

## Select Committee on Finance

14 August 2008



Water Services

## Conditional Grants

- Bulk Infrastructure (New)
- Schools and Clinics Water & Sanitation (New)
- Operating Subsidy



## Bulk Infrastructure

### Budget Allocation

1. Allocation as per DoRA schedule 7 grant
  - 07/08 R 300 million
  - 08/09 R 450 million
  - 09/10 R 650 million
  - 10/11 R 689 million
2. Request for further increase in budget
  - 08/09 R 3 700 million



## Bulk Infrastructure

1. 77 projects were started in 07/08 financial year.
2. 27 implementation projects are in construction or design phase
3. 50 feasibility / implementation ready studies were initiated,
4. 6 new feasibility / implementation ready studies were initiated in 2008/09
5. All R 300 million allocated in R 07/08 was utilised



### Bulk Infrastructure Expenditure 2008/09 to date

REGION	BUDGET ALLOCATION	EXPENDITURE end of July 08
EASTERN CAPE	95,350,000	0
FREE STATE	45,900,000	0
GAUTENG	3,000,000	0
KWAZULU NATAL	86,000,000	22,679,000
LIMPOPO	144,000,000	3,006,000
MPUMALANGA	28,000,000	0
NORTH WEST	22,050,000	20,000,000
NORTHERN CAPE	12,900,000	5,000,000
WESTERN CAPE	2,000,000	0
HEAD OFFICE	10,800,000	0
<b>TOTAL</b>	<b>450,000,000</b>	<b>50,685,000</b>



### Bulk Infrastructure

#### Overall Project challenges encountered

1. Limited capacity of various local authorities to implement and manage projects.
2. Lengthy start up phase; from budget approval to start of implementation min. 8 months required;( appoint consultants, detail design, bill of quantities, appoint contractors)
3. Escalation in cost of material, (cost of steel has doubled in the last two years.)
4. Difficulty experienced in getting certain materials due to limited capacity of suppliers (steel pipes)
5. The use of "train contractors," has resulted in delays and low productivity levels (Chris Hani project)



## Bulk Infrastructure

### Key reasons for slow expenditure in 2008

1. There are a number of jointly funded projects between MIG / Regional Bulk. For such projects municipalities are preferring to invoice MIG, during March-June before they start invoicing DWAF.
2. Limited capacity problems with certain municipalities is slowing down process of appointing contractors (particularly in Limpopo)
3. A number of projects are been delayed due to the lengthy period in finalising detailed designs.



## Bulk Infrastructure

### Key activities to overcome challenges

1. Plans are under way to increase programme management capacity in regional offices significantly
2. M & E & R units are been established in regional offices
3. Three provincial Built Operate and Transfer (BOTT) contracts are planned to manage implementation .
4. Water Boards are been used to implement some of the projects.





## Bulk Infrastructure

### Expenditure projections for 2008/09

REGION	BUDGET ALLOCATION	EXPENDITURE end of July 08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
EASTERN CAPE	95,350,000	0	5,000,000	10,000,000	15,000,000	15,000,000	10,000,000	10,000,000	15,000,000	15,350,000
FREE STATE	45,900,000	0	5,000,000	7,000,000	7,000,000	7,000,000	4,000,000	4,000,000	6,000,000	5,900,000
GAUTENG	3,000,000	0	500,000	500,000	500,000	500,000	200,000	200,000	300,000	300,000
KWAZULU NATAL	86,000,000	22,879,000	8,000,000	8,000,000	9,000,000	10,000,000	7,000,000	7,000,000	8,000,000	6,321,000
LIMPOPO	144,000,000	3,006,000	15,000,000	17,000,000	20,000,000	20,000,000	14,000,000	14,000,000	20,000,000	20,994,000
MPUMALANGA	28,000,000	0	3,000,000	4,000,000	4,000,000	4,000,000	2,500,000	2,500,000	4,000,000	4,000,000
NORTH WEST	22,050,000	20,000,000	2,050,000							
NORTHERN CAPE	12,900,000	5,000,000	2,000,000	3,000,000	2,900,000					
WESTERN CAPE	2,000,000	0	400,000	400,000	400,000	400,000	400,000			
HEAD OFFICE	10,800,000	0	500,000	2,000,000	2,000,000	2,000,000	800,000	800,000	1,400,000	1,300,000
<b>TOTAL</b>	<b>450,000,000</b>	<b>50,885,000</b>	<b>41,450,000</b>	<b>51,900,000</b>	<b>60,800,000</b>	<b>58,900,000</b>	<b>38,900,000</b>	<b>38,500,000</b>	<b>54,700,000</b>	<b>54,185,000</b>

(100 % of the Budget allocated will be spend)



## Bulk Infrastructure

### North West: Maqwassi Hills RWS



### Leeudoringstad reservoir



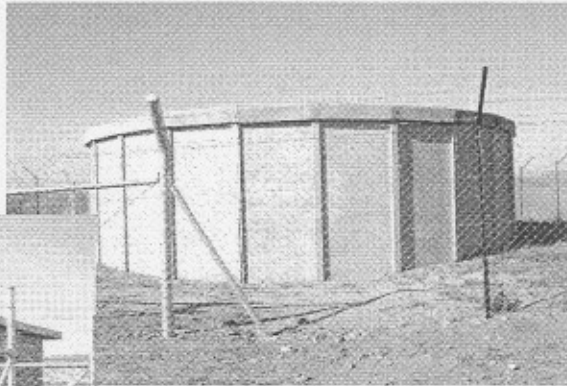
Phase1 : 100% complete; Phase 2: 80% complete (R30 million spent to date)



Eastern Cape-  
Chris Hani Tsomo  
project



### Bulk Infrastructure



-95% of all civil works  
complete

## Outline of Presentation

- Background
- Overall progress for 2008/09
- Expenditure
- Challenges
- Meeting the target
- Way Forward

## **Background**

- R665m made available by NT to address water and sanitation backlogs in schools and clinics during the 2007/08 – 2009/10 MTEF.
- R105m in 2007/08; R210m in 2008/09 and R350m in 2009/10.
- About 80% of the funds allocated during 07/08 were used to address all clinic backlogs, in line national government targets to eradicate all clinic backlogs by December 2007.
- The remaining budget for the 2008/9 to 2009/10 is earmarked to address schools backlogs.
- The allocation is a top-up fund to augment existing provincial infrastructure grants that are currently managed by the provincial departments of Education and Health
- The implementation to be done jointly with DoH and DoE



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## **Estimated Scope: Schools Programme 2008/09**

Province	2008/09 Budget (R)	Estimated No. of Schools to be addressed	
		Water	Sanitation
EC	69 545 000	115	115
FS	11 570 000	62	75
GP	8 604 000	0	28
KZN	45 729 000	*239	*77
LP	29 194 000	58	26
MP	12 508 000	33	20
NW	12 928 000	10	15
NC	14 099 000	4	54
WC	1 823 000	0	13
National	4 000 000	N/A	N/A
<b>TOTAL</b>	<b>210 000 000</b>	<b>521</b>	<b>423</b>



\*The estimated scope for 2008/09 is 521 and 423 for water and sanitation respectively. Figures expected to change as regions finalize planning

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## 2008/09 Schools Programme : Expenditure

Province	Allocation	Expenditure				Expenditure to date	Balance
		April	May	June	July		
EC	69 545 000	-	-	-	6 261 494	494	63 283 506
FS	11 570 000	-	-	-	-	-	11 570 000
GP	8 604 000	-	-	-	-	5 235	8 604 000
KZN	45 729 000	-	-	-	5 235 000	708	40 494 000
LP	29 194 000	-	465 288	59 382	183 864	534	28 485 466
MP	12 508 000	-	-	-	-	-	12 508 000
NC	14 099 000	-	-	-	6 650 000	6 650 000	7 449 000
NW	12 928 000	-	-	-	-	32	12 928 000
WC	1 823 000	-	-	-	32 084	984	1 790 916
National	4 000 000	-	-	-	556 525	879	3 097 121
					19 265		190 210
<b>TOTAL</b>	<b>210 000 000</b>	<b>-</b>	<b>465 288</b>	<b>59 382</b>	<b>321</b>	<b>19 789 991</b>	<b>1009</b>



Expenditure as at July 2008

## Overall Progress in construction

- To date construction has begun in 4 provinces.
- NC: 8 schools provided with sanitation and 4 under construction in Kgalagadi DM
- EC: construction started in 10 schools in ADM
- LP: construction started in 9 schools
- NW: contractors are on site in 8 schools
- Other Provinces are in the process of appointing contractors





## Schools sanitation status

Province	Targeted Sanitation	In construction	Completed	Remaining Backlog	Remarks
EC	115	-	-	115	
FS	75	-	-	75	
GP	28	-	-	28	
KZN	77	-	-	77	
LP	26	9	0	17	
MP	20	-	-	20	
NW	15	-	-	15	
NC	54	4	8	42	
WC	13	-	-	13	
<b>TOTAL</b>	<b>423</b>	<b>13</b>	<b>8</b>	<b>402</b>	



Targeted backlog figures still being finalised in some provinces and are expected to change.

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## Challenges

- Escalation of unit costs, contributed to R35 000 – R105 000/seat.
- Revision of designs and specifications to make them cost effective
- Finalizations of list of schools delaying progress in some regions
- Effectiveness of programme management structures to integrate plans



## Meeting the targets

National Targets as per Strategic Framework for Water Services (SFWS)

→ Households: By Municipalities

- All South Africans have access to adequate water by 2008
- All South Africans have access to adequate sanitation by 2010

Institutional: By Departments of Education and Health

- All Schools have access to adequate water and sanitation by 2005
- All Clinics have access to adequate water and sanitation by 2007

*All schools must have access to functional water supply and Sanitation by December 2010*



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## MEETING THE TARGETS

- Revised target: December 2010
- Required Financial Resources
  - To eradicate backlog
  - for Operate and Maintenance existing infrastructure
- Dedicated member to deal with water services to schools
- Provincial DoE to reprioritise and bring budgets forward to achieve Dec 2010 target date
- Integration of existing infrastructure projects and DWAF programme for MTEF period



## Way Forward

- Detailed planning ongoing for both 2008/09 & 2009/10 programmes.
- Integration of DWAF-led programme with existing DoE infrastructure delivery programmes.
- Plans to be aligned to 2010 target
- Control of unit costs to ensure they are maintained within the guidelines.



Update NEIMS through PDoE

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# THANK YOU



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