



Western Cape
Government

Local Government

CHALLENGES IN THE DELIVERY OF INFRASTRUCTURE

Municipal CFO's Forum Lekgotla

5 December 2011

Challenges

- Percentage expenditure of capital budget
- MIG - DCoG set the following milestones:
 - 25% of allocation to be spent by September
By the end of September 2011
(first quarter of the municipal financial year)

10 municipalities had expenditure of less than 10%

14 Municipalities had expenditure of less than 20%

Challenges (2)

- MIG: SOME 2011/12 PROJECTS' APPRAISALS AND REGISTRATIONS ARE STILL OUTSTANDING
- Control Measures for Expenditure / Transfers
 - Transfers to Municipalities with expenditure lower than 60% in terms of funds transferred to date will be delayed by National until 60% expenditure has been reached

14 municipalities in the Western Cape is effected by this arrangement

MIG engagements

The Minister will engage on high level with Mayors; Municipal Managers; CFO's and Technical Directors of slow performing MIG municipalities

Challenges (3)

- Provision for infrastructure repairs, maintenance and replacement puts future municipal revenue streams at risk
- Technical and project management capacity (skilled, experienced staff)
- Changes in project priorities
- Objections against EIA's
- Construction risks (contractor performance; material availability)

Solutions

- **PLANNING**
- **BUDGETING**
- **SKILL**
- **OTHER**

Planning

- **Integrated Development Plan:
Compliance with Municipal Systems Act (2000,
Chapter 5)**

Infrastructure investment & delivery must be **based on an IDPs** (strengthened through comprehensive infrastructure planning) that provides a medium to long-term framework for sustainable human settlements and is in accordance with the principles of the National Spatial Development Perspective, Provincial Growth and Development Strategies and **municipal council resolutions**

Planning (2)

- **Integrated Development Plan:**

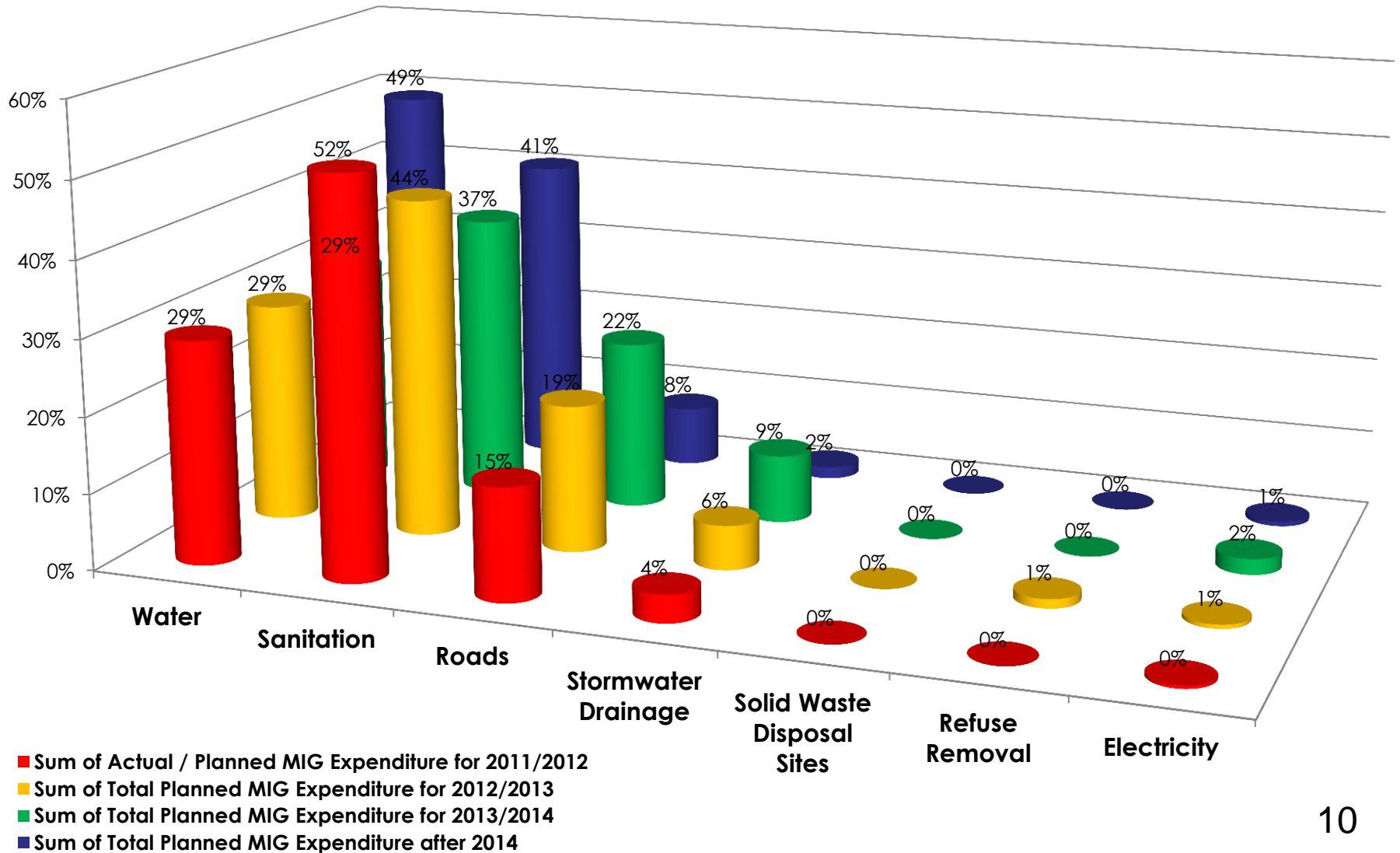
Integrated **SPATIAL** Planning

Linking Bulk Infrastructure with **realistic**
Human Settlement implementation
programs and economic growth
requirements

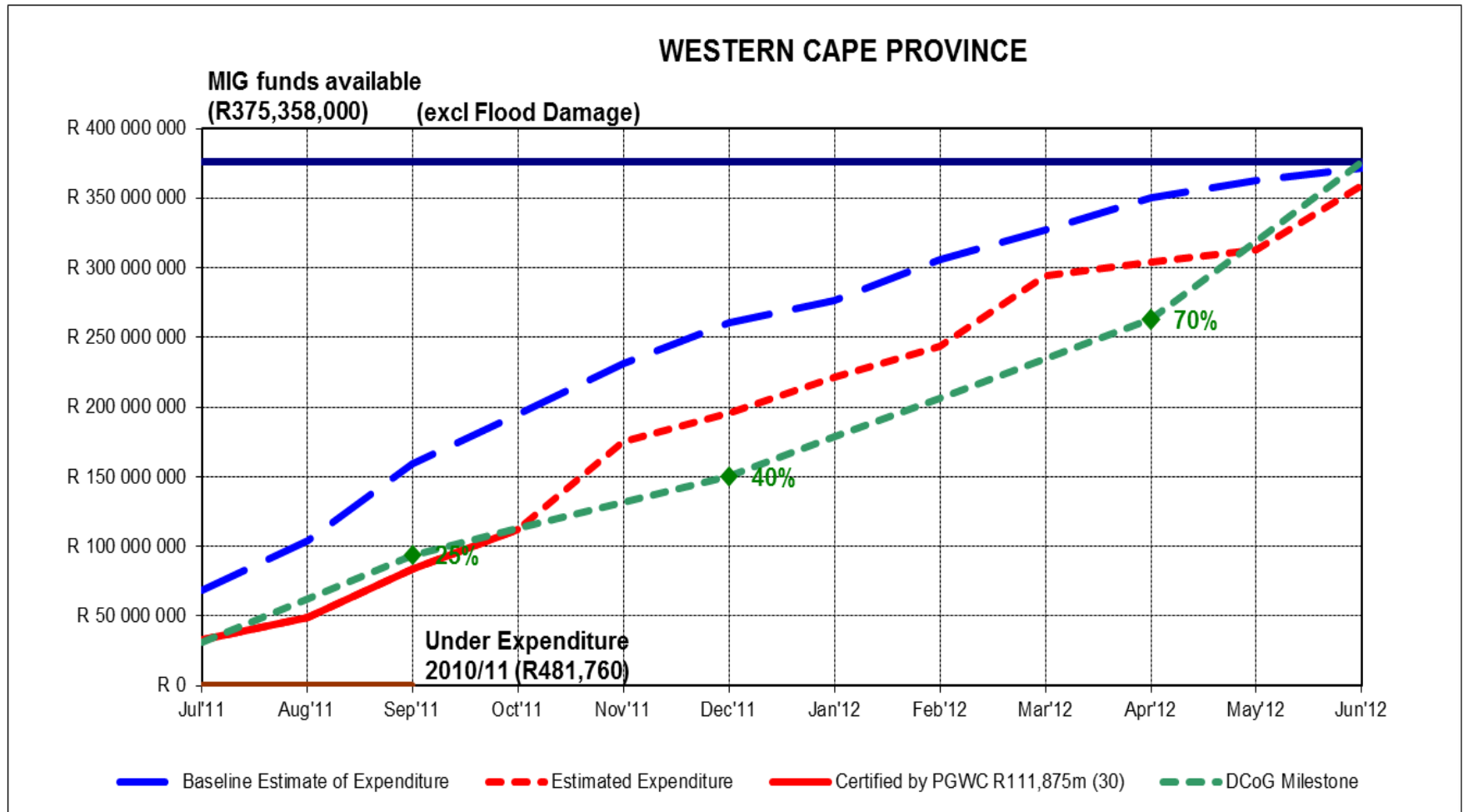
Municipal Infrastructure Grant – Detailed Project Implementation Plan

SANITATION									
Implementing Agent	Project Description	Service	Total Project Value	Registered MIG Project Value (See note)	MIG Expenditure up to 30 June 2011	Actual / Planned MIG Expenditure for 2011/2012	Total Planned MIG Expenditure for 2012/2013	Total Planned MIG Expenditure for 2013/2014	Total Planned MIG Expenditure after 2014
			R 2 208 744 239	R 1 333 935 609	R 310 061 040	R 172 851 340	R 184 813 146	R 149 275 807	R 471 281 626
Matzikama	Klaver	Upgrade Waste Water Treatment Works	R 6 353 450.00	R 5 519 851.03	R -	R -	R 5 519 851		
Matzikama	Doring Bay	Sanitation	R 1 109 285.00	R 758 285.00	R 39 285.00	R -	R -		R 719 000
Matzikama	Vanrhynsdorp: Maskamsig (Budget Maintenance; project 0156/BS/0506 (1693))	New External Sewer	R 399 430.00	R 252 000.00	R 121 048.78	R -	R -		R 130 951
Matzikama	Nuwepos: Bucket Eradication	New Sewer Pump Station & Rising Main to Existing Oxidation Ponds	R 2 996 372.00	R 1 468 800.00	R 1 413 101.27	R -	R -		R 55 699
Matzikama	Vredendal North	New Bulk Sewer Infrastructure	R 19 432 440.00	R 11 932 200.00	R -	R 2 111 686	R 4 321 626	R 5 498 888	
Matzikama	Vredendal South	New Waste Water Treatment Works Irrigation	R 4 500 234.00	R 3 712 693.05	R -	R 2 934 447	R 778 246		
Matzikama	Doring Bay	New Bulk Sewer Infrastructure	R 7 323 531.00	R 5 126 471.70	R -	R 997 000	R -		R 4 129 472
Matzikama	Klaver	New Bulk Sewer Infrastructure	R 6 501 420.00	R 4 550 994.00	R -	R -	R -		R 4 550 994
Matzikama	Lutzville	New Bulk Sewer Infrastructure	R 6 462 660.00	R 4 523 862.00	R -	R -	R -		R 4 523 862
Matzikama	Vredendal North	New Waste Water Treatment Works	R 5 010 350.62	R 4 186 731.33	R 360 446.47	R 3 372 000	R -		R 454 285
Matzikama	Vredendal South	Rehabilitate Waste Water Treatment Works	R 7 818 433.50	R 6 345 240.00	R 2 999 037.64	R 3 346 202	R -		
Matzikama	Lutzville	Upgrade Waste Water Treatment Works	R 3 744 900.00	R 3 135 000.00	R -	R -	R -		R 3 135 000
Matzikama	Vanrhynsdorp WWTW	Rehabilitate Waste Water Treatment Works	R 12 936 489.92	R 8 400 000.00	R 8 400 000.00	R -	R -		R -
Matzikama	Vanrhynsdorp	New Irrigation	R 2 625 276.00	R 2 102 880.00	R 1 870 585.42	R 232 295	R -		
Matzikama	Vredendal North WWTW	New Sanitation	R 16 218 381.00	R 10 337 300.00	R 10 337 300.00	R -	R -		R -
Matzikama	Klaver	New Pump Station & Rising Main	R 2 589 035.00	R 1 589 759.00	R 186 946.16	R -	R -		R 1 402 813
Matzikama	Vredendal North	New External Sewer	R 4 869 222.00	R 2 989 873.00	R -	R -	R -		R 2 989 873
Matzikama	Vredendal North	Upgrade Waste Water Treatment Plant	R 8 169 183.00	R 5 023 665.00	R 2 696 294.83	R 2 327 370	R -		
Matzikama	Vanrhynsdorp	New External Sewer	R 1 511 070.00	R 1 261 000.00	R 1 534 561.08	R -	R -		
Cederberg	Elandsbaai	Upgrade Waste Water Treatment Works	R 10 647 418.00	R 9 339 840.00	R -	R -	R 1 950 000	R 7 389 840	
Cederberg	Lambert's Bay	Upgrade Bulk Waste Water	R 11 459 498.88	R 10 052 192.00	R 864 049.23	R 6 291 011	R 2 897 132		
Cederberg	Leipoldville	Upgrade Bulk Waste Water	R 975 555.00	R 855 750.00	R 107 765.92		R -		R 747 984
Cederberg	Citrusdal	New Waste Water Treatment Works	R 57 711 531.34	R 46 122 500.00	R 4 705 840.65	R -	R 3 650 000	R 3 674 265	R 34 092 394
Cederberg	Clanwilliam	Waste Water Treatment Works	R 5 620 200.00	R 5 620 200.00	R 5 606 041.23	R -	R -		R 14 159

Municipal Infrastructure Grant



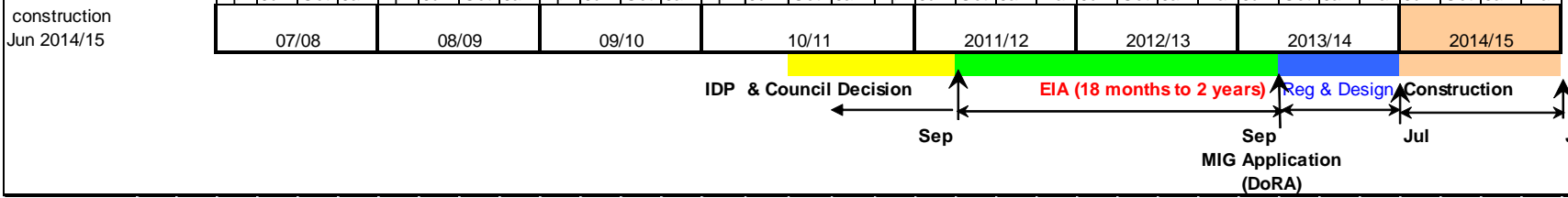
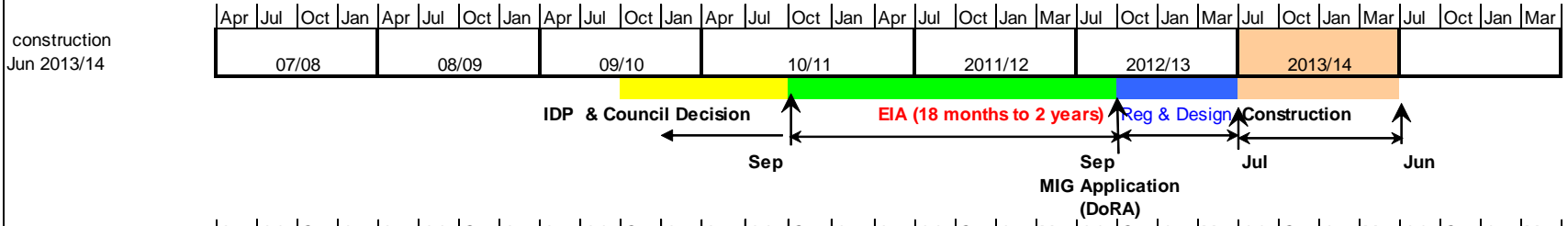
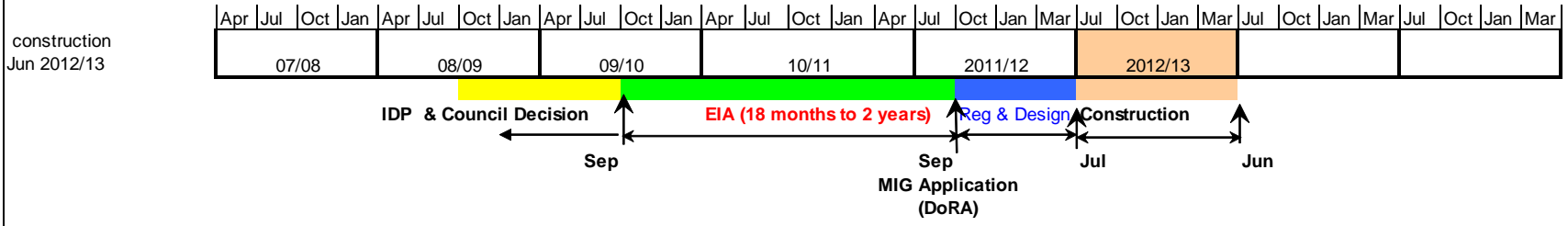
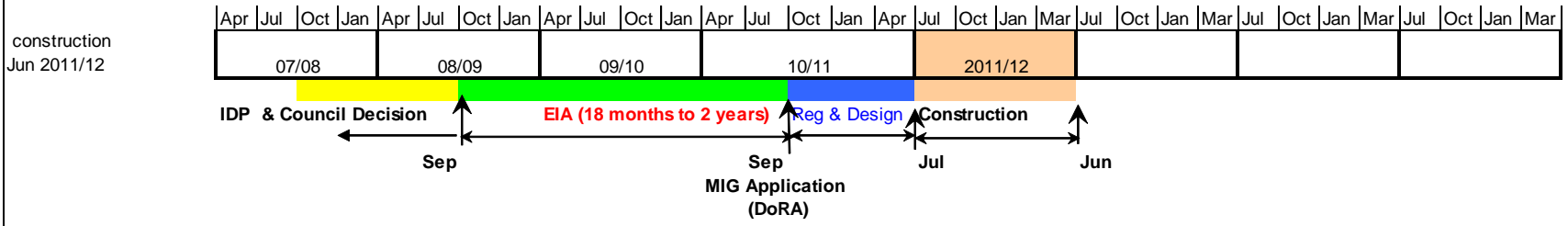
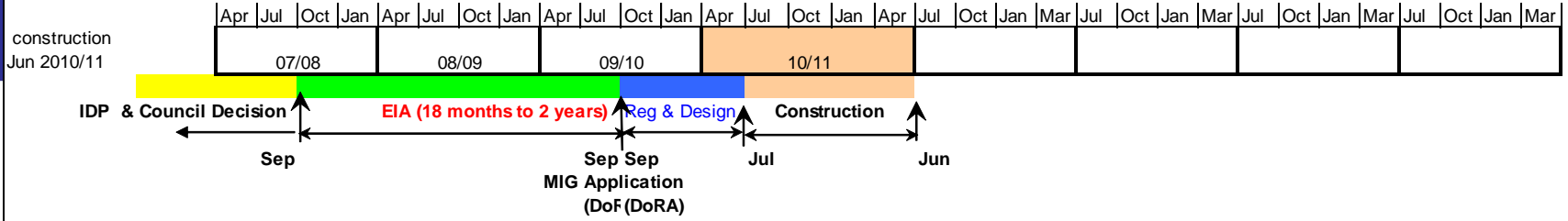
MIG WC Expenditure Graph 2011/12



PLANNING CYCLE

Time frames for projects requiring EIA and/or License

Change in MIG Financial Year Funding to coincide with Municipal Financial Year
FINANCIAL YEARS



MIG Planning Cycle

5 Year Planning Process prior to Completion of Construction

IDP Process

EIA Process (up to 2 years)

J A S O N D J F M A M J J A Sep O N D J F M A M J J A S O N D J F M A M J J A Sep O N D J F M A M J J u l A S O N D J F M A M J u n

Financial Year 1

Financial Year 2

Financial Year 3

Financial Year 4

Financial Year 5

Council Decision

Council Decision
(MIG Approval)

Detail Project
Implementation Plan
(DPIP) - DoRA

Construction (12 months)

Challenges: DoRA 2011 MIG Framework: Process for approval of 2012 MTEF allocations

Processes for Business Plans Project Registrations for 2012/13		
Activity	Timeline	Responsible
Submit all technical reports to the relevant Sector Department	27-May-11	Municipality
Evaluation of the Technical Reports and final recommendation to the Municipality	29-Jul-11	Responsible Sector Department
Submission of all project registrations forms for the 2012/13 financial year to the Provincial Department of Local Government	02-Aug-11	Municipality
Final recommendation on projects to Receiving Officer	30-Sep-11	Provincial Department
Submit to the National Transferring Officer Detail Infrastructure Implementation Plans of all the projects to be implemented in the 2012/13	28-Oct-11	Municipality

District Project Appraisal meetings be held with identified municipalities to recommend / register projects on MIG MIS before 30 September 2011, ie between August 2011 – September 2011 **SOME 2011/12 PROJECTS' APPRAISALS ARE STILL OUTSTANDING**14

BUDGETING

- Project Implementation in **year 5** requires Planning Budget in **year 1**
- Multi-year budgeting
- Infrastructure Management Plans to inform budget for infrastructure repairs; rehabilitation and replacement to secure future revenue
- Affordable levels of services
- Local technical skill development
- Effective Utility Management

Municipal Budgets

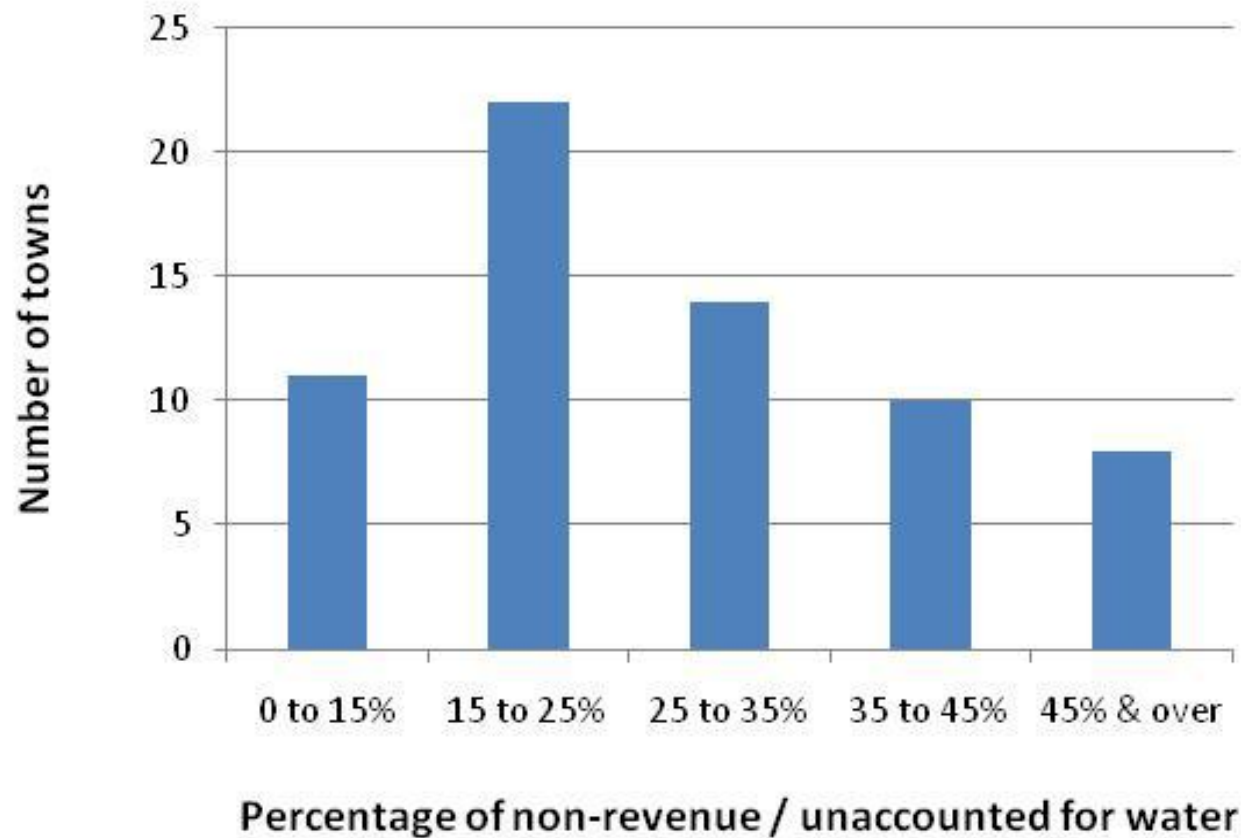
- Financial model to be developed for all municipalities:
 - 15 year infrastructure plan
 - 15 year cash flow forecast
(incl. EIA timelines, capital costs and escalation)
 - Operation and maintenance costs
 - Revenue management
 - Sources of funding

Unaccounted for Water(UAW) & Non Revenue Water (NRW)

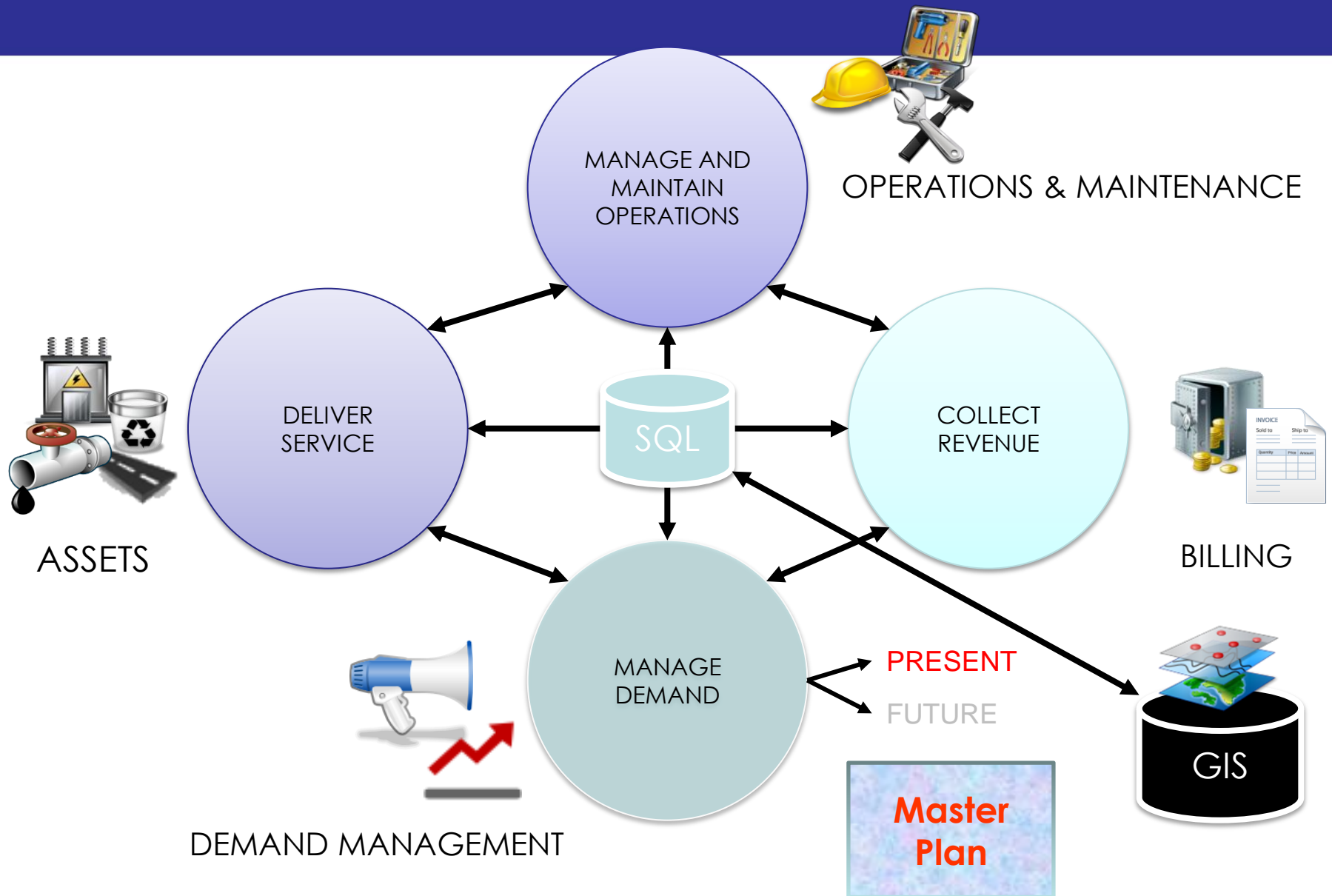
Authorized Consumption	Billed authorized consumption	Billed metered consumption	Revenue Water
		Billed non-metered consumption	
	Unbilled authorized consumption	Unbilled metered consumption	Non Revenue Water
		Unbilled non-metered consumption	
Unaccounted for Water	Apparent losses	Unauthorized consumption	
		Metering inaccuracies	
	Real losses	Leakage on transmission and/or distribution mains	
		Leakage and overflows at utility's storage tanks	
		Leakage on service connections up to customers' meters	

Water demand management and conservation

Levels of non-revenue / unaccounted for water



Effective Utility Management



MIG-Financial Reporting issues

- **MIG allocation is VAT exclusive**
(100% of allocation should fund infrastructure exclusive of VAT)
- Invoice date vs Expense reporting date at financial year end
- Municipal Financial reporting vs MIG Financial reporting
- Supply Chain procedures

Skill

- Appropriate experienced skill is limited
 - utilise available skill effectively
- Consider appropriate remuneration in line with infrastructure base
- Consider more administrative support to technical staff
- Consider the development of Local technical potential
- Consider sharing expertise
- All departments - project expertise

Other

- 3-Year consultants' appointments
- One-Year Maintenance contracts
- Management Contracts
- Back-up projects

THANK YOU