

**PRESENTATION TO THREE-SPHERE PLANNING
SESSION: NCOP**

09 JUNE 2023

Theme: *Delineating key priorities for consolidation and implementation during the final year of the sixth dispensation.*

PRESENTER: MEC P.D.N MALOYI

MEC FOR COGHSTA: NORTH WEST PROVINCE

Hon Chairperson of the House;

Hon Members of the NCOP present;

Hon Minister for COGTA;

Hon MECs responsible for local government matters in respective provinces present;

Representatives from SALGA;

Please receive my warm greetings;

Hon Chairperson, our attendance and participation in this planning session is informed by the invitation extended by the NCOP to all MECs responsible for local government issues in Provinces, and whose main objective is to chart a collective programme of action by all actors involved in the administration of local government issues, particularly given the fact that the current political administration is nearing its dissolution in 2024 electoral year.

As provinces, we have been requested to provide an indication of how we are intending to commit the local government aligned budget allocations under MIG umbrella given to provinces for the financial year 2023/24. In the same vein, we have been directed to provide the details of the status of our service delivery performance on identified priority areas, and relevant interventions we have put in place to address the shortcomings identified in the system. The areas identified as being of priority are listed as follows:

- Water projects, accounting for 39% of the MIG total budget;
- Roads Projects, accounting for 28% of the MIG total budget;
- Sanitation Projects, accounting for 19% of the MIG total budget; and
- Other priorities such as community facilities and solid waste management facilities, accounting for 14% of the MIG total budget.

I shall now proceed to address the relevant priority areas as indicated in the invitation:

WATER PROJECTS: A BREAKDOWN OF THE ALLOCATED BUDGET TO WATER PROJECTS (NORTH WEST)

Hon Chairperson, COGHSTA North West has for the financial year 2023/24 set aside **R60 million** to intervene in water and sanitation challenges across communities in the province. The focus of this budget will be towards completing the ongoing water supply and sanitation management projects as well as augmenting and refurbishing general infrastructure related to this functional area.

In the list of the ongoing projects, the project details, scope and envisaged completion dates are as follows:

- Christiana Sewer Reticulation – located in the Lekwa Taemane Municipality and estimated to be completed in October 2023;

- Mazista Water Supply – located in the Kgetleng Rivier Municipality and estimated to be completed in the end of June 2023;
- Rooigrond Waste Water Treatment Plant – located in Mahikeng Municipality, and estimated to be completed during the month of July 2023;
- Rooigrond Water Augmentation – located in Mahikeng Municipality and estimated to be completed during the month of July 2023; and
- Agisanang Bulk Sewer Line Project – located in Tswaing Local Municipality and estimated to be completed in April 2024.

In the similar vein, we have targeted new projects under this allocation for the financial year 2023/24, and their project scope is as follows:

- In Dr Ruth Segomotsi Mompati District: Refurbishment of boreholes in various villages within Kagisano Molopo Municipality;
- In Dr Kenneth Kaunda District: Replacement of 5 dysfunctional pumps at Balkfontein and Leeudoringstad pump stations;
- In Bojanala Platinum District: Refurbishment of Koffiekraal Water Supply;
- In Ngaka Modiri Molema District: Refurbishment of Oppitopie Pump Station and Optimization of Ground Water Sources in Ditsobotla Municipality.

Hon Chairperson, the above indicated new projects are currently on procurement stage and planned for construction within the financial year 2023/24.

THE STATUS ON THE CURRENT PROVISION OF WATER IN THE PROVINCE:

Hon Chairperson, all municipalities within Ngaka Modiri Molema District and Dr Segomotsi Mompati District are not water services authorities. The two Districts (NMMDM & Dr RSMDM) are the ones which are water service authorities.

The two Districts have not yet signed Service Level Agreements with their local municipalities in order to give the latter the status of Water Service Providers (WSP), as required by the law.

As for the Districts of Dr Kenneth Kaunda District Municipality (Dr KKDM) and Bojanala Platinum District Municipality (BPDM), 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 Mompati District Municipality.

Hon Chairperson, the Department of COGHSTA NW in its pursuit to reduce water and sanitation backlog in the province, has in line with the objectives of **District Development Model (DDM)** adopted a plan meant to achieve the following:

- Establish water and sanitation work streams in all districts;
- Determine priority projects per district that are not funded;
- Ensure alignment of bulk water service provision to housing development;
- Conduct level of service in informal settlements per district;
- Conduct Geo-hydrological studies per district;
- Conduct district water assessment of Water Services Development Plans;
- Develop pipeline projects per district based on Water Services Development Plans and available resources.

As a noble effort to give effect to the spirit of cooperative governance on the big burning platform issue of water and sanitation provision in the province, a Provincial Political Steering Committee (PPSC) has been established through the mutual concession by the Minister of COGTA and the Premier. The PPSC is constituted of the following members:

- MEC for COGHSTA;
- All Mayors of municipalities falling within the four District Municipalities; and
- Two members from the Provincial House of Traditional Leaders.

The main role of PPSC is to coordinate, streamline and ensure coherence of government intervention at political level, so as to fast-track provision of water and sanitation services.

As a way of providing technical support to PPSC, a Provincial Technical Steering Committee (PTSC) has been established. The primary objective of this committee is to provide technical support on assessing, planning and implementing water and sanitation projects in the Province, and is accountable to PPSC.

Hon Chair, one cannot step off this podium without flagging the undesirable effects of **INCONSISTENT BUDGET ALLOCATION** to water and sanitation provision in our province. The reduction of this budget component has had an overwhelming impact on the ability of the Department to provide consistent support to municipalities on the reduction of water and sanitation backlog.

The illustration below serves to highlight this issue of inconsistent budget allocation:

EARMARKED FUNDS	MEDIUM TERM ALLOCATION		
	2020 / 2021	2021 / 2022	2022 / 2023
Water and Sanitation Infrastructure Projects	R188,187 m	R188,527 m	R180,867 m

Hon Chairperson, the disabling effect of the budget reduction started taking route in earnest in the special budget adjustment of July 2020, wherein the allocation earmarked for infrastructure transfer (current) was reduced by **R56 million**.

Of this downward revision of the equitable share, **R50 million** was specifically from the earmarked allocation for water and sanitation, on which the commitment had already been made and project was on implementation phase.

The reduction of the **R50 million** impacted negatively on the active projects, to such an extent that the Department had to instruct the beneficiating municipalities to halt construction of some of the projects.

The trend of budget allocation reduction continued even in the Final Allocation for the 2021 MTEF period, wherein the allocation was reduced to **R116 million**; so was the Final Allocation for the 2022 MTEF period.

Hon Chairperson, flowing from these undesirable developments that are beyond the control of the Department of COGHSTA, we have had to make do with the little we have to carry out the daunting task of facilitating an enabling environment for sustainable water and sanitation provision in the province.

For the financial year 2022/23, the Department implemented a list of projects that seek to assist municipalities with water and sanitation provision. The list hereunder is for the projects undertaken in 2022/23 financial year, two of which rolled over to 2023/24 financial year:

No	PROJECT NAME	22/23 BUDGET	22 / 23 EXP	STATUS	REMARKS
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1.	Bloemhof Sewer Reticulation	R6,600,000	R6,303,002.34	Complete	Handed over and Closed out
2	Diretsane to Kopela Bulk Pipeline	R1,900,000	R1,888,000.00	Complete	Handed over and closed out
3.	Rooigrond WWTW	R22,000,000	R11,873,560.07	Construction @ 95%	Ongoing; Rising main; WULA
4.	Rooigrond Water Augmentation	R2,000,000	R1,994,773.86	Construction at 97%	Line testing & practical completion
5.	Coligny Sewer Reticulation	R3,000,000	R1,810,790.73	Construction at 92 %	Waiver for railway crossing – transnet Invoice paid to municipality
6.	Tlhabologang Water Augmentation	R3,500,000	R0	Construction @85 %	Payment delays by municipality
7.	Wolmaranstad Refurbishment of Boreholes	R2,000,000	R1,300,000.00	Complete	Handed Over and Closed Out
8.	Christiana Sewer Reticulation	R13,179,000	R4,753,367.45	Construction @55 %	Ongoing
9.	Mazista Water Supply	R10,000,000	R5,488,088.86	Construction @85 %	Ongoing
10.	Rustenburg In-house Water Lab	R1,300,000	R0	Procurement of material	Ongoing

The current delivery model on support to municipalities pertaining to water and sanitation function Hon Chairperson, entails transfer of funds to implementing agent (either a municipality or a water board) as per claims submitted based on progress on site. The implementing agents follow their own procurement in terms of appointments of service providers, be it consulting engineers or contractors.

Our appraisal of this delivery model, has pointed to a number of risk factors that more often than not render this model a potent enabler for stale and incomplete projects. As a remedial action, the Department has opted for a future model wherein it will follow its own procurement process for the appointment of service providers, for both engineering consulting work as well as construction work. We firmly believe that this will avert current trend of contractual disruptions between service providers and municipalities.

ASSISTANCE PROVIDED TO MUNICIPALITIES ON DISTRIBUTION OF ELECTRICITY:

Hon Chairperson, the Joint support team deployed in municipalities by the Department of COGHSTA NW and Provincial Treasury to assist municipalities on Grant Expenditure, also is required to focus on the shortcomings pertaining to implementation of Integrated Electrification Programme (INEP) by municipalities.

The initiative by the National Treasury to introduce Municipal Debt Relief Programme, has come as a golden opportunity for affected municipalities to progressively get out of the red zone on astronomical debt they owe to ESKOM.

The current arrear of bulk purchases debt owed to ESKOM by municipalities in the province stands at **R5, 390 billion.m**The affected municipalities are: Matlosana LM, Rustenburg LM, Madibeng LM, Kgetlengrivier LM, Naledi LM, Ramotshere Moiloa LM, Tswaing LM, Mamusa LM, Lekwa Taemane LM, Ditsobotla LM and Maquassi Hills LM.

The Department has duly taken all municipalities on board on the conditions attached to the Municipal Debt Relief Programme.

The municipalities have been implored to do the following in order to sustain their eligibility in the Programme:

- a) Adopt a payment schedule towards debt to Eskom by no later than the 31st May 2023;*
- b) Manage the municipal budget and financial ring-fencing procedure within the 2023/24 MTEF budget; and*
- c) Initiate their payment of monthly bulk purchases account in full settlement to prevent accrual of arrears.*

Hon Chairperson, the application process by the affected municipalities to benefit under the Programme is currently unfolding, and as a Department we shall proceed to have our finger on a pulse to oversee that the letter and intent of this arrangement get realized to full flavour and effect.

SUPPORT TO DYSFUNCTIONAL MUNICIPALITIES:

Skills Audit Project

Hon Chairperson, appreciating the depth of governance and general institutional shortcomings engulfing our municipalities, our Department has taken liberty to institute a process of skills audit that is to be rolled out to all municipalities in the Province. This intervention targets administrative support personnel in municipalities, and is based on the following objectives:

- Identifying skills gaps in the municipal workforce;
- Identifying skills misalignment in the municipal workforce; and
- Providing capacity building programmes where skills deficiencies are identified.

This project is meant to commence as of the **1st July 2023** and set to end on the **1st July 2024**. An accredited Service Provider has been appointed to undertake this intervention.

The Office bearers in municipalities and sector partners have been taken on board on the intent of this intervention. By all accounts, the project has been warmly welcomed by these stakeholders, and we are hopeful that it will certainly achieve the intended object.

Local Government Turn-Around Strategy

Hon Chairperson, another support measure that the Department has put in place in support to municipalities, is through employing technology to strengthen prompt warning signals in service delivery processes, in order to avoid the after-the-fact and reactive interventions that have characterized our support model to municipalities.

The Department is in the process of sourcing a software system which has an access to governance systems of municipalities in real time, and which will provide early warning signals to departmental officials to intervene in municipalities before things fall apart.

Another leg of this Strategy Hon Chairperson, is through the partnership the Department has with the North West University, wherein the University has pledged to avail seven hundred post graduate students to augment support programmes of the Department to municipalities.

The Department will use the funding received from **MERSETA** and its own funds to administer this partnership intervention.

These students are drawn from the fields of engineering, town planning, public administration, environmental management and information technology, and will be deployed in various municipalities in the Province.

Hon Chairperson, we are convinced beyond any doubt that these students will add much needed value in the business processes of municipalities, and will equally gain experience and exposure to the world of work in return.

Municipal Audit Outcomes

For 2021/22 financial year, the municipal audit outcomes in the Province have painted a gloomy picture. As an example, the performance status of the following municipalities is worth mentioning:

- Ramotshere Moiloa Municipality moved from disclaimer to qualified;
- Greater Taung Municipality moved from disclaimer to qualified;
- Moses Kotane Municipality improved from qualified to unqualified;
- Moretele Municipality regressed from unqualified to qualified;
- Ngaka Modiri Molema District Municipality maintained an adverse status for four consecutive years;
- Kgetlengrivier, Naledi, Maquassi Hills and Ratlou Municipalities maintained a disclaimer status for four consecutive years.

Against this backdrop of bleakness on audit performance outcomes, the Department of COGHSTA together with the Provincial Treasury have deployed their officials in

municipalities to assist with addressing performance audit shortcomings. The officials are already rolling up their sleeves and having their hands dirty to strive to transform the picture of performance in municipalities for better.

Efficient use of conditional Grants by municipalities

Hon Chairperson, the Province lost **R460 305 000.00 million** on the current grant allocations to municipalities in the 2022/23 financial year through stoppage process by National Treasury. The affected Grants were:

- Municipal Infrastructure Grant (MIG) ;
- Regional Bulk Infrastructure Grant (RBIG);
- Water Services Infrastructure Grant (WSIG); and
- Integrated National Electrification Programme (INEP).

Three of the 22 municipalities in the financial year 2022/23, received grant re-allocations due to their good performance on MIG. These municipalities were Mahikeng Local Municipality, Naledi Local Municipality and Tswaing Local Municipality.

The Department of COGHSTA together with the Provincial Treasury have constituted a technical team to assist municipalities to spend their infrastructure grants. This initiative will further draw support and cooperation from the sector actors such as National Department of COGTA, Municipal Infrastructure Agent (MISA), Department of Water and Sanitation as well as Department of Mineral Resources and Energy. The envisaged outcome of this cooperation is to have an action plan mutually endorsed by these players, which will lay a blue-print on expenditure of conditional grants by municipalities. This engagement is underway already.

On the strength of such a joint mission by the sector partners in addressing the shortcomings on Grant Expenditure by municipalities, we are confident that we shall be able facilitate a progressive realization of the value system envisaged in the Grant Allocation Policy Intent.

THE END

