



Media Release

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Lack of Funds to Implement Capital Projects, Growing Water Demand and Ballooning Municipal Debt Rank High During Briefing Session with the Minister of Water and Sanitation on the Status of North West's Bulk Water and Sanitation

In the nation-wide consultative forum which started in September 2021, Magalies Water had their third bite as one of North West's biggest bulk water service provider, in engaging the Ministry of Water and Sanitation on the status of the province's bulk water and sanitation. The Water Board, which has demonstrated financial resilience, strong governance and service delivery performance, has recently been considered to take over the responsibilities of the soon to be dis-established Sedibeng Water in the North West Province. The achievements of back-to-back clean audit opinion from Auditor General of South Africa capped with 93% and 95% performance for 2019/20 and 2020/21 financial years respectively, has made a strong business case for Magalies Water to take over operation from Sedibeng Water. The entire Board of Magalies Water under the leadership of Chairperson Ms. Pinky Mokoto, and the Independent Audit Committee members attended the Minister's three-day fact-finding mission. The entity's presentation was led by its Chief Executive, Mr. Sandile P. Mkhize, who was supported by the full complement of the Executive Committee members. Magalies Water currently provides bulk water services to Rustenburg, Moses Kotane municipalities in the Bojanala District.

Deputy Minister David Mahlobo lauded the good work which has resulted in the upward performance trajectory of Magalies Water in the last three (03) financial years. Deputy Minister Dikeledi Magadzi also echoed the same congratulatory message to the Board and management. However, concerns were raised with some of the projects which need to be undertaken in order to improve the bulk water supply in the Bojanala Platinum District. Deputy Minister Mahlobo said the challenges of Madibeng Municipality

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need to be concluded “we have been to Madibeng numerous times, where Magalies Water is an implementing agent. However, the progress to date, is not something one can write home about. We really do not know who to put the blame on, as resources and funds have been rallied to ensure that the upgrade is concluded, while the people of Madibeng continue to be inconvenienced” Mahlobo lamented.

The Deputy Minister, said the issue around low collection rates from municipality’s should not be looked as an isolated matter. Mahlobo said, in many instances the poor appetite from municipalities to pay for water which has been supplied emanates from three key issues, disputes on water and sanitation tariffs charges, disputes on powers-and-function, as well as municipalities’ poor collection of taxes, rates and services from their residents. He said, unless and until such as time that Water Boards and municipalities can work through these three key issues, the relationship between water boards and municipalities will take long to normalize for the benefit of communities who are in desperate need for water and sanitation services.

Mkhize said, while the challenges experienced by municipalities in the country were well documented and known, the continued practice of water boards services not being repaid was unsustainable. Magalies Water has engaged municipalities with a view of assisting them to keep their water accounts up-to-date by introducing interest free repayment regimes and also offering payment discounts for overdue accounts. Regrettably many of these municipalities, honoured their commitments for few months after signing the agreement and thereafter reneged. Currently the Madibeng Local Municipality owes Magalies Water about 42 % of the total debt owed by municipalities. At the end of 2021, the combined debt owed by municipalities to Magalies Water was a staggering one-hundred-and-twenty-three million rands. This situation has impacted negatively on Magalies Water’s future projects which are targeted at infrastructure expansion and refurbishment.

One project which will assist the water entity to have access to more raw water is the upgrade of the interlinking canal between Roodekopies Dam and Vaalkop Dam where the Vaalkop water treatment plant is located. Mkhize in his presentation said, it concerned the water utility that the project is yet to commence “while we strive to meet the growing water demand, we remain concern that to date, we have not been positively responded to as it relates to the upgrade of the canal, which owned and operated by the Department of Water and Sanitation (DWS). The upgrade will allow us to have access to more water as Vaalkop dam has capacity constrains” Mkhize emphasized.



In responding to the challenges, Mkhize said the Department of Water and Sanitation had made commitments to fast-track the upgrade of the canal between Roodekopies and Vaalkop dams. Unfortunately, nothing monumental had been undertaken to ensure that the proposal for the upgrades to improve the capacity of water flow into the Vaalkop dam were realized. Mkhize highlighted it is responsibility and mandate of DWS to maintain and ensure the infrastructure for which it is responsible, is kept in good condition to ensure that the Vaalkop Water Treatment plant is able to process additional water through Vaalkop dam.

The Chief Executive indicated in his presentation that Magalies Water has concluded the Water Master Plan for the entire Bojanala Platinum District Municipality. Key projects in the Master Plan are being implemented, albeit at a slow pace due to lack of funds to implement all the projects identified. Mr. Mkhize further stated that if funding was available to implement all the projects with completed feasibility and Implementation readiness studies (IRS), Magalies Water would be able to eradicate 95% of the water supply challenges in the district.

Talking specifically, to the issues which have had an adverse effect on the completion of the upgrade of the Brits water treatment plant, the Chief Executive said “we do not have any confirmation letters relating to funding which will be made available to ensure that as Magalies Water we can continue to implement and conclude on the upgrade of the Brits water treatment plant. Where there were issues Magalies Water had furnished the DWS with an investigation report which led to the termination of both the professional service provider and the contractor. Due to the legal processes necessary to pave way for the appointment of new service providers, the stoppages resulted in unforeseen delays in the continuation and completion of the project. But we cannot be blamed for the delays which were beyond our control as an implementing agent” Mkhize reiterated.

Minister Mchunu, conceded while Magalies Water has been showing signs of stability at Board and Executive management level, the issues which created delays toward the finalization of the appointment of a permanent board were regrettable and needed to be resolved “the work which you have done in the last two years has been impressive and let it be known the Ministry appreciates of all the gains which you have made in ensuring that Magalies Water is sustainable and continues to deliver on its mandate” Mchunu said.

Minister Mchunu also raised concerns with some of the issues which Magalies Water had raised formally as it relates to the completion of the upgrade at the Brits Water Treatment Plant "I remain concerned that this information has never reached the relevant persons in order to support the work of Magalies Water as Shareholder representative. We need to close rank and ensure that we close all the gaps to avoid a situation where progress is not registered at the expense of communities who desperately need water. Minister Mchunu concluded by imploring Magalies Water to complete the Brits Water upgrades in this year.

End.

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