



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA
**NATIONAL COUNCIL
OF PROVINCES**



**NCOP THREE SPHERE
PLANNING REPORT**

9 June 2023

THEME: Delineating key priorities for consolidation and implementation during the final year of the sixth dispensation (Local Government Focus)

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1: Introduction

The National Council of Provinces convened a Three Sphere Planning Session on the 9 June 30, which was a continuation session of focusing on the local sphere of government. 2023. The session was convened under the theme *“Delineating key priorities for consolidation and implementation during the final year of the sixth dispensation”*.

In striving to support efforts towards accelerating the implementation of key transformation priorities, the 2023 session was intentionally convened for purposes of delineating key priorities for focused implementation, while enabling the NCOP to shape a targeted oversight agenda, to record key deliverables in the penultimate year of the sixth dispensation. Convening the three spheres of government, including all other key stakeholders, to deliberate on key transformation priorities that intrinsically require three sphere collaboration and coordination for their effective implementation, the session enabled targeted and focused conversations for three sphere planning, coordination planning and oversight agenda setting, while assisting to create the appropriate implementation tracking processes, so as to meticulously track the implementation of key priorities agreed to.

Given the developmental nature of the priorities deliberated on during the session, it is also imperative to recognize that these priorities have an envisaged long-term impact and long-term implementation timelines. These priorities are also informed by and emanate from existing development challenges across provinces, metros districts and localities, which are also accordingly reflected in the NDP, the MTSF, SONA, SOPA’s and local government planning instruments. These are therefore legacy priorities, which will continue to shape the oversight trajectory of the institution going into the seventh dispensation, particularly given their implementation and completion timelines, as well as the complexity of challenges identified, which must be effectively addressed to accelerate policy implementation.

By seeking to address weaknesses in three-sphere planning, coordination planning and oversight agenda setting, the sessions are hence intended to crystalize and accelerate government’s policy implementation trajectory, in order to achieve the overarching transformation objectives of the National Development Plan (NDP), while enabling the NCOP to play its three-sphere coordination and oversight role. The planning sessions hence seek to identify and amplify three-sphere systemic and institutional weaknesses, which continue to delay the seamless implementation of key development priorities. The sessions will therefore continue to focus on identifying systemic and institutional weaknesses across the broader state machinery, with the intention of advancing corrective processes and actions, to accelerate policy implementation.

In addition to enabling the NCOP to oversee the implementation of key development priorities by sharpening its three-sphere planning, coordination and oversight lens, the three sphere planning sessions also seek to begin to identify policy and legislative instrument weaknesses and disjunctures, by amplifying such weaknesses, gaps and disjunctures, for amendment and course correction.

It is also important to recognize that distortions and weaknesses in three-sphere planning, should be appropriately recognized as one of the root causes of poor oversight outcomes. The NCOP's institutionalized three sphere planning sessions will therefore continue to serve as strategic platform to establish coherence in three-sphere (*planning, implementation and coordination, while contributing towards processes to determine the oversight agenda of the NCOP for better oversight outcomes*).

The overarching objectives of the NCOP's three-sphere planning session are therefore to:

- To address planning distortions and disjunctures across the three sphere of government, by delineating key development priorities for implementation and oversight, (as guided by the development priorities of the NDP, MTSF, SONA and SOPA priorities, including the development priorities at the local sphere of government) ;
- Delineate transformation priorities that are informed by South Africa's broader developmental landscape (priorities emerging from and as guided by the developmental needs of the people of South Africa, across provinces, metros, districts and localities);
- Establish and institutionalise coherence in three- sphere (planning, implementation, to enable a laser sharp and focussed oversight agenda for improved oversight outcomes) particularly as they relate to the development catalysing priorities of the National Development Plan);
- Invoke the NCOP's constitutionally mandated three-sphere coordination role, in order to fast track the implementation of key transformation priorities that require three sphere collaboration to enable their effective implementation;
- Develop the commensurate tracking, monitoring, evaluation mechanisms and systems, to meticulously track and run in tandem with the implementation timelines articulated at the NCOP's three sphere planning sessions.

2. Opening and Welcome Remarks - Honourable. Mr. A N Masondo, MP, Chairperson of the National Council of Provinces (NCOP)

The Chairperson of the NCOP stated the following in his opening remarks:

- The Constitution defines three-spheres of government as distinctive, interdependent, and interrelated. In respect to local government the Constitution outlines the object of this important sphere of government to include the responsibility to provide democratic and accountable government for local communities, to ensure the provision of services to communities in a sustainable manner and to promote social and economic development.
- The Constitution further directs the other spheres of government to support local government. Section 154 of the Constitution provides that national and provincial government must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. The NCOP chairperson said it is this constitutional injunction which motivates the NCOP to create opportunities to interrogate the support that government provides to local government and its effectiveness.
- The NCOP Chairperson requested the session to take note of the interventions that government is implementing to address failures at local government level and to improve basic service delivery.
- The Chairperson requested the NCOP to improve the implementation of the process that are sanctioned by the constitution to assist local government, such as the Section 139 of the Interventions.
- Whilst the Constitution provides for mechanisms to facilitate adherence to the principles of cooperative government and intergovernmental relations, there are certain types of conduct which militate against the successes of the available mechanisms.
- During the 2022 local government week hosted by the NCOP. An observation was made that often the interventions take long because the administrator does not get the support of the municipality. That there is also the recycling of failed municipal managers to serve as administrators.
- The Chairperson informed the session that delegates of the 2022 Local Government Week submitted that Provincial and National government should be held accountable when the administrator they appoint fail to improve the situation in municipalities and that a clear process outlining the interplay between Section 139 and 154 of the Constitution be clearly outlined.

- The NCOP must follow up on the implementation of the measures introduced to ensure effective and efficient functioning municipalities, these include the local government.
- Municipal Systems Amendment Act of 2022, which was assented into law by President in August last year and the Municipal Structures Amendment Act of 2021 is an attempt to improve municipal governance. Its implementation is thus crucial if we are to address some of the challenges pertaining to local government.
- Recognising the centrality of this sphere to the task of improving the quality of life of all citizens, the Constitution obligates both the national and provincial government to support municipalities through legislative and other means.
- We should utilise our oversight mechanisms to assist in addressing them, including monitoring the efficacy of the measures that this Parliament has helped to put in place to help the objects of local government.

3. Contextualizing the imperatives of Three-Sphere Planning, for improved coordination and implementation of key development priorities of the NDP - Honorable Ms. S E Lucas, MP, Deputy Chairperson, National Council of Provinces

The Deputy Chairperson in her input highlighted the following:

- Local government policy discourse provides for local government to be developmental orientated and to ensure that development is people centred.
- Since the inception of the Municipal Infrastructure Grant Programme, several municipalities have been struggling to spend their Municipal Infrastructure Grant allocation from the fiscus for infrastructure development or maintenance, in the main due to lack of technical capacity.
- Given the extent of the infrastructure asset neglect by municipalities, and the result thereof, which compounds unreliable and unsustainable delivery of services, there is a need for municipalities to be better supported.
- National and provincial government will need to provide better support to municipalities relating to the Municipal Infrastructure Grant programme. This must be aimed at specifically at establishing MIG systems and establishing MIG programme management.
- The Deputy Chairperson called on the Committees of the NCOP to develop stronger mechanisms to conduct effective outcome-based oversight over the MIG programme.

She further called on all spheres to ensure that municipalities use guidelines developed by MISA to accelerate implementation of MIG Programmes.

- The quality of municipal services is declining in many locations, as is the overall state of local basic infrastructure, due in part to lack of expenditure on maintenance by local government.
- The Deputy Chair informed the session that the financial position of local government in aggregate appeared to be under increasing pressure at the beginning of 2019/2020 financial year, with 46% of municipalities adopted unfunded budgets.
- Infrastructure problems in South Africa are mounting, with water and sanitation shortages and potholes being common. According to the South African Infrastructure of Civil Engineering, South Africa's overall infrastructure rating is a D, indicating that infrastructure is not coping with normal demand and is poorly managed.
- When it comes to improving infrastructure rollout programmes, the NCOP must ensure that a cohesive Integrated Master Plan is put in place, which connects all sectors of the economy and society.
- The Deputy Chairperson requested National government to review policies and legislation governing local government and to address the one size fits all approaches by enabling municipalities to focus on functions that are suited to their different sizes and capacities.
- Provincial government should improve its performance and accountability systems, including improving communication and the involvement of municipalities in planning and execution of provincial functions.
- Intergovernmental relations structures must be tasked with addressing the forces undermining the local government system. These structures should also meet regularly and be effective in supporting the whole local government system.

3. Municipal Infrastructure Grant Projects 2023/24 (Water Projects) - Honourable. Mr. P Tau, MP, Deputy Minister for Cooperative Governance and Traditional Affairs
The Deputy Minister highlighted the following:

3.1.1. Current District Development Model Implementation Practice

- Steady progress being made with the institutionalisation of the District Development Model across the three spheres of government. The DDM is now well understood and standing agenda item of key national, provincial, and local government IGR Forums.

- District Development Model IGR structured established in all district and metros.
- Limited participation from the national and provincial sector departments as well as SOEs, private sector and civil society.
- The deputy minister informed the meeting that there are still gaps regarding project information (projects and budgets) by some sector departments and SOEs toward the updating of One Plan.
- There is disjuncture between One Plan and APP of national and provincial departments and there are no budgets indicated.

3.1.2. Municipal Infrastructure Grant Projects 2023/24

- Out of a total of 19,368,622 households in the country, the water service backlogs amount to 2,091,984 households, which translate to (11%) of household's services to RDP level.
- The Eastern Cape households with reliable water service and the Western Cape has 84% of households with reliable water services followed by Gauteng with 82% and Free State with 70%.

3.1.3. State of National Roads Conditions

- Currently 1,870km or 8,4% of SANRAC Roads are in poor to very poor surface condition, which are within the international norm of 10% for well-maintained network. The average overall condition index of 69,6% is also below international norms of 70%
- This is largely due to the various impacts from 2017 that negatively affected preventative maintenance projects with associated above normal rainfall.
- 2013 condition of remainder of strategic and primary roads under provincial administration is substantively worse and need to be addressed as a matter of priority due to negative impact on South Africa.

3.1.4. Road Interventions

- The deputy minister informed the session that there is lack of data and poor quality of data submitted by district municipalities and provincial road authorities to the central data repository. There is reluctance from the road authorities to use the road authority app.

- **In assigning potholes to maintenance teams:** repairs are not being automatically assigned to existing maintenance teams as envisaged, due to delays in network verification and incomplete digital maps.
- **Potholes repair delay causes:** this step has not been possible because of road authorities not using the road authority app, the department cannot track delays in road closures.

3.1.5 Addressing Remaining Problems -SANRAL Direct Involvement

- The Deputy Minister informed the NCOP that the department had no budget available to enable SANRAL's direct involvement for the repair of potholes on other authorities' routes. The department made a request of R500 million in 2022 and was declined by national treasury.
- A draft Memorandum of Understanding with CETA is finalised and is submitted for legal review by parties. Analysis of data obtained through Operation Vala Zonke indicates no correlation between the estimated number of potholes versus the number of reported potholes by the public.

3.1.6. Sanitation Projects

- South Africa has made large strides in eradicating sanitation backlogs. Households with access to improved sanitation, increased from 49% in 1996 to 84% in 2020.
- Operation and maintenance of on-site sanitation technologies have not been given much attention.
- Almost two-third of South African households have access to flushing toilets, while 84,1 had access to improved sanitation. Eastern Cape and Limpopo are two provinces with high number of pit latrine toilets with ventilation pipe.

3.1.7. Waste

- Almost one-third (28,5%) of households use their own refuse dumps in the absence of services. Regular refuse removal services existed for almost 60,3% of households.

3.1.8. Municipal Infrastructure Grant

- for 2023-24 the direct infrastructure grand allocated was R49,7 million.
- The department of Cooperative Governance and Traditional Affairs, Municipal Infrastructure Support Agent and provinces are in the final stages of supporting municipalities on their readiness for 2023/24 MIG.

- The Process of aligning municipal 2023/24 budget with MIG projects is concluding and 2023 projects list per province have been furnished.

3.1.9. Implementation of MIG schedule 6B (DCOG, MISA and SALGA)

- More than R900 million was stopped in 2022/23 due to under expenditure.
- Over the past 5 years, more than 50 municipalities have been underspending.
- Section 20 (2) of the DORA, 2021-national treasury may convert any portion of an allocation listed in part of schedule 5 to one listed in part B of schedule 6.
- Conversion to be done after consultation with municipalities and key stakeholders.

Objectives

- Prioritise water and sanitation projects.
- Reduce under expenditure.
- Minimize stopping of the unspent grants.
- Improve the level of service delivery for deserving communities.
- Assist municipalities with history of poor performance in the previous two financial years.

3.1.10. Implementing Fiscal Reforms through Grant Allocations

- 5% and 10% of MIG can be used for asset management planning and asset management project implementation respectively.
- Grants can be used to unlock funding from private sector (through pledging) to accelerate infrastructure development.
- A portion of the MIG can be used for (asset management plan and maintenance)
- To improve MIG expenditure, Infrastructure procurement reforms (local Government Infrastructure delivery management system) and the use of framework contracts will be rolled out in 22 dysfunctional municipalities.

3.1.11. Technical Support for Municipalities

- A total of 103 built environment professionals (engineers and town and regional planners) are placed in all 9 provinces to provide technical support to municipalities on infrastructure development as well as building a skill pipeline for local government.

- MISA has commenced with the establishment of a design office to reduce reliance on consultants for professional services. The design office is being piloted at O R Tambo District Municipality, to be implemented in the 2024 financial year.
- Operations, repairs, and maintenance support through the placement of artisans is taking place in dysfunctional municipalities.
- Technical skill development programs for youth, young graduates (118) apprentices (103) and experiential learners (70) are trained and placed in municipalities in all 9 provinces.
- MISA in collaboration with the University of Cape Town has developed Unit Cost Guidelines for municipal Infrastructure to assist municipalities which are reliable source for infrastructure planning, budgeting, and evaluation of expenditure.

3.1.12. Technical Support for Municipalities through Partnership

- **Strategic Partnerships:** the Engineering Council of South Africa (ECSA), Development Bank of South Africa (DBSA) Council of Built Environment, WITS University, UCT, SALGA among others are in partnership, to strengthen municipal infrastructure planning delivery and operation and asset management.
- The collaboration with the University of Johannesburg Nuclear Research Centre (NRC) is being established to render initiatives to:
Augment the technical capacity of MISA and the Internet of things may assist in asset management, which is one of the weaknesses of government in general and water services authority.

3.1.13. Intergovernmental Coordination Framework

- Institutionalisation of the District Development Model is framed within the context of the implementation of the Intergovernmental Relations.
- Section 47(1)(b) of the Intergovernmental Relations Framework Act empowers the Minister of Cogta to by notice in the Gazette, issue regulations which are consistent with the Act.
- A framework for co-ordinating and aligning development priorities and objectives between the three-spheres of government is also being developed.

3.1.14. Development of the IGRFA Regulations

- In 2021 and 2022 the department had a series of IGR engagements with all national and provincial government departments and draft regulations were developed.
- In 2022 and 2023 a consultation of draft regulations is being pursued by the department and the regulations will be submitted to the Office of Chief State Law Advisor. The department is also busy with defining the One Plan Programme Management Unit and District hubs.
- The appropriate plans are being developed, in order to outline how One Plan will be developed and implemented across government
- The draft plans have been submitted to the Department of Monitoring and Evaluation in concurrence with the revision, prioritising the importance of the One Plan Development and Implementation plan.

3.1.15. Assisting ailing municipalities with the distribution of electricity

How will MISA be supporting the dysfunctional municipalities by:

- Reducing the electricity demand from Eskom by implementing energy efficiency demand side management strategies, including replacing high electricity consuming bulbs with LEDs on municipal streetlights and some buildings. This will be achieved through the implementation of the energy efficient demand side management grant that is being administered by the department of Minerals and Energy.
- Support municipalities with cost of sales studies and checking accuracy of Eskom bills.
- Distributing electricity to more households by connecting to the electricity grid, this will be achieved through the implementation of the Integrated National Electrification Program
- Development of renewable energy feasibility studies in Amathole District Municipality as well as the four districts municipalities that form the Eastern Seaboard development
- Utilisation of renewable energy as an alternative improves electricity distribution whilst not increasing the burden to the national grid and thus assisting municipal revenues.
- Providing short courses to municipal officials on enhancing the municipal electricity revenue value chain in collaboration with the South African Institute of Civil Engineers.

Salga argues that the executive authority for electricity distribution is undermined because of a lack of service delivery agreements between municipalities. Furthermore, Eskom does not recognise the executive authority of municipalities for electricity distribution, which thereby adversely affects municipalities revenue and development mandate as follow:

- Tariff impartiality between Eskom and Municipalities due to licensed supply areas in a single municipality jurisdiction whereby Eskom charges the same tariff to municipalities (as distributors) to end users.
- Due to the lower tariff, businesses seek to be supplied by Eskom directly, including moving into Eskom supply areas undermining municipal development planning.
- Eskom will not take responsibility for public and street lighting in those areas where they distribute.
- Municipalities are unable to exercise credit control in Eskom supply areas.

NB: Salga has taken the matter to the High Court to get a declaration order on the executive authority of municipalities for electricity distribution.

3.1.16. Support to Dysfunctional Municipalities

The deputy minister informed the session that the department will be doing the following in support of dysfunctional municipalities:

- Interventions aimed at strengthening Governance Capacity.
- Interventions aimed at strengthening institutions capacity.
- Interventions aimed at improving financial viability.
- Interventions aimed at accelerating service delivery and economic development.

4. Road Infrastructure - Honourable. Mr. L N Mangcu, MP, Deputy Minister of Roads, and Transport.

The Deputy Minister reported the following to the session:

Management of Roads

- Currently in the country there are 288 Roads Authorities. The National Department oversee the distribution of National grants allocation and enforces the DORA conditions. The conditions must be adhered to and monitored by the department.

- Most roads have reached end of design life and road authorities must respond to the reality by scheduling preventative maintenance.

4.1.1. State of Roads in South Africa

- South African roads infrastructure backlog was at R197 billion as per the 2013 data and is expected to have increased to over R200 billion. The budget allocated does not meet the road infrastructure needs.

Obligation for Authorities

- **All spheres of government have some responsibility for three key elements of road transport system roads: Infrastructure, public transport, and traffic management.**
- Provincial and Municipal Road Authorities have the obligation to provide a reliable, effective, efficient, and integrated transport system that support the sustainable economic and social development objectives of the country.
- All Road Authorities also have the obligation to plan, design, construct and maintain their roads networks, protect public investment in the road infrastructure, ensure the continued functionality of the transport system and promote safety of traffic on the roads network.
- Although the National Department of Transport major responsibility is to set out a facilitative and regulatory policy framework for an efficient transport system with policy being implemented through SANRAL, Provincial departments, and municipalities, the department has not distanced itself from working closely with provinces and municipalities to address the challenges facing the road authorities.

4.1.2. National Interventions

- **PRMG Is a supplementary budget to augment investment for roads as of 2023 road refurbishment component was added to the PRMG Baseline budget with the following conditions:**
- New facilities-aimed to improve network capacity, including upgrading of earth (dirt) road to an engineering gravel road, the upgrading of a gravel road to a surfaced road and upgrading of single carriageway road to four-lane or dual carriageway road.

- The construction of new gravel or surfaced road where previously no road existed (brown/ green field construction) this also includes construction of new bridge to replace existing bridge or new interchange to replace intersection.
- Without a major cash injection into the road network, a drastic intervention needed e.g., taking charge of grants ringfencing of a portion of PRMG identified.
- Objectives would be to gain efficiencies from limited budget. step up preventative maintenance programme and adopt a revised planning approach -analysis of road data through software modelling to scientifically determine correct interventions and priorities -key corridors and roads.

4.1.3. Government interventions through Vala Zonke

The transport MINMEC of 1 August 2022, adopted the intervention plan. The fight against potholes and general road refurbishment and improvement.

Operation Vala Zonke, launched on 08 August 2022 in Emfuleni Local Municipality in Gauteng as part of the build-up to Presidential Imbizo that took place on 12 August 2022. All provinces had simultaneous launches on 08 August 2022.

The Transport Integrated Information System (ITIS) was made available to all road authorities for the provision of centralised repository and asset management service.

A centralised mobile pothole reporting APP that enables the public to report potholes wherever they encounter it on any road.

Plan envisaged to have a central platform using an automated system to:

- Allocate a complain.
- Track progress
- Identify and resolve delays.
- Intervene and provide support to address service delivery.
- Provide feedback to the public using the APP.

4.1.4. Maintenance of Gravel Roads and Surfacing using NANO Technology Solutions

- In responding to he needs to address the poor state of gravel roads, which form 79% of the network, an exercise was carried out, where 10 000km of gravel roads identified as having more than 300 vehicles per day and are economically viable to surface/ upgrade.

- Research indicates that the NANO solution treatment reduces cost from R10 million to R4 million per/km and NATO treatment can be used for both gravel and paved roads.
- SANRAL will implement seven pilot projects for construction design 2023/24 and provinces are required to submit candidate projects as per 17 April 2023 MINMEC resolution. CSIR, will continue assisting programme with quality assurance.

4.1.5. Road Refurbishment and Maintenance

- Technology Manual (TRH24) developed for use of NATO Technology on gravel roads (desired output -ability to reuse existing on-site material construction costs reduced by up to 70% improved performance of pavement) this technology is suitable for paved roads as well.
- Workshops were held and more a planned with both road authorities and consultants to promote the use of TRH24.

4.1.6. Strategic Road Transfers to SANRAL

- This initiative creates an opportunity for provincial roads authority to redirect their funds for the provincial roads. Once roads are transferred, the routine maintenance teams are deployed to address maintenance whilst further assessment take place for medium to long-term interventions by SANRAL. Completed transfers are in the Eastern Cape, Northern Cape, and Northwest.
- Free State province has requested through the Premier transfer of 4 roads to SANRAL and SANRAL will soon commence with the road assessment process.

4.1.7. Departmental Support at Municipal Level

- The Department is providing support to all 44 District Municipalities to ensure improvement in their planning by implementing the Road Asset Management System.
- The actual funding support to municipalities for roads and storm water programmes is provided through the Municipal Infrastructure Grant, which is administered by the Department of Corporate Governance (Cogta)
- It is important to note that the two departments are working closely to ensure that appropriate road infrastructure projects are selected and prioritised based on the Road Asset Management System Data.

4.1.8. Further Department Interventions

Tightening Provincial Roads Maintenance Grant:

- Reallocate funds where there is non-performance and non-compliance.
- Withhold of funds when data and other compliance information is not submitted.
- Enforce the condition that equitable share budgets should match the Provincial Road Maintenance Grant Budget.

Engagement with the Provinces

- Ministerial visits to provinces are planned for alignment and escalation of refurbishment of roads and operation vala zonke.

Department of Transport Technical Team

- The Departmental technical team Is being strengthened to support Road Authorities and Assist with technical oversight and quality assurance.

Incorporation of Strategic and primary roads into the national grid

- Some provinces have handed over roads and provinces are urged to handover strategic and primary roads to the national grid for better development and management.

Funding needs to accelerate the Interventions.

- Stage One- R1 Billion is required for immediate eradication of potholes for the period June to December 2023.
- Stage Two- R2 Billion dedicated funding during the mid-year budget adjustment from January 2024 to March 2024.

5. Presentation by the Department of Water and Sanitation - Advancing Adequate Access to Water and Sanitation

- South Africa is a water scarce country. Raw water supply is currently approximately in balance with existing demands of a national scale, but there are localised deficits.
- The NCOP was informed that water availability in South Africa could deteriorate rapidly as supply contracts and demand escalates due to economic growth, population growth, urbanisation and by the impact of climate change.
- Delays in the implementation of surface water resource development projects in the past have now been addressed and projects have been accelerated.

- Broadening South African water resource mix is critical for water security as potential to further develop its surface water resources is limited already harnessing approximately 75% of utilised surface water resources.
- Supply- side measures necessary but not sufficient to avoid future water deficits. Water conservation and water demand management must also be implemented, particularly in domestic and general industrial use, by reducing physical losses in municipal distribution system.
- 60% of national water resource infrastructure projects are funded by private sector finance. The Bill for National Water Resource Infrastructure Agency is currently in public consultation. Establishment of the NWRIA will enable more private finance to be raised, without necessarily requiring Treasury guarantees.

5.1.1. Financial and Service Delivery Sustainability

- Money owed to Water Boards by municipalities is growing rapidly and unsustainable. One water board has already had to close because of bankruptcy due to municipal debt. If water boards collapse, there will be no treated water provided to municipalities.

5.1.2. Sector Debt Solutions (in consultation)

- The Department of Water and Sanitation will collaborate with National Treasury to ensure that equitable share allocation is withheld from non-paying municipalities.
- Department of Water and Sanitation will ensure that standardised credit control and debt recovery processes are put in place across all the water boards. This will include consistent enforcement of water restrictions on non-paying municipalities and legal processes to attach municipal bank accounts where necessary.
- Bulk prepaid meters will be installed by water boards in municipalities with a poor payment record.

5.1.3. DWS Support to Municipalities

- Department of Water and Sanitation has a Constitutional obligation to support municipalities, as well as a legal mandate to regulate them. During the Three Sphere Planning Session of the NCOP, the session was informed that the Minister has crisscrossed the country visiting those municipalities with severe challenges with water and sanitation services. In many of the worst performing municipalities the Minister and municipal leadership have agreed on improved plans.

- Department of Water and Sanitation contribution is in a form of grants (R12 billion per annum from PBIG and WSIG) and technical advice and management support from DWS AND Water Boards.

5.1.4. Limits to support and Interventions

- The cause of decline is poor maintenance and operation by municipalities which must be funded by the municipalities, deteriorates again rapidly and then funding needs to be provided again.
- The high level of support and interventions by the department are slowing the decline in water and sanitation services, but not arresting or reversing it.
- The session was informed that to arrest and turn around the decline in municipal water and sanitation function must be fixed, which may require legislative reform. Department of Water and Sanitation is developing amendments to the Water Service Act to strengthen the role of municipalities as water service authority's and to enable the Minister to intervene more effectively.

5.1.5. Blue, Green and No Drop Findings

- In terms of the National Water Act and Water Service Act, Department of Water and Sanitation is the regulator of the Water Sector. Department of Water and Sanitation introduced the Blue, Green and no drop certification programmes as an incentive -based regulation programmes in 2008 and in 2014.
- Department of Water and Sanitation stopped the programme and Minister Mchunu, reintroduced the programme after being appointed in late 2021.
- The purpose of the drop reports tool is to improve municipal drinking water, quality, wastewater management as well as water conservation and demand management. The report is a support mechanism in addition to being a regulatory mechanism, because they provide the owner of the infrastructure with advice and guidance as to how to improve their water and sanitation services.

5.1.6. Green drop watch report: Summary of Findings

- The full drop report released in April 2022 found 334 out of 850 (39%) of municipal wastewater systems in 90 municipalities which are water services authorities (63% of the 144 water service authorities) to be in critical conditions, receiving green drop scores of 30% and below.

- In 2013, when the last Green Drop assessment report was done, 248 out of 824 (30%) municipal wastewater systems were in a critical condition, indicating a decline between 2013 and 2022.
- Following the release of the 2022 Green Drop Report the department issued non-compliance notice to those 90 municipalities, requesting the municipalities to submit corrective action plans to address the shortcomings identified in the Green Drop Report.
- By March 2023, the department had received corrective action plans from the municipalities for the 168 of the 334 water systems (50% response rate) 43 of the 90 requested support from the department to develop corrective action plans.
- By March 2023, only 34 of the 168 plans submitted to the department were being implemented with the balance being in planning phase or no progress reported.
- For those municipalities which did not submit corrective action plan. DWS issued directives in terms of the National Water Act compelling them to submit such plans.
- Criminal charges have been laid against some of the municipalities which have not submitted corrective actions plans.
- 151 of the 1035 water treatment systems in the country were sampled. All water services authorities were covered by the sample.

5.1.7. Infrastructure Conditions

- 3% of the sample systems were found to be in a critical infrastructure condition, 12% of the sample systems were found to be in a poor infrastructure condition, 49% of the sample systems were found to be in an average structural condition, 31% in good condition, and 5% in an excellent condition.

5.1.8. Non-Provision of Information on Testing to DWS

- During the Audit period 11 municipalities did not report water quality data to the department or provide any other evidence that they have been testing their water quality.
- The department has issued non-compliance notices to those municipalities instructing them to issue advisory notices to their residents that the water might not be safe to drink if it has not been properly tested.

5.1.9. Implications of the Blue Drop Watch Report Findings

- In the 2012 Blue Drop Report, only 10 % of municipalities had bad or poor microbiological water quality (as opposed to 50% in this sample) this indicates that there has been a deteriorating in water quality since the last blue-drop report done.
- The 2023 Blue Drop Watch Report indicates that the drinking water produced from some municipality water treatment systems during the 2021/22 municipal financial year did not meet the SANS 241 standard and could on occasion have passed a potential health risk.

5.1.10. No Drop Watch Report Summary of Findings

- The system input volume (meaning the total volume of water treated for municipal use) is estimated to be approximately 46% is estimated to be non-revenue water (NRW) this is the volume of water that municipalities are unable to collect revenue for.
- In 2015 when the last drop report was published the national non-revenue water figure was estimated to be 35% non-revenue water is made up of water losses and the unbilled components of authorised consumption.
- The international overage for non-revenue water is below 30% the national trends suggest that per capita consumption is approximately 216 litres capita/ day compared to the international average of 1731/c/d. This is an anomaly given that South Africa is a water scarce country.
- The high levels of physical losses in Municipal distribution system are one of the main reasons for the relatively high level of per capita water consumption in South Africa. This indicates poor operation and maintenance of infrastructure leading to unacceptable high physical losses.
- The high levels of physical losses in municipal distribution systems are one of the main reasons for the relatively high level of per capita water consumption in South Africa. This indicates poor operations and maintenance of infrastructure leading to unacceptable high physical losses.
- Some municipalities have been able to reduce their non-revenue water. The department is of the view that non-revenue water could be addressed by some municipalities by improving operations and maintenance of their infrastructure, repair leaks, improve metering, billing, revenue collection and debtor management, improve pressure management and engage in community education and awareness.

5.1.11. Regulatory Action

- The department issued non-compliance notices and directives in terms of the National Water Act to the relevant municipalities instructing them to correct the situation. Where the notices and directives are not acted upon, the department instituted legal action against the municipality.
- The department is in the process of strengthening its role as the regulator of water services. This include developing more comprehensive and stringent norms and standards for water services and standardizing its regulatory processes so that it is more consistent with regulatory action.

5.1.12. Support Action

- National government is providing more than R60 billion per annum in grants and transfers to municipalities for water and sanitation services and 12 billion per annum for Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant

6. Municipal Infrastructure Projects (Provinces) - Honorable MEC responsible for Provincial Departments of Cooperative Governance and Traditional Affairs

Eastern Cape Province

The Eastern Cape Province received a R3,64 billion from national government for Municipal Infrastructure Grant. Report based on districts of the province is as follow:

6.1.1. Sarah Baartman District

The district does not have major challenges in relation to backlogs, however, it has ageing infrastructure which require to be upgraded. The district was allocated small amount of grant funding compared to other districts which have backlogs and major infrastructure challenges.

6.1.2. Amathole District

The district is a water service authority with huge backlogs. The district decided to direct its allocated budget toward water infrastructure. Local municipalities in the district prioritised roads projects due to high backlog of poor road maintenance of existing infrastructure

6.1.3. Chris Hani District

All local municipalities in the Chris Hani district decided to use their MIG funds on road infrastructure which disadvantaged other project categories on public amenities. The same could be said of Elundini and Water Sisulu local municipalities.

6.1.4. Joe Gqabi District

The district allocated big amount of MIG allocation on water projects which will address huge backlogs of water in the district.

6.1.5. OR Tambo District

The OR Tambo district municipality allocated toward water and sanitation 55% and 44% respectively, since the district has a huge water backlog of 60%. Whilst local municipalities within the district prioritised road projects because of huge backlogs due to poor maintenance of existing infrastructure.

6.1.6. Alfred Nzo District

The district is one of the districts in the province that has a huge backlog of water at 54%, therefore an allocation of 98% will assist in expediting the eradication of the backlog.

6.1.7. Provincial Overview Readiness for 2023/24

A total of 504 projects will be implemented through the MIG in 2023/24 in the Eastern Cape and 195 projects translating to 39% are currently on implementation.

Joe Gqabi and Chris Hani districts are leading with implementation and Alfred Nzo and OR Tambo district have the highest number of projects that have not gone through procurement sitting at 64% and 46% respectively.

The MEC of Cooperative Governance and Traditional Affairs in the Eastern Cape informed the NCOP that the state of readiness challenges is due to lack of compliance and enforcement of DORA MIG Framework requirements and also lack of forward planning.

The MEC further informed the NCOP that 11 dysfunctional municipalities in the province were identified jointly with the Provincial Treasury and a conclusion was reached after the municipalities were assessed along the four pillars outlined as follow:

- Institutional Arrangements
- Governance (Political and Administrative)
- Financial Health
- Service delivery

6.1.8. The State of 11 Dysfunctional Municipalities - Amathole District Municipality

- The MEC informed the NCOP That the municipality to date has revised Internal Audit Action Plan and submitted them to the EMC on the 25th of January 2023 for implementation until the end of the financial year.
- Bulk water agreements are said to be on place. The liquidity ratio has dropped from 0,93 to 0,4 against the Treasury norms pf 1 to 3 Months. The Council approved 14% water tariff increase in draft budget and policies have been reviewed and draft policies approved by Council.
- Risks that the municipality is still confronted with include lack of change management, reviewed organisational structure not yet approved and revenue enhancement strategy still in draft form.
- Collection rate is low and revenue generation capabilities are under thread due to the fact that, the municipality has reduced collection rate to below 25%.
- The district municipality is struggling to honour its debt settlement agreement with major creditors like Amatholo Water, Eskom, and other creditors.

6.1.9. Support provided by the Department of Cooperative Governance and Traditional Affairs

- The department continues to support the municipality to engage creditors to enter into affordable payment arrangements. The department also continues to provide support to the municipality monitor its grant expenditure so as to enhance the efficiencies in projects and contracts management of capital grants projects implemented by the municipality.
- The municipality has also been assisted with the development of the Stutterheim Precinct Master Plan.
- The department continues to provide support the municipality on institutional arrangement, governance, financial health, and service delivery.

6.1.10. Makana Local Municipality

- The session was informed that the municipality has managed to put in place a risk management strategy. MPAC terms of reference have been approved and are functional. Councillors were workshopped on ICT Governance Framework and other IT related policies. A revised Supply Chain Management policy has been approved and the Internal Audit Unit is functional.

- Risks facing the municipality include the following:
- No By-laws have been promulgated and gazette. Change management not implemented, however, there are some improvements in record management, but this area still remains a high risk. The municipality net debtors are increasing, and the municipality is battling to manage and control overtime.

6.1.11. Chris Hani District Municipality

- The municipality was put under section 139 intervention by the EXCO but rejected the intervention. Currently the municipality improved its audit outcome from a disclaimer to a qualified audit opinion for 2021/22 audit.

6.1.12. Sakhisizwe local Municipality

- The municipality has appointed senior management, and this has assisted the municipality. Eskom debt has reduced drastically and there is improvement in the spending of conditional grants.

6.1.13. Enoch Mgijima Local Municipality

- The municipality continues to be confronted by challenges and this has resulted in the municipality being taken over by the National Government. There are still persistent infrastructure challenges in the municipality. The municipality is owing over R1 billion to Eskom. Audit outcomes have stagnated. Spending on conditional grants remains an issue and the municipality lost approximately R20 million on MIG and INEP during the 2022/23 financial period.

6.1.14. Walter Sisulu Local Municipality

- The meeting was informed that the National Treasury Municipal Financial Recovery Service Team has requested a progress report and supporting documents from the Provincial Task Team for additional input in the preparation of the Status Quo Assessment Report.
- The National Treasury Municipal Financial Recovery Service Team unit has developed the Financial Recovery Plan roadmap and was presented at the introductory meeting. It was then resolved that it would be presented of the next council sitting for adoption.
- A draft of Financial Recovery Plan is being developed by National Treasury Municipal Financial Recovery Service Team.

6.1.15. O R TAMBO District Municipality

- The municipality is currently under section 139(5) and on the 1st of March 2023, the National Treasury Municipal Financial Recovery Service Team invited the Provincial Treasury Financial Recovery Plan representatives, to a Financial Recovery Plan introductory meeting at OR Tambo District Municipality.
- The Financial Recovery Plan roadmap suggest it will be signed by the MEC of Finance in June 2023.

6.1.16. Ingquza Hill Local Municipality

The municipality is starting to stabilize since senior vacant posts have been filled which amongst them included the position of the Municipal Manager and CFO. The audit outcomes have also regressed, and the municipality is currently stagnating on a qualified opinion for the past two years.

Support provided to dysfunctional municipalities.

- PMU is supporting municipalities to package proposals for funding by DBSA.
- A support package has been developed in partnership with the National Business Initiative based on the Disaster Mitigation Plan of the NMBM. The package includes Water Conservation and Demand Management.
- Nine municipalities, which received bad audit opinion have been engaged to participate in a financial management support programme implemented in partnership with the National Business Initiative (NBI) which commenced in October 2021.
- The department in collaboration with the National Business Initiative is offering financial management support to dysfunctional municipalities.
- The department formed a task team with ESKOM and Treasury to embark on an active partnering initiative to assist municipalities that have serious challenges with ESKOM debt payment. The ESKOM Active Partnering has since been included in the 2023 MFMA circular 124 on Municipal ESKOM debt relief.

7. Gauteng Province

- The department of Cooperative Governance and Traditional Affairs continues to provide assessment of the state of local government based on the Back-to-Basics Approach, including National Treasury MFMA Circular 71.

7.1.1. Governance

- All municipalities have complied with the requirements of the Local Government: Municipal Structures Amendment Act of 2021, Amendment Section 73, by establishing ward committees except for Tshwane Metropolitan Municipality which is in the process of establishing.
- All municipalities established the Municipal Public Accounts Committee (MPAC), however, only five MPACs function within the Council approved MPAC plan, and only six have Council approved MPAC terms of reference.
- 64% of municipalities completed timeously with adoption of the 2021/22 Oversight Report by 31 March 2023.

7.1.2. Financial Management

- Only nine municipalities have tabled their budgets in compliance with Section 16(2) of the MFMA and Regulation 14 of the MBRR.
- The City of Tshwane and Mogale City municipality experienced challenges in adopting their budgets. City of Tshwane adjustment budget was only approved on the 26 April 2023 and Mogale City approved theirs late.
- The 2022/23 Operating Expenditure adjustment budget for West Rand District Municipality, Mogale City Local Municipality, Sedibeng District Municipality, Midvaal Local Municipality and Lesedi Local Municipality exceeded their operating revenue budgets, thus recording deficit budgets.
- Rand West City local municipality is the only municipality that reported an operating deficit between revenue and expenditure for the period under review.
- Aggregated closing balance as of April 2023 was positive at R3,8 billion. The City of Tshwane Metropolitan Municipality cash balance has shown a drastic increase, although the money is held in investments and a significant portion constitutes unspent conditional grants.
- The total outstanding debtors owed to municipalities amounted to R115,08 billion. The total outstanding amount owed to Eskom by Gauteng municipalities decreased by (2%) from R12.9 billion to R12,7 billion for period under review. Emfuleni local municipality has the highest debt compared to other municipalities in the province of Gauteng. City of Tshwane has the second highest Eskom debt at 1.8 billion.

- Eskom had taken Rand West City local municipality to court for outstanding overdue payment on their bulk purchase. The court ruled to attach the municipality bank account.
- Emfuleni local Municipality owed the highest debt compared to other municipalities at R888.1 million and had a 36-month debt settlement arrangement with Rand Water which they defaulted on. Rand water applied to court for a writ of execution and attached all bank accounts, however, the writ has since been lifted.
- City of Ekurhuleni Metropolitan Municipality debt is the second highest followed by Johannesburg Metropolitan Municipality. Merafong City Local Municipality has a 36 Month payment arrangement but is not honouring the payment arrangement and was served with a notice of late payment letter.
- Rand West City proposed a new DSA and committed their equitable shares to settle old debt and service the current account months. RW has signed the DSA and awaiting the municipal officials to sign.
- City of Ekurhuleni is the only municipality that showed a downward trend, while the other 10 municipalities showed upward trend in the 2021/22 financial year period.
- City of Johannesburg Metropolitan Municipality had the highest balance of unauthorised, irregular, fruitless, and wasteful expenditure as at 2021/22 financial year.

7.1.3. Audit Outcomes

- As of 31 March 2023, the overall progress of the implementation of the 2021/22 audit action plan was at 26%.
- The MEC of Cooperative Governance and Traditional Affairs from Gauteng informed the NCOP that 53% of issues were still being addressed by municipalities and close monitoring is done through Operation Clean Audit steering meetings in municipalities.
- Budget constraints, high vacancy rate in key positions, inadequate time to resolve findings and lack of leadership are some of the factors that impede resolutions of these action plans.

7.1.5. Administration

There is a high vacancy rate especially in key municipal positions. Municipalities with high vacancy rates include City of Tshwane, Sedibeng District Municipality, Lesedi Local Municipality, Emfuleni Local Municipality and Merafong City Local Municipality.

7.1.6. Support provided to municipalities by the department of Cooperative Government and Traditional Affairs

The department has put in place sound systems and instruments to assist municipalities in Gauteng, some of the support the department has advanced are as follow:

- The MEC informed the delegates of the summit that the department has a mediation and conflict resolution mechanism in place to address the issue of coalitions.
- Capex war room established to monitor and support municipalities to improve spending on capital grant budget.
- Deployed revenue experts to assess the revenue value chain and implement the integrated revenue plans.
- The province has an ongoing campaign called Operation Clean Audit to support municipalities.
- Project Managers and Engineer experts deployed to support municipalities through SAICE AND MISA Support.

8. Northwest Province

- North- West Department of Cooperative Governance and Traditional Affairs has for the financial year 2023/24 set aside R60 million to intervene in water and sanitation challenges across communities in the province.
- The MEC of Coghsta informed the three-sphere planning session that the budget will be used towards completing the ongoing water supply and sanitation management projects as well as augmenting and refurbishing general infrastructure related to this functional area.

The province tabled the following projects:

Christiana Sewer Reticulation- located in the Lekwa Taemane municipality and estimated to be completed October 2023.

Mazista Water Supply – located in the Kgatleng River municipality and estimated to be completed in the end of June 2023.

Rooigrand Wastewater Treatment Plant- located in Mahikeng municipality and estimated to be completed during the Month of July 2023.

Rooigrand Water Augmentation -located in Mahikeng municipality and estimated to be completed during the month of July 2023.

Agisang Bulk Sewer line project -located in Tswaing local municipality and estimated to be completed in April 2024.

8.1.1 Status on the Current Provision of Water in the Province

- The session was informed by the MEC that all municipalities within Ngaka Modiri Molema District and Dr Segomotsi Mompoti District are not water services authorities. The two districts are the ones which are water service authorities. The districts have not yet signed service level agreements with their local municipalities in order to give the later the status of water service provider as required by law.
- Dr Kenneth Kauda District Municipality and Bojanala Platinum District Municipality and all their local municipalities are water service authorities and water service providers.
- Major challenges on provision of water and sanitation services within the province are in Ngaka Modiri Molema District Municipality and Dr Segomotsi Mompoti District Municipality.
- North-West Province has established a Provincial Political Steering Committee. The Provincial Steering Committee is constituted by MEC of Coghsta, Mayors of all municipalities falling within the four districts and two members from the Provincial House of Traditional Leaders.
- The main focus of the Provincial Political Steering Committee is to coordinate, streamline and ensure coherence of government interventions at political level, so as to fast-track provision of water and sanitation.
- During the presentation, the MEC of Coghsta highlighted the issue of budget reduction and its impact on water and sanitation backlog. The MEC informed delegates to the summit that a reduction of R50 million had a negative impact on the active projects, to such an extent that the department had to instruct the benefiting municipalities to stop construction of some of the projects.

8.1.2. Assistance Provided to Municipalities

- The joint Team deployed to municipalities by the department of Coghsta Northwest and Provincial Treasury is to assist municipalities with Grant Expenditure and also focus

on shortcomings pertaining to implementation of Integrated Electrification Programme by municipalities.

- National Treasury has also introduced Municipal Debt Relief Programme which seeks to assist municipalities owing Eskom. Current areas of bulk purchases debt owed to Eskom by municipalities in the province stands at R5,390 billion.

8.1.3. Support to dysfunctional municipalities

- The department has instituted a skills audit process that will be rolled out to all municipalities in the province. This intervention will target administrative support personnel in municipalities. The project is envisaged to commence from 1st July 2023 and end 1ST July 2024.

8.1.4. Local Government Turn Around Strategy

- The department intends to use ICT to strengthen prompt warning signals in service delivery processes. The province has formed a partnership with the University of North West to avail seven hundred post graduate students to assist the department in rolling out its support programmes to municipalities.

8.1.5. Municipal Audit Outcomes

- North- West municipalities financial health has drastically deteriorated in the post financial year as local government leaders continue to ignore procurement legislation, leading to staggering levels of irregular expenditure. The Department of Cooperative Governance and Traditional Affairs together with the Provincial Treasury have deployed their officials to assist municipalities address performance audit shortcomings.

8.1.6. Conditional Grants

- Three out of twenty-two municipalities in the financial year 2022/23, received grand re-allocation due to their good performance on MIG. The department together with the Provincial Treasury have constituted a technical team to assist municipalities spend their infrastructure grants.

9. Northern Cape Province

- The Northern Cape is allocated R501,370,000,00 for the 2023/24 financial year including ring-fenced funding for sports infrastructure of 39 million. Bulk projects are implemented in phases over multi-year due to small allocation and limited funding.

9.1.1. Water and Sanitation

- Water and sanitation services are in a poor state and deteriorating. Access to water is at 97% and access to sanitation is at 79%.
- The latest Green and Blue Drop reports indicate that the situation has deteriorated further in the province since 2018.

9.1.2. MIG Roads Projects

- A targeted breakdown of the 12% of the budget committed to roads projects and storm water across the province. 60, 500,000,00 is committed to roads and storm water projects in the five districts.
- 16 provincial roads were relinquished to SANRAL on 02 November 2022. The Minister of Transport proclaimed a declaration of the roads.
- Despite lack of budget to service provincial roads, the province is committed to increase access to affordable and reliable transport infrastructure and ensure road safety remains a priority. The province has rolled out numerous road infrastructure to be implemented during the 2023/24 financial year.
- The technical needs determined for the provincial road network are estimated to a cost of R7,1 billion of projects identified throughout the province.

9.1.3. Other Important MIG Priorities

- 89,683,025,14 is committed to cemeteries, community lighting, solid waste, disposal site and sport facility projects in the five districts.

9.1.4. Assisting Ailing Municipalities

- The department has partnered with Development Bank of Southern Africa in various programmes that include Revenue Enhancement to assist municipalities with mechanisms that will improve their infrastructure and revenue collection.

9.1.5. Remedial Action and Support Provided to Dysfunctional Municipalities - Phokwane Local Municipality

- Provincial EXCO has kept the municipality under section 139(5) intervention to ensure compliance with financial recovery plan. Internal audit committee is resuscitated. Municipal Manager was appointed on 3 May 2023
- The department of CoGHSTA has appointed a service provider who will pilot and validate prototype staff establishment.

9.1.6. Sol Plaatje Municipality

- The MEC of CoGHSTA has approved the acting appointment of the Chief Financial Officer. The Provincial Treasury has assisted the municipality to resolve issues relating unfunded mandates.
- The municipality has been advised to initiate a voluntary financial recovery plan with National Treasury to improve the financial situation of the municipality.

9.1.7. Gamagara Local Municipality

- The municipality managed to increase its revenue by R15 million from collection of historical debt from the mines. There is better cohesion with councillors and its committees.
- Provincial Treasury is supporting the municipality by deploying a financial specialist to assist the municipality with the turn around of its disclaimer opinion.

9.1.8. Siyacuma Local Municipality

- The municipality has a hung council and led by a coalition. The municipality has a revenue collection challenge.

9.1.9. Renosterberg Local Municipality

- Council structures are stable and have undergone induction. The municipality was placed under section 139 (1) (c) and (5) intervention in August 2020, due to governance failure.
- All senior management positions remain vacant, persistent procurement challenges which delay grant expenditure and project implementation.
- Provincial Treasury supporting with an acting Chief Financial Officer.

9.1.10. Ubuntu Local Municipality

- The municipality is Politically unstable due to a long history of coalition. All senior positions have been filled except the Municipal Manager position which has been vacant since 2016.
- Poor performance management and lack of consequence management. There is non-compliance of legislation, regulations, and policies. Ubuntu municipality is grant dependent.

9.1.11. Ka! Garib Local Municipality

- There is tension within the council and water challenges still persist and have strained relations between the community and the municipality. The municipality has poor performance management and lack of consequence management.
- Classified by National Treasury as a financially distressed mainly due to low revenue base and poor revenue collection.

9.1.12. Tsantsabane Local Municipality

- Tsantsabane municipality is recovering from political and administrative instability. The municipality failed for three consecutive times to submit their Annual Financial Statements. The municipality is classified by National Treasury as a financially distressed mainly due to low revenue base and poor revenue collection.

10. Interventions Currently being Implemented by Salga to enable municipalities to deliver critical services to communities by the President of the South African Local Government Association: Cllr S Stofile

The Three Sphere Planning session was informed that a diagnostic analysis of local government was conducted and the findings from the study found that local government is inadequately equipped to fulfil its developmental agenda and four root causes were identified which include the following:

- Poor political leadership capacity and weak administrative management.
- Ineffective utilisation of financial resources including poor financial administration, the inability to collect revenue and insufficient allocation from the fiscus.
- Inefficient and non-integrated local government delivery mechanisms, systems, and processes to enable service delivery.
- Degrading infrastructure and non-existent or poor service provided to local government.

Fundamental in making municipalities developmental is an urgent need to sort out some of the lingering challenges arising from the current fiscal framework. Some of these issues include the following:

- The unsustainable and increasing debt owed to municipalities.

- The current fiscal framework which allocates 9% to local government sphere needs to be reviewed.
- The quality of financial management in municipalities are a cause for concern. Salga proposes that more effort be directed to ensuring not only accountability but also improvement in the quality of spending and the return on fiscal investment.
- Salga requests Parliament to consider making regular changes through the creation of appropriate mechanisms including the use of capital grants for capital raising.
- The session was informed that Salga is exploring means of accessing innovative financing solutions for the local sphere, this include use of pooled financing mechanisms that have already been developed for municipalities to access the debt capital market.

Salga stated that in addressing infrastructure challenges, municipalities should be guided by among others, the following principles:

- Accessibility of services
- Affordability of services
- Sustainability of services
- Value for money

10.1.1. Salga is further advocating for the following interventions:

- **Effective use of financial resources** – Salga call for elimination of fiscal leakages, design and display a performance orientated system to direct financial allocation across municipalities, utilise capacity building grants for lesser-resourced poor and more rural municipalities.
- **Infrastructure development and sustainable service delivery-** Municipalities must be supported to develop maintenance plans for municipal service infrastructure, leverage at scale, private sector capital and technical capacity participation in municipal service delivery, establish district level capacity linked to the District Development Model hubs for road infrastructure.

10.1.2. Salga direct Support to municipalities with key role players will include:

- Implement the municipal support and intervention framework with focus on municipalities subjected to Section 139 interventions and Section 154 Support.

- Facilitate improved public participation and regular feedback and consultation engagement between councillors and communities.
- Mount a national campaign to mobilise communities to be guardians of their resources.

11. Interactive Session

- **Honourable Dangor** – elated that the essence of the presentations was focusing on harmonisation of the three spheres of government and urged the department to facilitate the discussion on the state of human settlement in South Africa and focus on regulatory and planning interventions required in the long run to achieve resilient and inclusive cities “reimagining inclusive cities”.
- **Honourable Dodovu**- welcomed the presentations made by all presenters. Asked the department of transport on why they are not replicating the road agency model to all nine provinces, since the model is working and playing a vital role in planning, designing, constructing, and maintaining provincial road networks. Honourable Dodovu, further posed a question on why local government is failing and whether has the department of Cooperative Governance and Traditional Affairs ever embarked on a diagnostic analysis of the failure of the sphere. Could it be that political leadership is the problem and not the administration?
- **Honourable Mmoiemang** – asked the Department of Cooperative Governance and Traditional Affairs about its plans to mitigate the Constitutional Court unanimous judgement which held a judgement that the process followed by Parliament and the provincial legislatures in the processing of the Traditional and Khoisan leadership Bill was unconstitutional. The impact the judgement has to other provinces like the Northern Cape, what is the department doing to communicate the decision of the court to the Khoisan leadership. Called departments to accelerate implementation of plans in seeking to change the material condition of people.
- **Honourable Rade**- wanted to know are the plans in place by the Department of Cooperative Governance and Traditional Affairs to mitigate high levels of unemployment and paying of services and how sustainable is the indigent system when numbers of unemployment are rising.
- **Honourable Moshodi**- wanted to know whether there are plans in place by the Department of Cooperative Governance and Traditional Affairs to assist municipalities struggling to use their allocated Municipal Infrastructure Grant.

- **Representative from Salga-** requested the department of transport to speed up resolving the issues of road classification which is currently causing challenges for municipalities.

12. Summary and Closing Remarks by the Deputy Chairperson of the National Council of Province, Honourable S E Lucas

The deputy chairperson elated the following.

- The NCOP will have to come up with a mechanism to track commitments made in this forum. The mechanism will have to be supported by a technical structure which will monitor, track resolutions, and develop implementation strategies which will be anchored in the Intergovernmental Relations principles.
- The mechanism will focus on matter relating to roads, infrastructure, and Operation Vala Zonke and assist those municipalities lacking capacity to implement grants coming from government through outcome-based oversight that is impact driven to change people lives.
- For us to accelerate consolidation and implementation we need to create a capable state that is efficient and developmental orientated