertakings/Commitments

- SANRAL will monitor and ensure that the project is completed on time.
- The NCOP delegation was satisfied with the progress of the project to date. [Observation]
- SANRAL will work with the municipality over the R37.

#### 9.2.8.3 Recommendations

- SANRAL must submit the status of project completion by 30 November 2024.

### 9.3 General Major Concerns Raised by Delegates regarding Thaba Chweu Municipality

- There were concerns raised as to whether budgets allocated to projects were going towards construction or both construction and consultation.
- The 10% allocated for project maintenance by the Department of Public Works, Roads and Transport is not enough and needs to be revisited.
- Agencies not submitting reports on time because of a lack of support staff.
- Poor project management implementation raised by the Auditor General.
- Sustainability of tenders in delivery of services.

- There were calls for the implementation of the findings by the Auditor General, especially in areas of financial mismanagement.
- Aging infrastructure as there are poor maintenance plans for newly built infrastructure. There was a concern over the reactive state of government where the government waits for infrastructure to become dilapidated before fixing.
- Lack of police response to violence within communities.
- There were questions over the budget used for the incomplete road projects.
- Whether the planned projects of the municipality were being budgeted for.
- Water restrictions within the municipality.
- Lack of service delivery plans in the municipality.
- High vacancy rates in the municipality.
- Sewer spillages flowing into communities.
- The municipality was asked to account for its Eskom debt.
- High rates of cable theft.
- Internal capacity challenges within municipalities

### 9.3.1 Overall key areas for consideration and execution

- There needs to be more improvement on inter-departmental co-operation, consultation and communication at provincial level.
- There should be tighter contract formulation that shortens the time to correct failures.
- There is a need for much better project planning and scoping.
- The contractors must be encouraged to apply for court orders and interdicts against illegal actions instigated by the “Business Forums”. This coupled with co-operation with local Police to manage stoppages.
- A review of the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998 must be done to ensure a better mechanism to deal with land occupation.
- There needs to be proper consequence management for defaulting contractors.
- There needs to be project management that ensures good accountability.
- There must be a commitment to ensure that there is an effective blacklisting mechanism that identifies defaulting companies and the key individuals behind them.

## 10. NORTHERN CAPE PROVINCE: SOL PLAATJE AND DIKGATLONG LOCAL MUNICIPALITIES

### 10.1 Briefings on State of Provincial and Municipal Infrastructure

**Afternoon:** 14:00 to 18:00

**Panelists:** Hon P Mabilo (NCOP Provincial Whip), Deputy Speaker Manaliso Matika, Dr Z Saul (Premier), Auditor-General' Office – presented by Mr. Simon Du Plessis, Department of Roads and Public Works – presented by MEC. Fufe Maratong, Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) – presented by MEC. B. Vass and the HOD, Ms Iketletso Lekalake: Provincial Head Directorate: Department of Water and Sanitation

#### 10.1.1 Purpose of The Briefing Session: Briefing on the State of Provincial and Municipal Infrastructure and Programmes and initiatives to address incomplete, delayed and abandoned public infrastructure

##### 10.1.1.1 Key Issues

Participant	Area	Issue
Hon P Mabilo - NCOP Provincial Whip	Northern Cape	The NCOP is mandated to ensure that provincial interests are considered in national government to ensure that all spheres work together for an improved quality of life. The NCOP plays a vital role in intergovernmental relations to ensure proper planning. In this regard, the NCOP recently hosted a successful three spheres of government planning session. Today's session is to brief Permanent Delegates of the NCOP in relation to infrastructure in the province and to conduct in-depth, robust oversight over both completed and incomplete projects.
Manaliso Matika - Deputy Speaker	Northern Cape	This Provincial Week is the first of the 7th legislature's term taking place during heritage month. It is no coincidence that the theme speaks to issues of preserving infrastructure. It is our responsibility to

Participant	Area	Issue
		<p>develop and preserve infrastructure for our children. Parliament exists to hold the executive accountable and is driven by the Constitution of South Africa. Various stakeholders such as the Auditor General and other Chapter 9 institutions have different roles to play.</p> <p>Over the years, we have been confronted with infrastructural challenges, delays, and poor workmanship. Over the next few days, we will visit sites to uncover challenges and make recommendations to improve service delivery.</p>
Dr Z Saul - Premier	Northern Cape	<p>Water Infrastructure and supply - According to the research done by the Department of Water and Sanitation, the capacity to deliver a dependable water supply service is largely dependent on addressing ageing infrastructure as well as its operations and maintenance. In the province so far, the Pixley Ka Seme District is performing well on the water supply reliability index.</p> <p>Water quality and waste-water management - The province remains dedicated to enhancing the blue and green drop performance of municipalities. Through the assistance of COGHSTA and the Department of Water and Sanitation the provincial government is optimistic that municipal performance throughout the Northern Cape will change for the better.</p> <p>Several investments made in the province will have a positive impact on the drop performance. These include the refurbishment of the Vaal Gamagara bulk water scheme, the investment in Kimberley through the Budget Facility for Infrastructure (BFI), and the Regional Bulk</p>

Participant	Area	Issue
		<p>Infrastructure Grant investment in the Calvinia bulk water supply project to name a few. The Dawid Kruiper Municipality in ZFM District and Siyathemba Municipality in Pixley Ka Seme District are two good examples of how they are investing in sanitation infrastructure projects to improve discharged effluent quality as part of efforts to address green drop performance.</p> <p>Maintenance of water infrastructure - Over the years from 2016 the investment on water infrastructure projects has been primarily based on constructing and upgrading infrastructure and refurbishment was lacking. Municipalities need to find a balance in this case as this will increase the maintenance backlog of ageing infrastructure.</p> <p>Housing - In January, together with the President, the province launched the One Billion Rand Housing Project, the single biggest housing investment in the province. The main objective of this investment is to enable a rapid advance to ensure that all qualifying residents in the province, receive housing. The first phase of this project has started with the appointment of two Implementing Agents (IAs) who are responsible for the overall implementation of the project across the province. Eighteen (18) main contractors have been appointed to build quality houses for the people of the Northern Cape, and work has commenced. From Jacksonville and Ganspan in the Frances Baard District to Pella and Bergsig in the Namakwa District, they are turning the province into a construction site, which will ultimately ensure that the beneficiaries of these houses are handed keys to quality houses and live in dignified conditions.</p>

Participant	Area	Issue
		<p>Sport infrastructure - The province has been allocated an amount of over R501 million for this financial year, including ring-fenced funding for Sports Infrastructure of R58m (11% of allocation). Due to minimal allocations or restricted funding, large projects are implemented in phases across multiple years.</p> <p>Municipal Infrastructure Grant (MIG) - The MIG allocation for 2024/25 is dedicated to the following priorities:</p> <p>Water projects: 25%</p> <p>Sanitation projects: 23%</p> <p>Roads and stormwater projects: 28%</p> <p>Other priorities such as sports facilities, cemeteries, solid waste management sites and community lighting: 24%.</p> <p>For the 2024/2025 financial year, four municipalities are identified for cost-reimbursement due to poor performance and use of conditional grants for other purposes (Thembelihle, Siyathemba, Kheis and Tsantsabane).</p>
Mr. Simon Du Plessis – Auditor-General's Office	Northern Cape	<p>Consultants - The use of consultants to compile annual financial statements (AFS) remain a perennial issue, particularly the performance of consultants. Material misstatements have been identified in AFS compiled by consultants. The poor quality AFS produced by some consultants are due to the lack of quality records by the municipality. Material Irregularities (MIs) have been raised due to consultants being used ineffectively, consultant work not being monitored and inefficiency in</p>

Participant	Area	Issue
		<p>terms of wasted costs as there are no proper records for the consultants to compile quality AFS and no skills transfer.</p> <p>Performance Reporting - Service delivery performance reporting needs to be improved, particularly regarding the usefulness of performance indicators and targets and the reliability thereof. The majority of the auditees reported service delivery achievements were not valid, accurate and complete, as adequate supporting evidence could not be provided in all instances. Performance reports are deemed unreliable, thus limiting the effectiveness of monitoring and oversight processes and compromising service delivery.</p> <p>Non-compliance with legislation – This remains a challenge and the most common areas are the incurrance of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure; procurement and contract management; the quality of financial statements and expenditure management. To address these common areas, internal controls must be strengthened and adhered to, strengthen supply chain management (SCM) adherence, and apply consequence management; and Audit Action Plans must be monitored and enforced.</p> <p>UIFW Expenditure - The incurrance of UIFW expenditure often leads to material irregularities being issued and thus the AG recommends that MPACs should be upskilled by Provincial Treasuries to investigate UIFW expenditure and MPACs must investigate, report on UIFWs, which must be acted upon to establish and strengthen a culture of accountability.</p>

Participant	Area	Issue
MEC. Fufe Maratong Department of Roads and Public Works	Northern Cape	<p>Infrastructure Projects implemented by Department of Roads and Public Works - The department reported on ten Education Infrastructure Projects (namely new school structures) that have been delayed between a period of 2 months to 2 years. Estimated cost overruns for these ten projects range from R1.1 million to R2.6 million.</p> <p>There are three Health Infrastructure Projects (namely related to refurbishment of facilities, replacement of transformers and installation of water tank) that have been delayed by a period of 2 to 4 months. The delays will not incur cost overruns, except for the installation project which is estimated to incur cost overruns of R2.5 million.</p> <p>Reason for delays - The delays have mainly been attributed to non-payment of contractors/service providers. Non-payment is attributed to severe budget cuts and cost containment measures. The department is reliant on user departments to make transfer payments, as accommodation budgets have been devolved to user departments. The department does not have control over infrastructure capital and maintenance budgets.</p> <p>Delays have also been attributed to community unrest that cause disruptions, SMMEs expecting unrealistic rates, delays in material supplies, additional work, contractor cash flow problems and extension of time.</p> <p>Non-occupancy of completed buildings -The department also raised concern regarding non-occupancy by user departments when project is completed and handed over. To avoid vandalism of non-occupied building the department, through the GIAMA (Government</p>

Participant	Area	Issue
		<p>Immovable Asset Management Act), has enacted the surrendering and disposal of the unoccupied buildings by offering it to other organs of state and disposal through public auction.</p> <p>Road projects - The department also reported delays with regard to the Pniel Paving Project and the MR938 project (road maintenance project).</p> <p>The Pniel Project was delayed due the non-payment of the contractor, however a discussion was had with the Roads' Directorate and Payment Section, in finding the way to improve, to avoid payment delays.</p> <p>Delays in commencing with the MR938 project were due to the NC High Court setting aside the appointment of the first contractor due to an appeal and the second contractor contract was terminated due to poor performance. The project will likely commence in January 2025. The tender process for a new contractor is at the evaluation stage.</p>
MEC. B. Vass and the HOD – Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)	Northern Cape	Municipal Infrastructure Grant (MIG) Allocations and Expenditure - Municipalities are reliant on the MIG allocations for their infrastructure needs. MIG funding is supposed to supplement own revenue, but because of poor revenue collection, municipalities are unable to match funding, and the result is that projects are stalled, blocked, incomplete or left abandoned. MIG funding is not being spent in full by municipalities and remain a perennial challenge and poor spending often affect future MIG allocations.

Participant	Area	Issue
		<p>MIG funding is also being misappropriated - funding being used for salaries and not for its intended purpose.</p> <p>Incomplete, delayed and abandoned projects - The department reported on a number of projects that have been abandoned, delayed, or left incomplete by local Government and the reasons include lack of financial capacity, poor project management, contractor cashflow challenges, project scope variations, community interference and lack of human capacity to manage and monitor projects. Incomplete, delayed, and abandoned infrastructure reflect poor MIG spending performance.</p> <p>Security of infrastructure projects - Security measures need to be strengthened with regard to infrastructure projects to prevent vandalism.</p> <p>Housing budget cuts - Lastly, the Northern Cape Housing Budget baseline has been cut continuously which undermines housing service delivery, which is further aggravated when municipalities have to surrender MIG funding due to poor spending performance. Call on the Appropriations Committees to advocate for the review of the equitable share allocation to the Northern Cape and that consideration must be given to the vastness and costs in delivering services in the Northern Cape.</p>
<p>Ms. Iketletso Lekalake – Provincial Head Directorate: Department of Water &amp; Sanitation</p>	<p>Northern Cape</p>	<p>Water Reliability - According to the 5-Year Reliability Water Services Delivery Implementation Plans, the province's reliability index is 47.6% of the households without a reliable service. Frances Baard District Municipality has the lowest reliability index at 27.7% and Pixley Ka Seme District Municipality has the highest at</p>

Participant	Area	Issue
		<p>64.9%. Ageing infrastructure and operation and maintenance are two of the major contributing factors to the ability to provide a reliable service. Effective water conservation and demand management measures should also be implemented as a matter of urgency across the entire province.</p> <p>Non-revenue water – Factors contributing to non-revenue water losses including system water losses (excessive water leaks in the bulk network unattended to); illegal household water connections; poor billing and revenue collection; lack of metering; uncalibrated/faulty meters; and water tariffs that are not cost reflective; the rand/kl that the consumers are billed does not equate to the amount spent by the Water Service Authority (WSA) for the treatment and supply of water. In JTG, none of the WSAs have cost reflective tariffs.</p> <p>Capital funds vs refurbishment - Approximately 33% of the total number of infrastructure components have reached their useful life and 59.4% need refurbishment. Based on the information provided, the capital required to refurbish dilapidated infrastructure is estimated at R 8.721 billion. The annual Operating and Maintenance (O&amp;M) budget required to ensure operational existing infrastructure is R 1.372 billion. It is therefore of the utmost importance that WSAs have relevant, verified, and validated asset registers in place as well as proper documented O&amp;M procedures. Municipalities must prioritise infrastructure refurbishment and / or replacement rather than constructing new infrastructure.</p> <p>Green drop challenges – These include lack of skilled personnel (Classified Process Controllers, Scientific and Engineering Capacity); lack of funding availability for</p>

Participant	Area	Issue
		<p>O&amp;M budget resulting in dilapidating state of the works; no funds allocated for security, resulting in high rate of cable theft and vandalism of the infrastructure; poor to no funds allocated towards the procurement of chemicals for dosing of final effluent before discharge into water resource; lack of monitoring of water quality of final effluent and poor reporting on IRIS resulting in failure to comply with effluent discharge limits; 34 Notices of Intention; 10 Directives (Ga-Segonyana, Tsantsabane, Sol Plaatje, Renosterberg, Emthanjeni, Phokwane, Kai !Garib and Kamiesberg; DWS has opened 7 criminal charges against municipalities in Northern Cape, namely Nama Khoi, Kai !Garib, Emthanjeni, Khai-Ma, Phokwane, Umsobomvu and Sol Plaatje municipalities. Criminal cases to be opened for pollution of the environment by another 10 WSAs.</p> <p>Blue drop challenges – These include a lack of skilled and classified process controllers, scientific and engineering personnel; poor reporting of water quality results on IRIS and lack of SANS 241 sampling; poor operations and maintenance; aged infrastructure; lack of funding for the procurement of treatment chemicals; drying up of boreholes (over abstraction). DWS has funded projects to address this. In the province, 12 WSAs were issued with non-compliance letters for 62 non-compliant water supply systems and 4 directives issued.</p>

### 10.1.1.2 Challenges

#### 10.1.1.2.1 The Department of Roads and Public Works:

- Project delays are mainly attributed to budget cuts and non-payment of service providers.

- Project management and supervision of infrastructure projects are lacking due to limited human capacity and limited budget.
- Unoccupied buildings are a challenge as they are vulnerable to vandalism and deterioration due to lack of maintenance.

#### 10.1.1.2.2 Department of Cooperative Governance, Human Settlements and Traditional Affairs:

- MIG under-expenditure results in municipalities having to surrender much-needed funds for infrastructure development.
- Municipalities are unable to match MIG funding with own revenues and therefore projects are delayed, incomplete or abandoned.
- MIG allocation is misappropriated by some municipalities and used to pay salaries.
- Cuts to the housing budget baseline undermine service delivery and there are limited funds to service all areas to meet the housing needs of poor residents.

#### 10.1.1.2.3 Department of Water and Sanitation:

- Reliability of access to water.
- Poor Blue and Green Drop scores.
- A large number of water and wastewater infrastructure has to be refurbished or replaced in the Northern Cape.
- Budget is limited to grant funding.

#### 10.1.1.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frames
<ul style="list-style-type: none"> <li>• Members reiterated that the country should be turned into a construction site and that there is an urgent need and commitment to ensure that blocked projects are unblocked. The NCOP plays an important role in overseeing the Executive and</li> </ul>	Department of Roads and Public Works	Within 3 months of the adoption of the report in the House, the Northern Cape Department of Roads and Public Works must provide a progress report on the

Recommendation	Department/ Person Responsible	Time Frames
<p>therefore wants to see real change on the ground.</p> <ul style="list-style-type: none"> <li>Members stated emphatically that all unfinished projects must be attended to in the APP of the department.</li> <li>Members recommended that consideration should be given to highlighting project champions as a means to encourage and reward good work which would incentivise contractors.</li> <li>Members recommended ringfencing projects to protect them and to hold contractors accountable.</li> </ul>		<p>implementation of the recommendations.</p>
<ul style="list-style-type: none"> <li>Members emphasised that people require services and recommended that the funding model should be reviewed.</li> <li>The HOD called upon the Appropriations Committees to advocate for the review of the equitable share allocation to the Northern Cape and that consideration must be given to the vastness and costs in delivering services in the Northern Cape.</li> </ul>	<p>Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)</p>	<p>Within 3 months of the adoption of the report in the House, the National Treasury, Financial and Fiscal Commission and South African Local Government Association must report on the progress of the review of the equitable share of the Division of Revenue.</p>

Recommendation	Department/ Person Responsible	Time Frames
<ul style="list-style-type: none"> <li>Members were of the view that the money that is being allocated to Sol Plaatje District Municipality should be redirected to address flooding.</li> <li>Members recommended that immediate intervention in the blue drop was required to address the gap between 2014 and 2023 and that they should not wait for the situation to escalate prior to intervening.</li> <li>Members recommended that the Department of Water and Sanitation should use 10% for refurbishment of water infrastructure and assist municipalities to prioritise refurbishment of water infrastructure.</li> </ul>	Department of Water and Sanitation	Within 3 months of the adoption of the report in the House, the Northern Cape Department of Roads and Public Works must provide a progress report on the implementation of the recommendations.

## 10.2 Site Visits

### 10.2.1 Infill Housing in Ritchie

Municipality: Sol Plaatje

Key Contacts at Site: Chief Director (Human Settlements) Mr Booyen

#### 10.2.1.1 Progress/ Observations

- The housing project has stalled in Ritchie.
- It is an old historical project, and the municipality built 328 houses.

- The project was started in 2014 and since then no houses were built due to budgetary constraints.
- The department also took the decision to issue title deeds to residents whether it be a plot stand or stand with a house to ensure tenure.
- However, some residents have migrated out of the town and others have moved onto the plot stands without having tenure. This has created a challenge, as the department first has to engage the title deed owner before it can commence with building a housing structure on the plot stand.
- The department reported that the estimated cost of building a housing structure would be R173, 000.00 up from the cost of R110, 000.00 and less in 2014.
- The department conducts housing consumer education within communities, which includes information on subsidies such as FLISP, maintenance of property and title deeds and advise and refer family members of deceased title holders to others that deal with inter-estate succession.
- To trace beneficiaries to resolve the title deed issue, they publish the names in newspapers.
- The site visit took place in Ward 27, where there are 43 beneficiaries on plot stands that are on the waiting list for houses to be built.

#### 10.2.1.2 Challenges

- Title deeds were given to beneficiaries before the houses were built. This resulted in some members of the community no longer being in the area despite having title deeds and, in some cases, other people who do not have title deeds are occupying the land.
- No geotech reports were done. A service provider has now been appointed to conduct the geotech report.
- The Northern Cape Province has a backlog in respect of the building of houses of 80 000.

#### 10.2.1.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Provincial Department of Human Settlements</b>	The department will, together with the municipality, ensure that there is proper consultation	Within three months of the adoption of the Provincial Week Report.

	with communities regarding the title deeds.	
--	---	--

#### 10.2.1.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<b>Proper consultation must take place with community members to ensure that they are kept informed about the building of houses.</b>	Department of Human Settlements	Within three months of the adoption of the Provincial Week Report.
<b>Dependents of those persons who had title deeds but who have since passed on must be located in order for the houses and land to be allocated to the rightful beneficiaries.</b>	Department of Human Settlements	Within nine months of the adoption of the Provincial Week Report.

#### 10.2.2 Kalahari Intermediary School

**Municipality:** Ga-Segonyana Local Municipality

**Key Contacts at Site:** MEC Makatong, Mr Thysse (Regional Director of the Department of Education), Dr John Mckay (HOD Department of Roads and Public Works)

##### 10.2.2.1 Progress/Observations

- An instruction was given to put up infrastructure to address language medium in the school.
- The location was identified to cater for a newly established residential area and the needs from the feeder schools to this school.

- The Department of Roads and Public Works are implementing on behalf of the Department of Education.
- The site was handed over on 20 September 2022. The contract was for 24 months from that date.
- The project experienced a four-month delay due to the need to remove protected trees, which required approval from the Department of Environmental Affairs.
- The contractor then anticipated a 180-day delay but there were also delays in payments.
- The initial budget was R120.8 million.
- The project created 22 jobs at 20% completion, however the average job creation opportunities are 150 on these types of projects.
- 22 job opportunities were created thus far, with 18 males and 4 females of which 19 were youth who had been appointed.
- The project will be completed by February 2025 and the school will then open by the commencement of the school year in 2026.

#### 10.2.2.2 Challenges

- Delayed payments to contractors that is currently stalling the project.
- A delay of 4 months was experienced due to the removal of protected trees and obtaining approval from the Department of Environmental Affairs.
- The delays in the formation of the 7<sup>th</sup> Administration, resulted in delays in the disbursement of funds from National Treasury to the Province.
- The Division of Revenue Act does not give the Department of Public Works the authority to ringfence grant funding, only relevant national departments, National Treasury and the provincial department can ringfence the funds.

#### 10.2.2.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
MEC Makotong	The MEC is in the process of submitting a memorandum to the Executive Council to ringfence the budgets which will address the	Within 3 months of the adoption of the Provincial Week Report.

	delays in the payment of service providers.	
<b>MEC Makatong</b>	The MEC undertook to meet with all relevant departments and stakeholders to resolve all the challenges to ensure the project is expedited.	Within 3 months of the adoption of the Provincial Week Report.

#### 10.2.2.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<b>The NCOP must engage with Treasury and the relevant National Departments to facilitate the ringfencing of funds for Provinces.</b>	NCOP	Within 3 months of adoption of the Provincial Week report.

#### 10.2.3 Bankhara Bodulong Primary School

**Municipality:** Ga-Segonyana Local Municipality

**Key Contacts at Site:** MEC Makatong, Mr Thyse (Regional Director of the Department of Education), Dr John Mckay (HOD of the Department of Roads and Public Works)

##### 10.2.3.1 Progress/Observations

- The primary objective is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- The project aims to build an off-shoot primary school in Bankhara Bodulong to provide accessible, high-quality education for primary learners in a rapidly growing community.

- The new school will help address overcrowding in nearby primary schools, offering additional capacity for learners in the area. This will ensure that children receive education in a conducive and supportive environment close to home, in line with the goal of promoting quality education for all. It is expected that 21 rooms will accommodate the learners, and the school will cater for Grade R to Grade 7 classrooms.
- The project commenced in September 2022 and is 40% complete against the target of 95%.
- The site was closed due to nonpayment, however piecemeal payments have now been made since April 2024 and the site will be reopened in the week of 23 September 2024.
- The budget is R124.2 million.
- The expected completion date of the project is June 2025, and the school will officially open in January 2026.
- The site provides 87 job opportunities currently.

### 10.2.3.2 Challenges

- Late payments of the contractor/PSPs due to National Treasury cost cutting at the end of August 2023 resulted in service providers not receiving payment since September 2023. Service providers survived on the school's sites without payments for a month or two following the cost cutting se but were eventually forced to close the site due to non-payment.

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Executive Mayor of Ga-Segonyana Local Municipality</b>	The Mayor must ensure that all recruitment processes do not portray xenophobia in any way and must ensure that the recruitment processes are transparent, free and fair to all eligible persons.	The Mayor should furnish the NCOP with a full report on the recruitment methods employed at municipal level in respect of all infrastructure projects, within 3 months of adoption of the Provincial Week Report.

### 10.2.3.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame

<p><b>The NCOP must engage with Treasury and the relevant National Departments to facilitate the ringfencing of funds for Provinces.</b></p>	<p>NCOP</p>	<p>The NCOP must facilitate this process within 3 months of adoption of the Provincial Week Report.</p>
<p><b>The NCOP must debate the ratio between learners and teachers and make a determination on what the norm should be.</b></p>	<p>NCOP</p>	<p>This matter should be debated within 6 months of the adoption of the Provincial Week Report.</p>

#### 10.2.4 Rehabilitation of a section of MR938 between Kathu and Hotazel

**Municipality:** Joe Morolong Local Municipality and Gamagara Local Municipality

**Key Contacts at Site:** MEC Fufe Maratong - Department of Roads and Public Works and Mr. Itumeleng Bulane - Chief Director of Roads

##### 10.2.4.1 Progress/Observations

- Main road 938 (MR938) connects the mining towns of Kathu to Hotazel and is located on Gamagara and Joe Morolong Local Municipalities.
- The project addresses the very poor condition of the road, the size of the road (lane width) and strength (pavement layers).
- The road was initially designed for light vehicles, but increased use of the roads by heavy haul vehicles has led to the deterioration of the road.
- The project was started in 2018 but was delayed and the tender for a new contractor is now at evaluation stage.
- Delays in commencing with the MR938 project were due to the Northern Cape High Court setting aside the appointment of the first contractor due to an appeal and the second contractor's contract was terminated due to poor performance.
- The Auditor-General raised material irregularities amounting to R7 million with regard to this project, which is being investigated by the Special Investigating Unit.
- The department had to get approval from the Provincial Treasury to continue with the project and is now prioritised in the 2024/25 Annual Performance Plan of the department.

- The project will likely commence in January 2025, at an estimated construction cost of R343m (funded by the Provincial Road Maintenance Grant).
- Construction period is 18 months with estimated completion in July 2026.
- There is a Project Steering Committee which will facilitate the recruitment of labourers/beneficiaries from Joe Morolong Local Municipality and Gamagara Local Municipality.

#### 10.2.4.2 Challenges

Delays to the project implementation was due:

- To the setting aside of the first contractor due to a court ruling which found that there were irregularities in the procurement process.
- To the termination of the second contractor because of poor performance.

#### 10.2.4.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Provincial Department of Roads and Public Works</b>	The department is engaging the mines on partnering with the department on the project, aimed at securing financial commitments.	The department should report progress within three months of the adoption of the Provincial Week Report.
<b>Provincial Department of Roads and Public Works</b>	The MEC is awaiting approval from the Premier to establish an Advisory Committee comprised of engineers and mining representatives to advise on the project and quality of work.	The department should report progress within three months of the adoption of the Provincial Week Report.

#### 10.2.4.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<b>The Department must strengthen their monitoring of the MR938 project implementation.</b>	Provincial Department of Roads and Public Works	The department should report progress within three months of the adoption of the Provincial Week Report.
<b>Consequence management needs to be enforced, and the matter must be referred to the SIU for further investigation.</b>	Provincial Department of Roads and Public Works	The department should report back to the NCOP on all disciplinary measures taken as well as progress on the investigation undertaken by the SIU. The department should submit its report to the NCOP within 6 months of adoption of the Provincial Week Report.

#### 10.2.5 Dithakong combined school IDT/Department of education. (JTG School)

**MUNICIPALITY:** Joe Morolong Municipality

**Key Contacts at Site:** MEC Makatong, Mr Thyse (regional Director of the Department of Education), Dr John McKay (HOD of Department of Roads and Public Works), and Andre Ralph (Chief Education Specialist, Infrastructure Planning: Provincial Department of Education)

##### 10.2.5.1 Progress/ Observations

- The IDT entered into a memorandum of agreement with the Department of Education in the Northern Cape as the implementing agent of choice to undertake various programmes including the construction of new schools, refurbishment, and maintenance of existing facilities.
- In 2015, The Department of Education allocated a number of projects to IDT for implementation including construction of JTG School where new school facility including hostel had to be constructed. Initially the project was allocated to initiate earth works at the cost of R40 million.

- In November 2018 the contractor was appointed, and as such, phase two of the project commenced through the main contractor for construction of the school including phase three of the hostel facility.
- In 2022, the IDT terminated the contractor due to non-performance attributed to slow progress on site. After termination, in November 2022, the IDT re-advertised the replacement of the contractor.
- Due to the risks that were encountered, the project was segmented into four phases with increased CPAP estimates:
  - Phase 2a School – R157 million
  - Phase 2b School – R124 million
  - Phase 3a Hostel – R106 million
  - Phase 3b Hostel- R124 million
- In April 2023, the IDT submitted a request for concurrence to appoint the recommended contractors as per the adjudication and evaluation outcomes.
- To date the IDT is awaiting the approval for appointment of the recommended contractors, and the projects are on hold.
- It is still a much-needed project for agricultural science and to provide accommodation for 1000 learners with 25 classes. Transport is a big concern in the area, and it will provide accommodation which will facilitate and ease the pressures related to learner transport.

#### 10.2.5.2 Challenges

- The project and the site have been abandoned since 2022, with no fencing and is already being vandalised.
- The project must be reinstated as there is still a need for the project.
- There is currently no budget and therefore budgets need to be reprioritised to ensure the project can resume.

#### 10.2.5.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
The MEC of Roads and Public Works.	The MEC of Roads and Public Works together with MEC Vosloo will elevate this	Report progress within three months of the adoption of the Provincial Week Report.

	matter to EXCO to ensure that the project is reinstated.	
--	--	--

#### 10.2.5.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<b>The Department of Education must initiate an investigation into the expenditure on the project to date. If any irregularities are found, the necessary legal steps must be taken to ensure that funds are recovered.</b>	Provincial Department of Education and the Auditor General.	This must be undertaken within three months of the adoption of the Provincial Week Report.
<b>The Provincial Department of Education must ensure that funding for this project is reprioritised.</b>	Provincial Department of Education.	This must be undertaken within three months of the adoption of the Provincial Week Report.

#### 10.2.6 Abandoned paving road in Pniel 30 km from Kimberley

**Municipality:** Dikgatlong Local Municipality

**Key Contacts at Site:** MEC Roads and Public Works (F. Makatong) Councillor Winston Hendricks (Ward 2), Councillor Saul

##### 10.2.6.1 Progress/Observations

- Project is being done through an empowerment programme which serves to empower contractors. Contractor development seeks to empower emerging contractors. Contractors join the project and grow in grading through this programme. The department has identified

certain projects specifically for contractor development, not only paving projects but also includes projects for vegetation control.

- The project was never abandoned.
- Phased in project: phase 1: paving labour intensive 4.5km to connect communities of Pniel to R31, 2.5 km of the road in phase 1 is close to completion.
- The project was started to improve the infrastructure for better accessibility and link Pniel's community to R31 (Major Road).
- The project was budgeted at R15.3 million and is funded by the Provincial Road Maintenance Grant.
- Expenditure: Progress is according to schedule and there are no issues with expenditure patterns.
- Project was started on 2 October 2023 and the completion date has been extended to 30 September 2024.
- The project is at 95% completion but has experienced a delay, as delayed payments from the client affected the contractor's cash flow.
- The project has created 57 job opportunities.
- A database from supply chain process went out on tender and everyone had an opportunity to apply. They had 60 applicants for this financial year, consisting of 17 women and 8 businesses owned by young persons. In the previous financial year, there were 31. Out of the 31 in the previous financial year, there were 8 women, and 12 young persons.
- The MEC informed the Delegates that the budget has been secured for the second phase which should begin shortly after the first phase is completed.
- The MEC confirmed that they have a good working relationship with the Construction Industry Development Board (CIDB).

#### 10.2.6.2 Challenges

- The only delay was when they were unable to get the tranche of money from the national department. There are 11 days left to completion and if they had received the money on time, the project would have been at 99.9% completion.

#### 10.2.6.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame

<b>Provincial Department of Roads and Public Works</b>	<p>The MEC committed to ensuring that the empowerment programme is rolled out to all and committed to collaboration with other government departments.</p> <p>The MEC will enlist the CIDB to ensure that the necessary grading will be implemented.</p>	<p>The MEC should furnish the NCOP with a report on progress within months of adoption of the Provincial Week Report.</p>
--	--	---

#### 10.2.6.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<p>Members of the NCOP were happy with the progress of this project and expressed the need to extend this model of empowerment of contractors. Other provinces could learn from this project as a best practice model.</p>	<p>NCOP</p>	<p>For noting and consideration.</p>

#### 10.2.7 Hull Street Social Housing Project

**Municipality:** Sol Plaatje Local Municipality

**Key Contacts at Site:** Mr Booyen (Chief Director – COGHSTA) Mr Lenkoe (HOD COGHSTA), Mr Lungelo Hlagwarana South Africa Swedish International Housing Company (SASIHC)

##### 10.2.7.1 Progress/Observations

- The project caters for households earning a monthly income of below R3 500.

- The project is funded through the Development Bank of Southern Africa (DBSA) and the Northern Cape Department of Cooperative Government, Human Settlements and Traditional Affairs.
- The project was launched in July 2022 and phase one, with 362 units, was scheduled for completion in 2025.
- The South Africa Swedish International Housing Company (SASIHC) is the implementing agent.
- As an accredited Social Housing Agency, SASIHC will also be responsible for tenant property management and the maintenance of the units. A five-year maintenance plan will be put in place, however emergency maintenance is also provided for.
- Phase 1 of the project, which is the delivery of 95 houses, was expected to be completed by March 2024.
- Phase 2 of the project is the delivery of a further 228 housing units, which is in the pipeline and ready for implementation, once funding becomes available.
- After construction commenced, water seepage into the construction site required a geo-technical solution to first be implemented before construction of the housing units could continue.
- The contractor terminated the contract due to cost escalation and the challenge of sustainability of the project.
- A geo-hydrographic report was undertaken in respect of the water.

#### 10.2.7.2 Challenges

- The briefing given by the department and implementing agent reported no progress since the last provincial visit. The 95 houses have not been handed over. There was no progress observed on the site as evident in respect of the incomplete buildings.

#### 10.2.7.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>Chief Director: COGHSTA and Mr Lungelo Hlagwarana South Africa Swedish International</b>	The department and the SASIHC must urgently submit a detailed report from the initiation of the project to date of all project activities undertaken, including	To be submitted to the NCOP within one month of the adoption of the Provincial Week Report.

<b>Housing Company (SASIHC)</b>	timeframes, budgets, challenges and the way forward.	
-------------------------------------	--	--

### 10.2.8 Nursing Accommodation

**Municipality:** Sol Plaatje Local Municipality

**Key Contacts at Site:** MEC Fufe Maratong - Department of Roads and Public Works, Mr. Rodney Brown (Deputy Director of Monitoring and Evaluation in the Provincial Health Department) and Ms. Onalenna Apolos (Principal of the Henrietta Stockdale Nursing College), MEC Lekwena and HOD Malata (Department of Health)

#### 10.2.8.1 Progress/Observations

- Currently nursing students are accommodated in Henrietta Stockdale Campus. This facility was constructed with asbestos contaminated material which is a health and safety hazard. The moving of the nursing students to the new facility is in line with the programme of eradication of inappropriate structures.
- The project is comprised of two phases, namely, Phase 1 - nursing student accommodation and Phase 2 – college.
- The initial contract started in 2017 and was R161 million. Due to contractor capacity and remedial work the contract was terminated in 2019 by the Department of Roads and Public Works. In 2020, a new contractor was appointed and the cost at that stage was R164 million. However, the second contractor also had capacity challenges, and the contract was ceded.
- A third contractor was appointed and at this stage the contract was valued at R255 million. The third contractor completed Phase 1.
- Upon completion Phase 1 was handed over to the Department of Health in October 2023 and accommodates 350 students. Not all of the hostel buildings (only clusters C and D) were handed over due to the contractor having to implement a variation order to install information technology infrastructure.
- The Department of Roads and Public Works reported that the Department of Health did not take occupancy of the buildings since it was handed over.
- The MEC for Health explained that the delayed occupancy of cluster C and D was caused by the fact that they experienced electricity challenges due to vandalism of the buildings.
- The other reason for the delay in occupation was various requirements for accreditation from the Department of Higher Education which needs to be resolved.

- The MEC for Health explained that there is a migration plan in place.
- The principal of the Henrietta Stockdale College stated that 55 nursing students will be moved from the old campus to take occupancy on the 1 November 2024 and an additional 90 nursing students will take occupancy by January 2025.
- A total of R192 million was spent on Phase 1, with 250 jobs created.
- Phase 2 will cost R569 million and create an estimated 800 jobs.
- Implementation of Phase 2 has commenced (4 months ago, either April or June) and is expected to be completed in June 2026.
- The contractor implementing Phase 2 has not been paid for four months, with the outstanding payment amounting to R160 million.
- The MEC explained that the reasons for the delays in payments can be ascribed to the fact that 88.4% of the budget is likely to be cut and with a limited budget they have various expenditures that need to be prioritised. However, the MEC also emphasised that it is important to check the quality and quantity of the work done prior to making payment.
- The MEC for Health stated that housing students in guest houses has cost the department 3.5 million per month and R42 million per annum.
- The department will save on costs as it will cost approximately R56 million to run the facility, however the department will charge students for rent, laundry facilities and intends setting up a tuck shop. This will generate revenue.

#### 10.2.8.2 Challenges

- Non-occupancy of completed infrastructure makes it vulnerable to vandalism and it may be viewed as fruitless and wasteful expenditure.
- Non-payment of contractors is a challenge across all infrastructure projects and the consequence thereof is that contractors leave the project, thus delaying project implementation.
- Interference from business forums also pose a risk to the project and this matter needs to be addressed.

#### 10.2.8.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
<b>MEC Health and MEC Roads and Public Works</b>	The MEC for Health undertook to work on the relationship with the	Within one month of adoption of the Provincial Week Report.

	Department of Roads and Public Works to mitigate any future challenges in respect of the infrastructure.	
<b>MEC Health</b>	The MEC undertook to resolve all challenges related to nonpayment of contractors and to ensure that payment is made within the 30-day timeframe.	Within one month of the adoption of the Provincial Week Report.

#### 10.2.8.4 Recommendations

<b>Recommendation</b>	<b>Department/ Person Responsible</b>	<b>Time Frame</b>
The matter of non-payment of contractors should be addressed by the Northern Cape Executive Council.	Provincial Department of Roads and Public Works and the Provincial Department of Health.	Provincial Department of Roads and Public Works and the Provincial Department of Health must report on the intervention the EXCO has agreed upon to resolve the matter of non-payment to contractors within six months of the adoption of the Provincial Week Report.
Business forums must be engaged as part of the public participation process and through the public procurement process.	Provincial Department of Roads and Public Works.	Provincial Department of Roads and Public Works must report on intervention it has implemented to resolve business forum interference in the project within six months of the adoption of the Provincial Week Report.

## **11. NORTH WEST PROVINCE: NGAKA MODIRI MOLEMA DISTRICT & MAHIKENG, RAMOTSHERE MOILOA & TSWAING LOCAL MUNICIPALITIES**

### **11.1 Presentation by the Auditor General**

Regarding the Ngaka Modiri Molema, Dr Kenneth Kaunda and Dr Ruth Segomotsi Mompati District Municipalities the Auditor General gave a presentation on the status of infrastructure projects in the province, with the water projects being the focal point. While the AG revealed improvement in terms of the PFMA adherence, there are still concerns on the non-submission of financial statements by NTI and the late submission of financial statements by Ditsobotla local Municipality.

The below projects were visited by the AG who made the following observations.

#### **11.1.1 Loretlweng Primary School**

After the visit to the Project, the AG found that, the Department of Education requested the Department of Public works to construct the Loretlweng Primary School. The Department of Public Works and Roads (DPWR) appointed a contractor in December 2016 for the construction of the school. The appointment of the contractor was a provincial decision supported by all the MECs to appoint a service provider that would use alternative building materials, i.e. different to the traditional brick and mortar. Moreover, it was found that a cost-benefit analysis and comparison with conventional methods was not performed. Which meant, the project faced significant delays, poor quality work, and was eventually abandoned after R12 million was paid to the contractor.

##### **11.1.1.1 Challenges**

The following were challenges:

- The failure by the Department of Public Works to assess the suitability of the alternative building materials and to perform the necessary cost-benefit analysis. Moreover, inadequate project monitoring and oversight by the Department of Public Works, leading to poor-quality work and contractor issues.
- The Department of Education lacked the required capacity in terms of human resources, as there is a high vacancy rate resulting in skills shortage for effective project planning, tracking, and quality assurance.

##### **11.1.1.2 Impact**

- Moreover, the incomplete project has affected communities, in a sense that there is continued overcrowding in nearby schools, affecting the quality of education. There is also financial loss

due to the abandoned project and additional costs in recovering funds from the contractor. Damage to infrastructure (collapsed walls and roofing) despite significant payments made to the contractor.

### **11.1.2 The Disaneng to Makgobistad Road**

- The AG found that the road infrastructure in the province, including Road D414 Disaneng to Mokgobistad, is in poor condition, with less than 1% of the paved network in "Very Good" condition and over 70% in bad or extremely poor condition.
- Despite receiving R1.2 billion in Provincial Roads Maintenance Grant (PRMG) for the year, the Department of Public Works underspent by R204 million.

#### **11.1.2.1 Challenges**

- Inadequate planning by project management units and limited capacity at service points such as competency gaps and unfilled positions are contributing factors.
- Roads are not consistently inspected or assessed,
- As a result of the above issues, maintenance work is performed reactively rather than according to a scheduled plan, causing delays in procurement and occasional underutilisation of PMRG funds.

#### **11.1.2.2 Impact**

- Economic activities are negatively affected as businesses rely on the road network for operations.
- Increased physical safety risks due to damaged roads and potholes, leading to higher accident rates and claims against the Department.

### **11.1.3 The Maboloka Clinic**

- The Maboloka clinic faces significant issues with the unavailability of essential medicines, trained staff, and maintenance of infrastructure and equipment.
- As of March 2023, only 67% (206 out of 308) of the province's primary health care (PHC) facilities have achieved or maintained Ideal Clinic status.
- Specific problems at the clinic include the absence of hand hygiene facilities, lack of temperature monitoring, improper stock management, and delayed maintenance and repairs.
- During 2024, the AG noted a significant improvement in facilities attaining ideal clinic status, increasing from 67% to 97%.

### 11.1.3.1 Challenges

The Head of Department and the respective chief directors did not ensure that:

- All facilities have maintenance schedules and that district offices monitor and fully implement them.
- There is no sufficient training of staff and the availability of essential medicines and consumables.
- Adequate hygiene facilities and lack of adherence to proper stock management practices.

### 11.1.3.2 Impact

- Clinics failing to achieve or maintain Ideal Clinic status may not be accredited by the OHSC and might not be contracted by the NHI, leading to reduced healthcare service availability for the community.

### 11.1.4 The 2ML Reservoir for Jouberton/ Alabama Precinct

- The City of Matlosana LM's 2ML reservoir project for the Jouberton/ Alabama precinct experienced significant delays. The project site was handed over to the contractor on 18 February 2018 with a planned completion date of 26 August 2019, but practical completion was only reached on 19 August 2022.
- The contract amount was adjusted from R32,704,584 to R37,365,773. By the time of the audit, R35,635,582 (95%) had been paid to the contractor, even though the reservoir was not operational due to a faulty actuator.
- Additionally, despite the delays, no penalties were imposed on the contractor.

#### 11.1.4.1 Challenges

- Delays caused by disruptions from the local community, COVID-19 lockdowns, inclement weather, late appointment of sub-contractors, and load shedding.
- Faulty equipment (actuator) discovered during the defects liability period contributed to delays.
- Ineffective project management and lack of enforcement of penalties for delays.

#### 11.1.4.2 Impact

- The reservoir, although completed, was not in use due to delays and faulty actuator, which could lead to future water shortages, especially with upcoming developments in the area.
- Delayed project completion and lack of reservoir use affect the municipality's ability to provide additional potable water at sufficient pressure, potentially impacting future water supply needs.

### 11.1.5 The Taung Bulk Water Supply Phase 2E-1

- The Dr Ruth Segomotsi Mompati District Municipality Taung bulk water supply project, Phase 2E-1, commenced on 10 November 2017 with a planned completion date of 10 July 2019. As of November 2023, the project was incomplete at 87% completion, with R85 million already paid to the contractor (despite the original contract value of R72 million).
- Despite the municipality having approved the variation orders to enable project completion, the project was still not completed and abandoned by the contractor.
- The state of the project has deteriorated, with signs of site abandonment, including overgrown weeds and long grass.

#### 11.1.5.1 Challenges

- Delays due to waiting for tribal authority approval before project commencement.
- Cash flow problems experienced by the contractor, exacerbated by late payments by the municipality (municipality had financial challenges and was placed under S139, so invoices from the contractor were paid as and when the municipality had funds in the bank).
- The contractor's financial issues and delayed payments hampered the appointment of a local sub-contractor needed to complete the project.
- It was observed that there is no consequence management in the failure of projects implementation.
- Some of the project monitoring shows that the vacancy rate stands at 37%. This has a negative impact on departments being able to plan and monitor progress on project implementation.

#### 11.1.5.2 Impact

- Water shortages continue to affect the communities, leading to increased costs for water tankering and prolonged disruption of essential water services.
- The project's ongoing delays and deterioration impact the municipality's ability to provide a reliable water supply, with potential consequences for community health and well-being.

#### 11.1.5.3 Executive Undertakings and Commitments Made

- The Department of Public Works must assess the suitability of alternative building material and perform the necessary cost-benefit analysis to avoid wasteful and irregular expenditure by provincial departments.
- The Department of Public Works must also improve on its oversight and monitoring mechanisms to avoid poor quality work and shoddy work by contractors.

- The Department of Public Works must ensure that it has the requisite skilled personnel for project management and monitoring for quality assurance.

#### **11.1.5.4 Recommendations**

- There must be regular monitoring of the projects, which must include the monitoring of resource utilization to ensure alignment with project goals and objectives.
- The projects, when approved must consider specifications, timelines and the budget itself.
- The filling of vacancies must be a priority in infrastructure support units to enhance project management capabilities.
- The Department should submit a report on measures in place to address incomplete projects
- The Department should share with the NCOP the role of the District Development Model in respect to project implementation, and whether the model is being put to practice.
- The departments should furnish the legislature with the report on progress made on the recommendations from the legislature and the NCOP on incomplete projects.
- Project units that are supposed to monitor project implementation should be capacitated
- Constructors being tasked with projects should also be monitored by officials to ensure efficient project implementation
- Officials in the project monitoring units should be adequately capacitated
- Vacancies in the project monitoring units should be filled.
- The delegation acknowledged the audit findings of the Auditor General and agree with the associated recommended remedial actions.

## **11.2 Sites Visits**

### **11.2.1 The Mahikeng Airport**

#### **11.2.1.1 Observations**

The department's head gave a briefing on the state of the airport. The HOD presented the following:

- That the airport has the longest runway on the continent of Africa. It has a category license 2, which was downgraded from category 6, for it was no longer meeting the requirements of the South Africa Civil Aviation Authority (SACAA).
- However, for the past 20 years the airport runway has been deteriorating.
- It used to provide flights between Mafikeng and Johannesburg operated through the Airlink.
- However, upon the end of the airlink contract, two aviation school were contracted to use the facility.
- There is a project team, which has been put together to develop the airport.

- The concerned members of the community (also known as GatVol) brought to the attention of the delegation that unknown flights are allegedly operating illegally.

### 11.2.1.2 Challenges

- There is no budget to develop the airport and to improve the license of the airport to category 6.

### 11.2.1.3 Recommendations

- The department should submit the outcomes of the feasibility study to the committee.
- The airport should be fully utilized to stimulate economic growth and create jobs in the province.
- The Department of Community Safety and Transport Management together with the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) should develop a Marketing Strategy for the Airport.
- The Department of Economic Development should provide the committee with the report on its plans to turn facility into a cargo airport.
- It should also provide the committee with a progress report on the planned negotiation with Botswana and Namibia to be cargo partners within period of seven (7) days.
- The DEDECT must submit a detailed report on how it planned to curb the illegal landing of certain unknown flights at the airport facility, this should be done with a seven-day period.
- The Department of Community Safety and Transport Management to investigate the alleged illegal operations at Mahikeng Airport and report back to the NCOP by 30 January 2025. The report to include information on the appointment of the security company.

## 11.2.2 Rooigrond Waste-Water Treatment Works

### 11.2.2.1 Observation

The Human Settlements Rooigrond housing development project, started in June 2014 with the aim to build 500 houses at a contract amount of R55 473 500. At the time of the audit, 489 of the houses were completed (11 could not be built due to valid reasons). The scope of the contract was extended on 3 March 2017 to include bulk services (water and sanitation) at an amount of R23 051 009. However, at the time of the audit, the bulk services were not yet completed, it was at approximately 70% completion. Due to incomplete bulk services, the community had to rely on water tanks and self-built toilets due to the lack of piped water and sewerage in their homes.

### 11.2.2.2 Challenges

- Initial project planning did not include bulk infrastructure, despite it being a turnkey project.
- Project planning omitted critical approvals for EIA, WULA as well as servitude for outfall sewer from relevant authorities.
- Poor coordination between the department and the municipality, particularly related to the township proclamation.
- Ineffective project management, highlighted by delays in establishing a steering committee.
- Expansion of the contract scope in March 2017 to include bulk services (water and sanitation) has not been fulfilled, leaving residents without essential services.
- The project experienced vandalism.

### 11.2.2.3 Impact

- Residents lacked access to basic services such as water, sanitation, and sewerage, which poses health and safety risks.
- Continued project delays and increased costs may further harm the community and strain financial resources.

### 11.2.2.4 Recommendations

- Magalies Water (Implementing Agent) should Fastrack the appointment of a new contractor to complete the outstanding work of the contract, this should be done within current financial year 2024/25.
- Magalies water should beef up security on-site to mitigate against theft and vandalism, this should be done within current financial year 2024/25.

## 11.2.3 Incomplete housing project at Tshunyane village.

### 11.2.3.1 Observation

The construction of 34 RDP houses in Tshunyane village commenced in 2011 and was anticipated to be completed in 2012. Glowing Sunset Construction cc was appointed to construct the 34 houses, and these were left incomplete. The Provincial Department of Human Settlement appointed NHBRC to assess structural integrity of all incomplete houses across the province.

The NCOP delegation had the opportunity to view the incomplete housing project at Tshunyane village. On arrival the owner of the RDP house was present. The house itself was built only up to the walls. There was only the door and the window frames. The owner had to put up metal sheets to close

the window frames and also to protect herself from the harsh weather conditions. The owner moved to the house after her mud house collapsed due to heavy rains.

### 11.2.3.2 Challenges

- The project was started in 2011 but to date no further work has been done to complete the project.
- The house has no running water or electricity reticulation.
- The contractor, namely the Glowing Sunset who was responsible for the project abandoned it incomplete.
- To date, each house will require R25 000 to be completed out of 140 housing units.
- Since 2011 all key stakeholders in the project failed to do their duties, namely the councillor, the mayor and the member of the executive council (MEC).

### 11.2.3.3 Executive undertakings.

- A detailed report of how the contractor was awarded the contract, what were the expenditure costs and why the contractor abandoned the project should be prepared. project should be prepared within a period of seven day.
- There's need for all those that were involved in the project, members of staff, politicians and the contractor itself to be investigated and if found guilty be arrested, this should be done within the current financial year (2024/25)

### 11.2.3.4 Recommendations

- There should be consequence management to all those that were involved in the conceptualization and development of the project to the extend to where it is now (incomplete) by the provincial department of human settlement.
- The idea that the project will be incomplete by 31 December 2024 is unrealistic, beneficiaries of the housing project must be told the facts, and the department must do a proper assessment of the damages due to long neglect of the project. This report should be made available to the NCOP within the current financial year 2024/25

## 11.2.4 Sannieshof Waste-Water Treatment Works.

### 11.2.4.1 Observation

The Sannieshof Wastewater Treatment Works was in the state of neglect when members of the NCOP arrived. There were no security personnel guarding the plant resulting in criminal elements in the community vandalizing it. The work of the contractor, namely CMS was terminated on 21 March 2020

leaving the plant incomplete. There was no proper vetting process in the appointment of the contractor. The project is funded through the Municipal Infrastructure Grant (MIG) and is implemented by Ngaka Modiri Molema District Municipality. The plant is an oxidation ponds. This meaning, it does not use chemicals to process sewage but only bacteria.

#### 11.2.4.2 Challenges

- The CMS company appears to be a serial abandoner of projects as it has done before in other projects within the district.
- Operations of all Waste Water Treatment Plant across the Ngaka Modiri Molema District are outsourced with no plans by the municipality to build internal capacity to operate the treatment plants.
- The area is properly secured with no fence, no guard house, and no physical security on-site whereas on monthly basis payment is being made to the security company by the Ngaka Modiri Molema District Municipality.
- There is constant sewage spillage across Sannieshof town and Agisanang location caused by blocked, broken pipes and manholes. Furthermore, Honey suckers to suck raw sewage from septic tanks are insufficient.

#### 11.2.4.3 Recommendations

- The Ngaka Modiri Molema District municipality should consider benchmarking with the uMhlathuze Local Municipality in Richards Bay to learn effective ways to address the WWTP challenges.
- Ngaka Modiri Molema District Municipality should devise means to secure the Oxidation Pond from easy access by community members
- Magalies Water together with the Ngaka Modiri Molema District Municipality should speed up the application of Regional Bulk Infrastructure Grant (RBIG) processes to complete the project and a detailed and comprehensive report should be submitted to the National Council of Provinces (NCOP) within the current financial year (2024/25).

### 11.2.5 Special maintenance of road P152/1 from Setlagole to P34/4 in Delareyville (58Km and 28Km of phase II).

#### 11.2.5.1 Observation

The Special Maintenance of Road P152/1 from Setlagole to P34/4 in Delareyville to a contract value of R 150 466 495 commenced on the 01st of March 2022 and was anticipated to be completed on the 03rd of August 2023. The project entails the Rehabilitation and resurfacing of the existing surfaced

road P152/1 (28km of the 58km of the road from Setlagole to Delareyville through Madibogo village and Geysdorp). 44% progress has been registered on the project with only 8km portion of the road re-sealed/resurfaced. A total of R 98 152 743.37 has been spent thus far. Currently, no work done on site because of expired work permit and cash flow challenges experienced by the contractor. The contractor is on penalties for failure to bring the project to completion.

#### **11.2.5.2 Challenges**

- The contractor was expected to take altogether about 17 months to complete the project, but this has not happened due to cash-flow challenges on the part of the contractor.
- The road is in a very bad condition and requires urgent attention and is behind schedule.
- There's currently no work done on the road due to the Department of Employment and Labour halting proceedings because of non-compliance regarding expired construction work permits.
- The contractor is failing to fulfil sub-contracting agreements.
- With 56% of works remaining to complete the project, the commitment by the contractor and the Department to complete the project by December 2024 is not feasible considering the rainy season ahead.

#### **11.2.5.3 Executive undertakings.**

The deadline that the road construction will be completed by 04 December 2024 doesn't seem possible when considering that progress is at 44% to date and taking into account considering the rainy season ahead of us in the North-West. There's a need for a proper timeframe based on the realities on the ground. Proper timeframes should be submitted to the National Council of Provinces (NCOP) within a seven-day period.

#### **11.2.5.4 Recommendations**

- There's a need for alternative routes whilst the road is still under construction for motorists before they become impatient and cause more damage to the road.

#### **11.2.6 Matlosana Ext 3 Estate.**

**Municipality** DR Kenneth Kaunda District Municipality

##### **11.2.6.1 Observation**

Extension 3 forms part of the bigger project of Matlosana Estate. The intention of this development is to offer people quality and affordable housing solution within the Klerksdorp and surrounding towns. The houses will be of a high standard and unique to this area.

The proposed development will consist of approximately 220 affordable houses with the stand sizes ranging between (350-450 m<sup>2</sup>). The bulk and internal services are at the advanced stage, and the construction of the show houses for the development have been completed.

**The proposed residential units will be as follows:**

- Two Bedrooms, one-bathroom, open plan kitchen and lounge Patio with fireplace & Carport from R438,000.00 (53m<sup>2</sup>). Bond and transfer costs included.
- Three Bedrooms, one-bathroom, open plan kitchen and lounge Patio with fireplace & Carport from R490,000.00 (63m<sup>2</sup>). Bond and transfer costs included
- Three Bedrooms, one-bathroom, open plan kitchen and lounge Patio with fireplace & Carport from R570,000.00 (72m<sup>2</sup>). Bond and transfer costs included
- Three Bedrooms, two bathrooms, open plan kitchen and lounge Patio with fireplace & Carport from R645,000.00 (83m<sup>2</sup>). Bond and transfer costs included

**11.2.6.2 Challenges**

- The estate has no proper security.
- Services from Municipality are not timely attended to thereby compromising cleanliness in the area, for example, the rubbish bins are not removed, open spaces have not been cleaned by the developer or Municipality.
- In most of the houses, quality is sub-standard, for, the walls are cracked, and the plumbing system is a problem.
- The palisades are not well maintained when broken

**11.2.6.3 Recommendations**

- Researchers from the legislature were assigned to meet with the residences of Matlosana extension 3, to understand the challenges facing the estate and develop a comprehensive report within the current financial year (2024/5). Some of these challenges relate to; safety and security, municipal services, lack of site maintenance by the municipality, and the quality of houses built by the municipality, which are already showing defects within a year of construction.

**11.2.7 N12 Housing Development**

**11.2.7.1 Observation**

The multi-year N12 Catalytic housing project commenced in April 2016 and is anticipated to be completed in December 2025. The project is funded through the Northwest Human Settlements

Development Grant (HSDG). To date, R 989 357 295.00 was provided to the municipality for provision of bulk, and internal services. A total of R 981 154 117.00 has been spent thus far on the project and the following progress is registered:

- Completed Bulk services for Ext 3, 5, 6, 10, 16, and 17 with a total of 6121 sites serviced
- Schoonspruit Sewer Line, Bulk Service water outfall (Ext 3.5&6), Primary Access Roads and Bulk Storm Water for Matlosana Extensions and Matlosana Bulk Water are all completed.
- Forty (40) Affordable houses (bonded properties) constructed on a build and sell basis depending on have been complete and sold directly to owners.
- Hundred and sixty-seven (167) housing units of the approved 500 top structure for Ext 10 have been constructed.

#### 11.2.7.2 Challenges

- The contractor abandoned the construction site in April 2023 due to non-payment of invoice and only resumed work on the site during the second week of September 2024 to complete the construction of remaining 333 top structures.
- The recently constructed BNG top structures already shows defects, cracks, and leaking pipes within a year of construction.
- Difficult soil conditions, structural defect, Illegal occupation of the houses, serviced stands, lack of electricity, Poor plumbing resulting in sewer spillage as well as mismanagement of beneficiary list.

#### 11.2.7.3 Recommendations

- The Provincial Department of Human Settlement together with the Matlosana Local Municipality should come up with measures to prevent further scope creep of the project and deal with illegal occupation of constructed houses within the current financial year (2024/25).
- Researchers from the legislature to meet with the residences of Matlosana extension 10, to understand the challenges facing the estate and develop a comprehensive report within the current financial year (2024/25). Some of these challenges relate to; safety and security, municipal services, lack of site maintenance by the municipality, and the quality of houses built by the municipality, which are already showing defects within a year of construction.

## **11.2.8 N14 Housing Development**

### **11.2.8.1 Observation**

The Provincial Department of Human Settlement has recently appointed five developers in Tshing Extension 10 (N14) to construct 1500 BNG top structures, with an overall project budget of R 286 935 000.00. Each Developer is allocated 300 units at R57 387 000.00. Tshing Extension 10 (N14) attained full proclamation, and the sites have been serviced for roads, water reticulation, stormwater, and sewer reticulation.

Furthermore, in the current financial year, the Provincial Department of Human Settlement and North-West Housing Cooperation have signed an implementation protocol for installing Bulk Water storage tanks to ensure enough bulk supply water supply for Tshing Ext. 10.

### **11.2.8.2 Progress registered thus far**

- Project introductory meeting has been conducted on the 04th of September 2024 and the community introductions have been held on the 15th of September 2024.
- The 5 developers are currently busy with the approval of drawings, enrolment of the projects with NHBRC and the subsidy administration of the project.

### **11.2.8.3 Recommendations**

- The Provincial Department of Human Settlement should ensure proper planning before actual implementation of the project to avoid delays during the construction phase of the project

## **11.2.9 Potchefstroom Disaster Centre**

### **11.2.9.1 Observation**

- The delegation raised concern that there is not consequence management, even when contractors are not performing, the Department continues to utilise them.
- The delegation wanted to know as to how much money will be needed for the project to be completed, and time frame thereof.
- The Delegation raised concern that this project is not being used and has been on the cards since 2016 and a lot of money has been spent.
- The delegation wanted to know if the Environment Impact Assessment was done.

### 11.2.9.2 Recommendations by the Delegation

- The Delegation rejected the report from the department as this is not a detailed report and true reflection of the project.
- The Legislature Research unit must do research on this project and submit report to the NCOP within 14 days.
- The department to submit a detailed comprehensive report on the project,
- The Municipality must submit proof of payment made by the Contractor for the penalties which were since invoked against him, with a period of seven day.
- The Delegation resolved to re-visit the project to follow up on the progress made.

### 11.3 Overarching Recommendations

- Noting observations by the delegation and AGs value for money audit on various infrastructure projects, it is recommended that the Premier submit the Provincial Public Infrastructure Completion Plan by the end of February 2025.
- Noting that most of the public infrastructure visited face the threat of vandalism, it is recommended that the Premier develop a Province-wide Infrastructure Projection Strategy by the end of February 2025.

## 12. WESTERN CAPE PROVINCE: CITY OF CAPE TOWN METRO

### 12.1 Briefings by the relevant Members of the Provincial Executive Council and Mayoral Committee.

Theme: Negative impacts of unlawful occupation of COCT vacant land and challenges with the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE Act).

MEC for Infrastructure T. Simmers; Alderman JP Smith, Mayoral Committee member for Safety and Security; Ms Maseko-Khambale, Department of Infrastructure; Mr Xolani Williams, Branch Human Settlements

- A minimum of 50 land sites within the City of Cape Town (CoCT) have been illegally occupied. Often, land that had been earmarked for housing has been plagued by illegal occupation. This in effect has cost the CoCT millions to secure the sites, curb and prevent further invasions. These funds are diverted from other projects. To date approximately R1 billion has been spent to secure housing sites.
- The PIE Act was intended to give effect to S26(3) of the Constitution, but landmark court judgements have provided precedence for how and when evictions can be carried out. The courts have ruled in favour of the illegal occupants (see Residents of Joe Slovo vs Thubelisha Homes (2010) and Blue Moonlight Properties vs Occupiers of Saratoga Avenue (2012)). One of the legal defences often utilised is that removal of the unlawful occupier would render him/her homeless.
- Currently in order to grant an eviction, the courts have to determine whether such an eviction is “just and equitable”. The PIE Act further provides “substantive defences” i.e. the court must consider reasons given by the occupier to prevent eviction.
- An eviction is only considered lawful when certain procedural requirements are met. If any of the procedural requirements are not met, the eviction is considered as unlawful.
- There were more than 69 000 illegal household dwellings erected between the period March 2020 to December 2021. 31% of the informal settlements were built on unsuitable, inhabitable land.
- Housing sites to the value of R1 billion are threatened by invasion.
- The province relies heavily on law enforcement services i.e. Anti-Land Invasion Unit, civilian security services who monitor their properties daily, and local members for the Project Steering Committee where there are existing projects.
- The community-based neighbourhood watch groups, together with the local development forums, are engaged to assist in protecting land parcels as it is beneficial to the greater community.

- The province and city have applied for eviction orders.
- The CoCT has managed to develop a by-law that attempts to regulate unlawful occupation by law.
- The PIE Act in its current form provides unreasonable protection to people engaging in illegal activity through the overly broad definition of “home”. This makes it very hard to assess whether an enforcement action is reasonable or justified or not.
- As a result, highly organised or co-ordinated occupations are taking place in large scale to overwhelm any attempt to prevent occupation.
- Since January 2020, the completion of 224 696 unlawful structures were prevented, but 69000 unlawful structures were successfully built.

### **12.1.1 Baden Powell**

- Prior to the national lockdown the new Monwabisi Park had no informal structures. A study carried out in 2023 has shown that 6236 informal structures have since been erected. Several pieces of land that were earmarked for housing developments have been invaded across Khayelitsha, despite concerted efforts by CoCT to curb these invasions.
- Some of the land invasions took place on pockets of land that are not safe for housing, i.e. sites close to rivers, streams, nature reserves, flood plains etc.
- CoCT does not have the resources to cater for infrastructure and services at these rapidly formed informal housing developments.
- A R77million Khayelitsha housing project had to be halted as the bulk water infrastructure cannot be installed. This project was set to create over 1000 housing opportunities.

### **12.1.2 Du Noon**

- A noticeable increase in land invasions from March 2020 to date has been noted. Approximately five (5) new informal settlements have been established in the Du Noon area, containing over 5000 structures.
- As a result, 3250 housing opportunities have been lost and the reprioritisation of resources from the economic and social cluster to human settlements to secure land to prevent further invasion drains financial resources from the CoCT budget.
- During the rainy season structures built on flood plains are adversely affected, resulting in damage to furniture, loss of lives and valuables. Despite warnings issued people continue to build dwellings on wetlands.
- The Transnet Rail Corridor is affected as there are informal structures erected along the railway line.

- The land invasion in Du Noon and Baden Powell has many negative impacts, including extending the waiting period for those individuals that have already waited a long time for housing and the delay of planned and funded projects due to illegal land invasions.

## 12.2 Deliberations

- The delegation observed that poor and vulnerable individuals are often involved in invasions orchestrated by unscrupulous individuals and organisations and end up bearing the brunt of these actions.
- Clarity was sought regarding any plans to deal with individuals promoting these illegal acts, and whether there were any consequences for individuals that habitually invade different land sites?
- The CoCT explained that it is extremely difficult to prove that someone has incited an unlawful invasion. Fostering relationships with the community and encouraging them to report illegal invasions has had some success but will not solve the challenge. The CoCT maintains a database that lists the names of individuals that have benefitted from low-cost housing schemes but continually claim they are unhoused. Photographic records are kept of transgressors that habitually invade land. Concerted efforts are made by the CoCT to prevent people from erecting dwellings on land that is not suitable for housing. The concern remains that people do not heed the warning.
- The delegation enquired why CoCT does not secure the pockets of lands earmarked for housing developments if the CoCT knew that development would be taking place, and what happens to the funding earmarked for development and that development that does not take place.
- The CoCT was adamant that it should not have to secure land earmarked for housing projects. The invasions are illegal and should be curbed by law enforcement. The cost of hiring private security and erecting fencing around identified sites are prohibitively expensive. The CoCT had spent R350 million to deal with shack farming. Increased security expenditure is not sustainable.
- Planning and budgeting are ongoing, however implementation gets hampered by natural disasters or disasters in general as plans have to be adjusted. If funds are rolled over the National Treasury takes away unspent funds.
- Finally, the delegation wished to determine whether there were any other regulations in place to supplement the PIE Act, what the turnaround time was to deal with shack farming, and how CoCT plans to prevent further shack farming.
- The CoCT described the implementation of the PIE Act as hugely problematic. Even though the CoCT has developed a by-law to curb unlawful occupations, it remains difficult to prevent

or intercept shack farming practices. These rapid developments are fuelled by several factors e.g. political motives or the prospects of generating an income from letting out these dwellings. The prosecution of illegal invaders is a lengthy and tedious process costing the CoCT millions.

### 12.2.1 Challenges

#### Enforcement Capacity

- The South African Police Service (SAPS) is significantly under-resourced, placing additional pressure on the city and municipalities, especially those without their own enforcement capacity.
- Many municipalities struggle to effectively undertake land invasion actions, necessitating mutual aid agreements to assist neighbouring municipalities.
- There is a significant problem with the capacity of public order policing. Effective land invasion operations require handling the violent repercussions that often follow.
- Violent protests, aimed at damaging infrastructure, are used by land invaders to discourage future anti-land invasion actions. This has been observed in various parts of the city, province, and across South Africa.

#### Legal Environment

- The legal framework is unclear and complicated e.g. a national standing instruction has incapacitated the Trespassing Act.
- Efforts to revise and replace the Act have stalled, offering no meaningful relief. This lack of clarity in the law complicates enforcement actions.

#### Resource Allocation

- Local authorities lack sufficient enforcement capacity, skewing resources towards functions they should not have to perform.
- Court rulings, such as the one allowing counter-spoliation only if done instantaneously, increase the pressure on local government to have abundant resources ready to react rapidly to land invasions. This is unsustainable and diverts resources from other public functions.

#### Violent Aftermaths of invasions

- Planning for land invasions includes preparing for the violent aftermath, requiring a contingent of staff on standby for 2-3 days to respond to subsequent events.

#### Prosecution challenges

- There is no meaningful prosecution of individuals engaged in land invasions. This leads to repeated invasions, as invaders wait for moments when property owners are unable to stop them, at which point the courts may deem the structures as homes under the PIE Act.
- Challenges relating to land invasions are multi-faceted, involving enforcement capacity, legal ambiguities, resource allocation and the need to manage violent repercussions. Addressing these issues require a coordinated effort and clear legal frameworks to support effective action.

### 12.2.2 Executive Undertakings and Commitments Made

- None were made during the presentation stage of proceedings.

### 12.2.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
Local- and metropolitan municipal administrations need means to have financial assistance from provincial governments through mutual aid agreements in order to improve law enforcement support in smaller municipalities.	National and Provincial government departments responsible for public order policing and law enforcement.	Unspecified
The number of public order policing is too little – needs pressure on SAPS to increase numbers.	Ministry of Police (National)	Unspecified
COCT does its best to tackle illegal invasion however national government should prioritise tackling the problem.	Ministry of Police (National)	Unspecified
PIE Act should be amended as a matter of urgency.	National Department of Human Settlements	Ongoing but with unspecified timeline

<ul style="list-style-type: none"> <li>○ Review the definition of “home”;</li> <li>○ carefully limit the incentive for bad faith occupiers to abuse the protections enshrined in the principal Act;</li> <li>○ criminalise the incitement and organisation of unlawful occupation.</li> <li>○ expand the factors to be taken into account by courts when considering applications for eviction; and</li> <li>○ to provide for further provisions relating to the availability of alternative housing.</li> </ul>		
<p>The number of people on the social housing waiting lists in Cape Town far exceeds the number of units that developers can access SHRA funding for. There is a need to increase funding for Social Housing.</p>	<p>Social Housing Regulatory Authority and Department of Human Settlements</p>	<p>Unspecified</p>

### 12.3 Sites Visits

#### 12.3.1 Du Noon

Municipality: City of Cape Town

### 12.3.1.1 Observations

- 7 years ago, there were no informal settlements in the area, and it was earmarked for development.
- Since 2020 there has been an influx of land invasion. Currently there are approximately 5237 informal structures due to unlawful land invasion. Therefore, the planned development in the area cannot be proceeded with.
- All informal structures have been numerated to keep track of the amount of people living in the area.
- The informal structures are erected in wetlands and low-lying areas, which are not suitable for development.
- The structures have been erected under power lines and transmission towers.
- There seems to be no protective fences or barriers surrounding the transmission towers making it dangerous, especially for children.
- There are illegal electrical connections.
- A number of structures have been erected on the railway tracks.
- R20 million has been provided towards the implementation of services for the Killarney Gardens' development, but the Du Noon informal settlement is now encroaching upon the Killarney Gardens areas, thereby threatening progress with the development.
- The unlawful occupation of the Du Noon area has had an impact on the local economy and future housing developments.

### 12.3.1.2 Challenges

- Once a structure is erected, the relevant authorities only have 24 hours to demolish the structure. If it is not demolished within that time, they may not demolish it without a court order.
- Informal structures that are erected in the wetlands and flood plains are heavily affected during the rainy season and this results in damage to furniture and risk of loss of lives.
- Despite warnings issued, people continue to erect these informal structures in wetlands and low-lying areas.
- Some structures have been erected on the railway tracks, which not only poses a risk of loss of lives and injury or damage to property, but it further affects the Transnet rail corridor.
- Since these areas are unsuitable for development and unsafe to occupy, basic services cannot be provided to it despite demands for the provision thereof.
- Due to the density of the unlawful structures, it is difficult for other services such as the fire department and ambulances to reach.

- People will have to be relocated for the planned developments to go ahead. However, a timeline for this cannot be provided because there are various factors that must be considered such as people not willing to relocate.
- Another factor is the need for alternative accommodation, which places a burden on the existing funds and resources available for planned projects.
- There are limited alternative sites that are serviced and suitable for accommodation upon relocation.
- R20 million was provided for services within the Killarney Gardens' development, however, this development was earmarked for other people currently awaiting housing and is not available as alternative accommodation for those unlawfully occupying Du Noon.
- The concern is that the relocation of individuals currently occupying Du Noon may have to be prioritised over those who have waited for housing because of the loss of sites due to the unlawful land occupations.
- Unlawful invasions and occupations of land are orchestrated and coordinated. As a result, when a few structures are removed in one area, more pop up in another area.
- This is aggravated by the fact that opportunists take advantage of the legal restrictions and challenges posed by the Prevention of Illegal Evictions from and Unlawful Occupation of Land Act ("PIE Act"), which makes it difficult to evict or remove individuals and does not limit anyone from constructing an endless number of structures.
- These opportunists have also created business opportunities for themselves either by providing materials for the erection of informal structures or charging rent for plots of land which they do not own.

### 12.3.1.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
Create sanctions for those who coordinate/orchestrate land invasions and for those who repeatedly invade land.	National Department of Human Settlements, National Department of Police	Unspecified
Encourage ward councilors, community leaders and residents to report the unlawful erection of	Relevant local government structures at ward and local council level, civic organisations.	Unspecified

structures to discourage further unlawful occupation in the area.		
---	--	--

### 12.3.2 Baden Powell Drive (Monwabisi Park 2)

Municipality: City of Cape Town

#### 12.3.2.1 Observations

- The site is called Monwabisi Park 2 and is located across Monwabisi Beach, close to the Wolfgat Nature Reserve.
- The area was earmarked for bulk water services and R162 million was designated for this purpose.
- This bulk water infrastructure would service the Nkanini housing project. The Nkanini project will provide 11000 housing units.
- However, there are 6500 unlawful structures occupying Park 2 hindering the development of the bulk water services. The height of this invasion was in 2020 during the Covid-19 pandemic.
- People have erected structures on sand dunes, which are not suitable for occupation.
- The lack of bulk water services because of the unlawful occupation of Park 2 means that the development of the Nkanini project cannot proceed until there is an alternative solution for the provision of water.
- This has also delayed plans for Monwabisi Park 1, which would provide 5000 housing units.
- There is a possibility to relocate or divert the bulk water pipeline across Baden Powell Drive, to the beach side area of the road.
- Another possibility is to temporality receive water from the Blue Downs and Mfuleni area until a long-term solution has been found, such as the relocation of the people occupying Park 2 or the diversion of the bulk water pipeline.

#### 12.3.2.2 Challenges

- It is difficult to divert the pipeline on the opposite side of Baden Powell Drive because the surrounding area is a nature reserve and presents challenges because of the vegetation and the nature of the environment on the beachside.
- This creates delays for the planned projects, and it will be more costly to divert the pipeline across the road.
- The capacity of the Wastewater Treatment Plant that services the area will be challenged by making provision for unlawful occupiers that were not planned for in terms of the CoCT Master Plan.

- It is a challenge to provide the people occupying Park 2 with suitable and serviced alternative accommodation. Provincial government is required to consider alternative accommodation within a 20km radius from the occupied site. There is possible land available in Alantis which can accommodate 2500 people. There have also been negotiations with the Department of Public Works to provide alternative land along the N2, but the department is reluctant to provide this land.
- Due to the delay in development, the R162 million allocated for the construction of the bulk water services is currently unspent and cannot be reallocated. This is a grant funding which forms part of the Urban Settlements Development Grant and a roll over to the next financial year may not be possible.

### 12.3.2.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
Amend the PIE Act to require courts to consider the nature of the land that is occupied, for example wetlands or areas that are not suitable for development or the provision of services.	National Department of Human Settlements	Not Specified
Urban Settlements Development Grant funding that could not be spent in a financial year due to unlawful occupation of land should roll over to the next financial year in order to prevent the abandonment of projects.	National Department of Human Settlements	Not Specified

## 12.4 Briefings on Conradie Social Housing, Maitland Mews Social Housing and Goodwood Station Social Housing projects

Key Contacts at Site: Mr Gavin Wiseman, City of Cape Town, Western Cape, South Africa · Director: Affordable Housing · Western Cape Government. Tel: 021 421 6008 [gwiseman@communicare.co.za](mailto:gwiseman@communicare.co.za).

### 12.4.1 Progress/Observations

Pinelands Area – Conradie Social Housing

- The housing project is located on land owned by the Western Cape government and is well located in an area to support social development and redress of spatial inequities as per the Spatial Planning and Land Use Management Act (SPLUMA).
- The site is 22 hectares in size, and previously housed the Conradie hospital in Pinelands. The project is a pilot of Better Living Model (BLMEP), aimed to provide mixed use, mixed income, ownership and tenure residential housing incorporating commercial, recreational and education opportunities.
- The former Departments of Transport and Public Works and Human Settlements, now the Department of Infrastructure, concluded a Land Availability and Development Agreement (“LADA”) with the developer to deliver the BLMEP in terms of agreed key deliverables and development conditions:
  - Comply with CoCT conditions of rezoning approval;
  - Deliver a minimum of 3500 residential units;
  - Ensure at least 49% (1715 units) are Grant Funded Housing comprising social housing and FLISP units;
  - Construct at least 750 residential units (49% social housing and 51% open market) in the first phase of the project;
  - Comply with Heritage Western Cape record of decision;
  - Provide a city-approved sewer connection to the Orthotic and Prosthetic Centre (“OPC”) adjoining the site;
  - Provide new access road, gate and security kiosk for the OPC; and
  - Deliver two independent schools affordable to BLMEP target residents which, together, can accommodate a minimum of 1600 scholars, with at least one able to accommodate a minimum of 800 scholars and available on or before the completion of 1200 residential units.
- Economic opportunities received: Number of SMMEs: over 90
- Number of jobs created for skilled, semi-skilled and unskilled labour: 1,500
- Number of jobs created for drugs rehabilitation and ex-convicts: 26
- Funding was secured from the former DTPW (enablement and contract management) and the former DHS (implementation – HSDG and own reserves).
- The City of Cape Town had allocated R221m USDG funding to the project for bulk services and R55m for electrical services over a 6-year period starting in the 2018/19 financial year.
- The DHS and the CoCT have signed-off against the Memorandum of Agreement governing the use of the allocated USDG funds.

- Lessons learnt from the development include the core realisation that institutional arrangements require political support, and equally critically, that an experienced and competent built environment project management team is required.
- Inter-governmental co-operation e.g. CoCT and provincial departments, is vital, and the financial feasibility of the project needs to be determined before development commences – a dynamic model to allow for several iterations based on different requirements.
- Finally, land availability and the development agreement presented some challenges to the developer in terms of securing finance without land ownership, which must be addressed in the future.

#### Maitland Mews Social housing

- The development of 204 social housing units in Maitland was completed in March 2023. The project implementer was Madulammoho Housing Association which is a not-for-profit Social Housing Institution (SHI) fully accredited by the Social Housing Regulatory Authority (SHRA).
- The housing project is located on Erf 23889 Maitland, which was previously owned by the CoCT. Through the CoCT partnership agreement, with Madulammoho, at the time, the erf was released for the development of social housing.
- The site was considered ideal for social housing as it is close to public transport, schools, place of worship, library, and police station. The development is 5-10 min walk to Koeberg and Maitland Stations, on the MyCity bus routes, and less than 7km by car to Cape Town's Central Business District, the University of Cape Town main campus, the Cape Peninsula University of Technology District 6 campus, and industrial and working centres like Epping, Century City, and Paarden Eiland.
- This Project forms part of the Maitland Metro rejuvenation project and intends to develop at least 1,200 residential opportunities in this centrally located node.
- On the site, 204 social housing units alongside an additional 9 training facilities were developed.

The total development cost of the project was R95 953 055, broken down as follows:

- Consolidated Capital Grant (CCG): R68 057 181
- National Housing Finance Corporation (NHFC) (Loan): R17 532 655
- USDG via City of Cape Town: R2 363 219
- Own Equity: R8 000 000

#### Goodwood Station Social Housing

- The development of 1055 social housing units in Goodwood Station was completed in July 2024 and is situated east of the city centre of Cape Town, along the Voortrekker Street development corridor and Metrorail northern and business express lines.
- The project has been made possible through a partnership between DCI Community Housing Services (DCI), government (national Department of Human Settlements), Social Housing Regulatory Authority (SHRA), Western Cape Department of Human Settlements, City of Cape Town (CoCT) and Passenger Rail Agency of South Africa (PRASA).
- The land portion was made available through a Land Availability Agreement (LAA) between PRASA and DCI.

The total Development Cost was R503 523 391, and is broken down as follows:

- Consolidated Capital Grant (CCG): R280 574 085
- Interest Use of CCG: R 13 105 682
- Infrastructure Fund SA (Loan): R149 593 932
- USDG via City of Cape Town: R53 892 563
- Own Equity and Revenue: R6 357 129
- The development is within walking distance of the Voortrekker Road business corridor, Goodwood Mall, Vasco Shoprite, and various other retail facilities, the Goodwood Civic Centre, Koos Sadie Primary School, J.G. Meiring High School, NorthLink College, Goodwood College, Goodwood Public Library, Dirkie Uys Community Health Centre, Libertas Hospital, Barakah Medical Centre, various pharmacies, and Leading-Edge Fitness gym.
- Public transport is in close proximity to the development, including the Goodwood railway station and Voortrekker Road buses and taxis. Additionally, over 6000m<sup>2</sup> private open space is proposed for the development.

#### 12.4.2 Challenges

- Multiple use developments with a social housing component are seen as vital development models to address the past spatial planning inequity faced by the city, but the process is complex, requiring prolonged periods of planning and land use or development application processes that can take many years to complete. A significant number of financial resources is tied up into the packaging of all the licenses and agreements needed to commence a development, but social housing funds allocated to SHRA by Treasury is not sufficient to complete all these developments.
- Private-public partnerships are essential for the development of social housing, but as the land on which developments take place is not released to the developer, challenges occur during development phases where the developer needs to release or source funding but cannot

approach commercial lenders as the land on which the development is being constructed, is still government-owned.

- Mixed-use developments are often needed to cross-subsidise social housing units built, but the economic downturn has put pressure on developers to find suitable tenants for more expensive lease units and commercial properties inside the development. Without high occupancy of these units, the subsidisation of social housing will not succeed.
- The number of people on the social housing waiting lists in Cape Town far exceeds the number of units that developers can access SHRA funding for. There is a need to re-visit the funding model.
- Smaller municipalities will struggle to implement the same development model as these have smaller numbers of rate payers that are required to cross-subsidise the services of social housing residents. Smaller municipalities also have less options in terms of grant access needed to support social housing developments.

#### **12.4.3 Deliberations**

- The social housing programme model developed by the Western Cape and CoCT differs from past social housing developments in that it has a rigorous financial model to ensure financial viability. The Social Housing Institution (SHI) that forms a core part of the development is the private sector development partner selected for the development. The private sector development partner is required to invest 20% of the equity needed for the development, as well as set aside allocations for the annual operational costs for maintaining the project which amounts to 1.05% of the total development cost. The funds must be applied towards month-on-month operational costs and maintenance of infrastructure. This financial requirement is vital to ensure the long-term viability of project. Additionally, the SHRA is obligated to submit quarterly reporting on the housing projects. No operational subsidy is extended by the state once building is completed. Derisking is a major attribute of, and cost to the development, where strict access control using biometrics is employed. The security provision at the development is one of the biggest expenditures, with guard houses at entrance points and biometric access control ensuring safety for residents.
- The physical structure of the social housing development remains the property of the Social Housing Institution (SHI) selected for the development, but as the land on which it is developed remains state-owned, it is not easy for the institution to exit the development agreement by selling the social housing block on the open market. The SHI, under extra-ordinary circumstances of needing to exit the agreement, would have to undergo a process of ceding the development back to the SHRA, which would then seek to appoint a new SHI.

- In terms of affordability, the delegation was informed that the social housing project does not function exactly as a body corporate-administrated private housing development would. A homeowner's association is set up, but the only costs regulated for each tenant is the direct costs to the erf. No additional levy is passed on to tenants as the institution is responsible for management and maintenance. The development is also not sectionalised. The social housing section of the development benefits from significant rate rebates negotiated with CoCT and provincial government departments during the planning of the development.
- Tenants for each development are carefully selected through a process of public advertisements but also through consulting the CoCT's housing waiting list. Tenants are vetted based on affordability. The same criteria used by CoCT on their waiting list also applies to tenants of the social housing estate. Credit checks are done to ensure good tenants. Different programmes speak to different needs, but social housing programmes need more focus. Many units must go to people earning below R6500 – 30% of units have to speak to these individuals.
- One of the big challenges with the model developed by CoCT is successfully implementing it in smaller municipalities. Areas where attempts are being made to duplicate the model include Swartland, Drakenstein (Dal Josefat), Mossel Bay (Mountain View) and George. Receiving the required grant funding to allow the business model to be viable is the biggest stumbling block. Grant funding is vital as it allows for market reach. Without it, the top end affordable category, which partially carries the social housing component, cannot fully cross-subsidise the development. Cross-subsidisation can only be taken so far in the housing market as people will not pay more for housing than the area average. There is a need to find other ways to generate private sector investment.
- Government subsidies for social housing developments typically cover the unit cost, but not the cost of land and other development costs such as bulk services. This is where cross-subsidisation is needed to make the social housing component financially viable. The discounting of land value is very important, but smaller municipalities struggle with compiling the type of incentive package used by the CoCT. Land value should not exceed 5% of project cost, but there are other viability drivers that are needed. Smaller municipalities have a smaller rate base, and it is difficult to secure rate rebates, service connections, and comprehensive indigent subsidies needed to make project viable. The Western Cape government is trying to take lessons from CoCT and trying to make this work in smaller municipalities. Land enablement is another significant hurdle as a significant amount of extra funding is needed to put in bulk services. Currently, government subsidies allow CoCT to bring in other subsidies as well in order to subsidise social housing as extensively as possible.

- In the case of the CoCT and Western Cape province, well-located sites that are ideal for social housing development include the CBD, but also nodes outside of it. A Council resolution recently gazetted outlines restructuring zones – well located land in various areas of CoCT, that can be used for social housing developments. Access to amenities, transport and economic opportunities need to be in place for an area to be considered a restructuring zone.
- The provincial and national Department of Human Settlements further identified 11 leader towns as restructuring zones. The CoCT and province each has its own processes of land release to ensure compliance and correct entities coming on board.
- The Western Cape and CoCT Human Settlements officials were adamant that social housing developments would be implemented faster if the relevant grants needed were devolved to the relevant qualifying municipalities for administration. The province worked together with municipalities to control grant fund use in the past without over-reliance on decision makers at national SHRA. The CoCT also administers the USDG, a MIG-equivalent grant, averaging 95 to 100% spend annually. A merit-based review of municipalities can be used by national government to determine which municipalities may qualify to administer grant funds themselves.
- At present, the CoCT is able to develop packaged projects for social housing that qualifies for the consolidated capital grant, but the national department is the sole custodian through SHRA. Experience has shown that the current funding mechanism is not agile enough to respond to the challenges of developing social housing. There is often a need to re-prioritise funds, which currently is not allowed. Additionally, the mis-aligned financial years between city and province also causes implementation delays.
- Presently, the SHRA has its own prioritisation matrix and they decide how funding is allocated. The CoCT has development plans for 10 000 units packaged but need funding mechanisms that provide a greater level of agility to be able to operate. Current administrative processes are delaying the implementation of projects. The re-allocation of funds between programmes should also be possible. Presently, CoCT cannot shift funding between social housing projects, thus when a project is delayed, the funding is locked into that project and there is a risk of losing part of the grant funding if projects are stalled through a financial year.

#### 12.4.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame

<p>There has been a need to adopt the affordable housing definition aligned to the Financial Services Charter thresholds (R29 600 monthly household income) acknowledging affordable housing delivered outside of government income benchmarks (R22 000).</p>	<p>National Department of Human Settlements</p>	<p>Unspecified</p>
<p>National government must review the different funding models for housing and who qualifies for these (UISP, FLISP, RDP, Social Housing).</p>	<p>National Department of Human Settlements</p>	<p>Unspecified</p>
<p>There is a need to consider the devolution of the Consolidated Capital Grant (CCG) funding to qualifying municipalities for localised administration.</p>	<p>National Department of Human Settlements, National Treasury</p>	<p>Unspecified</p>

## 12.5 Conradie Social Housing Project, Pinelands

Municipality: City of Cape Town Metropolitan Municipality

Key Contacts at Site: Mr Gavin Wiseman, Department of Infrastructure Directorate: Affordable Housing [Gavin.Wiseman@westerncape.gov.za](mailto:Gavin.Wiseman@westerncape.gov.za) or 021 483 6492

### 12.5.1 Progress/ Observations

- The Conradie Park development is considered a catalytic project and is located within Restructuring Zone 9 of the CoCT (in Pinelands). The site was strategically identified by the Western Cape Provincial Department of Transport and Public Works to be developed as a “*Better Living Model Exemplar Project*”.
- Conradie Park is a mixed-income, mixed-use development with three housing options based on different funding models, namely:
  - 1 236 social housing units, which are subsidised rental units,

- 327 units obtained through the Finance-Linked Individual Subsidy Programme (FLISP)<sup>1</sup>, and
- 149 open-market units sold at competitive market-related prices to prospective property buyers.
- This setup allows for cross-subsidisation between the different types of units. In addition, the development has retail and commercial spaces, as well as an early childhood development (ECD) centre, a community hall, and a library, private primary and high schools in the pipeline.
- The land was released in phases as units were sold/occupied/transferred. Due to the higher density of the development, it houses approximately the same number of people as the rest of Pinelands.
- The development is not gated, and the roads remain the property of the CoCT. The units are secured with facial-recognition access turnstiles that are monitored *via* a CCTV from a centralised security control room from where surveillance and security can be coordinated. Further, visitors are required to register before gaining entry to any of the buildings.
- The Social Housing Institution, Own Haven, manages all social housing units and ensures that all maintenance is taken care of in-house. In the case of the open-market units, the property is transferred directly from the province/municipality to the property buyer, and it is not transferred to the developer first.
- Units are offered in sizes between 32 m<sup>2</sup> (bachelor apartments) at an average rental cost of R752 per month and 60 m<sup>2</sup> (3-bedroom apartments) at an average cost of R5500 per month. Tenants pay the monthly rental and for utilities. The developer is piloting a smart metering system which requires the tenants to pay an upfront amount of at least R600 for the month's electricity.
- The total cost of the first phase of the development, which included building 432 units, was R197.9 million. The total cost of the second phase was R326.6 million for building 659 units.
- Sources of funding included:
  - Consolidated Capital Grant Funding (CCG) - R132.8 million for phase 1 and R216.6 million for phase 2.
  - Geotechnical variance funding<sup>2</sup> – R10.1 million for phase 1 and R18.6 million for phase 2.

---

<sup>1</sup> FLISP offers financial and subsidy support to eligible first-time homebuyers for unit ownership.

<sup>2</sup> Considering the unique geotechnical requirements of the site, such as ensuring it can reasonably withstand seismic events. The Social Housing Regulatory Authority indicated in 2024 that it would no longer consider applications for geotechnical variance costs as part of the social housing grant quantum.

- National Housing Finance Corporation (NHFC) loan – R46 million for phase 1 and R78.5 million for phase 2.
- City of Cape Town Separate Operating Account (SOA) grant funding – R5.9 million for phase 1 and R7.8 million for phase 2.
- Own equity – R3 million in phase 1 and R5 million in phase 2.

### 12.5.2 Challenges

- Funding received from the national Department of Human Settlements for social housing projects is one of the biggest impediments to the roll-out of more social housing projects across the CoCT and the Western Cape. There are seven projects which have been prepared and are ready to proceed (to a total value of R1.2 billion and yielding 2 799 units) but are awaiting funding approval from the Social Housing Regulatory Authority (SHRA).
- Some of the overall challenges discussed relate to the need for a greater link to the provincial code to increase investment in social housing projects.
- The social housing unit is a three-story building with washing lines situated on the roof. While the first floor is typically allocated to older individuals and those with disabilities, there may be tenants with other health conditions who may find it difficult to access the upper floors.
- As phase 2 of the development is completed and more tenants/residents move into Conradie Park, there may be a need for additional parking space.

### 12.5.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The proportion of the National Department of Human Settlements' budget allocated to the social housing programme should be increased.	National and Provincial Treasury, the Department of Human Settlements	Unspecified

### 12.6 Maitland Mews Social Housing Project

Municipality: City of Cape Town Metropolitan Municipality

Key Contacts at Site: Mr Gavin Wiseman, Department of Infrastructure

Directorate: Affordable Housing. [Gavin.Wiseman@westerncape.gov.za](mailto:Gavin.Wiseman@westerncape.gov.za) or 021 483 6492

### 12.6.1 Progress/Observations

- The Maitland Mews Social Housing Project was implemented by the Madulammoho Housing Association (a Social Housing Institution), with a total of 204 social housing units developed. The development reached completion in March 2023.
- The property was owned by the CoCT, and through a partnership agreement, the land was released to implement the project.
- The total development cost was R95.9 million and was funded through various funding mechanisms, including:
  - Consolidated Capital Grant (CCG) funding – R68 million
  - National Housing Finance Corporation (NHFC) loan – R17.5 million
  - Urban Settlements Development Grant (USDG) through the City of Cape Town – R2.3 million
  - Own equity – R8 million.
- A total of 121 units are allocated to primary beneficiaries in terms of the Social Housing Act, the Social Housing Regulations, the Social Housing Policy and the National Housing Code. These units are allocated to qualifying persons earning between R1 850 and R6 700 per month. A further 83 units are allocated to secondary beneficiaries, referring to qualifying persons earning between R 6 701 and R22 000 per month.
- Units are offered in sizes between 30 m<sup>2</sup> (bachelor apartments) at an average rental cost of R650 per month and 47 m<sup>2</sup> (2-bedroom apartments) at an average cost of R4900 per month. Tenants pay the monthly rental and for utilities. All water and electricity are on a pre-paid basis. The site uses photovoltaic panels to feed all geysers and reduce overall electricity consumption.
- Some of the units are designed for persons with disabilities. There are meeting venues for the tenants, and an afterschool facility is available at R31 per year (although it directly faces the main road). Uncapped Wi-Fi is available at R181 per month. Two cleaners are available at the complex, and the Social Housing Institution manages building maintenance.
- The rental estate is protected by a 24-hour security system comprised of biometric fingerprint access and CCTV cameras.

### 12.6.2 Challenges

- Funding received from the national Department of Human Settlements for social housing projects is one of the biggest impediments to the roll-out of more social housing projects across the CoCT and the Western Cape. There are seven projects which have been prepared and

are ready to proceed (to a total value of R1.2 billion and yielding 2 799 units) but are awaiting funding approval from the Social Housing Regulatory Authority.

- Some of the overall challenges discussed relate to the need for a greater link to the provincial code to increase investment in social housing projects.
- The site is a compact infill site with high population densities. It is a 4-story building with no elevators, thus restricting access for older persons and those with disabilities.

### 12.6.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
The proportion of the National Department of Human Settlements' budget allocated to the social housing programme should be increased.	National and Provincial Treasury, the Department of Human Settlements	Unspecified

## 12.7 Goodwood Station

Municipality: City of Cape Town Metropolitan Municipality

Key Contacts at Site: Mr Gavin Wiseman, Department of Infrastructure

Directorate: Affordable Housing. [Gavin.Wiseman@westerncape.gov.za](mailto:Gavin.Wiseman@westerncape.gov.za) or 021 483 6492

### 12.7.1 Progress/ Observations

- The project was approved in 2019 and reached completion in July 2024 with a total of 1 055 social housing units constructed. Tenanting commenced in August 2024. The project is the result of a partnership between the DCI Community Housing Services (the Social Housing Institution), the national Department of Human Settlements, the Social Housing Regulatory Authority (SHRA), the Western Cape Department of Human Settlements, the CoCT and the Passenger Rail Agency of South Africa (PRASA).
- The land was made available through a land availability agreement between PRASA and DCI. The total cost of the development was R503 million, and the project funding consisted of:
  - Consolidated Capital Grant (CCG) Funding – R280.5 million;
  - Interest Use of the CCG – R13.1 million;
  - Infrastructure Fund South Africa (loan) – R149.5 million;
  - Urban Settlements Development Grant (USDG) through the CoCT – R53.8 million;

- Own equity and revenue – R6.3 million.
- The development consists of 85 bachelor units (30 m<sup>2</sup>), 132 1-bedroom units (30 m<sup>2</sup> – 32 m<sup>2</sup>), and 648 2-bedroom units (40 m<sup>2</sup> – 42 m<sup>2</sup>). The average rent is R671 for the bachelor units, R1377 for the 1-bedroom units, and R4603 to R5900 for the 2-bedroom units.
- The development includes wheelchair ramps for ground floor units, making it suitable for people with disabilities and the elderly. The complex is enclosed and supported by 24-hour security with controlled access at the entrance and CCTV cameras placed around the building.
- Centralised geysers result in reduced electricity usage. The SHI covers bulk water; thus, tenants do not pay for water.
- During Phase 1, 74 units were allocated to primary beneficiaries (qualifying individuals earning between R1 850 and R6 700 per month), with an additional allocation of 208 units in Phase 2. A total of 257 units were allocated to secondary beneficiaries (qualifying individuals earning between R6 701 and R22 000 per month) in Phase 1, with an additional 516 units in this category during Phase 2.

### 12.7.2 Challenges

- In general, funding from the national Department of Human Settlements for social housing projects is one of the biggest impediments to the roll-out of more social housing projects across the City of Cape Town and the Western Cape. Seven projects have been prepared and are ready to proceed (to a total value of R1.2 billion and yielding 2 799 units) but are awaiting funding approval from the Social Housing Regulatory Authority (SHRA).
- Some of the overall challenges discussed relate to the need for a greater link to the provincial code to increase investment in social housing projects.
- Insufficient parking spaces for the development was raised as a challenge. The Social Housing Institution (SHI) reported that an application was made to the CoCT for additional land to be made available to develop a parking lot.
- The building has three floors, and the first two have inadequate lighting. Although the property/development design aimed to incorporate natural lighting in the corridors, additional lighting is necessary.
- Due to the design style of the development, the third floor has an open roof. When it rains, water flows through to the ground floor. On each floor, grates along the sides allow rainwater to enter the building walkways, creating wet and slippery surfaces. However, the ground floor walkway is paved, with no provision for draining rainwater, which could lead to potential safety risks.
- The building has 1055 units, but only 406 tenants have moved in.

### 12.7.3 Executive Undertakings and Commitments Made

Minister/MEC/Councillor	Undertaking	Time Frame
	An application has been made (by the SHI) to the CoCT for additional parking spaces.	Unspecified
	The development will be landscaped with various plants.	Unspecified

### 12.7.4 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
There needs to be more parking at the site.	CoCT, DCI Community Housing Services	Unspecified
The proportion of the National Department of Human Settlements' budget allocated to the social housing programme should be increased.	National and Provincial Treasury, the Department of Human Settlements	Unspecified
A roof structure should be constructed on the top floor to cover the walkway and prevent water from entering the building's walkways.	CoCT, DCI Community Housing Services	Immediate action is required to address this safety concern.

### 12.8 Briefing on impact of flood damage in the Western Cape

Key Contacts at Site: Department of Infrastructure, Western Cape Government, Department of Infrastructure: Branch Human Settlements, Western Cape Government.

### 12.8.1 Progress/Observations

- Inclement weather had an impact on approximately 158,097 people and around 47,663 informal and formal structures within the metro. Most affected informal settlements were flooded because they were established on wetlands and low-lying areas.
- The department reported an estimated cost of R1,8 billion to repair flood-damaged infrastructure from June 2023 to July 2024. No disaster relief funding was received from national government. An amount of R350 million was provided by provincial Treasury for rebuilding the affected infrastructure.
- Severe flood damage to road infrastructure creates an unsafe commute for communities and can impact on livelihoods and the economy.
- The department also plans to ensure that new infrastructure is more resilient to climate change impacts. However, the success of these actions will depend on the budget and may take several years to complete, especially given the reduction in the overall transport infrastructure budget.
- There are several roads still affected by these events that still require permanent maintenance and repair. The success of these actions is budget-dependent and may take many years to complete, considering the reduction in the overall transport infrastructure budget, and may be negatively affected by budget cuts.
- Risk mitigation includes new infrastructure being built to be more resilient to climate change impacts by building back better, for example climate resilient reconstruction.
- A lack of clearing around the rivers in the Cederberg area contributed to the extent of flooding. River cleaning is also a strong job creation project, but DOI is unable to work in these systems due to environmental limitations. Riverine clearing is a key flood-damage preventative measure.

### 12.8.2 Challenges

- Prior to flood damage, the Western Cape government faced a R 34 billion backlog. The current flood damage in the province since June 2023 is estimated to be R1.8 billion, without any financial contribution made by national government to date.
- Various roads were closed because of the floods and the department had to re-allocate resources to ensure that strategic roads are safe and accessible.
- Several roads damaged by flooding are still not fully repaired while normal maintenance cycles have to continue. The speed at which all repairs can be affected is totally budget-dependent but could take years because of budget cuts.

- Various Western Cape government departments have experienced budget cuts that will also impact on the transport infrastructure branch's ability to repair flood damage.
- The road infrastructure damages in Citrusdal in June 2023 were primarily due to the lack of riverbed clearing in the area. Farmers reported that they were unable to clear the riverbeds due to insufficient funds.
- The Department of Infrastructure cited environmental limitations as the reason for their inability to facilitate the clearing. To address this, a task team was formed to clean the riverbeds and prevent future flooding.

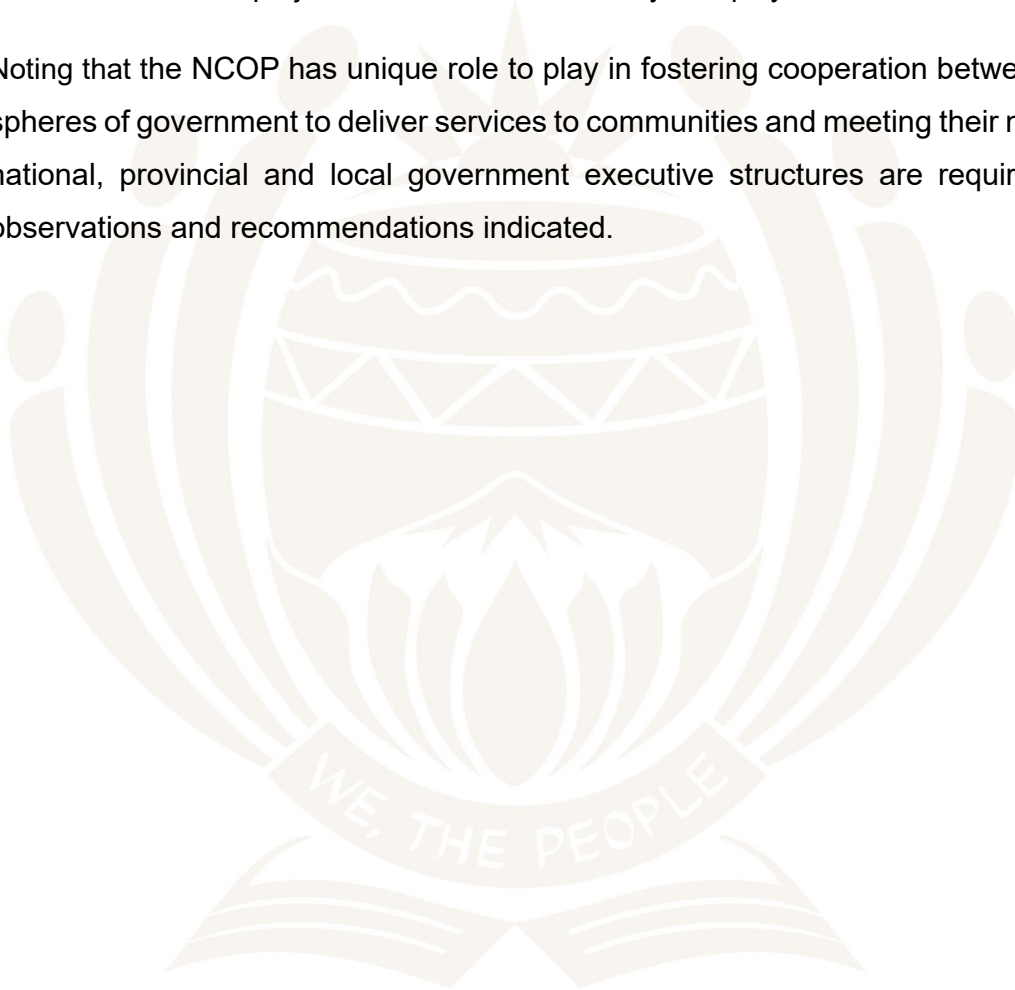
### 12.8.3 Recommendations

Recommendation	Department/ Person Responsible	Time Frame
<p>The current flood damage in the province since June 2023 is estimated to be R1.8 billion. No disaster relief funds have been disbursed by National Government and this needs to be addressed urgently.</p>	<p>National Treasury, National Disaster Management Centre.</p>	<p>Unspecified</p>
<p>A lack of clearing around the rivers in the Cederberg area contributed to the extent of flooding. River cleaning is also a strong job creation project, but DOI is unable to work in these systems due to environmental limitations.</p> <p>Riverine clearing is a key flood-damage preventative measure and should be instituted where flood risks require it.</p>	<p>National Department of Public Works in conjunction with Department of Forestry, Fisheries and the Environment.</p>	<p>Unspecified</p>

### 13. CONCLUSION

During the 2024 NCOP Provincial Week, respective provincial delegations appraised various public infrastructure projects and interacted with key role-players.

Noting that the NCOP has unique role to play in fostering cooperation between the various spheres of government to deliver services to communities and meeting their needs, affected national, provincial and local government executive structures are required to process observations and recommendations indicated.



---

## **COMMITTEE REPORTS**

**National Assembly**

# **REPORT OF THE STANDING COMMITTEE ON FINANCE ON THE 2024 REVISED AND THE PROPOSED FISCAL FRAMEWORK, DATED 12 NOVEMBER 2024**

## **1. INTRODUCTION**

- 1.1. On 30 October 2024, Minister of Finance Mr. Enoch Godongwana presented the 2024 Medium Term Budget Policy Statement (MTBPS) to Parliament, in accordance with the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009. Minister Godongwana, along with Deputy Minister, Director-General of National Treasury (NT), and South African Revenue Service (SARS) Commissioner Mr. Edward Kieswetter, briefed the Finance Committees on 1 November 2024. Post-MTBPS tabling insights were provided by the Parliamentary Budget Office (PBO) and the Financial and Fiscal Commission (FFC) on 5 November 2024.
- 1.2. Public hearings took place on 6 November 2024, where the Committees received nine written and oral submissions from stakeholders, including the Congress of South African Trade Unions (COSATU), Public Economy Project (PEP), Amandla.mobi, Healthy Living Alliance (HEALA), Budget Justice Coalition (BJC), South African Institute of Chartered Accountants (SAICA), Institute for Economic Justice (IEJ), Alternative Information and Development Centre (AIDC), and Dr. Sean Muller. NT and SARS responded to the issues raised in these hearings on 8 November 2024, engaging directly with the Committees and stakeholders.

## **2. POLITICAL OVERVIEW BY THE MINISTER OF FINANCE**

- 2.1. On 31 October 2024, the Minister of Finance, Mr. Enoch Godongwana, along with key representatives from NT and the SARS, briefed the Committees on finance and appropriation from both houses.
- 2.2. Mr. Godongwana emphasized the government's commitment to social spending, noting that 60% of non-interest expenditure is allocated to the social wage. He stressed that sustaining this level of expenditure on redistributive policies requires collaborative efforts from all stakeholders to foster a more conducive economic growth environment.
- 2.3. To support this agenda, the department has identified four strategic pillars. The first pillar focuses on creating macroeconomic stability to facilitate growth. The second

pillar is about strengthening state capacity to enhance service delivery, which in turn stimulates the economy. The third pillar involves implementing structural reforms aimed at removing economic bottlenecks that hinder growth. The fourth and final pillar seeks to shift government spending from a consumption-driven model to one focused on capital investment.

- 2.4. The Minister highlighted that addressing these growth challenges would lead to reductions in unemployment and poverty. However, he pointed out that a critical step in this process is to control the country's debt levels, as debt service costs currently constitute the largest expenditure item. Reducing these costs would free up funds for other key sectors in the economy.
- 2.5. Following his remarks, the Minister invited the Director-General to present the details of the fiscal framework and the strategic plan to the Committee. Below are the key details from the presentation, which outlined the Minister's emphasis on fiscal discipline, debt stabilization, and structural reforms aimed at creating an inclusive and sustainable economic framework.
- 2.6. Emphasis was placed on debt stabilization, revenue adjustments, and measures to tackle economic bottlenecks, with the overarching goal of fostering a more sustainable economic framework.
- 2.7. The presentation underscored the need for rapid and inclusive economic growth to address South Africa's persistent socio-economic challenges. South Africa's growth forecast was revised to an average of 1.8% over the next three years, with specific efforts directed at reducing structural impediments in energy, logistics, and other critical infrastructure sectors.
- 2.8. Reforms under Operation Vulindlela (OV), which have already improved electricity availability and logistics, are central to these efforts. The next phase of OV will further tackle long-standing issues like local government performance and spatial inequality, aiming to create a supportive environment for job creation and investment.
- 2.9. NT's presentation emphasized fiscal stability as a cornerstone of the MTBPS, with debt expected to peak at 75.5% of Gross Domestic Product (GDP) by 2025/26. Debt-service costs are substantial, projected to reach R388.9 billion this fiscal year, accounting for 21.7% of government revenue by 2025/26. Achieving a primary budget surplus over the medium term remains a priority, with the aim of narrowing the budget deficit from 5.0% of GDP in 2024/25 to 3.2% by 2027/28. Efforts to manage the public-sector wage bill, which includes an early retirement program intended to retain

critical skills while reducing government employment costs, thereby freeing up resources for essential services, were highlighted.

- 2.10. The presentation noted that revenue collections for 2024/25 are expected to be R22.3 billion lower than anticipated, primarily due to weaker Value Added Tax (VAT) and fuel levy collections. Import VAT declined, reflecting a reduction in renewable energy-related imports, while fuel levy income dropped due to lower demand and a large diesel refund. Corporate tax collections, however, are forecasted to improve with easing supply-side constraints. Despite these revenue shortfalls, the Minister reaffirmed the resilience of the tax-to-GDP ratio, projected at 24.5% for 2024/25, and stressed the importance of sustained economic growth to strengthen future tax revenues.
- 2.11. A key focus in the Minister's presentation was on sustaining essential services while prioritizing infrastructure investment. Consolidated government spending is projected to increase from R2.4 trillion in 2024/25 to R2.77 trillion by 2027/28. Infrastructure initiatives are positioned as critical for economic growth, with significant investments directed at projects such as hospital expansions, container terminal upgrades, and rail network improvements.
- 2.12. PPP regulations are being reformed to attract private investment into infrastructure, supported by a blended finance platform designed to reduce project risks. These investments are seen as vital to improving service delivery and addressing the infrastructure backlog.
- 2.13. The presentation further emphasized the need to strengthen local governments, particularly those facing financial strain from higher borrowing costs and service delivery challenges. The municipal debt relief program, aimed at improving financial compliance among participating municipalities, has seen progress, with compliance rates increasing from 55% to 76%. Rand West City, as an example, achieved a one-third debt write-off by meeting the program's conditions. The 2024 MTBPS allocates 47.8% of non-interest spending to national departments, 42.4% to provinces, and 9.8% to local government, which underscores the commitment to strengthening local governance and fiscal responsibility.
- 2.14. The presentation candidly addressed significant risks to the fiscal outlook, including the potential impact of lower-than-expected revenue growth, higher borrowing costs, and increased wage settlements. Additionally, state-owned entities remain a source of risk due to ongoing deficits and liabilities, which may require

further budgetary support. The Minister emphasized the importance of maintaining fiscal discipline, implementing efficiencies, and reprioritizing resources toward effective programs to mitigate these risks.

- 2.15. In closing, Minister Godongwana reiterated the importance of fiscal discipline as a pathway to economic stability and sustainable growth. He stressed that South Africa's future depends on balancing immediate needs with long-term development goals, which will be achieved through disciplined fiscal management, robust public-private partnerships, and continued structural reforms. These initiatives, he highlighted, are essential for building a resilient and inclusive economy that can weather both current challenges and future uncertainties.

### **3. OVERVIEW OF THE 2024 REVISED AND 2025 PROPOSED FISCAL FRAMEWORK**

#### **Economic Performance and Outlook**

- 3.1. Over the medium term, the government aims to drive growth by focusing on maintaining macroeconomic stability, implementing structural reforms, strengthening state capacity, and investing in growth-supportive public infrastructure (2024 MTBPS).
- 3.2. For 2024, economic growth is now projected at 1.1%, a slight reduction from the 1.3% forecast in the February 2024 Budget. This downward adjustment of 0.2 percentage points is attributed to challenges including freight and port inefficiencies, persistent power outages, and inflation pressures in the year's first half. However, NT forecasts growth to average 1.8% over the next three years, aligning with 2024 Budget estimates. These projections are grounded in expectations of a more favourable global environment, an improved investment climate, decreasing inflation, a stable electricity supply, and the successful implementation of various reforms.
- 3.3. Gross fixed capital formation, a measure of investment, grew by 3.9% in 2023 but is forecast to decline by 2.5% in 2024. Over the medium term, it is anticipated to recover, averaging 4.2%, assuming a gradual global growth revival and increased infrastructure investment. Household consumption expenditure is expected to rise to 1.2% in 2024 from 0.7% in 2023, with consumer confidence and real income growth, along with access to the two-pot retirement system, anticipated to support consumption over the

medium term. However, consumption growth could be tempered by increased administered prices and varying interest rate adjustments.

3.4. South Africa's growth has lagged other emerging markets and developing economies for over a decade. In 2023 and 2024, Sub-Saharan Africa and Nigeria experienced growth rates of 3.6% and 2.9%, respectively, while South Africa's growth reached only 0.7% in 2023, with a projected 1.1% in 2024. The global economy is expected to maintain a growth rate of 3.2% in both 2024 and 2025. South Africa's slower growth highlights ongoing domestic challenges, particularly the insufficient electricity supply, which has hampered broader economic performance.

**Table 1: Macroeconomic performance and projections**

Percentage change	2021	2022	2023	2024	2025	2026	2027
	Actual			Estimate	Forecast		
Final household consumption	6,2	2,5	0,7	1,2	1,8	1,7	1,9
Final government consumption	0,6	0,6	1,9	1,4	0,9	-0,4	-0,1
Gross fixed-capital formation	-0,4	4,8	3,9	-2,5	4,7	4,2	3,8
Gross domestic expenditure	4,9	4,0	0,8	0,5	2,0	1,7	1,9
Exports	9,7	6,8	3,7	-1,6	3,1	3,1	3,1
Imports	9,6	15,0	3,9	-3,2	4,1	2,8	3,0
<b>Real GDP growth</b>	<b>5,0</b>	<b>1,9</b>	<b>0,7</b>	<b>1,1</b>	<b>1,7</b>	<b>1,7</b>	<b>1,9</b>
CPI inflation	3,3	4,6	6,9	6,0	4,9	4,6	4,6

*Source: National Treasury, South African Reserve Bank and Statistics SA*

3.5. Table 1 provides a summary of South Africa's macroeconomic performance from 2021 to 2023, along with projections extending to 2027. It illustrates that final household consumption, a critical driver of economic activity, exhibited robust growth of 6.2% in 2021, but this growth rate gradually declined to 0.7% by 2023. Looking forward, household consumption is projected to improve slightly to 1.2% in 2024 and then stabilize at approximately 1.7%-1.9% through 2027. This gradual increase suggests improving consumer confidence and income stability over the medium term.

3.6. Government consumption has remained relatively steady from 2021 to 2023 with modest growth rates. However, starting in 2025, it is expected to show a slight decline, with projected negative growth rates of -0.4% in 2026 and -0.1% in 2027. This trend may reflect a fiscal consolidation effort, indicating the government's attempt to control spending and ensure fiscal sustainability.

- 3.7. Gross fixed capital formation (investment) saw moderate growth in 2022, though a contraction of -2.5% is anticipated in 2024. From 2025 onwards, investment is projected to recover, with growth averaging around 3.8%-4.7% through 2027. This upward trend could indicate a rebound in infrastructure and business investment, which is essential for driving long-term economic growth.
- 3.8. Gross domestic expenditure, closely aligned with GDP growth trends, began strong in 2021 but slowed to 0.8% in 2023. Projections for the coming years suggest a slight improvement, with growth averaging around 1.7%-2.0% per year, reflecting a moderate growth outlook for the broader economy.
- 3.9. Exports and imports have shown some fluctuations, with exports expected to dip to -1.6% in 2024, while imports are projected to contract by -3.2% before rebounding to approximately 3.0% growth by 2027. These trade shifts may be influenced by changes in global demand, exchange rate movements, and domestic consumption trends.
- 3.10. Real GDP growth was high at 5.0% in 2021 but declined to 0.7% by 2023. Looking forward, GDP growth is estimated to increase modestly to 1.1% in 2024 and then gradually rise to 1.9% by 2027. This restrained recovery reflects ongoing structural constraints and other domestic challenges limiting the economy's growth potential.
- 3.11. Nominal GDP is projected to rise steadily, from R7,024.0 billion in 2023 to R8,953.6 billion by 2027, reflecting overall economic expansion in nominal terms. Meanwhile, CPI inflation is expected to decline gradually from 5.9% in 2023 to 4.5% by 2027, signalling a trend toward stabilization within the target range, potentially due to improving economic conditions and controlled pricing pressures.
- 3.12. The current account balance exhibits a widening deficit trend, expanding from -1.6% in 2023 to -2.5% by 2027. This increasing deficit could signal higher import costs or greater external vulnerabilities, impacted by trade and investment dynamics.
- 3.13. In the labor market, the unemployment rate has shown a worrying trend over the past two decades. It steadily increased from 25% in 2000, reaching a peak of 34.1% in 2022, largely due to the economic impacts of the COVID-19 pandemic. Although it decreased marginally to 32.4% in 2023, Statistics South Africa's Labour Force Survey (LFS) indicated that by the second quarter of 2024, the unemployment rate had risen to 33.5%, a 0.6 percentage point increase from the first quarter's 32.9%. Compared to the first quarter, the number of employed people fell by 92,000 to 16.7 million, while the number of unemployed people rose by 158,000 to nearly 8.4 million.

- 3.14. NT has assessed the risks to the domestic growth outlook as being more balanced compared with the 2024 Budget. However, it cautioned that faster growth would rely heavily on the effective implementation of its outlined medium-term growth strategy. This includes maintaining macroeconomic stability, implementing structural reforms, enhancing state capability, and investing in growth-supporting public infrastructure.
- 3.15. Data portrays a cautiously optimistic outlook for South Africa's economy, with gradual growth, stable inflation, and a widening current account deficit. The challenging unemployment landscape underscores the need for effective economic policies to drive job creation and inclusive growth, while NT's growth strategy highlights the critical role of structural reforms and infrastructure investment in achieving sustained economic recovery.

### **Revised and proposed fiscal framework**

- 3.16. The 2024 revised and 2025 proposed fiscal framework emphasizes the government's commitment to stabilizing the debt-to-GDP ratio by achieving a primary budget surplus by 2025/26. NT's strategy, as outlined in the 2023 MTBPS, aims to reduce the budget deficit while maintaining the social wage at 60 percent of total budget expenditure. This approach also includes measures to control the growth of the public service wage bill, prioritize capital investment, and limit additional financial support to State-Owned Entities (SOEs).
- 3.17. Revenue projections have been adjusted since the 2024 Budget. The gross tax revenue estimate for 2024/25 has been revised down by R22.3 billion, mainly due to declining collections from the fuel levy and import VAT. Customs duties and Personal Income Tax (PIT) collections are also expected to fall short of initial expectations, though Corporate Income Tax (CIT) and domestic VAT collections are forecasted to exceed projections. Despite these downward revisions, the tax-to-GDP ratio remains stable, and tax collections are anticipated to remain buoyant over the medium term.
- 3.18. Table 2 shows that consolidated revenue is expected to grow from R2.02 trillion in 2024/25 to R2.3 trillion by 2026/27. However, revenue collections are projected to fall short of the 2024 Budget estimates by R41.4 billion in both 2025/26 and 2026/27. NT indicates that achieving improved tax revenues will require sustainable economic growth along with advancements in tax compliance and administration.

3.19. On the expenditure side, non-interest expenditure will increase by a net R32.4 billion over the next two years compared to the 2024 Budget, with the expenditure ceiling raised by R16.8 billion annually for 2025/26 and 2026/27. This adjustment largely accommodates a debt repayment for the South African National Roads Agency Limited (SANRAL) related to the Gauteng e-toll project and early retirement costs. Consolidated expenditure is forecast to rise from an estimated R2.4 trillion in 2024/25 to R2.77 trillion by 2027/28, growing at an annual average rate of 4.9 percent. Almost 60 percent of this spending will go toward social services, while economic development will see the fastest growth rate of 7.8 percent due to increased infrastructure allocations.

3.20. NT acknowledges that South Africa's fiscal position has worsened over time. Despite fiscal consolidation efforts and spending ceilings, the government has struggled to contain budget deficits and debt at sustainable levels. The consolidated budget deficit is now projected to decrease from 5 percent of GDP in 2024/25 to 4.3 percent in 2025/26, although it has increased from 4.9 percent to 5.0 percent of GDP (or by R34.7 billion) compared to the initial 2024 Budget estimate, largely due to weaker-than-expected revenue performance.

3.21. In 2023/24, NT achieved a primary budget surplus for the first time in 15 years, following the global financial crisis, and anticipates continuing these surpluses in 2024/25 and over the medium term, even amid slower revenue growth. The anticipated surpluses are expected to stabilize the debt-to-GDP ratio by 2025/26, anchoring fiscal policy for the coming three years and supporting long-term fiscal sustainability.

**Table 2: 2024 revised and 2025 proposed fiscal framework**

R billion/percentage of GDP	2023/24	2024/25	2025/26	2026/27	2026/28
	Outcome	Revised estimate	Medium-term estimates		
<b>Revenue</b>	1 941.4	2 021.5	2 166.6	2 314.3	2 471.8
	27.4%	26.9%	27.0%	27.1%	27.2%
<b>Expenditure</b>	2 258.8	2 395.0	2 510.3	2 624.4	2 767.1
	31.8%	31.8%	31.3%	30.8%	30.4%
<b>Budget balance</b>	-317.5	-373.5	-343.7	-310.1	-295.3
	-4.5%	-5.0%	-4.3%	-3.6%	-3.2%
<b>Gross loan debt</b>	5 259.4	5 622.5	6 054.7	6 424.4	6 817.5
	74.1%	74.7%	75.5%	75.3%	75.0%

Source: National Treasury

- 3.22. Between 2008/09 and 2023/24, South Africa's government debt increased significantly from R627 billion, or 23.6 percent of GDP, to R5.26 trillion, or 74.1 percent of GDP. This upward trend contrasts with an average debt-to-GDP ratio of less than 60 percent in other emerging market economies in 2024, with South Africa's ratio now edging toward 80 percent. Over the medium term, gross loan debt is expected to grow further, reaching R6.82 trillion by 2027/28. This increase is driven by persistent budget deficits and fluctuations in key macroeconomic factors such as interest rates, inflation, and exchange rates.
- 3.23. NT anticipates that its proposed fiscal framework will stabilize debt at around 75.5 percent of GDP by 2025/26—slightly above the initial February 2024 estimate by R95.5 billion or 0.2 percentage points. The revised debt figure for 2024/25 is R100 billion higher than the February 2024 projections. To meet foreign-currency commitments, the government plans to raise US\$3 billion from international financial institutions and capital markets in 2024/25, with a total of US\$15 billion targeted over the medium term.
- 3.24. Debt service costs are also projected to rise, revised upward by R6.7 billion from the 2024 Budget estimates. These costs are expected to reach R388.9 billion in 2024/25 and escalate to R475.7 billion by 2027/28, accounting for 21.6 percent of total revenue. Debt service costs are particularly sensitive to fluctuations in interest rates, inflation, and exchange rates, which pose challenges to fiscal stability.
- 3.25. NT has identified several significant risks to the fiscal framework. These include weaker-than-anticipated GDP growth, rising borrowing costs, potential wage settlements that exceed affordability in the medium term, and further deterioration in the financial health of major State-Owned Entities (SOEs), which could result in increased demands for government bailouts. Treasury acknowledged that many risks identified in the 2023 Budget Review have already materialized, impacting fiscal stability.
- 3.26. The fiscal outlook remains precarious in the near to medium term, with elevated risks stemming from potential revenue shortfalls, a higher-than-expected public service wage settlement, increased borrowing costs, and persistent deficits. Accumulating liabilities within the public sector, particularly from SOEs, contribute to these risks. While the overall risk profile is more balanced than a year ago, the realization of major risks could significantly disrupt fiscal projections, negatively affecting investment and economic growth.

- 3.27. Despite the worsening fiscal metrics compared to the February 2024 Budget, the medium-term economic and fiscal outlook shows signs of potential improvement. However, achieving the 2025 medium-term targets will depend on successfully managing these fiscal risks and navigating the broader economic challenges.

#### **4. INPUT BY STATUTORY AND CONSTITUTIONAL INSTITUTIONS**

##### **Parliamentary Budget Office**

- 4.1. The PBO provided an analysis of the 2024 MTBPS, highlighting critical areas to address South Africa's socio-economic challenges, particularly unemployment, poverty, and inequality (UPI). The PBO underscores the need for strategic fiscal oversight and recommends various measures to promote inclusive growth, infrastructure investment, and fiscal discipline while ensuring the government meets its socio-economic objectives.
- 4.2. The PBO calls for a finalized Medium-Term Development Plan (MTDP) to assess the fiscal framework's alignment with the National Development Plan (NDP), advocating that a cohesive MTDP would enable clearer accountability and policy direction. It cautions against binding fiscal anchors, noting that such measures could exacerbate inequality and hinder economic growth by limiting the government's flexibility to respond to socio-economic crises. Instead, the PBO urges a focus on frameworks that enable dynamic and inclusive growth while maintaining fiscal responsibility.
- 4.3. The 2024 MTBPS outlines adjustments to the main budget deficit for 2024/25, which has increased from R321 billion to R356 billion, reflecting additional allocations to meet spending demands. Notably, capital asset spending is expected to grow at 10.6% annually over the medium term, with R160.6 billion allocated by 2027/28 to support vital infrastructure projects. However, debt-service costs are anticipated to reach 21.6% of revenue by 2027/28, posing a risk to fiscal space for other critical expenditures. Revenue shortfalls projected at R22.3 billion for 2024/25, primarily due to decreased VAT and fuel levy collections, further emphasize the need for comprehensive fiscal management and innovative revenue generation strategies.
- 4.4. In addressing public sector and taxation reforms, the PBO recommends enhanced support for SARS to implement wealth taxes and improve overall tax collection efficiency. Furthermore, the PBO advises that the impact of VAT on low-income

households should be reassessed to lessen the tax burden on vulnerable populations. These measures could potentially increase revenue while supporting a fairer, more equitable tax system.

- 4.5. Local government support is also a significant area of concern. The PBO highlights the critical need for a revised municipal revenue model to address governance challenges and chronic cash flow issues that impact service delivery. It recommends a robust debt relief program tailored for struggling municipalities, ensuring they can meet essential service requirements and remain financially stable. In the realm of infrastructure investment, while the PBO supports increased private sector involvement, it cautions against over-reliance on PPPs due to the complexities and costs associated with such arrangements. It suggests that government-led investment should remain at the core of critical infrastructure projects, as this would allow greater fiscal control and alignment with long-term developmental objectives.
- 4.6. The PBO commends the prioritization of social protection measures within the MTBPS, which align with the NDP's emphasis on reducing poverty and supporting vulnerable communities. However, it raises concerns over real per capita declines in social spending, warning that this trend may undermine the socio-economic progress needed to alleviate UPI. The PBO encourages the Committee to ensure that social protection continues to be prioritized in the budget framework to shield vulnerable households from economic shocks.
- 4.7. For OV, the PBO acknowledges the government's structural reform efforts in essential areas like energy and water management. However, it points out that some of these reforms largely reinforce historical mandates, offering limited innovation in addressing modern challenges. The PBO calls for comprehensive evaluations to measure the real impact of these reforms on economic growth and employment, ensuring that OV yields tangible outcomes that benefit the broader economy.
- 4.8. Lastly, the PBO recommends careful consideration of the potential and limitations of PPPs. While these partnerships can mobilize private sector resources for public infrastructure, they can also lead to complex contractual obligations that strain public finances. The PBO suggests a cautious approach to PPPs, with thorough oversight and evaluations to ensure they contribute to national development goals without creating additional fiscal liabilities.

- 4.9. The FFC submission provided an analysis focused on South Africa's economic challenges, fiscal sustainability, and the need for targeted policy interventions to promote sustainable growth and social development.
- 4.10. The FFC highlights persistent structural issues, including high unemployment, inequality, and the declining effectiveness of infrastructure and public sector investments. South Africa's growth projections remain low, with real GDP growth anticipated to reach only 1.31% in 2025/26, 1.53% in 2026/27, and 1.74% in the final year of the medium-term expenditure framework (MTEF), underscoring the urgency of structural reforms. The FFC stresses the need to improve the productivity of government spending and address the debt-to-GDP ratio, which has reached a high of 74.6%, with government debt-service costs projected to consume a substantial share of revenue.
- 4.11. In terms of recommendations, the FFC suggests targeted investments in energy security and logistics infrastructure to alleviate bottlenecks and improve economic performance. For instance, reforms in Transnet and the energy sector are necessary to support sustainable growth, reduce operational costs, and enhance logistics efficiency. To tackle inequality, the FFC advocates for inclusive employment programs and support for smallholder farmers, which can drive rural development and improve food security. Additionally, it recommends a productivity-based approach to social relief through employment-linked grants, rather than the proposed transition to a Basic Income Grant (BIG), to foster sustainable growth and reduce inequality.
- 4.12. The FFC also addresses public sector spending and wage management. It proposes increased provincial engagement in national wage bargaining processes to better align compensation with provincial budget constraints, and a comprehensive audit of public sector employment to identify inefficiencies and reduce redundant positions.
- 4.13. Fiscal policy recommendations include two consolidation paths to restore fiscal sustainability: a stringent three-year path and a moderate five-year path to achieve a balanced budget. Both paths emphasize reducing expenditure growth and managing debt obligations to stabilize the fiscal framework. Additionally, the FFC warns that reliance on short-term fiscal expansion is unsustainable and highlights the need for long-term debt restructuring to mitigate refinancing risks.
- 4.14. On specific budget allocations, the FFC reviews adjustments in the 2024 Adjustment Appropriation Bill, noting modest increases in social grants, health, and

education but also raising concerns about inadequate funding for critical infrastructure projects. For instance, the commission underscores the importance of consistent funding for municipal and provincial infrastructure to support local economic development. Furthermore, it welcomes conditional grant reforms, which streamline funding for education and agriculture, but stresses the need for continued monitoring to ensure efficient utilization of these funds.

- 4.15. The FFC submissions advocate for a strategic reallocation of government spending, targeted support for inclusive growth sectors, and fiscal reforms to stabilize debt and promote long-term growth. By addressing core structural challenges, the FFC believes South Africa can build a more resilient and inclusive economy that meets its developmental objectives while maintaining fiscal discipline.

## **5. SUBMISSIONS BY STAKEHOLDERS**

### **AIDC**

- 5.1. The AIDC's submission advocates for a fiscal approach focused on inclusive growth, progressive taxation, and social spending, cautioning that continued austerity and debt-centric policies may worsen socio-economic disparities and hinder sustainable development.
- 5.2. The AIDC criticizes NT's focus on debt stabilization, asserting that it detracts from essential goals like poverty reduction, reducing inequality, and decreasing unemployment. They advocate for a fiscal policy that prioritizes these social outcomes, with specific targets and monitoring mechanisms.
- 5.3. AIDC raises concerns over planned budget cuts, especially in non-interest spending, which will impact higher education, community development, and social grants. They highlight a notable R21 billion cut for social grants from 2024/25 to 2025/26 and the lack of clarity on the future of the Social Relief of Distress (SRD) Grant and the push for a Universal Basic Income (UBI). AIDC calls for a reversal of cuts to social spending, emphasizing the negative impact on vulnerable groups, particularly women, and recommending the implementation of Gender-Responsive Budgeting with a transparent timeline.
- 5.4. The AIDC contends that OV is driving privatization, de-risking private investment at the expense of the public sector through PPPs, concessional finance, and other

instruments. They express concerns that OV's pro-growth narrative is not inclusive and may exacerbate inequality. AIDC calls for transparency around OV's modeling, assumptions, and evidence related to job creation and income growth.

- 5.5. AIDC argues that the government's austerity measures, aimed at debt stabilization, are not effectively reducing debt-service costs due to stagnant economic growth. They believe that cutting spending to manage debt could further harm the economy and worsen unemployment and inequality. Instead, AIDC suggests that increased public investment could foster economic growth, ultimately easing the debt burden. They propose exploring alternative debt management strategies, such as utilizing surpluses in the Government Employees Pension Fund (GEPF) rather than relying on commercial borrowing.
- 5.6. AIDC supports Parliament's recommendation against binding fiscal rules that restrict public spending, cautioning that maintaining primary surpluses at the expense of social investment will likely undermine long-term economic, social, and political stability. They call for a fiscal policy shift toward addressing poverty, inequality, and unemployment through progressive tax reforms and targeted social investments.
- 5.7. AIDC expresses concern over the government's reluctance to raise the tax-to-GDP ratio beyond its target cap of 25 percent, arguing that it benefits the wealthy at the expense of the broader population. They recommend raising the tax-to-GDP ratio through measures such as a wealth tax, removing medical aid tax credits, combating illicit financial flows, reversing above-inflation adjustments on personal income tax, and adopting the UN tax convention. Additionally, AIDC emphasizes the need for increased funding for SARS, citing the agency's high return on investment in revenue collection.

## **COSATU**

- 5.8. COSATU's submission emphasizes the need for a growth-oriented and job-creating fiscal strategy, reinforced by adequate public sector investment, stronger state-owned entities, and targeted support for vulnerable groups.
- 5.9. COSATU opposes Treasury's austerity measures, arguing that they fail to address the country's economic and governance crises. With a GDP growth rate of only 1.8%, the current approach is insufficient to create necessary jobs. COSATU highlights that a

sustainable fiscal path requires stimulating growth, reducing unemployment, and strengthening state capacity, rather than cutting budgets and freezing vacancies.

- 5.10. COSATU is concerned about the shrinking wage bill, which has decreased from 35.7% to 31.4% of the Budget. They emphasize that public services are already strained due to cuts in posts, with no solutions provided for potential retrenchments, such as the 2,400 teachers facing job losses in the Western Cape. COSATU argues that early retirement schemes for public workers must not further weaken the capacity of the state to deliver essential services.
- 5.11. COSATU points to the positive impact of strengthening the SARS through competent management, anti-corruption efforts, filling vacancies, and capacity building. They welcome the additional R2 billion allocation to SARS to improve tax compliance, though they believe even more resources are needed to enhance revenue collection.
- 5.12. COSATU commends efforts to reduce load shedding but stresses the need for further support to Eskom, particularly in addressing municipal debt. They express concern over the deteriorating state of local governments, noting the rising number of municipalities in financial distress. COSATU calls for urgent interventions to rebuild local government and establish a sustainable funding model.
- 5.13. COSATU advocates for rebuilding Transnet to support the mining, manufacturing, and agricultural sectors, and improving Metro Rail for urban economic growth. They are alarmed by the lack of additional support for Denel, the South African Post Office (SAPO), and Postbank, and urge the Department of Transport to expedite the Road Accident Fund (RAF) Bill to address RAF liabilities and deliver relief to the poor.
- 5.14. COSATU expresses disappointment at the reduction in funding for the Presidential Employment Stimulus, given the country's high youth unemployment rate, currently at 70%.
- 5.15. COSATU highlights its proposal for additional worker relief under the Two-Pot Pension Reforms, urging Treasury and Parliament to expedite engagement on this matter for implementation by 2025.
- 5.16. COSATU welcomes the Minister's commitment to table the Public Procurement Act's regulations in 2025, which they believe will significantly boost locally produced goods and job creation.

- 5.17. While COSATU appreciates efforts to address grey listing issues, they stress that these efforts will only be effective if law enforcement and the judiciary receive adequate resources to tackle crime.
- 5.18. As the government prepares the 2025/26 Budget, COSATU calls for an end to “business-as-usual” budgeting, advocating against further cuts to essential public services. They urge Treasury to collaborate with Labour and Business at Nedlac to implement bold interventions aimed at stimulating growth, creating jobs, and rebuilding state capacity, with a particular focus on industrial financing for key export industries.

## **BJC**

- 5.19. The BJC expressed serious concerns regarding the government’s emphasis on austerity measures. BJC argues that the government’s fiscal strategy, which prioritizes fiscal consolidation, undermines South Africa’s social and economic objectives. The coalition warns that this approach could worsen inequality, poverty, and unemployment across the country.
- 5.20. One of BJC’s primary concerns is the impact of austerity on public services. According to the coalition, reducing allocations for critical areas like education, healthcare, and social protection threatens the delivery of essential services and weakens the social safety net. In addition, measures to reduce the public sector wage bill through early retirement do not adequately address existing staffing shortages, especially in sectors such as healthcare and education. This shortfall risks a collapse in service delivery, further harming vulnerable populations who rely on these services.
- 5.21. The BJC also points out deficiencies in revenue generation within the MTBPS. The coalition notes that the fiscal framework lacks progressive tax reforms, with high-income earners and corporations continuing to benefit from tax breaks. BJC advocates for introducing wealth and transaction taxes and increasing resources for SARS to enhance tax compliance and capture more revenue from affluent individuals and businesses. Additionally, despite previous commitments, the MTBPS lacks a focus on gender impacts. Budget cuts disproportionately affect women, especially in healthcare and education, where women make up the majority of the workforce. The BJC calls for a fully resourced Gender-Responsive Budgeting (GRB) strategy to address this gap and ensure equitable outcomes for women.

- 5.22. In response to these concerns, BJC makes several recommendations. First, it calls for a shift towards a human rights-based fiscal framework that centers on social infrastructure, wealth redistribution, and gender equity to protect vulnerable groups. The coalition also recommends exploring alternative funding mechanisms, such as utilizing the Gold and Foreign Exchange Contingency Reserve and considering pension fund investments to counterbalance spending cuts. Furthermore, BJC suggests implementing participatory human rights impact assessments on all budget decisions to ensure alignment with constitutional rights and prevent adverse effects on marginalized groups.
- 5.23. BJC urges the government to restore and increase social spending, reversing recent budget cuts in healthcare, education, and social grants to meet basic needs and uphold citizens' rights. The coalition also emphasizes the importance of long-term funding for public employment programs, such as the Presidential Employment Stimulus, to combat youth unemployment and provide essential social protection.
- 5.24. In conclusion, the BJC calls on Parliament to adopt a progressive fiscal policy that prioritizes human rights, social equity, and sustainable growth. Moving away from austerity towards an inclusive economic approach would address systemic inequality and align with South Africa's constitutional values, promoting a fair and just society. The BJC's recommendations reflect its commitment to ensuring that fiscal policies serve all citizens, particularly the most vulnerable, and foster a stable and inclusive economic future for South Africa.

## **PEP**

- 5.25. The PEP submission expressed concerns over the austerity measures embedded in South Africa's fiscal framework. PEP highlighted that the current policy direction emphasizes debt stabilization through long-term spending cuts, particularly in non-interest expenditure, a move likely to reduce the state's size and impact service delivery and economic growth. Their findings underscore that these fiscal constraints prioritize debt reduction at the expense of real expenditure on essential services like healthcare and education.
- 5.26. The report also questioned the transparency and consistency around the debt-stabilizing primary surplus as a fiscal anchor, noting a lack of clarity on the assumptions and definitions used by NT versus the International Monetary Fund.

Further, PEP emphasized the need for explicit long-term fiscal goals and a clear rationale for sustained austerity, given its projected impacts on public services and potential limitations to GDP growth.

- 5.27. PEP raised concerns about the efficacy of new dual-budgeting strategies aimed at mobilizing private-sector resources for infrastructure projects. Although NT has allocated funds to the Infrastructure Fund, which is managed separately from the main budget ceiling, PEP pointed out that social infrastructure remains severely underfunded and susceptible to inefficiency due to complex procurement and regulatory delays.
- 5.28. The submission highlighted that austerity is already resulting in budget cuts across critical sectors, including health and education, where workforce attrition and reduced capacity pose significant risks to service delivery. PEP argued that the reliance on early retirements to manage the wage bill might further deplete frontline service capacity. Additionally, it suggested that without addressing fundamental inefficiencies and governance issues, spending reviews may yield limited fiscal relief.
- 5.29. Finally, PEP questioned the sustainability of the fiscal approach, noting that while NT aims for a primary surplus by 2025/26, such targets might necessitate even more stringent austerity measures, impacting long-term growth and social stability. They recommended a reassessment of debt targets and transparency in fiscal policy goals to ensure a balanced approach to public spending and economic resilience.

### **Dr Seán Muller**

- 5.30. Dr. Seán Mfundza Muller's submission focussed on procedural issues, fiscal policy, debt sustainability, and public sector employment.
- 5.31. Dr. Muller raises concerns about the Money Bills Act, highlighting insufficient time for public input and the inadequate differentiation between revised and proposed fiscal frameworks. He calls for improvements to revenue proposal processes, pointing out that the issues Parliament should consider, per Section 8(5) of the Act, are often overlooked by the Treasury.
- 5.32. He emphasizes Parliament's amendment powers, particularly in the new coalition context, advocating for greater independence in amending Budget appropriations and allocations, which he feels was previously limited by political affiliations. Reviewing his past submissions, he reiterates unaddressed proposals,

urging the Treasury to model the costs of tax incentives, including the fiscal impact of the Lady R incident and renewable energy incentives, which he labels a potential R9 billion "rent-seeking scheme."

- 5.33. On the Employment Tax Incentive (ETI), Dr. Muller questions its effectiveness, suggesting it has led to over R40 billion in foregone tax revenue without clear job creation benefits. He contends that the ETI primarily serves corporate interests, with inadequate evaluation by the FFC, casting doubt on its impartiality.
- 5.34. Dr. Muller critiques NT's debt sustainability focus, noting the lack of transparency in its fiscal consolidation strategy. He argues that without substantive modelling, NT cannot demonstrate the fair distribution of the debt burden, limiting Parliament's oversight ability.
- 5.35. He further contends that NT has expanded beyond its legal mandate since 1994, encroaching on areas outside core public finance, including structural reforms and OV, which he claims are based on weak growth assumptions.
- 5.36. On public sector employment, Dr. Muller argues that Treasury-imposed expenditure ceilings have forced cuts that affect service delivery, criticizing the lack of evidence supporting claims that these cuts do not impact frontline posts. He suggests that Parliament should demand clear expectations regarding these reductions.
- 5.37. Dr. Muller urges Parliament to exercise its amendment powers, demanding accountability from NT, the PBO, and FFC. He calls for transparent modelling and estimates from NT, cautioning that longstanding issues within the MTBPS and Budget reflect systemic resistance to change, potentially harming South Africa's fiscal stability and growth.

### **Amandla.mobi**

- 5.38. Amandla.mobi's submission, representing over 900,000 South Africans, conveys strong criticism of the 2024 MTBPS, condemning its "anti-poor" budgetary approach. The organization expressed disappointment with Finance Minister Godongwana's continuation of austerity measures, arguing that these undermine President Ramaphosa's commitment to poverty reduction.
- 5.39. The submission highlights that more than nine million South Africans face hunger and poverty, while eight million remain unemployed, which the MTBPS does little to alleviate. Amandla.mobi emphasizes that despite promises to end poverty and

explore a BIG, the MTBPS fails to provide clear steps toward these goals. Instead, they claim the budget disproportionately favors the private sector while overlooking the needs of the impoverished majority.

5.40. In terms of specific fiscal concerns, amandla.mobi criticizes ongoing budget cuts in essential services like grants, health, and education, which they argue are unacceptable, particularly as some reductions are justified by the provisional allocation for the R370 SRD grant. They demand that the government not only maintain the SRD grant but also increase it to match the R796 food poverty line and extend it until it can be transformed into a BIG of R1,500. Further, amandla.mobi insists that the SRD should not be cut or replaced by a narrower grant that might exclude many vulnerable people.

5.41. The submission calls for a significant increase in all social grants by R500 to address the rising cost of living. Noting the inadequacy of current grant amounts, they underscore the impact of inflation on food and other essentials. The organization urges the expansion of VAT zero-rated food items and additional resources for the Competition Commission to address profiteering by supermarkets and large businesses. They advocate for a 20% increase in the Sugary Drinks Tax by 2025 and propose that public consultations be initiated to expand the tax to fruit juices, viewing this as necessary for public health and government revenue.

5.42. Amandla.mobi strongly supports progressive taxation measures, calling for higher personal income taxes on individuals earning over R1 million annually. They propose a net wealth tax with rates up to 9% for individuals holding significant wealth, arguing this would reduce inequality. The submission also recommends eliminating tax rebates on medical aid and retirement contributions for those earning above R1 million, alongside eliminating ineffective tax breaks. They emphasize that tax policies should shield low- and middle-income earners from VAT hikes, which disproportionately affect the poor. Finally, amandla.mobi calls for a fundamental shift in government priorities to reduce the private sector's dominance in fiscal policy and ensure that all South Africans live with dignity.

## **HEALA**

5.43. HEALA's submission to Parliament on the Health Promotion Levy (HPL) highlights the importance of strengthening this levy to promote public health in South

Africa. Introduced in 2018, the HPL has effectively reduced sugar-sweetened beverage (SSB) consumption and raised considerable revenue. However, HEALA points out that the levy rate has remained static, diminishing its impact due to inflation. HEALA urges NT to raise the HPL rate in the 2025 Budget and advocates for a discussion paper on expanding the HPL to include fruit juices and on lowering the threshold for its application.

- 5.44. HEALA emphasizes that consuming SSBs, particularly due to their high free sugar content, is linked to significant health risks, including non-communicable diseases (NCDs) such as diabetes, cardiovascular conditions, dental caries, and obesity. With South Africa experiencing a rise in diet-related diseases, these health issues place a growing financial burden on the healthcare system and the economy. HEALA contends that strengthening the HPL represents a cost-effective, necessary measure to curb disease prevalence and reduce healthcare costs.
- 5.45. The submission notes that since its implementation, the HPL has raised approximately R13 billion, yet NT could have generated an additional R800 million with a rate adjustment. HEALA estimates that increasing the HPL rate to 20% could yield about R3 billion in revenue, which could support essential government spending priorities. Furthermore, expanding the HPL to include fruit juices would close a gap in the levy, as fruit juices, though marketed as healthy, contain similar free sugar levels to SSBs and contribute to health risks in the same way. This expansion would thus support both revenue goals and public health by discouraging excessive sugar consumption across a broader range of beverages.
- 5.46. HEALA's core recommendations focus on enhancing the HPL's impact: increasing the HPL rate to 20% to maximize its effectiveness, adjusting the levy annually for inflation to preserve its deterrent power, and including 100% fruit juices to address sugar intake comprehensively. These measures are presented as essential to addressing the health impacts of high sugar consumption and promoting a healthier food environment.
- 5.47. HEALA calls on NT to take decisive action to protect the health of South Africans, stressing that a healthier population ultimately fosters a more prosperous nation.

- 5.48. SAICA's submission underscores the need for stronger fiscal discipline, enhanced budget transparency, and improved accountability across government departments and municipalities to support South Africa's fiscal and economic stability.
- 5.49. SAICA emphasized that fiscal prudence cannot be solely the responsibility of the Minister of Finance and NT; it requires broader Cabinet support and accountability. They highlighted NT's Constitutional authority to enforce financial compliance and called on the Minister and Director General to use these powers more assertively to promote the country's fiscal health.
- 5.50. SAICA stressed the importance of parliamentary oversight to ensure the Budget and the MTBPS meet Constitutional standards of credibility. They noted that the budget has historically excluded or understated known costs, such as expected wage increases and departmental legal liabilities, leading to a potentially misleading picture of public finances.
- 5.51. With six outstanding action items for South Africa's greylisting by the Financial Action Task Force (FATF), SAICA highlighted the need for increased financing for the South African Police Service (SAPS) and the National Prosecuting Authority (NPA) to enable the investigation and prosecution of complex financial crimes. They also urged greater accountability from the Police and Justice Ministries in completing these actions by the February 2025 deadline.
- 5.52. SAICA expressed concern over the reduction of 30,000 public servants in two years, which may impact essential service delivery, particularly in education and health. They recommended a more measured approach to workforce reductions and emphasized the need for wage negotiations to be finalized before the start of the fiscal year to allow for accurate budgeting.
- 5.53. SAICA noted that municipalities were owed R339.9 billion in 2023/24, largely due to unpaid household bills. They highlighted NT's observation of a lack of political will to enforce debt collection and called for stronger interventions by national and provincial treasuries to enforce fiscal discipline at the municipal level.
- 5.54. With public and private fixed investment levels reportedly at half the National Development Plan's target of 30% of GDP, SAICA urged NT to apply stricter budget controls to ensure infrastructure allocations are effectively utilized. They supported the Minister's emphasis on infrastructure investment as a key pillar of inclusive growth.
- 5.55. SAICA raised concerns about the inadequate government allocation for water infrastructure, noting that the National Water Masterplan calls for R89 billion per

annum over ten years. They observed that the Department of Water and Sanitation has consistently failed to meet targets for critical regional infrastructure projects, repeating the previous year's poor performance, and urged accountability for these lapses amid South Africa's ongoing water crisis.

## **6. NATIONAL TREASURY'S RESPONSE TO PUBLIC SUBMISSIONS**

6.1. NT addressed the public's submissions with detailed responses across several critical areas, underscoring their commitment to fiscal sustainability, economic reforms, and public sector efficiency.

### **Fiscal Stability and Economic Growth**

6.2. NT emphasized its continued focus on fiscal sustainability, highlighting efforts to control government debt and achieve primary budget surpluses. The primary surplus target is set for 2024/25, and debt stabilization is projected at 75.5% of GDP by 2025/26. This fiscal consolidation aims to balance between reducing debt and maintaining essential service spending. NT clarified that controlling debt and reducing borrowing costs are essential to sustain long-term economic growth and support for key infrastructure. This strategy, NT noted, aligns with the government's structural reforms and economic priorities, promoting growth by addressing bottlenecks in infrastructure, energy, and logistics.

### **Tax Policy and Revenue Enhancements**

6.3. While the MTBPS did not introduce new tax proposals, NT underscored its focus on protecting and enhancing the tax base through efficiency and progressive reforms. Progressive tax reforms, including the potential for wealth taxes and closing tax loopholes, are under consideration for the upcoming 2025 Budget. NT indicated that these proposals aim to address income inequality and revenue gaps but require careful evaluation to ensure they are both effective and sustainable within South Africa's tax structure. Stakeholder input will continue to inform the refinement of these tax strategies.

### **Employment Tax Incentive**

6.4. NT acknowledged mixed feedback on the Employment Tax Incentive (ETI), noting previous reviews and consultations with stakeholders, which ultimately led to the ETI's extension until 2029. Although NT recognizes the need for further studies to confirm ETI's impact on actual job creation, it reiterated that the program has supported youth employment in targeted sectors. NT emphasized its commitment to continuous evaluation and adjustment of the ETI, considering any findings that highlight improvements in design or implementation.

### **Managing the Public Sector Wage Bill**

6.5. On the subject of the public sector wage bill, NT emphasized a balanced approach that aligns with fiscal sustainability objectives. Efforts to manage wage growth are central to NT's strategy, which includes measures like early retirement packages and progressive wage increase targets aligned with inflation. NT stated that these measures aim to reduce the wage bill gradually, ensuring no adverse impacts on frontline services. In response to public comments, NT reiterated the necessity of wage control to maintain overall fiscal balance and prevent the need for deeper cuts in other vital service areas.

### **Operation Vulindlela and Structural Reforms**

6.6. NT provided updates on OV's progress, explaining that the second phase of reforms will tackle additional structural issues, especially at the local government level, while also addressing spatial inequality. NT noted that while positive outcomes have emerged in energy, logistics, and regulatory streamlining, challenges persist. The government's broader reform program targets areas that inhibit economic productivity, with the goal of creating a more inclusive economic environment. NT also expressed confidence that ongoing reforms will yield substantial improvements in medium-term growth rates, bolstered by further infrastructure investment and regulatory efficiency.

### **Social Development and the SRD Grant**

6.7. Acknowledging the role of social protection, NT addressed concerns around the SRD grant and its potential permanence. NT explained that while the SRD grant provides essential support to millions, making it permanent would significantly strain public

finances. A BIG, NT stated, would be even more costly and could require tax increases or reallocation of resources from other areas. NT is currently exploring ways to make social assistance sustainable, examining different revenue options and engaging with stakeholders on the future of social grants.

### **Municipal Financial Health and Support**

6.8. Addressing the financial struggles of municipalities, NT outlined plans to enhance municipal revenue management, debt collection, and fiscal discipline. In particular, NT is focused on enabling municipalities to improve service delivery by enforcing stricter financial management practices, including consequences for delinquency. NT is also exploring new revenue sources and payment structures that better support municipal needs. By implementing these reforms, NT aims to strengthen the municipal sector's financial health, improving its capacity to provide services and support local economic growth.

### **Healthcare Budget and National Health Insurance (NHI)**

6.9. NT reassured stakeholders of its commitment to healthcare spending, noting modest growth projections to support essential health services. Recognizing NHI's significance, NT highlighted the phased rollout approach, which includes strategic infrastructure investments aimed at improving quality and accessibility. NT expressed that this gradual implementation of NHI is necessary to address funding constraints while ensuring effective service delivery improvements over time.

### **Public Infrastructure and Public-Private Partnerships (PPPs)**

6.10. To address the need for improved infrastructure, NT advocated for PPPs, highlighting their role in supplementing public investment. NT acknowledged the challenges in implementing PPPs but outlined new regulations designed to streamline project management and expedite processes. The emphasis on PPPs reflects NT's broader strategy to leverage private sector resources for public benefit, aiming to maximize the reach and impact of infrastructure projects while sharing the fiscal load with private partners.

### **Revenue Shortfalls and SARS Funding**

- 6.11. In response to concerns about revenue shortfalls and SARS funding, NT recognized the SARS' critical role in revenue collection, especially given a revenue projection shortfall of R22.3 billion in 2024/25. NT attributed some of the collection challenges to declining import VAT and fuel levies. To address these challenges, NT is working with SARS to strengthen compliance, improve efficiency, and optimize revenue streams, ensuring SARS has the resources needed to close the collection gap.

### **Debt and Funding Strategy**

- 6.12. NT emphasized its prudent debt and funding strategy, including the use of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to mitigate borrowing requirements and stabilize the debt ratio. NT highlighted the importance of carefully managing foreign currency commitments and international loans to ensure a balanced debt profile. NT also confirmed that measures to reduce borrowing costs and control debt-servicing expenses are central to maintaining long-term fiscal stability.
- 6.13. NT reaffirmed its dedication to a balanced fiscal framework that promotes sustainable growth, fiscal responsibility, and social equity. NT remains committed to engaging with stakeholders to refine its strategies and ensure that the MTBPS objectives align with broader socio-economic goals.

## **7. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

- 7.1. The Committee's observations and recommendations on the revised and proposed fiscal framework for 2024/25 reflect a comprehensive evaluation of the government's fiscal strategy amid challenging economic conditions. With a focus on enhancing fiscal stability and addressing urgent socio-economic needs, the Committee has assessed key aspects of the budget, including revenue forecasts, expenditure adjustments, debt sustainability, and contingency measures. The framework's in-year adjustments demonstrate an effort to accommodate unexpected financial obligations while prioritizing critical sectors such as education, healthcare, social welfare, and infrastructure, which are essential to promoting inclusive growth and supporting vulnerable communities.
- 7.2. The Committee's analysis also considers stakeholder concerns regarding the impact of austerity and fiscal consolidation on essential public services and economic inequality.

In response, the Committee has proposed measures to balance debt management with targeted investments in high-impact areas, including job creation and infrastructure development. Observations highlight the importance of transparency in spending, efficient resource allocation, and robust contingency planning to ensure fiscal resilience.

- 7.3. Through these observations and recommendations, the Committee underscores the need for a balanced approach that upholds fiscal discipline while fostering sustainable growth, protecting public services, and supporting South Africa's long-term socio-economic development goals.
- 7.4. The Committee notes with concern that the Medium-Term Development Plan (MTDP) has not yet been formally adopted by the government to guide budgeting processes. Members highlighted that without an approved MTDP, there is a risk of misalignment between budgeting priorities and the objectives of the NDP, particularly regarding job creation, poverty alleviation, and addressing inequality. The absence of an adopted MTDP has raised doubts about the strategic focus of fiscal planning and its effectiveness in achieving the socio-economic goals outlined in the NDP.
- 7.5. The Committee strongly urges the government to prioritize and expedite the development, adoption, and implementation of the MTDP through a consultative process. This inclusive approach should ensure that the MTDP not only aligns budget allocations with NDP targets but also reflects diverse stakeholder perspectives. The MTDP should serve as a cohesive framework that integrates fiscal priorities with the NDP's socio-economic goals, particularly in job creation, poverty reduction, and reducing inequality. Once adopted, the plan should include clear targets and measurable outcomes to guide budget decisions, ensuring that government spending is strategically directed toward inclusive growth and sustainable development.

## **REVISED FISCAL FRAMEWORK**

### **In-Year Adjustments to Non-Interest Expenditure**

- 7.6. The 2024 MTBPS includes notable in-year adjustments to non-interest expenditure, highlighting the need to balance unforeseen financial obligations with fiscal discipline. The main budget non-interest expenditure for 2024/25 has been revised upwards by R10.4 billion relative to the 2024 Budget, bringing the total to R1.764 trillion. This net

increase reflects various upward and downward adjustments, as detailed in the MTBPS.

- 7.7. The upward adjustments amount to R19.1 billion, largely due to significant allocations for unforeseen expenditures. Rollovers account for R2.051 billion, while SANRAL GFIP phase 1 debt repayment for the Gauteng Freeway Improvement Project constitutes a major allocation of R5.021 billion, with R1.215 billion from the national government and R3.806 billion from the provincial government portion. Another significant expenditure is SANDF troop deployment in the Democratic Republic of Congo (DRC), which necessitated R2.1 billion. Unforeseeable and unavoidable expenditures add R2.133 billion to the budget, and the 2024 Budget announcement accounts for an additional R2.661 billion. Lastly, other allocations in the Adjusted Estimates of National Expenditure amount to R5.124 billion.
- 7.8. On the downward adjustment side, reductions totalling R8.726 billion were implemented to offset some of the additional expenses. This includes a R5 billion drawdown on the contingency reserve, which provides a buffer for unforeseen fiscal needs. Provisional allocations not assigned to votes reduce the budget by R570 million, while projected underspending contributes to a further R2.914 billion in savings. Additionally, declared unspent funds amount to R242 million.
- 7.9. The Committee notes that the 2024/25 budget adjustments underscore the government's attempt to manage fiscal pressures while addressing urgent priorities. The R5.021 billion allocated for SANRAL's Gauteng Freeway debt repayment reflects the government's commitment to managing infrastructure liabilities, albeit at a considerable cost to the budget.
- 7.10. The Committee is concerned about the substantial allocation for SANDF deployment in the DRC at R2.1 billion, which indicates South Africa's active role in peacekeeping but raises questions about long-term sustainability given fiscal constraints.
- 7.11. The Committee also observes that R5 billion drawn from the contingency reserve signals the need to maintain adequate fiscal buffers for unexpected expenditures. However, the overall increase in non-interest expenditure suggests a growing challenge in maintaining fiscal discipline amid rising obligations.
- 7.12. The Committee notes the projected underspending of R2.914 billion as an indicator of fiscal prudence and expenditure control in certain areas. However, it is concerned that this underspending may also reflect underlying challenges that could

impact the effective delivery of services. Persistent underspending raises questions about possible capacity constraints, delays in project execution, and inefficiencies within government departments. These issues may impede service delivery, delay infrastructure projects, and miss opportunities for economic growth and job creation.

7.13. The Committee is particularly concerned that underspending in critical sectors, such as healthcare, education, and infrastructure, may hinder the government's ability to meet urgent needs and support vulnerable communities. Further, the repeated inability to fully utilize allocated funds could affect budget credibility and suggest a misalignment between budget allocations and departmental capacity to execute projects.

7.14. The Committee urges NT and relevant departments to investigate and address the root causes of underspending, including potential administrative bottlenecks, capacity gaps, and procedural inefficiencies. Strengthening these areas would improve budget execution, enhance service delivery, and ensure that government resources are utilized efficiently to meet the needs of the public.

7.15. The Committee emphasizes the importance of balancing fiscal adjustments to ensure that essential services are not compromised. While the R10.4 billion net increase reflects a responsive approach to budget management, the reliance on contingency funds and projected underspending indicates underlying challenges in budget predictability and control. The Committee encourages NT to further streamline expenditure allocations and strengthen contingency planning, especially considering South Africa's pressing socio-economic needs and fiscal limitations.

## **PROPOSED FISCAL FRAMEWORK AND RELATED MATTERS**

### **Fiscal Policy, Debt Management, and Balanced Approaches to Consolidation**

7.16. Revenue for 2024/25 is revised at R2.021 trillion, or 26.9% of GDP, with modest growth expected over the medium term, reaching R2.471 trillion by 2027/28 and stabilizing around 27% of GDP. The Committee notes the challenges in expanding the tax base and enhancing revenue due to the current economic environment. To support fiscal sustainability, the Committee urges NT to continue to explore avenues for improving tax compliance and stimulating economic growth.

7.17. Government expenditure is projected at R2.395 trillion in 2024/25, equivalent to 31.8% of GDP, increasing to R2.767 trillion by 2027/28. Expenditure remains stable

at about 31% of GDP, reflecting fiscal consolidation efforts. The Committee supports prioritizing social services and infrastructure but stresses the importance of spending efficiency. The Committee also notes that sector-specific allocations for 2025/26 to 2027/28 highlight key national priorities, with R1,573 billion allocated to Learning and Culture, R1,221 billion to Social Development, R920 billion to Economic Development, R893 billion to Health, R848 billion to Community Development, and R809 billion to Peace and Security. These allocations reflect the government's focus on education, poverty reduction, job creation, and public safety, aligning with stakeholder calls for robust social spending.

7.18. The Committee acknowledges the projected narrowing of the budget deficit from -5.0% of GDP in 2024/25 to -3.2% by 2027/28, indicating a commitment to fiscal consolidation. However, the persistent structural deficit raises concerns about vulnerability to revenue shortfalls and economic downturns, especially given the optimistic economic outlook embedded in the projections. The Committee recommends NT adopt contingency measures to safeguard deficit targets, ensuring fiscal stability even if revenue shortfalls or unforeseen expenditures arise.

7.19. Gross loan debt is expected at R5.623 trillion for 2024/25, reaching R6.818 trillion by 2027/28, with the debt-to-GDP ratio stabilizing around 75%. The Committee remains concerned about high debt levels and debt-service costs, which limit funds for essential services. Strengthening debt management and exploring ways to reduce borrowing costs are recommended to mitigate fiscal risks. In particular, the Committee stresses the need for NT to diversify funding sources and enhance fiscal discipline to ensure long-term debt sustainability.

7.20. Debt-service costs remain a significant concern, consuming 21.6% of revenue by 2027/28 and totalling R388.9 billion in 2024/25 alone. The Committee emphasizes that while measures like the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) reduce borrowing needs, fiscal sustainability remains uncertain. Debt-service costs, projected at R1,341 billion, are the second-largest expenditure item, which constrains funding for essential services and underscores the need for strategic debt management to prevent debt from crowding out critical priorities.

7.21. The Committee notes the impact of the R150 billion, over the medium-term, GFECRA in reducing gross borrowing requirements and stabilizing exchange rates in a challenging global economic environment. However, it underscores the need for

careful monitoring of GFECRA usage to ensure transparency and prevent over-reliance, as the account impacts foreign reserves critical for long-term fiscal health.

- 7.22. The Committee commends the government's efforts to increase contingency reserves, currently set at R43 billion, to address potential fiscal shocks, including wage adjustments or natural disasters. This reserve serves as a prudent fiscal measure to handle unforeseen expenses without disrupting planned allocations, thereby supporting stability across budgeted programs. However, the Committee highlights the importance of establishing a structured approach to risk assessment and disaster response, particularly in light of recent climate-related challenges. Implementing a framework for prioritizing spending during emergencies would further strengthen resilience and fiscal stability.
- 7.23. Stakeholders have voiced opposition to austerity, highlighting that spending cuts negatively impact social services and deepen inequality. The Committee acknowledges these concerns, advocating for policies that balance debt sustainability with inclusive growth. Investments in infrastructure, social protection, and job creation could support both fiscal stability and socio-economic development.
- 7.24. The Committee supports stakeholder calls for alternative fiscal strategies, including targeted investments in high-impact sectors. Fiscal consolidation must carefully balance debt stabilization with the need for poverty alleviation, employment creation, and social service provision.

### **Revenue Collection and the Tax Gap**

- 7.25. SARS reported approximately 7.6 million taxpayers filed returns in 2024, with significant efficiency gains and R28 billion disbursed in refunds. The Committee commends SARS's efforts but acknowledges concerns over trust erosion due to crime and corruption, which hamper voluntary compliance.
- 7.26. The tax gap remains a challenge, with an estimated gross gap of R1.061 trillion, 42% of total tax liability, and a net gap of R800 billion. To bridge this gap, the Committee recommends further resource allocation to SARS, including enhancing digital capacity and retaining critical skills.
- 7.27. Budget constraints have led to reductions in SARS staffing, particularly affecting customs and excise. Given the rising demands of cross-border trade and non-

compliance challenges, the Committee stresses the need for increased SARS funding to support modernization and bolster tax compliance.

7.28. To address revenue shortfalls projected at R22.3 billion for 2024/25, the Committee recommends exploring progressive tax options, including taxes on luxury items and wealth taxes. Stakeholders suggest this approach could reduce fiscal strain without overburdening low-income households.

7.29. The Committee recognises that high tax rates can impede economic growth and job creation. In light of this, it recommends that the government, as part of its commitment to a pro-growth agenda, also explores options to reduce certain taxes strategically. Lowering tax rates in key areas could stimulate savings, attract investment, enhance international competitiveness, and support broader economic growth and employment creation. Such an approach should be balanced to ensure that fiscal sustainability remains intact while fostering an environment conducive to economic expansion.

### **Economic Growth and Employment**

7.30. The Committee acknowledges that South Africa's fiscal and monetary policies are currently pro-cyclical, aiming to manage debt and inflation but potentially hindering recovery. Recent growth rates, projected at only 1.1% in 2024, underscore the need for a balanced policy approach.

7.31. South Africa's high unemployment rate, at 33.2%, particularly impacts youth, with unemployment levels over 70%. The Committee advocates targeted interventions in skills development aligned with market needs to reduce unemployment and support economic stability.

7.32. Restrictive monetary policy by the SARB has increased borrowing costs, impacting spending and investment. The Committee met with SARB on 10 October 2024 and, while respecting SARB's independence, suggests that recent inflation moderation may allow for more flexibility to support economic growth.

7.33. To foster economic recovery, the Committee recommends that SARB consider rate adjustments aligned with broader growth objectives, balancing inflation control with growth support.

- 7.34. Fiscal consolidation has constrained aggregate demand. The Committee suggests that targeted expenditure adjustments in high-impact sectors could support recovery, balancing austerity with economic stimulus.

### **Structural Reforms, Public-Private Partnerships, and Infrastructure Investment**

- 7.35. The Committee notes the progress of OV reforms, particularly in the energy and logistics sectors. While recognizing the potential of these reforms to drive economic growth, the Committee advises that greater innovation and clearer timelines are essential to ensure tangible improvements in critical services, such as water, sanitation, and infrastructure. Structural reforms in these sectors are vital for fostering a growth-friendly environment, enhancing job creation, and boosting revenue generation, thereby strengthening the fiscal framework. However, the Committee also acknowledges concerns raised by stakeholders regarding OV's inclination to shift resources from the state to the private sector. This approach, while aimed at efficiency, may face opposition due to its impact on public service delivery and the state's role in essential services. The Committee recommends that these concerns be carefully weighed to strike a balance that ensures effective reforms while maintaining the state's accountability to citizens.
- 7.36. The Committee acknowledges the planned infrastructure spending growth of 10.6% annually, reaching R160.6 billion by 2027/28, which aligns with goals under Operation Vulindlela. This investment is critical for economic growth and service delivery.
- 7.37. PPPs mobilize private resources for infrastructure but carry risks of long-term costs and governance challenges. Stakeholders caution against over-reliance on PPPs, as they can prioritize profits over public welfare. The Committee recommends a balanced approach that incorporates government-led projects alongside PPPs.
- 7.38. To enhance PPP outcomes, the Committee recommends standardized oversight, periodic reviews, and transparent governance to ensure efficiency and minimize financial strain on the state.
- 7.39. Prioritizing government-led projects in health, education, law enforcement and social welfare will help maximize public benefits. Clear timelines, budgeted milestones, and performance targets are recommended for infrastructure projects to ensure socio-economic benefits.

## Reforms in State-Owned Enterprises

- 7.40. The Committee acknowledges the critical insights shared by stakeholders regarding the current challenges and potential role of SOEs in driving economic development and social progress in South Africa. It notes that SOEs face significant governance and operational inefficiencies that have led to repeated financial losses and dependency on government bailouts.
- 7.41. SOEs are seen by stakeholders as key drivers of national development, especially in sectors critical to infrastructure, energy, and communication. The Committee agrees with stakeholder concerns that any restructuring or reform of SOEs should preserve their developmental mandate, focusing on economic growth, equitable service delivery, and job creation.
- 7.42. The Committee notes stakeholder concerns regarding the impact of SOE restructuring on job security. It emphasizes that the welfare and rights of workers must be integral to any reform process, ensuring fair treatment of employees and active engagement with labour unions in restructuring decisions. The Committee further underscores the importance of balancing SOEs' service delivery roles with their efficiency and effectiveness, ensuring that these entities contribute meaningfully to the well-being of all South Africans while maintaining operational sustainability and service quality.
- 7.43. With Eskom at the centre of South Africa's energy transition, the Committee observes that SOEs are expected to play a pivotal role in the shift to renewable energy sources. However, the Committee acknowledges that this transition must be “just,” ensuring affected communities and workers are supported, with new job opportunities and retraining initiatives aligned with green industry needs.

## Environmental and Energy Transition

- 7.44. The Committee acknowledges the government's commitment to a transition toward renewable energy and the role of the Renewable Energy Independent Power Producer Procurement Programmes (REIPPPs/IPPs) in diversifying energy sources. While this shift aligns with environmental commitments and strengthens energy security, the Committee notes divided opinions on the broader economic impact, particularly within energy-intensive sectors. It stresses the importance of a balanced and gradual transition that respects South Africa's mineral endowments, such as coal,

and ensures that the move to renewable energy is just and inclusive. This approach should prioritize climate resilience while meeting South Africa's immediate energy demands and supporting economic stability in regions dependent on traditional energy sources.

- 7.45. Contingent liabilities from IPP guarantees pose fiscal risks. The Committee notes that long-term contracts with IPPs represent potential liabilities that could impact fiscal stability. It recommends NT provide a comprehensive report on these liabilities and adopt monitoring frameworks to manage fiscal risks effectively.

### **Service Delivery Challenges**

- 7.46. The Committee acknowledges ongoing service delivery challenges that negatively impact communities, including infrastructure failures, sewage overflow on public roads, and operational issues in essential public services. Specific issues, such as system downtime and significant backlogs in the issuance of identity documents, force citizens to make repeated visits to access a single service. These challenges restrict citizens' access to quality services and raise serious concerns about governance and operational efficiency. The Committee strongly urges targeted interventions to address these issues through improved infrastructure maintenance, streamlined public service delivery processes, and enhanced accountability across departments responsible for essential services. Additionally, the Committee emphasizes the importance of active and responsible citizenry, recognizing that citizens play a vital role in supporting, engaging with, and holding service providers accountable. This includes fostering shared responsibility in sustaining public services and refraining from vandalising infrastructure, which can further strain service delivery systems and hinder community well-being.

### **Local Government and Municipal Debt**

- 7.47. The Committee is concerned about the significant fiscal risks posed by municipal debt, with approximately R80 billion owed to Eskom and around R10 billion to various Water Boards. These substantial liabilities threaten municipal financial stability and undermine their ability to deliver essential services.
- 7.48. Notably, some municipalities have made progress under the Eskom Debt Relief program, with portions of their debt forgiven upon meeting performance criteria.

Finance Minister Enoch Godongwana highlighted Rand West City's one-third debt write-off, a result of meeting program conditions for the initial 12-month cycle. The Committee encourages continued support for municipalities making strides in debt reduction while underscoring the need for a comprehensive revenue model to ensure sustainable financial health for all municipalities.

7.49. Municipalities are owed an estimated R339.9 billion from households, businesses, and government departments, with 73% of this debt attributable to household accounts. High default rates and weak credit control mechanisms exacerbate fiscal strain, leading to deteriorating service delivery. The Committee recommends strengthening collection enforcement and revenue management practices at the municipal level to mitigate fiscal leakage and enhance financial resilience.

7.50. In line with its 2024 Budgetary Review and Recommendation Report, the Committee reaffirms its commitment to addressing the municipal debt crisis and strengthening fiscal oversight. It will convene a briefing with NT, Eskom, CoGTA, the South African Local Government Association, and the Department of Water and Sanitation regarding electricity and water debts. This session will aim to gain a detailed understanding of the municipal debt landscape, including debt profiles by municipality, compliance with debt relief programs, and specific barriers to repayment.

7.51. The briefing will also assess the broader impact of municipal debt on Eskom and Water Boards' liquidity and financial stability, as well as any systemic risks posed to the national economy. Insights from this session will enable the Committee to develop targeted oversight recommendations to support NT, CoGTA, and Water Affairs and Sanitation in enforcing municipal compliance, enhancing revenue collection, and strengthening Eskom and Water Boards' financial sustainability.

7.52. To ensure coordinated oversight and avoid duplication of efforts, the Chairperson of the Standing Committee on Finance will engage with the Chairpersons of the Portfolio Committees on CoGTA, Water and Sanitation, and Energy and Electricity. This collaborative approach will foster a cohesive and comprehensive monitoring and oversight strategy.

### **Public Sector Wage Bill and Early Retirement Programme (ERP)**

7.53. The Committee notes that the public sector wage bill has decreased as a share of consolidated spending, from 35.7% in 2013/14 to 32.1% in 2023/24, with a further

decline to 31.4% by 2027/28 projected. While this trend aligns with fiscal sustainability goals, it has raised concerns from stakeholders regarding potential impacts on essential public services, notably in healthcare, education, law enforcement, and home affairs. In response, the Committee emphasizes that wage bill adjustments should protect frontline roles to ensure public service quality.

7.54. The Committee notes the government's planned reactivation of early retirement packages without penalties, targeting 30,000 public sector employees over the next two fiscal years, supported by an additional R11 billion. While aiming to rejuvenate the workforce, the Committee highlights that succession planning is crucial to prevent skill shortages and service gaps. Lessons from past experiences, such as the voluntary severance packages for teachers in the late 1990s, emphasize the potential risks to service quality. The Committee supports calls for government to engage with organized labour via the Public Service Central Bargaining Council (PSCBC) to clarify ERP terms and prioritize filling essential roles vacated through this program.

7.55. The Committee questions the characterization of a "bloated" public sector, noting stakeholder submissions that, while South Africa's population has nearly doubled since 1994, the public service workforce has only modestly increased, from one million to approximately 1.2 million, with an estimated 70,000 vacancies. Given the growing demands on public services, the Committee supports efforts to bolster the public sector workforce to meet these needs effectively. Additionally, the Committee notes reports indicating that some public servants may be compensated above market levels, while others may be under-remunerated. To address these discrepancies, the Committee recommends that public sector remuneration levels be systematically benchmarked against market standards to ensure government pay scales align with market rates, thereby promoting equitable, competitive, and sustainable remuneration practices across the public sector.

7.56. The Committee recognizes steps taken to manage wage bill growth, including aligning wage increases with projected CPI, moderating unit cost growth, and directing substantial allocations to key sectors. This approach is demonstrated by the allocations of R65.8 billion and R87.8 billion to labour-intensive sectors like health, basic education, and security in the 2022 and 2023 MTEF periods, with a further R145.5 billion allocated in 2024 MTEF to address compensation pressures and capacitation in these critical sectors. The Committee acknowledges this balanced approach to wage management and service delivery.

- 7.57. The Committee takes note of Cosatu's proposals, including engaging the PSCBC for early retirement package discussions, addressing frontline vacancies, and modernizing public services. It also supports the proposal to consider reducing the headcount and compensation of non-essential public office bearers to alleviate fiscal pressures without compromising frontline services.
- 7.58. Expenditure ceilings instituted by government help ensure departments operate within budgets without necessarily reducing headcounts. These ceilings allow for critical budget items to be protected, while flexible revisions enable additional funding where necessary. The Committee acknowledges the importance of controlling wage bill spending to avoid scenarios where overspending limits resources for other key budgetary priorities.
- 7.59. The Committee appreciates recent efforts to synchronize wage negotiations with the budget process, establishing a multi-year wage agreement in 2023. This alignment facilitates better fiscal planning and supports medium-term stability. Although negotiations for 2025/26 have been extended, the Committee encourages expediting the process to ensure an agreement balancing fiscal constraints with skilled workforce retention.

## **Conclusion**

- 7.60. The Committee acknowledges the government's commitment to fiscal stability, structural reform, and economic recovery. It underscores the importance of realistic growth targets, enhanced revenue collection, efficient spending, and sustained social protection to address South Africa's socio-economic challenges. The Committee supports targeted reforms and fiscal measures designed to foster inclusive growth, reduce inequality, and achieve sustainable economic development within a disciplined fiscal framework.
- 7.61. The Committee extends its sincere gratitude to all stakeholders who participated in the review and analysis of the revised and proposed fiscal framework, offering valuable insights that enriched the Committee's understanding of the 2024 MTBPS. In particular, the Committee acknowledges the significant contributions from various stakeholders, including labour, civil society organizations, industry representatives, academia, and advocacy groups, whose inputs were crucial in assessing the MTBPS's implications. The Committee also thanks the Minister of Finance, the Director-

General, and senior officials from NT and SARS for their expertise and support. The Committee appreciates the PBO and the FFC for their analytical input, which greatly assisted in the compilation of this report.

The Committee approves the 2024 revised and the proposed fiscal framework.

Action SA does not support the report.

The EFF objects to the report.

The MKP reserve their position on the report.

Report to be considered.

# **REPORT OF THE SELECT COMMITTEE ON FINANCE ON THE 2024 REVISED AND THE PROPOSED FISCAL FRAMEWORK, DATED 12 NOVEMBER 2024**

## **1. INTRODUCTION**

- 1.1. On 30 October 2024, Minister of Finance Mr. Enoch Godongwana presented the 2024 Medium Term Budget Policy Statement (MTBPS) to Parliament, in accordance with the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009. Minister Godongwana, along with Deputy Minister, Director-General of National Treasury (NT), and South African Revenue Service (SARS) Commissioner Mr. Edward Kieswetter, briefed the Finance Committees on 1 November 2024. Post-MTBPS tabling insights were provided by the Parliamentary Budget Office (PBO) and the Financial and Fiscal Commission (FFC) on 5 November 2024.
- 1.2. Public hearings took place on 6 November 2024, where the Committees received nine written and oral submissions from stakeholders, including the Congress of South African Trade Unions (COSATU), Public Economy Project (PEP), Amandla.mobi, Healthy Living Alliance (HEALA), Budget Justice Coalition (BJC), South African Institute of Chartered Accountants (SAICA), Institute for Economic Justice (IEJ), Alternative Information and Development Centre (AIDC), and Dr. Sean Muller. NT and SARS responded to the issues raised in these hearings on 8 November 2024, engaging directly with the Committees and stakeholders.

## **2. POLITICAL OVERVIEW BY THE MINISTER OF FINANCE**

- 2.1. On 31 October 2024, the Minister of Finance, Mr. Enoch Godongwana, along with key representatives from NT and the SARS, briefed the Committees on finance and appropriation from both houses.
- 2.2. Mr. Godongwana emphasized the government's commitment to social spending, noting that 60% of non-interest expenditure is allocated to the social wage. He stressed that sustaining this level of expenditure on redistributive policies requires collaborative efforts from all stakeholders to foster a more conducive economic growth environment.
- 2.3. To support this agenda, the department has identified four strategic pillars. The first pillar focuses on creating macroeconomic stability to facilitate growth. The second

pillar is about strengthening state capacity to enhance service delivery, which in turn stimulates the economy. The third pillar involves implementing structural reforms aimed at removing economic bottlenecks that hinder growth. The fourth and final pillar seeks to shift government spending from a consumption-driven model to one focused on capital investment.

- 2.4. The Minister highlighted that addressing these growth challenges would lead to reductions in unemployment and poverty. However, he pointed out that a critical step in this process is to control the country's debt levels, as debt service costs currently constitute the largest expenditure item. Reducing these costs would free up funds for other key sectors in the economy.
- 2.5. Following his remarks, the Minister invited the Director-General to present the details of the fiscal framework and the strategic plan to the Committee. Below are the key details from the presentation, which outlined the Minister's emphasis on fiscal discipline, debt stabilization, and structural reforms aimed at creating an inclusive and sustainable economic framework.
- 2.6. Emphasis was placed on debt stabilization, revenue adjustments, and measures to tackle economic bottlenecks, with the overarching goal of fostering a more sustainable economic framework.
- 2.7. The presentation underscored the need for rapid and inclusive economic growth to address South Africa's persistent socio-economic challenges. South Africa's growth forecast was revised to an average of 1.8% over the next three years, with specific efforts directed at reducing structural impediments in energy, logistics, and other critical infrastructure sectors.
- 2.8. Reforms under Operation Vulindlela (OV), which have already improved electricity availability and logistics, are central to these efforts. The next phase of OV will further tackle long-standing issues like local government performance and spatial inequality, aiming to create a supportive environment for job creation and investment.
- 2.9. NT's presentation emphasized fiscal stability as a cornerstone of the MTBPS, with debt expected to peak at 75.5% of Gross Domestic Product (GDP) by 2025/26. Debt-service costs are substantial, projected to reach R388.9 billion this fiscal year, accounting for 21.7% of government revenue by 2025/26. Achieving a primary budget surplus over the medium term remains a priority, with the aim of narrowing the budget deficit from 5.0% of GDP in 2024/25 to 3.2% by 2027/28. Efforts to manage the public-sector wage bill, which includes an early retirement program intended to retain

critical skills while reducing government employment costs, thereby freeing up resources for essential services, were highlighted.

- 2.10. The presentation noted that revenue collections for 2024/25 are expected to be R22.3 billion lower than anticipated, primarily due to weaker Value Added Tax (VAT) and fuel levy collections. Import VAT declined, reflecting a reduction in renewable energy-related imports, while fuel levy income dropped due to lower demand and a large diesel refund. Corporate tax collections, however, are forecasted to improve with easing supply-side constraints. Despite these revenue shortfalls, the Minister reaffirmed the resilience of the tax-to-GDP ratio, projected at 24.5% for 2024/25, and stressed the importance of sustained economic growth to strengthen future tax revenues.
- 2.11. A key focus in the Minister's presentation was on sustaining essential services while prioritizing infrastructure investment. Consolidated government spending is projected to increase from R2.4 trillion in 2024/25 to R2.77 trillion by 2027/28. Infrastructure initiatives are positioned as critical for economic growth, with significant investments directed at projects such as hospital expansions, container terminal upgrades, and rail network improvements.
- 2.12. PPP regulations are being reformed to attract private investment into infrastructure, supported by a blended finance platform designed to reduce project risks. These investments are seen as vital to improving service delivery and addressing the infrastructure backlog.
- 2.13. The presentation further emphasized the need to strengthen local governments, particularly those facing financial strain from higher borrowing costs and service delivery challenges. The municipal debt relief program, aimed at improving financial compliance among participating municipalities, has seen progress, with compliance rates increasing from 55% to 76%. Rand West City, as an example, achieved a one-third debt write-off by meeting the program's conditions. The 2024 MTBPS allocates 47.8% of non-interest spending to national departments, 42.4% to provinces, and 9.8% to local government, which underscores the commitment to strengthening local governance and fiscal responsibility.
- 2.14. The presentation candidly addressed significant risks to the fiscal outlook, including the potential impact of lower-than-expected revenue growth, higher borrowing costs, and increased wage settlements. Additionally, state-owned entities remain a source of risk due to ongoing deficits and liabilities, which may require

further budgetary support. The Minister emphasized the importance of maintaining fiscal discipline, implementing efficiencies, and reprioritizing resources toward effective programs to mitigate these risks.

- 2.15. In closing, Minister Godongwana reiterated the importance of fiscal discipline as a pathway to economic stability and sustainable growth. He stressed that South Africa's future depends on balancing immediate needs with long-term development goals, which will be achieved through disciplined fiscal management, robust public-private partnerships, and continued structural reforms. These initiatives, he highlighted, are essential for building a resilient and inclusive economy that can weather both current challenges and future uncertainties.

### **3. OVERVIEW OF THE 2024 REVISED AND 2025 PROPOSED FISCAL FRAMEWORK**

#### **Economic Performance and Outlook**

- 3.1. Over the medium term, the government aims to drive growth by focusing on maintaining macroeconomic stability, implementing structural reforms, strengthening state capacity, and investing in growth-supportive public infrastructure (2024 MTBPS).
- 3.2. For 2024, economic growth is now projected at 1.1%, a slight reduction from the 1.3% forecast in the February 2024 Budget. This downward adjustment of 0.2 percentage points is attributed to challenges including freight and port inefficiencies, persistent power outages, and inflation pressures in the year's first half. However, NT forecasts growth to average 1.8% over the next three years, aligning with 2024 Budget estimates. These projections are grounded in expectations of a more favourable global environment, an improved investment climate, decreasing inflation, a stable electricity supply, and the successful implementation of various reforms.
- 3.3. Gross fixed capital formation, a measure of investment, grew by 3.9% in 2023 but is forecast to decline by 2.5% in 2024. Over the medium term, it is anticipated to recover, averaging 4.2%, assuming a gradual global growth revival and increased infrastructure investment. Household consumption expenditure is expected to rise to 1.2% in 2024 from 0.7% in 2023, with consumer confidence and real income growth, along with access to the two-pot retirement system, anticipated to support consumption over the

medium term. However, consumption growth could be tempered by increased administered prices and varying interest rate adjustments.

3.4. South Africa's growth has lagged other emerging markets and developing economies for over a decade. In 2023 and 2024, Sub-Saharan Africa and Nigeria experienced growth rates of 3.6% and 2.9%, respectively, while South Africa's growth reached only 0.7% in 2023, with a projected 1.1% in 2024. The global economy is expected to maintain a growth rate of 3.2% in both 2024 and 2025. South Africa's slower growth highlights ongoing domestic challenges, particularly the insufficient electricity supply, which has hampered broader economic performance.

**Table 1: Macroeconomic performance and projections**

Percentage change	2021	2022	2023	2024	2025	2026	2027
	Actual			Estimate	Forecast		
Final household consumption	6,2	2,5	0,7	1,2	1,8	1,7	1,9
Final government consumption	0,6	0,6	1,9	1,4	0,9	-0,4	-0,1
Gross fixed-capital formation	-0,4	4,8	3,9	-2,5	4,7	4,2	3,8
Gross domestic expenditure	4,9	4,0	0,8	0,5	2,0	1,7	1,9
Exports	9,7	6,8	3,7	-1,6	3,1	3,1	3,1
Imports	9,6	15,0	3,9	-3,2	4,1	2,8	3,0
<b>Real GDP growth</b>	<b>5,0</b>	<b>1,9</b>	<b>0,7</b>	<b>1,1</b>	<b>1,7</b>	<b>1,7</b>	<b>1,9</b>
CPI inflation	3,3	4,6	6,9	6,0	4,9	4,6	4,6

*Source: National Treasury, South African Reserve Bank and Statistics SA*

3.5. Table 1 provides a summary of South Africa's macroeconomic performance from 2021 to 2023, along with projections extending to 2027. It illustrates that final household consumption, a critical driver of economic activity, exhibited robust growth of 6.2% in 2021, but this growth rate gradually declined to 0.7% by 2023. Looking forward, household consumption is projected to improve slightly to 1.2% in 2024 and then stabilize at approximately 1.7%-1.9% through 2027. This gradual increase suggests improving consumer confidence and income stability over the medium term.

3.6. Government consumption has remained relatively steady from 2021 to 2023 with modest growth rates. However, starting in 2025, it is expected to show a slight decline, with projected negative growth rates of -0.4% in 2026 and -0.1% in 2027. This trend may reflect a fiscal consolidation effort, indicating the government's attempt to control spending and ensure fiscal sustainability.

- 3.7. Gross fixed capital formation (investment) saw moderate growth in 2022, though a contraction of -2.5% is anticipated in 2024. From 2025 onwards, investment is projected to recover, with growth averaging around 3.8%-4.7% through 2027. This upward trend could indicate a rebound in infrastructure and business investment, which is essential for driving long-term economic growth.
- 3.8. Gross domestic expenditure, closely aligned with GDP growth trends, began strong in 2021 but slowed to 0.8% in 2023. Projections for the coming years suggest a slight improvement, with growth averaging around 1.7%-2.0% per year, reflecting a moderate growth outlook for the broader economy.
- 3.9. Exports and imports have shown some fluctuations, with exports expected to dip to -1.6% in 2024, while imports are projected to contract by -3.2% before rebounding to approximately 3.0% growth by 2027. These trade shifts may be influenced by changes in global demand, exchange rate movements, and domestic consumption trends.
- 3.10. Real GDP growth was high at 5.0% in 2021 but declined to 0.7% by 2023. Looking forward, GDP growth is estimated to increase modestly to 1.1% in 2024 and then gradually rise to 1.9% by 2027. This restrained recovery reflects ongoing structural constraints and other domestic challenges limiting the economy's growth potential.
- 3.11. Nominal GDP is projected to rise steadily, from R7,024.0 billion in 2023 to R8,953.6 billion by 2027, reflecting overall economic expansion in nominal terms. Meanwhile, CPI inflation is expected to decline gradually from 5.9% in 2023 to 4.5% by 2027, signalling a trend toward stabilization within the target range, potentially due to improving economic conditions and controlled pricing pressures.
- 3.12. The current account balance exhibits a widening deficit trend, expanding from -1.6% in 2023 to -2.5% by 2027. This increasing deficit could signal higher import costs or greater external vulnerabilities, impacted by trade and investment dynamics.
- 3.13. In the labor market, the unemployment rate has shown a worrying trend over the past two decades. It steadily increased from 25% in 2000, reaching a peak of 34.1% in 2022, largely due to the economic impacts of the COVID-19 pandemic. Although it decreased marginally to 32.4% in 2023, Statistics South Africa's Labour Force Survey (LFS) indicated that by the second quarter of 2024, the unemployment rate had risen to 33.5%, a 0.6 percentage point increase from the first quarter's 32.9%. Compared to the first quarter, the number of employed people fell by 92,000 to 16.7 million, while the number of unemployed people rose by 158,000 to nearly 8.4 million.

- 3.14. NT has assessed the risks to the domestic growth outlook as being more balanced compared with the 2024 Budget. However, it cautioned that faster growth would rely heavily on the effective implementation of its outlined medium-term growth strategy. This includes maintaining macroeconomic stability, implementing structural reforms, enhancing state capability, and investing in growth-supporting public infrastructure.
- 3.15. Data portrays a cautiously optimistic outlook for South Africa's economy, with gradual growth, stable inflation, and a widening current account deficit. The challenging unemployment landscape underscores the need for effective economic policies to drive job creation and inclusive growth, while NT's growth strategy highlights the critical role of structural reforms and infrastructure investment in achieving sustained economic recovery.

### **Revised and proposed fiscal framework**

- 3.16. The 2024 revised and 2025 proposed fiscal framework emphasizes the government's commitment to stabilizing the debt-to-GDP ratio by achieving a primary budget surplus by 2025/26. NT's strategy, as outlined in the 2023 MTBPS, aims to reduce the budget deficit while maintaining the social wage at 60 percent of total budget expenditure. This approach also includes measures to control the growth of the public service wage bill, prioritize capital investment, and limit additional financial support to State-Owned Entities (SOEs).
- 3.17. Revenue projections have been adjusted since the 2024 Budget. The gross tax revenue estimate for 2024/25 has been revised down by R22.3 billion, mainly due to declining collections from the fuel levy and import VAT. Customs duties and Personal Income Tax (PIT) collections are also expected to fall short of initial expectations, though Corporate Income Tax (CIT) and domestic VAT collections are forecasted to exceed projections. Despite these downward revisions, the tax-to-GDP ratio remains stable, and tax collections are anticipated to remain buoyant over the medium term.
- 3.18. Table 2 shows that consolidated revenue is expected to grow from R2.02 trillion in 2024/25 to R2.3 trillion by 2026/27. However, revenue collections are projected to fall short of the 2024 Budget estimates by R41.4 billion in both 2025/26 and 2026/27. NT indicates that achieving improved tax revenues will require sustainable economic growth along with advancements in tax compliance and administration.

- 3.19. On the expenditure side, non-interest expenditure will increase by a net R32.4 billion over the next two years compared to the 2024 Budget, with the expenditure ceiling raised by R16.8 billion annually for 2025/26 and 2026/27. This adjustment largely accommodates a debt repayment for the South African National Roads Agency Limited (SANRAL) related to the Gauteng e-toll project and early retirement costs. Consolidated expenditure is forecast to rise from an estimated R2.4 trillion in 2024/25 to R2.77 trillion by 2027/28, growing at an annual average rate of 4.9 percent. Almost 60 percent of this spending will go toward social services, while economic development will see the fastest growth rate of 7.8 percent due to increased infrastructure allocations.
- 3.20. NT acknowledges that South Africa’s fiscal position has worsened over time. Despite fiscal consolidation efforts and spending ceilings, the government has struggled to contain budget deficits and debt at sustainable levels. The consolidated budget deficit is now projected to decrease from 5 percent of GDP in 2024/25 to 4.3 percent in 2025/26, although it has increased from 4.9 percent to 5.0 percent of GDP (or by R34.7 billion) compared to the initial 2024 Budget estimate, largely due to weaker-than-expected revenue performance.
- 3.21. In 2023/24, NT achieved a primary budget surplus for the first time in 15 years, following the global financial crisis, and anticipates continuing these surpluses in 2024/25 and over the medium term, even amid slower revenue growth. The anticipated surpluses are expected to stabilize the debt-to-GDP ratio by 2025/26, anchoring fiscal policy for the coming three years and supporting long-term fiscal sustainability.

**Table 2: 2024 revised and 2025 proposed fiscal framework**

R billion/percentage of GDP	2023/24	2024/25	2025/26	2026/27	2026/28
	Outcome	Revised estimate	Medium-term estimates		
<b>Revenue</b>	1 941.4	2 021.5	2 166.6	2 314.3	2 471.8
	27.4%	26.9%	27.0%	27.1%	27.2%
<b>Expenditure</b>	2 258.8	2 395.0	2 510.3	2 624.4	2 767.1
	31.8%	31.8%	31.3%	30.8%	30.4%
<b>Budget balance</b>	-317.5	-373.5	-343.7	-310.1	-295.3
	-4.5%	-5.0%	-4.3%	-3.6%	-3.2%
<b>Gross loan debt</b>	5 259.4	5 622.5	6 054.7	6 424.4	6 817.5
	74.1%	74.7%	75.5%	75.3%	75.0%

Source: National Treasury

- 3.22. Between 2008/09 and 2023/24, South Africa's government debt increased significantly from R627 billion, or 23.6 percent of GDP, to R5.26 trillion, or 74.1 percent of GDP. This upward trend contrasts with an average debt-to-GDP ratio of less than 60 percent in other emerging market economies in 2024, with South Africa's ratio now edging toward 80 percent. Over the medium term, gross loan debt is expected to grow further, reaching R6.82 trillion by 2027/28. This increase is driven by persistent budget deficits and fluctuations in key macroeconomic factors such as interest rates, inflation, and exchange rates.
- 3.23. NT anticipates that its proposed fiscal framework will stabilize debt at around 75.5 percent of GDP by 2025/26—slightly above the initial February 2024 estimate by R95.5 billion or 0.2 percentage points. The revised debt figure for 2024/25 is R100 billion higher than the February 2024 projections. To meet foreign-currency commitments, the government plans to raise US\$3 billion from international financial institutions and capital markets in 2024/25, with a total of US\$15 billion targeted over the medium term.
- 3.24. Debt service costs are also projected to rise, revised upward by R6.7 billion from the 2024 Budget estimates. These costs are expected to reach R388.9 billion in 2024/25 and escalate to R475.7 billion by 2027/28, accounting for 21.6 percent of total revenue. Debt service costs are particularly sensitive to fluctuations in interest rates, inflation, and exchange rates, which pose challenges to fiscal stability.
- 3.25. NT has identified several significant risks to the fiscal framework. These include weaker-than-anticipated GDP growth, rising borrowing costs, potential wage settlements that exceed affordability in the medium term, and further deterioration in the financial health of major State-Owned Entities (SOEs), which could result in increased demands for government bailouts. Treasury acknowledged that many risks identified in the 2023 Budget Review have already materialized, impacting fiscal stability.
- 3.26. The fiscal outlook remains precarious in the near to medium term, with elevated risks stemming from potential revenue shortfalls, a higher-than-expected public service wage settlement, increased borrowing costs, and persistent deficits. Accumulating liabilities within the public sector, particularly from SOEs, contribute to these risks. While the overall risk profile is more balanced than a year ago, the realization of major risks could significantly disrupt fiscal projections, negatively affecting investment and economic growth.

- 3.27. Despite the worsening fiscal metrics compared to the February 2024 Budget, the medium-term economic and fiscal outlook shows signs of potential improvement. However, achieving the 2025 medium-term targets will depend on successfully managing these fiscal risks and navigating the broader economic challenges.

#### **4. INPUT BY STATUTORY AND CONSTITUTIONAL INSTITUTIONS**

##### **Parliamentary Budget Office**

- 4.1. The PBO provided an analysis of the 2024 MTBPS, highlighting critical areas to address South Africa's socio-economic challenges, particularly unemployment, poverty, and inequality (UPI). The PBO underscores the need for strategic fiscal oversight and recommends various measures to promote inclusive growth, infrastructure investment, and fiscal discipline while ensuring the government meets its socio-economic objectives.
- 4.2. The PBO calls for a finalized Medium-Term Development Plan (MTDP) to assess the fiscal framework's alignment with the National Development Plan (NDP), advocating that a cohesive MTDP would enable clearer accountability and policy direction. It cautions against binding fiscal anchors, noting that such measures could exacerbate inequality and hinder economic growth by limiting the government's flexibility to respond to socio-economic crises. Instead, the PBO urges a focus on frameworks that enable dynamic and inclusive growth while maintaining fiscal responsibility.
- 4.3. The 2024 MTBPS outlines adjustments to the main budget deficit for 2024/25, which has increased from R321 billion to R356 billion, reflecting additional allocations to meet spending demands. Notably, capital asset spending is expected to grow at 10.6% annually over the medium term, with R160.6 billion allocated by 2027/28 to support vital infrastructure projects. However, debt-service costs are anticipated to reach 21.6% of revenue by 2027/28, posing a risk to fiscal space for other critical expenditures. Revenue shortfalls projected at R22.3 billion for 2024/25, primarily due to decreased VAT and fuel levy collections, further emphasize the need for comprehensive fiscal management and innovative revenue generation strategies.
- 4.4. In addressing public sector and taxation reforms, the PBO recommends enhanced support for SARS to implement wealth taxes and improve overall tax collection efficiency. Furthermore, the PBO advises that the impact of VAT on low-income

households should be reassessed to lessen the tax burden on vulnerable populations. These measures could potentially increase revenue while supporting a fairer, more equitable tax system.

- 4.5. Local government support is also a significant area of concern. The PBO highlights the critical need for a revised municipal revenue model to address governance challenges and chronic cash flow issues that impact service delivery. It recommends a robust debt relief program tailored for struggling municipalities, ensuring they can meet essential service requirements and remain financially stable. In the realm of infrastructure investment, while the PBO supports increased private sector involvement, it cautions against over-reliance on PPPs due to the complexities and costs associated with such arrangements. It suggests that government-led investment should remain at the core of critical infrastructure projects, as this would allow greater fiscal control and alignment with long-term developmental objectives.
- 4.6. The PBO commends the prioritization of social protection measures within the MTBPS, which align with the NDP's emphasis on reducing poverty and supporting vulnerable communities. However, it raises concerns over real per capita declines in social spending, warning that this trend may undermine the socio-economic progress needed to alleviate UPI. The PBO encourages the Committee to ensure that social protection continues to be prioritized in the budget framework to shield vulnerable households from economic shocks.
- 4.7. For OV, the PBO acknowledges the government's structural reform efforts in essential areas like energy and water management. However, it points out that some of these reforms largely reinforce historical mandates, offering limited innovation in addressing modern challenges. The PBO calls for comprehensive evaluations to measure the real impact of these reforms on economic growth and employment, ensuring that OV yields tangible outcomes that benefit the broader economy.
- 4.8. Lastly, the PBO recommends careful consideration of the potential and limitations of PPPs. While these partnerships can mobilize private sector resources for public infrastructure, they can also lead to complex contractual obligations that strain public finances. The PBO suggests a cautious approach to PPPs, with thorough oversight and evaluations to ensure they contribute to national development goals without creating additional fiscal liabilities.

- 4.9. The FFC submission provided an analysis focused on South Africa's economic challenges, fiscal sustainability, and the need for targeted policy interventions to promote sustainable growth and social development.
- 4.10. The FFC highlights persistent structural issues, including high unemployment, inequality, and the declining effectiveness of infrastructure and public sector investments. South Africa's growth projections remain low, with real GDP growth anticipated to reach only 1.31% in 2025/26, 1.53% in 2026/27, and 1.74% in the final year of the medium-term expenditure framework (MTEF), underscoring the urgency of structural reforms. The FFC stresses the need to improve the productivity of government spending and address the debt-to-GDP ratio, which has reached a high of 74.6%, with government debt-service costs projected to consume a substantial share of revenue.
- 4.11. In terms of recommendations, the FFC suggests targeted investments in energy security and logistics infrastructure to alleviate bottlenecks and improve economic performance. For instance, reforms in Transnet and the energy sector are necessary to support sustainable growth, reduce operational costs, and enhance logistics efficiency. To tackle inequality, the FFC advocates for inclusive employment programs and support for smallholder farmers, which can drive rural development and improve food security. Additionally, it recommends a productivity-based approach to social relief through employment-linked grants, rather than the proposed transition to a Basic Income Grant (BIG), to foster sustainable growth and reduce inequality.
- 4.12. The FFC also addresses public sector spending and wage management. It proposes increased provincial engagement in national wage bargaining processes to better align compensation with provincial budget constraints, and a comprehensive audit of public sector employment to identify inefficiencies and reduce redundant positions.
- 4.13. Fiscal policy recommendations include two consolidation paths to restore fiscal sustainability: a stringent three-year path and a moderate five-year path to achieve a balanced budget. Both paths emphasize reducing expenditure growth and managing debt obligations to stabilize the fiscal framework. Additionally, the FFC warns that reliance on short-term fiscal expansion is unsustainable and highlights the need for long-term debt restructuring to mitigate refinancing risks.
- 4.14. On specific budget allocations, the FFC reviews adjustments in the 2024 Adjustment Appropriation Bill, noting modest increases in social grants, health, and

education but also raising concerns about inadequate funding for critical infrastructure projects. For instance, the commission underscores the importance of consistent funding for municipal and provincial infrastructure to support local economic development. Furthermore, it welcomes conditional grant reforms, which streamline funding for education and agriculture, but stresses the need for continued monitoring to ensure efficient utilization of these funds.

- 4.15. The FFC submissions advocate for a strategic reallocation of government spending, targeted support for inclusive growth sectors, and fiscal reforms to stabilize debt and promote long-term growth. By addressing core structural challenges, the FFC believes South Africa can build a more resilient and inclusive economy that meets its developmental objectives while maintaining fiscal discipline.

## **5. SUBMISSIONS BY STAKEHOLDERS**

### **AIDC**

- 5.1. The AIDC's submission advocates for a fiscal approach focused on inclusive growth, progressive taxation, and social spending, cautioning that continued austerity and debt-centric policies may worsen socio-economic disparities and hinder sustainable development.
- 5.2. The AIDC criticizes NT's focus on debt stabilization, asserting that it detracts from essential goals like poverty reduction, reducing inequality, and decreasing unemployment. They advocate for a fiscal policy that prioritizes these social outcomes, with specific targets and monitoring mechanisms.
- 5.3. AIDC raises concerns over planned budget cuts, especially in non-interest spending, which will impact higher education, community development, and social grants. They highlight a notable R21 billion cut for social grants from 2024/25 to 2025/26 and the lack of clarity on the future of the Social Relief of Distress (SRD) Grant and the push for a Universal Basic Income (UBI). AIDC calls for a reversal of cuts to social spending, emphasizing the negative impact on vulnerable groups, particularly women, and recommending the implementation of Gender-Responsive Budgeting with a transparent timeline.
- 5.4. The AIDC contends that OV is driving privatization, de-risking private investment at the expense of the public sector through PPPs, concessional finance, and other

instruments. They express concerns that OV's pro-growth narrative is not inclusive and may exacerbate inequality. AIDC calls for transparency around OV's modeling, assumptions, and evidence related to job creation and income growth.

- 5.5. AIDC argues that the government's austerity measures, aimed at debt stabilization, are not effectively reducing debt-service costs due to stagnant economic growth. They believe that cutting spending to manage debt could further harm the economy and worsen unemployment and inequality. Instead, AIDC suggests that increased public investment could foster economic growth, ultimately easing the debt burden. They propose exploring alternative debt management strategies, such as utilizing surpluses in the Government Employees Pension Fund (GEPF) rather than relying on commercial borrowing.
- 5.6. AIDC supports Parliament's recommendation against binding fiscal rules that restrict public spending, cautioning that maintaining primary surpluses at the expense of social investment will likely undermine long-term economic, social, and political stability. They call for a fiscal policy shift toward addressing poverty, inequality, and unemployment through progressive tax reforms and targeted social investments.
- 5.7. AIDC expresses concern over the government's reluctance to raise the tax-to-GDP ratio beyond its target cap of 25 percent, arguing that it benefits the wealthy at the expense of the broader population. They recommend raising the tax-to-GDP ratio through measures such as a wealth tax, removing medical aid tax credits, combating illicit financial flows, reversing above-inflation adjustments on personal income tax, and adopting the UN tax convention. Additionally, AIDC emphasizes the need for increased funding for SARS, citing the agency's high return on investment in revenue collection.

## **COSATU**

- 5.8. COSATU's submission emphasizes the need for a growth-oriented and job-creating fiscal strategy, reinforced by adequate public sector investment, stronger state-owned entities, and targeted support for vulnerable groups.
- 5.9. COSATU opposes Treasury's austerity measures, arguing that they fail to address the country's economic and governance crises. With a GDP growth rate of only 1.8%, the current approach is insufficient to create necessary jobs. COSATU highlights that a

sustainable fiscal path requires stimulating growth, reducing unemployment, and strengthening state capacity, rather than cutting budgets and freezing vacancies.

- 5.10. COSATU is concerned about the shrinking wage bill, which has decreased from 35.7% to 31.4% of the Budget. They emphasize that public services are already strained due to cuts in posts, with no solutions provided for potential retrenchments, such as the 2,400 teachers facing job losses in the Western Cape. COSATU argues that early retirement schemes for public workers must not further weaken the capacity of the state to deliver essential services.
- 5.11. COSATU points to the positive impact of strengthening the SARS through competent management, anti-corruption efforts, filling vacancies, and capacity building. They welcome the additional R2 billion allocation to SARS to improve tax compliance, though they believe even more resources are needed to enhance revenue collection.
- 5.12. COSATU commends efforts to reduce load shedding but stresses the need for further support to Eskom, particularly in addressing municipal debt. They express concern over the deteriorating state of local governments, noting the rising number of municipalities in financial distress. COSATU calls for urgent interventions to rebuild local government and establish a sustainable funding model.
- 5.13. COSATU advocates for rebuilding Transnet to support the mining, manufacturing, and agricultural sectors, and improving Metro Rail for urban economic growth. They are alarmed by the lack of additional support for Denel, the South African Post Office (SAPO), and Postbank, and urge the Department of Transport to expedite the Road Accident Fund (RAF) Bill to address RAF liabilities and deliver relief to the poor.
- 5.14. COSATU expresses disappointment at the reduction in funding for the Presidential Employment Stimulus, given the country's high youth unemployment rate, currently at 70%.
- 5.15. COSATU highlights its proposal for additional worker relief under the Two-Pot Pension Reforms, urging Treasury and Parliament to expedite engagement on this matter for implementation by 2025.
- 5.16. COSATU welcomes the Minister's commitment to table the Public Procurement Act's regulations in 2025, which they believe will significantly boost locally produced goods and job creation.

- 5.17. While COSATU appreciates efforts to address grey listing issues, they stress that these efforts will only be effective if law enforcement and the judiciary receive adequate resources to tackle crime.
- 5.18. As the government prepares the 2025/26 Budget, COSATU calls for an end to “business-as-usual” budgeting, advocating against further cuts to essential public services. They urge Treasury to collaborate with Labour and Business at Nedlac to implement bold interventions aimed at stimulating growth, creating jobs, and rebuilding state capacity, with a particular focus on industrial financing for key export industries.

## **BJC**

- 5.19. The BJC expressed serious concerns regarding the government’s emphasis on austerity measures. BJC argues that the government’s fiscal strategy, which prioritizes fiscal consolidation, undermines South Africa’s social and economic objectives. The coalition warns that this approach could worsen inequality, poverty, and unemployment across the country.
- 5.20. One of BJC’s primary concerns is the impact of austerity on public services. According to the coalition, reducing allocations for critical areas like education, healthcare, and social protection threatens the delivery of essential services and weakens the social safety net. In addition, measures to reduce the public sector wage bill through early retirement do not adequately address existing staffing shortages, especially in sectors such as healthcare and education. This shortfall risks a collapse in service delivery, further harming vulnerable populations who rely on these services.
- 5.21. The BJC also points out deficiencies in revenue generation within the MTBPS. The coalition notes that the fiscal framework lacks progressive tax reforms, with high-income earners and corporations continuing to benefit from tax breaks. BJC advocates for introducing wealth and transaction taxes and increasing resources for SARS to enhance tax compliance and capture more revenue from affluent individuals and businesses. Additionally, despite previous commitments, the MTBPS lacks a focus on gender impacts. Budget cuts disproportionately affect women, especially in healthcare and education, where women make up the majority of the workforce. The BJC calls for a fully resourced Gender-Responsive Budgeting (GRB) strategy to address this gap and ensure equitable outcomes for women.

- 5.22. In response to these concerns, BJC makes several recommendations. First, it calls for a shift towards a human rights-based fiscal framework that centers on social infrastructure, wealth redistribution, and gender equity to protect vulnerable groups. The coalition also recommends exploring alternative funding mechanisms, such as utilizing the Gold and Foreign Exchange Contingency Reserve and considering pension fund investments to counterbalance spending cuts. Furthermore, BJC suggests implementing participatory human rights impact assessments on all budget decisions to ensure alignment with constitutional rights and prevent adverse effects on marginalized groups.
- 5.23. BJC urges the government to restore and increase social spending, reversing recent budget cuts in healthcare, education, and social grants to meet basic needs and uphold citizens' rights. The coalition also emphasizes the importance of long-term funding for public employment programs, such as the Presidential Employment Stimulus, to combat youth unemployment and provide essential social protection.
- 5.24. In conclusion, the BJC calls on Parliament to adopt a progressive fiscal policy that prioritizes human rights, social equity, and sustainable growth. Moving away from austerity towards an inclusive economic approach would address systemic inequality and align with South Africa's constitutional values, promoting a fair and just society. The BJC's recommendations reflect its commitment to ensuring that fiscal policies serve all citizens, particularly the most vulnerable, and foster a stable and inclusive economic future for South Africa.

## **PEP**

- 5.25. The PEP submission expressed concerns over the austerity measures embedded in South Africa's fiscal framework. PEP highlighted that the current policy direction emphasizes debt stabilization through long-term spending cuts, particularly in non-interest expenditure, a move likely to reduce the state's size and impact service delivery and economic growth. Their findings underscore that these fiscal constraints prioritize debt reduction at the expense of real expenditure on essential services like healthcare and education.
- 5.26. The report also questioned the transparency and consistency around the debt-stabilizing primary surplus as a fiscal anchor, noting a lack of clarity on the assumptions and definitions used by NT versus the International Monetary Fund.

Further, PEP emphasized the need for explicit long-term fiscal goals and a clear rationale for sustained austerity, given its projected impacts on public services and potential limitations to GDP growth.

- 5.27. PEP raised concerns about the efficacy of new dual-budgeting strategies aimed at mobilizing private-sector resources for infrastructure projects. Although NT has allocated funds to the Infrastructure Fund, which is managed separately from the main budget ceiling, PEP pointed out that social infrastructure remains severely underfunded and susceptible to inefficiency due to complex procurement and regulatory delays.
- 5.28. The submission highlighted that austerity is already resulting in budget cuts across critical sectors, including health and education, where workforce attrition and reduced capacity pose significant risks to service delivery. PEP argued that the reliance on early retirements to manage the wage bill might further deplete frontline service capacity. Additionally, it suggested that without addressing fundamental inefficiencies and governance issues, spending reviews may yield limited fiscal relief.
- 5.29. Finally, PEP questioned the sustainability of the fiscal approach, noting that while NT aims for a primary surplus by 2025/26, such targets might necessitate even more stringent austerity measures, impacting long-term growth and social stability. They recommended a reassessment of debt targets and transparency in fiscal policy goals to ensure a balanced approach to public spending and economic resilience.

### **Dr Seán Muller**

- 5.30. Dr. Seán Mfundza Muller's submission focussed on procedural issues, fiscal policy, debt sustainability, and public sector employment.
- 5.31. Dr. Muller raises concerns about the Money Bills Act, highlighting insufficient time for public input and the inadequate differentiation between revised and proposed fiscal frameworks. He calls for improvements to revenue proposal processes, pointing out that the issues Parliament should consider, per Section 8(5) of the Act, are often overlooked by the Treasury.
- 5.32. He emphasizes Parliament's amendment powers, particularly in the new coalition context, advocating for greater independence in amending Budget appropriations and allocations, which he feels was previously limited by political affiliations. Reviewing his past submissions, he reiterates unaddressed proposals,

urging the Treasury to model the costs of tax incentives, including the fiscal impact of the Lady R incident and renewable energy incentives, which he labels a potential R9 billion "rent-seeking scheme."

- 5.33. On the Employment Tax Incentive (ETI), Dr. Muller questions its effectiveness, suggesting it has led to over R40 billion in foregone tax revenue without clear job creation benefits. He contends that the ETI primarily serves corporate interests, with inadequate evaluation by the FFC, casting doubt on its impartiality.
- 5.34. Dr. Muller critiques NT's debt sustainability focus, noting the lack of transparency in its fiscal consolidation strategy. He argues that without substantive modelling, NT cannot demonstrate the fair distribution of the debt burden, limiting Parliament's oversight ability.
- 5.35. He further contends that NT has expanded beyond its legal mandate since 1994, encroaching on areas outside core public finance, including structural reforms and OV, which he claims are based on weak growth assumptions.
- 5.36. On public sector employment, Dr. Muller argues that Treasury-imposed expenditure ceilings have forced cuts that affect service delivery, criticizing the lack of evidence supporting claims that these cuts do not impact frontline posts. He suggests that Parliament should demand clear expectations regarding these reductions.
- 5.37. Dr. Muller urges Parliament to exercise its amendment powers, demanding accountability from NT, the PBO, and FFC. He calls for transparent modelling and estimates from NT, cautioning that longstanding issues within the MTBPS and Budget reflect systemic resistance to change, potentially harming South Africa's fiscal stability and growth.

### **Amandla.mobi**

- 5.38. Amandla.mobi's submission, representing over 900,000 South Africans, conveys strong criticism of the 2024 MTBPS, condemning its "anti-poor" budgetary approach. The organization expressed disappointment with Finance Minister Godongwana's continuation of austerity measures, arguing that these undermine President Ramaphosa's commitment to poverty reduction.
- 5.39. The submission highlights that more than nine million South Africans face hunger and poverty, while eight million remain unemployed, which the MTBPS does little to alleviate. Amandla.mobi emphasizes that despite promises to end poverty and

explore a BIG, the MTBPS fails to provide clear steps toward these goals. Instead, they claim the budget disproportionately favors the private sector while overlooking the needs of the impoverished majority.

- 5.40. In terms of specific fiscal concerns, amandla.mobi criticizes ongoing budget cuts in essential services like grants, health, and education, which they argue are unacceptable, particularly as some reductions are justified by the provisional allocation for the R370 SRD grant. They demand that the government not only maintain the SRD grant but also increase it to match the R796 food poverty line and extend it until it can be transformed into a BIG of R1,500. Further, amandla.mobi insists that the SRD should not be cut or replaced by a narrower grant that might exclude many vulnerable people.
- 5.41. The submission calls for a significant increase in all social grants by R500 to address the rising cost of living. Noting the inadequacy of current grant amounts, they underscore the impact of inflation on food and other essentials. The organization urges the expansion of VAT zero-rated food items and additional resources for the Competition Commission to address profiteering by supermarkets and large businesses. They advocate for a 20% increase in the Sugary Drinks Tax by 2025 and propose that public consultations be initiated to expand the tax to fruit juices, viewing this as necessary for public health and government revenue.
- 5.42. Amandla.mobi strongly supports progressive taxation measures, calling for higher personal income taxes on individuals earning over R1 million annually. They propose a net wealth tax with rates up to 9% for individuals holding significant wealth, arguing this would reduce inequality. The submission also recommends eliminating tax rebates on medical aid and retirement contributions for those earning above R1 million, alongside eliminating ineffective tax breaks. They emphasize that tax policies should shield low- and middle-income earners from VAT hikes, which disproportionately affect the poor. Finally, amandla.mobi calls for a fundamental shift in government priorities to reduce the private sector's dominance in fiscal policy and ensure that all South Africans live with dignity.

## **HEALA**

- 5.43. HEALA's submission to Parliament on the Health Promotion Levy (HPL) highlights the importance of strengthening this levy to promote public health in South

Africa. Introduced in 2018, the HPL has effectively reduced sugar-sweetened beverage (SSB) consumption and raised considerable revenue. However, HEALA points out that the levy rate has remained static, diminishing its impact due to inflation. HEALA urges NT to raise the HPL rate in the 2025 Budget and advocates for a discussion paper on expanding the HPL to include fruit juices and on lowering the threshold for its application.

- 5.44. HEALA emphasizes that consuming SSBs, particularly due to their high free sugar content, is linked to significant health risks, including non-communicable diseases (NCDs) such as diabetes, cardiovascular conditions, dental caries, and obesity. With South Africa experiencing a rise in diet-related diseases, these health issues place a growing financial burden on the healthcare system and the economy. HEALA contends that strengthening the HPL represents a cost-effective, necessary measure to curb disease prevalence and reduce healthcare costs.
- 5.45. The submission notes that since its implementation, the HPL has raised approximately R13 billion, yet NT could have generated an additional R800 million with a rate adjustment. HEALA estimates that increasing the HPL rate to 20% could yield about R3 billion in revenue, which could support essential government spending priorities. Furthermore, expanding the HPL to include fruit juices would close a gap in the levy, as fruit juices, though marketed as healthy, contain similar free sugar levels to SSBs and contribute to health risks in the same way. This expansion would thus support both revenue goals and public health by discouraging excessive sugar consumption across a broader range of beverages.
- 5.46. HEALA's core recommendations focus on enhancing the HPL's impact: increasing the HPL rate to 20% to maximize its effectiveness, adjusting the levy annually for inflation to preserve its deterrent power, and including 100% fruit juices to address sugar intake comprehensively. These measures are presented as essential to addressing the health impacts of high sugar consumption and promoting a healthier food environment.
- 5.47. HEALA calls on NT to take decisive action to protect the health of South Africans, stressing that a healthier population ultimately fosters a more prosperous nation.

- 5.48. SAICA's submission underscores the need for stronger fiscal discipline, enhanced budget transparency, and improved accountability across government departments and municipalities to support South Africa's fiscal and economic stability.
- 5.49. SAICA emphasized that fiscal prudence cannot be solely the responsibility of the Minister of Finance and NT; it requires broader Cabinet support and accountability. They highlighted NT's Constitutional authority to enforce financial compliance and called on the Minister and Director General to use these powers more assertively to promote the country's fiscal health.
- 5.50. SAICA stressed the importance of parliamentary oversight to ensure the Budget and the MTBPS meet Constitutional standards of credibility. They noted that the budget has historically excluded or understated known costs, such as expected wage increases and departmental legal liabilities, leading to a potentially misleading picture of public finances.
- 5.51. With six outstanding action items for South Africa's greylisting by the Financial Action Task Force (FATF), SAICA highlighted the need for increased financing for the South African Police Service (SAPS) and the National Prosecuting Authority (NPA) to enable the investigation and prosecution of complex financial crimes. They also urged greater accountability from the Police and Justice Ministries in completing these actions by the February 2025 deadline.
- 5.52. SAICA expressed concern over the reduction of 30,000 public servants in two years, which may impact essential service delivery, particularly in education and health. They recommended a more measured approach to workforce reductions and emphasized the need for wage negotiations to be finalized before the start of the fiscal year to allow for accurate budgeting.
- 5.53. SAICA noted that municipalities were owed R339.9 billion in 2023/24, largely due to unpaid household bills. They highlighted NT's observation of a lack of political will to enforce debt collection and called for stronger interventions by national and provincial treasuries to enforce fiscal discipline at the municipal level.
- 5.54. With public and private fixed investment levels reportedly at half the National Development Plan's target of 30% of GDP, SAICA urged NT to apply stricter budget controls to ensure infrastructure allocations are effectively utilized. They supported the Minister's emphasis on infrastructure investment as a key pillar of inclusive growth.
- 5.55. SAICA raised concerns about the inadequate government allocation for water infrastructure, noting that the National Water Masterplan calls for R89 billion per

annum over ten years. They observed that the Department of Water and Sanitation has consistently failed to meet targets for critical regional infrastructure projects, repeating the previous year's poor performance, and urged accountability for these lapses amid South Africa's ongoing water crisis.

## **6. NATIONAL TREASURY'S RESPONSE TO PUBLIC SUBMISSIONS**

6.1. NT addressed the public's submissions with detailed responses across several critical areas, underscoring their commitment to fiscal sustainability, economic reforms, and public sector efficiency.

### **Fiscal Stability and Economic Growth**

6.2. NT emphasized its continued focus on fiscal sustainability, highlighting efforts to control government debt and achieve primary budget surpluses. The primary surplus target is set for 2024/25, and debt stabilization is projected at 75.5% of GDP by 2025/26. This fiscal consolidation aims to balance between reducing debt and maintaining essential service spending. NT clarified that controlling debt and reducing borrowing costs are essential to sustain long-term economic growth and support for key infrastructure. This strategy, NT noted, aligns with the government's structural reforms and economic priorities, promoting growth by addressing bottlenecks in infrastructure, energy, and logistics.

### **Tax Policy and Revenue Enhancements**

6.3. While the MTBPS did not introduce new tax proposals, NT underscored its focus on protecting and enhancing the tax base through efficiency and progressive reforms. Progressive tax reforms, including the potential for wealth taxes and closing tax loopholes, are under consideration for the upcoming 2025 Budget. NT indicated that these proposals aim to address income inequality and revenue gaps but require careful evaluation to ensure they are both effective and sustainable within South Africa's tax structure. Stakeholder input will continue to inform the refinement of these tax strategies.

### **Employment Tax Incentive**

6.4. NT acknowledged mixed feedback on the Employment Tax Incentive (ETI), noting previous reviews and consultations with stakeholders, which ultimately led to the ETI's extension until 2029. Although NT recognizes the need for further studies to confirm ETI's impact on actual job creation, it reiterated that the program has supported youth employment in targeted sectors. NT emphasized its commitment to continuous evaluation and adjustment of the ETI, considering any findings that highlight improvements in design or implementation.

### **Managing the Public Sector Wage Bill**

6.5. On the subject of the public sector wage bill, NT emphasized a balanced approach that aligns with fiscal sustainability objectives. Efforts to manage wage growth are central to NT's strategy, which includes measures like early retirement packages and progressive wage increase targets aligned with inflation. NT stated that these measures aim to reduce the wage bill gradually, ensuring no adverse impacts on frontline services. In response to public comments, NT reiterated the necessity of wage control to maintain overall fiscal balance and prevent the need for deeper cuts in other vital service areas.

### **Operation Vulindlela and Structural Reforms**

6.6. NT provided updates on OV's progress, explaining that the second phase of reforms will tackle additional structural issues, especially at the local government level, while also addressing spatial inequality. NT noted that while positive outcomes have emerged in energy, logistics, and regulatory streamlining, challenges persist. The government's broader reform program targets areas that inhibit economic productivity, with the goal of creating a more inclusive economic environment. NT also expressed confidence that ongoing reforms will yield substantial improvements in medium-term growth rates, bolstered by further infrastructure investment and regulatory efficiency.

### **Social Development and the SRD Grant**

6.7. Acknowledging the role of social protection, NT addressed concerns around the SRD grant and its potential permanence. NT explained that while the SRD grant provides essential support to millions, making it permanent would significantly strain public

finances. A BIG, NT stated, would be even more costly and could require tax increases or reallocation of resources from other areas. NT is currently exploring ways to make social assistance sustainable, examining different revenue options and engaging with stakeholders on the future of social grants.

### **Municipal Financial Health and Support**

6.8. Addressing the financial struggles of municipalities, NT outlined plans to enhance municipal revenue management, debt collection, and fiscal discipline. In particular, NT is focused on enabling municipalities to improve service delivery by enforcing stricter financial management practices, including consequences for delinquency. NT is also exploring new revenue sources and payment structures that better support municipal needs. By implementing these reforms, NT aims to strengthen the municipal sector's financial health, improving its capacity to provide services and support local economic growth.

### **Healthcare Budget and National Health Insurance (NHI)**

6.9. NT reassured stakeholders of its commitment to healthcare spending, noting modest growth projections to support essential health services. Recognizing NHI's significance, NT highlighted the phased rollout approach, which includes strategic infrastructure investments aimed at improving quality and accessibility. NT expressed that this gradual implementation of NHI is necessary to address funding constraints while ensuring effective service delivery improvements over time.

### **Public Infrastructure and Public-Private Partnerships (PPPs)**

6.10. To address the need for improved infrastructure, NT advocated for PPPs, highlighting their role in supplementing public investment. NT acknowledged the challenges in implementing PPPs but outlined new regulations designed to streamline project management and expedite processes. The emphasis on PPPs reflects NT's broader strategy to leverage private sector resources for public benefit, aiming to maximize the reach and impact of infrastructure projects while sharing the fiscal load with private partners.

### **Revenue Shortfalls and SARS Funding**

- 6.11. In response to concerns about revenue shortfalls and SARS funding, NT recognized the SARS' critical role in revenue collection, especially given a revenue projection shortfall of R22.3 billion in 2024/25. NT attributed some of the collection challenges to declining import VAT and fuel levies. To address these challenges, NT is working with SARS to strengthen compliance, improve efficiency, and optimize revenue streams, ensuring SARS has the resources needed to close the collection gap.

### **Debt and Funding Strategy**

- 6.12. NT emphasized its prudent debt and funding strategy, including the use of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to mitigate borrowing requirements and stabilize the debt ratio. NT highlighted the importance of carefully managing foreign currency commitments and international loans to ensure a balanced debt profile. NT also confirmed that measures to reduce borrowing costs and control debt-servicing expenses are central to maintaining long-term fiscal stability.
- 6.13. NT reaffirmed its dedication to a balanced fiscal framework that promotes sustainable growth, fiscal responsibility, and social equity. NT remains committed to engaging with stakeholders to refine its strategies and ensure that the MTBPS objectives align with broader socio-economic goals.

## **7. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

- 7.1. The Committee's observations and recommendations on the revised and proposed fiscal framework for 2024/25 reflect a comprehensive evaluation of the government's fiscal strategy amid challenging economic conditions. With a focus on enhancing fiscal stability and addressing urgent socio-economic needs, the Committee has assessed key aspects of the budget, including revenue forecasts, expenditure adjustments, debt sustainability, and contingency measures. The framework's in-year adjustments demonstrate an effort to accommodate unexpected financial obligations while prioritizing critical sectors such as education, healthcare, social welfare, and infrastructure, which are essential to promoting inclusive growth and supporting vulnerable communities.
- 7.2. The Committee's analysis also considers stakeholder concerns regarding the impact of austerity and fiscal consolidation on essential public services and economic inequality.

In response, the Committee has proposed measures to balance debt management with targeted investments in high-impact areas, including job creation and infrastructure development. Observations highlight the importance of transparency in spending, efficient resource allocation, and robust contingency planning to ensure fiscal resilience.

- 7.3. Through these observations and recommendations, the Committee underscores the need for a balanced approach that upholds fiscal discipline while fostering sustainable growth, protecting public services, and supporting South Africa's long-term socio-economic development goals.
- 7.4. The Committee notes with concern that the Medium-Term Development Plan (MTDP) has not yet been formally adopted by the government to guide budgeting processes. Members highlighted that without an approved MTDP, there is a risk of misalignment between budgeting priorities and the objectives of the NDP, particularly regarding job creation, poverty alleviation, and addressing inequality. The absence of an adopted MTDP has raised doubts about the strategic focus of fiscal planning and its effectiveness in achieving the socio-economic goals outlined in the NDP.
- 7.5. The Committee strongly urges the government to prioritize and expedite the development, adoption, and implementation of the MTDP through a consultative process. This inclusive approach should ensure that the MTDP not only aligns budget allocations with NDP targets but also reflects diverse stakeholder perspectives. The MTDP should serve as a cohesive framework that integrates fiscal priorities with the NDP's socio-economic goals, particularly in job creation, poverty reduction, and reducing inequality. Once adopted, the plan should include clear targets and measurable outcomes to guide budget decisions, ensuring that government spending is strategically directed toward inclusive growth and sustainable development.

## **REVISED FISCAL FRAMEWORK**

### **In-Year Adjustments to Non-Interest Expenditure**

- 7.6. The 2024 MTBPS includes notable in-year adjustments to non-interest expenditure, highlighting the need to balance unforeseen financial obligations with fiscal discipline. The main budget non-interest expenditure for 2024/25 has been revised upwards by R10.4 billion relative to the 2024 Budget, bringing the total to R1.764 trillion. This net

increase reflects various upward and downward adjustments, as detailed in the MTBPS.

- 7.7. The upward adjustments amount to R19.1 billion, largely due to significant allocations for unforeseen expenditures. Rollovers account for R2.051 billion, while SANRAL GFIP phase 1 debt repayment for the Gauteng Freeway Improvement Project constitutes a major allocation of R5.021 billion, with R1.215 billion from the national government and R3.806 billion from the provincial government portion. Another significant expenditure is SANDF troop deployment in the Democratic Republic of Congo (DRC), which necessitated R2.1 billion. Unforeseeable and unavoidable expenditures add R2.133 billion to the budget, and the 2024 Budget announcement accounts for an additional R2.661 billion. Lastly, other allocations in the Adjusted Estimates of National Expenditure amount to R5.124 billion.
- 7.8. On the downward adjustment side, reductions totalling R8.726 billion were implemented to offset some of the additional expenses. This includes a R5 billion drawdown on the contingency reserve, which provides a buffer for unforeseen fiscal needs. Provisional allocations not assigned to votes reduce the budget by R570 million, while projected underspending contributes to a further R2.914 billion in savings. Additionally, declared unspent funds amount to R242 million.
- 7.9. The Committee notes that the 2024/25 budget adjustments underscore the government's attempt to manage fiscal pressures while addressing urgent priorities. The R5.021 billion allocated for SANRAL's Gauteng Freeway debt repayment reflects the government's commitment to managing infrastructure liabilities, albeit at a considerable cost to the budget.
- 7.10. The Committee is concerned about the substantial allocation for SANDF deployment in the DRC at R2.1 billion, which indicates South Africa's active role in peacekeeping but raises questions about long-term sustainability given fiscal constraints.
- 7.11. The Committee also observes that R5 billion drawn from the contingency reserve signals the need to maintain adequate fiscal buffers for unexpected expenditures. However, the overall increase in non-interest expenditure suggests a growing challenge in maintaining fiscal discipline amid rising obligations.
- 7.12. The Committee notes the projected underspending of R2.914 billion as an indicator of fiscal prudence and expenditure control in certain areas. However, it is concerned that this underspending may also reflect underlying challenges that could

impact the effective delivery of services. Persistent underspending raises questions about possible capacity constraints, delays in project execution, and inefficiencies within government departments. These issues may impede service delivery, delay infrastructure projects, and miss opportunities for economic growth and job creation.

7.13. The Committee is particularly concerned that underspending in critical sectors, such as healthcare, education, and infrastructure, may hinder the government's ability to meet urgent needs and support vulnerable communities. Further, the repeated inability to fully utilize allocated funds could affect budget credibility and suggest a misalignment between budget allocations and departmental capacity to execute projects.

7.14. The Committee urges NT and relevant departments to investigate and address the root causes of underspending, including potential administrative bottlenecks, capacity gaps, and procedural inefficiencies. Strengthening these areas would improve budget execution, enhance service delivery, and ensure that government resources are utilized efficiently to meet the needs of the public.

7.15. The Committee emphasizes the importance of balancing fiscal adjustments to ensure that essential services are not compromised. While the R10.4 billion net increase reflects a responsive approach to budget management, the reliance on contingency funds and projected underspending indicates underlying challenges in budget predictability and control. The Committee encourages NT to further streamline expenditure allocations and strengthen contingency planning, especially considering South Africa's pressing socio-economic needs and fiscal limitations.

## **PROPOSED FISCAL FRAMEWORK AND RELATED MATTERS**

### **Fiscal Policy, Debt Management, and Balanced Approaches to Consolidation**

7.16. Revenue for 2024/25 is revised at R2.021 trillion, or 26.9% of GDP, with modest growth expected over the medium term, reaching R2.471 trillion by 2027/28 and stabilizing around 27% of GDP. The Committee notes the challenges in expanding the tax base and enhancing revenue due to the current economic environment. To support fiscal sustainability, the Committee urges NT to continue to explore avenues for improving tax compliance and stimulating economic growth.

7.17. Government expenditure is projected at R2.395 trillion in 2024/25, equivalent to 31.8% of GDP, increasing to R2.767 trillion by 2027/28. Expenditure remains stable

at about 31% of GDP, reflecting fiscal consolidation efforts. The Committee supports prioritizing social services and infrastructure but stresses the importance of spending efficiency. The Committee also notes that sector-specific allocations for 2025/26 to 2027/28 highlight key national priorities, with R1,573 billion allocated to Learning and Culture, R1,221 billion to Social Development, R920 billion to Economic Development, R893 billion to Health, R848 billion to Community Development, and R809 billion to Peace and Security. These allocations reflect the government's focus on education, poverty reduction, job creation, and public safety, aligning with stakeholder calls for robust social spending.

7.18. The Committee acknowledges the projected narrowing of the budget deficit from -5.0% of GDP in 2024/25 to -3.2% by 2027/28, indicating a commitment to fiscal consolidation. However, the persistent structural deficit raises concerns about vulnerability to revenue shortfalls and economic downturns, especially given the optimistic economic outlook embedded in the projections. The Committee recommends NT adopt contingency measures to safeguard deficit targets, ensuring fiscal stability even if revenue shortfalls or unforeseen expenditures arise.

7.19. Gross loan debt is expected at R5.623 trillion for 2024/25, reaching R6.818 trillion by 2027/28, with the debt-to-GDP ratio stabilizing around 75%. The Committee remains concerned about high debt levels and debt-service costs, which limit funds for essential services. Strengthening debt management and exploring ways to reduce borrowing costs are recommended to mitigate fiscal risks. In particular, the Committee stresses the need for NT to diversify funding sources and enhance fiscal discipline to ensure long-term debt sustainability.

7.20. Debt-service costs remain a significant concern, consuming 21.6% of revenue by 2027/28 and totalling R388.9 billion in 2024/25 alone. The Committee emphasizes that while measures like the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) reduce borrowing needs, fiscal sustainability remains uncertain. Debt-service costs, projected at R1,341 billion, are the second-largest expenditure item, which constrains funding for essential services and underscores the need for strategic debt management to prevent debt from crowding out critical priorities.

7.21. The Committee notes the impact of the R150 billion, over the medium-term, GFECRA in reducing gross borrowing requirements and stabilizing exchange rates in a challenging global economic environment. However, it underscores the need for

careful monitoring of GFECRA usage to ensure transparency and prevent over-reliance, as the account impacts foreign reserves critical for long-term fiscal health.

- 7.22. The Committee commends the government's efforts to increase contingency reserves, currently set at R43 billion, to address potential fiscal shocks, including wage adjustments or natural disasters. This reserve serves as a prudent fiscal measure to handle unforeseen expenses without disrupting planned allocations, thereby supporting stability across budgeted programs. However, the Committee highlights the importance of establishing a structured approach to risk assessment and disaster response, particularly in light of recent climate-related challenges. Implementing a framework for prioritizing spending during emergencies would further strengthen resilience and fiscal stability.
- 7.23. Stakeholders have voiced opposition to austerity, highlighting that spending cuts negatively impact social services and deepen inequality. The Committee acknowledges these concerns, advocating for policies that balance debt sustainability with inclusive growth. Investments in infrastructure, social protection, and job creation could support both fiscal stability and socio-economic development.
- 7.24. The Committee supports stakeholder calls for alternative fiscal strategies, including targeted investments in high-impact sectors. Fiscal consolidation must carefully balance debt stabilization with the need for poverty alleviation, employment creation, and social service provision.

### **Revenue Collection and the Tax Gap**

- 7.25. SARS reported approximately 7.6 million taxpayers filed returns in 2024, with significant efficiency gains and R28 billion disbursed in refunds. The Committee commends SARS's efforts but acknowledges concerns over trust erosion due to crime and corruption, which hamper voluntary compliance.
- 7.26. The tax gap remains a challenge, with an estimated gross gap of R1.061 trillion, 42% of total tax liability, and a net gap of R800 billion. To bridge this gap, the Committee recommends further resource allocation to SARS, including enhancing digital capacity and retaining critical skills.
- 7.27. Budget constraints have led to reductions in SARS staffing, particularly affecting customs and excise. Given the rising demands of cross-border trade and non-

compliance challenges, the Committee stresses the need for increased SARS funding to support modernization and bolster tax compliance.

7.28. To address revenue shortfalls projected at R22.3 billion for 2024/25, the Committee recommends exploring progressive tax options, including taxes on luxury items and wealth taxes. Stakeholders suggest this approach could reduce fiscal strain without overburdening low-income households.

7.29. The Committee recognises that high tax rates can impede economic growth and job creation. In light of this, it recommends that the government, as part of its commitment to a pro-growth agenda, also explores options to reduce certain taxes strategically. Lowering tax rates in key areas could stimulate savings, attract investment, enhance international competitiveness, and support broader economic growth and employment creation. Such an approach should be balanced to ensure that fiscal sustainability remains intact while fostering an environment conducive to economic expansion.

### **Economic Growth and Employment**

7.30. The Committee acknowledges that South Africa's fiscal and monetary policies are currently pro-cyclical, aiming to manage debt and inflation but potentially hindering recovery. Recent growth rates, projected at only 1.1% in 2024, underscore the need for a balanced policy approach.

7.31. South Africa's high unemployment rate, at 33.2%, particularly impacts youth, with unemployment levels over 70%. The Committee advocates targeted interventions in skills development aligned with market needs to reduce unemployment and support economic stability.

7.32. Fiscal consolidation has constrained aggregate demand. The Committee suggests that targeted expenditure adjustments in high-impact sectors could support recovery, balancing austerity with economic stimulus.

### **Structural Reforms, Public-Private Partnerships, and Infrastructure Investment**

7.33. The Committee notes the progress of OV reforms, particularly in the energy and logistics sectors. While recognizing the potential of these reforms to drive economic growth, the Committee advises that greater innovation and clearer timelines are essential to ensure tangible improvements in critical services, such as water, sanitation,

and infrastructure. Structural reforms in these sectors are vital for fostering a growth-friendly environment, enhancing job creation, and boosting revenue generation, thereby strengthening the fiscal framework. However, the Committee also acknowledges concerns raised by stakeholders regarding OV's inclination to shift resources from the state to the private sector. This approach, while aimed at efficiency, may face opposition due to its impact on public service delivery and the state's role in essential services. The Committee recommends that these concerns be carefully weighed to strike a balance that ensures effective reforms while maintaining the state's accountability to citizens.

- 7.34. The Committee acknowledges the planned infrastructure spending growth of 10.6% annually, reaching R160.6 billion by 2027/28, which aligns with goals under Operation Vulindlela. This investment is critical for economic growth and service delivery.
- 7.35. PPPs mobilize private resources for infrastructure but carry risks of long-term costs and governance challenges. Stakeholders caution against over-reliance on PPPs, as they can prioritize profits over public welfare. The Committee recommends a balanced approach that incorporates government-led projects alongside PPPs.
- 7.36. To enhance PPP outcomes, the Committee recommends standardized oversight, periodic reviews, and transparent governance to ensure efficiency and minimize financial strain on the state.
- 7.37. Prioritizing government-led projects in health, education, law enforcement and social welfare will help maximize public benefits. Clear timelines, budgeted milestones, and performance targets are recommended for infrastructure projects to ensure socio-economic benefits.

### **Reforms in State-Owned Enterprises**

- 7.38. The Committee acknowledges the critical insights shared by stakeholders regarding the current challenges and potential role of SOEs in driving economic development and social progress in South Africa. It notes that SOEs face significant governance and operational inefficiencies that have led to repeated financial losses and dependency on government bailouts.
- 7.39. SOEs are seen by stakeholders as key drivers of national development, especially in sectors critical to infrastructure, energy, and communication. The

Committee agrees with stakeholder concerns that any restructuring or reform of SOEs should preserve their developmental mandate, focusing on economic growth, equitable service delivery, and job creation.

7.40. The Committee notes stakeholder concerns regarding the impact of SOE restructuring on job security. It emphasizes that the welfare and rights of workers must be integral to any reform process, ensuring fair treatment of employees and active engagement with labour unions in restructuring decisions. The Committee further underscores the importance of balancing SOEs' service delivery roles with their efficiency and effectiveness, ensuring that these entities contribute meaningfully to the well-being of all South Africans while maintaining operational sustainability and service quality.

7.41. With Eskom at the centre of South Africa's energy transition, the Committee observes that SOEs are expected to play a pivotal role in the shift to renewable energy sources. However, the Committee acknowledges that this transition must be “just,” ensuring affected communities and workers are supported, with new job opportunities and retraining initiatives aligned with green industry needs. These need to be balanced with effectiveness and efficiency of SOE’s for the benefit of all South Africans.

### **Environmental and Energy Transition**

7.42. The Committee acknowledges the government's commitment to a transition toward renewable energy and the role of the Renewable Energy Independent Power Producer Procurement Programmes (REIPPPs/IPPs) in diversifying energy sources. While this shift aligns with environmental commitments and strengthens energy security, the Committee notes divided opinions on the broader economic impact, particularly within energy-intensive sectors. It stresses the importance of a balanced and gradual transition that respects South Africa's mineral endowments, such as coal, and ensures that the move to renewable energy is just and inclusive. This approach should prioritize climate resilience while meeting South Africa’s immediate energy demands and supporting economic stability in regions dependent on traditional energy sources.

7.43. Contingent liabilities from IPP guarantees pose fiscal risks. The Committee notes that long-term contracts with IPPs represent potential liabilities that could impact

fiscal stability. It recommends NT provide a comprehensive report on these liabilities and adopt monitoring frameworks to manage fiscal risks effectively.

### **Service Delivery Challenges**

7.44. The Committee acknowledges ongoing service delivery challenges that negatively impact communities, including infrastructure failures, sewage overflow on public roads, and operational issues in essential public services. Specific issues, such as system downtime and significant backlogs in the issuance of identity documents, force citizens to make repeated visits to access a single service. These challenges restrict citizens' access to quality services and raise serious concerns about governance and operational efficiency. The Committee strongly urges targeted interventions to address these issues through improved infrastructure maintenance, streamlined public service delivery processes, and enhanced accountability across departments responsible for essential services. Additionally, the Committee emphasizes the importance of active and responsible citizenry, recognizing that citizens play a vital role in supporting, engaging with, and holding service providers accountable. This includes fostering shared responsibility in sustaining public services and refraining from vandalising infrastructure, which can further strain service delivery systems and hinder community well-being.

### **Local Government and Municipal Debt**

7.45. The Committee is concerned about the significant fiscal risks posed by municipal debt, with approximately R80 billion owed to Eskom and around R10 billion to various Water Boards. These substantial liabilities threaten municipal financial stability and undermine their ability to deliver essential services.

7.46. Notably, some municipalities have made progress under the Eskom Debt Relief program, with portions of their debt forgiven upon meeting performance criteria. Finance Minister Enoch Godongwana highlighted Rand West City's one-third debt write-off, a result of meeting program conditions for the initial 12-month cycle. The Committee encourages continued support for municipalities making strides in debt reduction while underscoring the need for a comprehensive revenue model to ensure sustainable financial health for all municipalities.

- 7.47. Municipalities are owed an estimated R339.9 billion from households, businesses, and government departments, with 73% of this debt attributable to household accounts. High default rates and weak credit control mechanisms exacerbate fiscal strain, leading to deteriorating service delivery. The Committee recommends strengthening collection enforcement and revenue management practices at the municipal level to mitigate fiscal leakage and enhance financial resilience.
- 7.48. The Committee reaffirms its commitment to addressing the municipal debt crisis and strengthening fiscal oversight. It will convene a briefing with NT, Eskom, CoGTA, the South African Local Government Association, and the Department of Water and Sanitation regarding electricity and water debts. This session will aim to gain a detailed understanding of the municipal debt landscape, including debt profiles by municipality, compliance with debt relief programs, and specific barriers to repayment.
- 7.49. The briefing must also assess the broader impact of municipal debt on Eskom and Water Boards' liquidity and financial stability, as well as any systemic risks posed to the national economy. Insights from this session will enable the Committee to develop targeted oversight recommendations to support NT, CoGTA, and Water Affairs and Sanitation in enforcing municipal compliance, enhancing revenue collection, and strengthening Eskom and Water Boards' financial sustainability.

### **Public Sector Wage Bill and Early Retirement Programme (ERP)**

- 7.50. The Committee notes that the public sector wage bill has decreased as a share of consolidated spending, from 35.7% in 2013/14 to 32.1% in 2023/24, with a further decline to 31.4% by 2027/28 projected. While this trend aligns with fiscal sustainability goals, it has raised concerns from stakeholders regarding potential impacts on essential public services, notably in healthcare, education, law enforcement, and home affairs. In response, the Committee emphasizes that wage bill adjustments should protect frontline roles to ensure public service quality.
- 7.51. The Committee notes the government's planned reactivation of early retirement packages without penalties, targeting 30,000 public sector employees over the next two fiscal years, supported by an additional R11 billion. While aiming to rejuvenate the workforce, the Committee highlights that succession planning is crucial to prevent skill shortages and service gaps. Lessons from past experiences, such as the voluntary

severance packages for teachers in the late 1990s, emphasize the potential risks to service quality. The Committee supports calls for government to engage with organized labour via the Public Service Central Bargaining Council (PSCBC) to clarify ERP terms and prioritize filling essential roles vacated through this program.

7.52. The Committee questions the characterization of a "bloated" public sector, noting stakeholder submissions that, while South Africa's population has nearly doubled since 1994, the public service workforce has only modestly increased, from one million to approximately 1.2 million, with an estimated 70,000 vacancies. Given the growing demands on public services, the Committee supports efforts to bolster the public sector workforce to meet these needs effectively. Additionally, the Committee notes reports indicating that some public servants may be compensated above market levels, while others may be under-remunerated. To address these discrepancies, the Committee recommends that public sector remuneration levels be systematically benchmarked against market standards to ensure government pay scales align with market rates, thereby promoting equitable, competitive, and sustainable remuneration practices across the public sector.

7.53. The Committee recognizes steps taken to manage wage bill growth, including aligning wage increases with projected CPI, moderating unit cost growth, and directing substantial allocations to key sectors. This approach is demonstrated by the allocations of R65.8 billion and R87.8 billion to labour-intensive sectors like health, basic education, and security in the 2022 and 2023 MTEF periods, with a further R145.5 billion allocated in 2024 MTEF to address compensation pressures and capacitation in these critical sectors. The Committee acknowledges this balanced approach to wage management and service delivery.

7.54. The Committee takes note of Cosatu's proposals, including engaging the PSCBC for early retirement package discussions, addressing frontline vacancies, and modernizing public services. It also supports the proposal to consider reducing the headcount and compensation of non-essential public office bearers to alleviate fiscal pressures without compromising frontline services.

7.55. Expenditure ceilings instituted by government help ensure departments operate within budgets without necessarily reducing headcounts. These ceilings allow for critical budget items to be protected, while flexible revisions enable additional funding where necessary. The Committee acknowledges the importance of controlling wage

bill spending to avoid scenarios where overspending limits resources for other key budgetary priorities.

- 7.56. The Committee appreciates recent efforts to synchronize wage negotiations with the budget process, establishing a multi-year wage agreement in 2023. This alignment facilitates better fiscal planning and supports medium-term stability. Although negotiations for 2025/26 have been extended, the Committee encourages expediting the process to ensure an agreement balancing fiscal constraints with skilled workforce retention.

## **Conclusion**

- 7.57. The Committee acknowledges the government's commitment to fiscal stability, structural reform, and economic recovery. It underscores the importance of realistic growth targets, enhanced revenue collection, efficient spending, and sustained social protection to address South Africa's socio-economic challenges. The Committee supports targeted reforms and fiscal measures designed to foster inclusive growth, reduce inequality, and achieve sustainable economic development within a disciplined fiscal framework.
- 7.58. The Committee extends its sincere gratitude to all stakeholders who participated in the review and analysis of the revised and proposed fiscal framework, offering valuable insights that enriched the Committee's understanding of the 2024 MTBPS. In particular, the Committee acknowledges the significant contributions from various stakeholders, including labour, civil society organizations, industry representatives, academia, and advocacy groups, whose inputs were crucial in assessing the MTBPS's implications. The Committee also thanks the Minister of Finance, the Director-General, and senior officials from NT and SARS for their expertise and support. The Committee appreciates the PBO and the FFC for their analytical input, which greatly assisted in the compilation of this report.

The Committee approves the 2024 revised and the proposed fiscal framework.

The EFF objects to the report.

The MKP reserve their position on the report.

Report to be considered.