

SUMMARY OF FINDINGS AND PROPOSED RECOMMENDATIONS

This first section provides a summary of the findings and recommendations proposed by the Task Team in response to the failure of water services in Madibeng.

The remainder of the report is structured in two parts: Part A is an analysis of the causes of breakdown (see section 5) as well as a discussion of all of the recommendations pertaining specifically to Madibeng, (see section 6) and secondly in Part B, a broader discussion of recommendations made to address similar challenges in other municipalities (section 7).

The index of this report is on page 11.

1. Findings and Recommendations pertaining to Madibeng

1.1. Criminal investigation

As the Task Team was only appointed after the pipeline (crossing the canal) had already been repaired, it was impossible for the Task Team to evaluate the exact cause of the pipeline failure. The Task Team had to depend on opinions expressed by different people as interviewed and it is the opinion of the Task Team that either poor maintenance, vandalism, sabotage or theft of steel straps could have caused the pipeline collapse but the resulting effects would have been minimised had other operational systems been in place. The report will deal in detail with such operational systems.

The criminal case pertaining to the alleged removal of the steel straps holding the pipeline to the bridge, reported to the South African Police Services at Brits under case number 17/01/271, is currently being investigated and the investigating officer is Detective Mosimanegape.

It is recommended that DWA, via the Chief Director Legal Services, maintain a watching brief with regards to the progress of the investigation and reports to the Minister on its conclusion.

1.2. Analysis of Factors that caused the breakdown.

The failure of the pipeline was literally “the final straw that broke the camel’s back” as there were several deeper and long term causes leading and contributing to the eventual total breakdown of water supply. (see section 5 for detail).

The following factors are important to note:

- A combination of poor performance in three key areas of the water supply business: poor financial management, poor operational management and high water demand.
- The maintenance budget (R 13 million) is only 1% of the total municipal operating budget. This unrealistically low budget for maintenance combined with low payment levels for water provided (25%) and very high tankering costs (R15 million) was and remains an unsustainable situation.
- Madibeng has no monitoring or measurement of losses but it is estimated to be bordering on the extreme at 75% non-revenue water at an estimated cost of anything between R40 and R 60 million per annum. Only half of all yard connections are metered.
- Total lack of maintenance of infrastructure resulted in a telemetry system (critical for operation of large systems) that was out of order, no standby pumps available as good practice prescribes and no standby system available for emergencies.
- Failure by Madibeng management to act on the recommendations of several critical reports.

1.3. Administrative and Legislative Interventions

1.3.1. Implementation of the Tripartite MOU

In January 2014 the Minister of Water Affairs, the Minister of Human Settlements and the Premier of the North West signed an MOU aimed at resolving the numerous water supply and sanitation problems at municipal level in the North West province. An agreement was also signed at the level of Directors General to implement the MOU.

It is recommended:

That the *Tripartite MOU be operationalised immediately* and that, in addition, a *working group (to be set up under the MOU)* be established to focus on a water services turn-around programme in Madibeng and that preventative maintenance should be a key element of the work-plan under this MOU.

The DWA regional office in the North West Province should *meet regularly with Madibeng in particular* to focus on ensuring that the turn-around plan, as discussed below, is implemented, including steps to put the basics of water services management in place, with a particular focus on maintenance, effective operation, and revenue generation.

1.3.2. Development of a turn-around plan

Madibeng municipality must develop a *water services turn-around plan*, driven by the Acting Executive Mayor, and supported by the technical staff. This plan will require significant political commitment, and a strong partnership between the municipality and the residents, as well as support from DWA, COGTA and National Treasury. It will need to include elements of:

- *Effective communication* with residents
- *Improved budgeting and revenue generation*
- Development of an *asset register and management system, a maintenance plan, and a water safety plan.*

- *A water loss reduction programme.*
- Implementation of the *Water Shortages Emergency Project Business Plan* developed jointly between DWA and Madibeng.

As part of the turn-around plan, the Minister may convene a Water Indaba that will include all key stakeholders, during which the key elements of the turn-around plan can be presented and discussed with stakeholders to ensure buy-in from all relevant parties, including residents and the private sector.

The various elements of the turn-around plan are dealt with in more detail in the sections below.

1.3.3. Emergency Project Business Plan

The "Emergency Integrated Water Supply Strategy" business plan was presented to DWA and Madibeng on the 10th December 2013 and currently awaits formal approval. It is recommended that this project be given high priority and approval.

1.3.4. Leadership and Management

A concerted turn-around programme over the next few years will require some stability in leadership over a period of time. In this regard, the Task Team does not support the implementation of a section 139 (Section 139 of the Constitution, Act 108 of 1996) process, as it will further disrupt leadership. It is our view, rather, that the Acting Mayor should be provided with strong support to lead the turn-around strategy.

1.3.5. Implementation of the CoGTA report

The recommendations contained in the Ministerial Task Team Report, established by the Minister of Cooperative Government and Traditional Affairs (CoGTA) should be implemented and due regard should be given to the importance of inter-governmental support and assistance in building the capacity of the Municipality to effectively, efficiently and transparently manage its own business.

1.4. Technical interventions

1.4.1. Implementation of technical report recommendations

To support the work of the task team, a technical report was drafted by Mr Helgard Muller. The findings and strategic recommendations of this technical report are incorporated into this report. To enable access to more detailed information as may be needed for implementation, the full technical report is attached as Appendix A. The strategic technical recommendations from this report are outlined below.

1.4.2. Appointment of a capable water service provider (WSP)

Madibeng LM has clearly no capacity to run its large and complex water supply business and should enter into a long term contract with a capable water services provider, with the preferred option in this regard being Magalies Water (MW) who are also the implementing agent that have been appointed to implement the MOU for the North West province.

DWA should enforce this as one of the conditions of providing RBIG funding to the municipality and work with COGTA to have the same condition imposed as part of the MIG grants.

1.4.3. Development of a water services management, maintenance and safety plan

Madibeng municipality, with support from DWA, should, within the next three months, develop a costed water services maintenance and safety plan. This plan should serve before Council who should work with National Treasury and DWA to find mechanisms to fund at least the most critical basics in the short term, building up to proper, budgeted maintenance over a period of five years. This will have to be done as part of the water services turn-around plan.

The plan should also address the following issues that need to be implemented:

- All house connections must be metered and billed within one year as the current system is financially and operationally not sustainable.

- Existing boreholes should be refurbished to provide a standby supply system in some areas
- The existing 400 mm pipeline should be refurbished and maintained as a standby system
- Standby pumps should be bought for all pump stations so that there is always one pump immediately ready for standby should any other pump need to be taken out for service or repairs.
- The telemetry system must be restored or replaced to full functioning capability as a priority because without it it is extremely difficult for the technicians to know what is happening in the system and what areas are effectively being served with water or not.

1.5. Communication

Communication between the Madibeng municipality and consumers is a key issue especially during water restrictions and water shortages. Councillors must act responsibly and should be involved in a major communication campaign explaining to residents why they need to pay for water. There are many proven ways to improve communication with the public such as community radio and regular engagement between ward councillors and residents.

1.6. Financial interventions

None of the above recommendations will have any impact if the budget issues at Madibeng are not addressed in a sustainable manner.

1.6.1. Budget for water services provision and maintenance

As part of the turn-around strategy, DWA, jointly with Madibeng Municipality, should approach National Treasury to provide, via the Technical Assistance Unit of National Treasury, assistance to enable Madibeng to

- restructure their municipal budget including the restructuring of any loans to the most optimal terms

- ring-fence the water services budget as is required by law in terms of section 20(1) of the Water Services Act (Act 108 of 1997)
- develop a revenue improvement plan
- ensure that the maintenance budget is substantially increased on an annual basis to ensure that within five years there is sufficient budget available for a baseline of water services infrastructure preventative maintenance to be in place; and
- budget to cover metering costs for all household connections in Madibeng.

Improved revenue generation targets and the provision of an appropriate budget for maintenance must be set in the performance contracts of the Executive Mayor, the MMC for Finance, and the CFO.

2. Recommended national interventions

It is estimated from information within DWA that there may be 15 to 20 municipalities like Madibeng affecting more than 100 water supply systems where the management of water services has deteriorated to such an extent that a water crisis is imminent. This calls for national action to be taken to prevent more situations like Madibeng occurring.

2.1. Legislative and administrative interventions

2.1.1. Legislative amendment to enable Minister of Water Affairs to intervene

In the current legislative amendment being undertaken, DWA must include appropriate clauses to enable the Minister of Water Affairs to intervene directly when pending or experienced failures of water services at the municipal level warrant it.

2.1.2. Enforcement of regulation

DWA should act more strongly in terms of regulating municipalities in terms of the Compulsory National Standards under section 9 of the Water Services Act (which

are currently being revised), and compliance more generally with the Water Services Act and the National Water Act.

2.1.3. Revision of Compulsory National Minimum Norms and Standards

The Compulsory National Minimum Norms and Standards under Section 9 of the Water Services Act are currently under review by DWA. It is imperative that, in this review, the Compulsory National Standards are expanded to set a greater range of minimum standards that municipalities must comply with, including for operation and maintenance of water services.

DWA must put in place a programme to educate municipal officials on the revised Compulsory National Standards, to regulate their implementation and to hold municipal officials accountable for achieving these minimum norms and standards.

2.1.4. Accreditation of Water Services Providers

It is recommended that DWA put in place an urgent programme to investigate appropriate mechanisms for the accreditation of water services providers (WSPs) as suitably qualified and able to operate, maintain and run water services at municipal level, whether in-house or not, so that only duly accredited entities that are able to prove their capacity can take on this function.

2.2. Technical recommendations

2.2.1. Enforcement of RBIG conditions

DWA must enforce the requirements for effective operation and maintenance to be in place *prior* to the disbursement of RBIG or MIG funding and should check regularly on whether preventative maintenance is taking place or not. DWA should work with COGTA to have the same requirement as part of the MIG grant.

2.2.2. Review of RRU functioning

The Rapid Response Units (RRUs) were created in all nine regional offices of DWA to come in where water crisis arose, "fix the problem and leave" or as in the case of

the North West Province where the RRU had limited funds to “recommend and supervise”. The RRUs were never designed to “take over and operate” water systems. DWA should conduct a review of the functioning and funding of the Rapid Response Units across the nine regional offices, with a view to optimising their performance and ensuring that they have sufficient budget and staffing to perform their functions effectively. Consideration should be given to using water boards to support the functioning of the RRUs.

2.2.3. Create funding incentives for proper maintenance

Currently, millions of rand is available for new water infrastructure or the refurbishment and upgrading of infrastructure, but there are no incentives in the government funding system to promote effective maintenance in the water sector. Significant funds are available to municipalities for the construction of new infrastructure, or the refurbishment of old infrastructure e.g. MIG and RBIG. The only funds available for maintenance, other than from municipal revenue, are through the equitable share. It is easier for municipalities to allow infrastructure to deteriorate and apply for refurbishment funds than to perform proper preventative maintenance.

The funding mechanisms for water services should be revised to ensure that they act as strong incentives for good maintenance and efficient water use, and not as perverse incentives to avoid maintenance in favour of emergency upgrading and refurbishment from external funds. DWA should drive this process, with COGTA and SALGA, supported by the WRC.