

“A CALL TO SERVICE”

Synergy in the role of Consulting Engineers and Municipal Engineers towards achieving economic growth and development through infrastructure.

Date: 28 October 2022

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PRESENTATION OUTLINE

- Role of CESA
- Economic landscape
- Polokwane in Context
- Infrastructure and the economy
- Polokwane LM Capital Infrastructure investment strategies
- Role of Consultants and Municipal Engineers

ROLE OF CESA

- **Mission Statement**

- CESA is committed to the promotion of excellence in the consulting engineering industry on behalf of its members and stakeholders. Through its members, CESA seeks to continuously improve the quality of life of people by interpreting the environment and pioneering change in partnering with all key stakeholders. In so doing, CESA strives to enhance the industry and provide a credible impact on all South Africans.

Key CESA focus areas:

- Goal 2: Actively Influence Procurement Policies and Practices to Ensure Best Practice in Infrastructure Procurement
- Goal 5: Deliver value- add to members and stakeholders
- Goal 6: Uphold the Integrity of the Consulting Engineering Sector

BACKGROUND

- South Africa like the rest of the world was plunged into the COVID-19 crisis which has weakened an already fragile economy.
- Unemployment remains high, at around 35%, and youth unemployment even exceeds 50%.
- On the road to recovery, government is confronted with spending pressures in various sectors, particularly the infrastructure sector in order to perform and recover from the previously re-directed funding during COVID-19.
- One of South Africa's goals in the National Development Plan is to increase public sector infrastructure expenditure to 10% of GDP by 2030.
- The construction industry is expected to rebound over the course of 2022, with forecast expansion of 9.1%
- Construction and engineering will be benefiting from expected higher levels of investment in infrastructure.

POLOKWANE IN CONTEXT

- Polokwane is located within the Capricorn District Municipality of Limpopo Province.
- It is the economic hub of Limpopo Province and is strategically located to be the administrative and economic capital of the Province.
- Being central and strategic in location the City of Polokwane, which is complemented further by the National Road N1 highway, which strategically links the City of Polokwane to the south with Gauteng and to the north with Zimbabwe, and Polokwane International airport.
- The city is seen as a gateway to Africa, particularly for the neighbouring Southern African countries such as Zimbabwe, Mozambique , and Botswana.
- The City of Polokwane is not only earmarked as one of the Provincial Growth Points in Limpopo and as a Special Economic Zone (SEZ) in the Provincial SDF (2014) and Limpopo Development Plan 2030.



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DEMOGRAPHIC AND ECONOMIC PROFILE

Population 2011	728,632
Population 2017	900,909
Projected Population 2030	1,093,662
Population Growth 2017 to 2030	192,753 21.4% overall 1.5% per annum
Households 2011	207,727
Households 2017	248,345
Projected Households 2030	339,510
Household Growth 2017 to 2030	91,166 36.7% overall 2.4% per annum
Urbanisation	35.4%
Poverty (households earning below R3200/month)	68%
Unemployment Rate (2011)	33.7% (83,762 individuals)
Largest Employing Sector	Community Services
Largest Economic Sector	Community Services (32.1%)

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CURRENT STATE OF MUNICIPAL SERVICES PROVISION

Service/asset portfolio	Service access measured against:									
	Status	National targets				Status	Polokwane targets			
		Backlog (customers)		Adequately served			Backlog		Adequately served	
		Nr	%	Nr	%		Nr	%	Nr	%
Electricity - CoP distribution area	Green	15 694	15.0	89 246	85.0	Green	15 694	15.0	89 246	85.0
Electricity - Eskom distribution area	Green	22 516	12.8	152 769	87.2	Green	22 516	12.8	152 769	87.2
Roads and stormwater	Green	77 127	27.5	203 098	72.5	Yellow	132 369	47.2	147 856	52.8
Solid waste	Red	173 755	62.0	106 470	38.0	Red	175 823	62.7	104 402	37.3
Sanitation	Yellow	139 821	49.9	140 404	50.1	Orange	145 530	51.9	134 695	48.1
Water	Blue	22 099	7.9	258 126	92.1	Green	78 118	27.9	202 107	72.1

Source: City of Polokwane – Strategic Asset Management Plan (SAMP) 2018 to 2047

Status:

-  Over 90% of customers are adequately served
-  Between 70% and 90% of customers are adequately served
-  Between 50% and 70% of customers are adequately served
-  Between 40% and 50% of customers are adequately served
-  Less than 40% of customers are adequately served

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INFRASTRUCTURE AND THE ECONOMY

- Infrastructure development plays a key role in ensuring fast economic growth and it is further instrumental in alleviating poverty in South Africa.
- RSA invests in developing a good core infrastructure network such as a transport system, power, communications network, sewage and water.
- Maintenance of exiting infrastructure remains a challenge.

Polokwane

- Polokwane Municipality has a constitutional mandate to provide basic services.
- The municipality is supported by the National Government with conditional grant funding of approximately R1 billion per year while its sets aside nearly 200 million per year of own revenue to respond to service delivery.

INFRASTRUCTURE AND BASIC SERVICES BUDGET SUMMARY

Infrastructure and Basic Services	MTERF BUDGET		
	2021/22	2022/23	2023/24
Total (Water Supply and Reticulation)	177 958 718	170 654 000	157 265 000
Total (Sewer Reticulation)	158 377 742	108 650 133	106 668 197
Total (Roads & Storm water)	288 443 173	266 482 392	282 842 144
Total (Energy Services)	263 450 000	253 725 000	229 495 000
Total Leeto la Polokwane	116 319 875	139 146 000	136 705 000
Total Draft Capital Budget For City of Polokwane	1 168 555 446	993 212 306	978 823 985

THE ABOVE TABLE SHOWS THAT, THE MUNICIPALITY IS SUPPORTED THROUGH TRANSFERS FROM NATIONAL GOVERNMENT WITH CONDITIONAL GRANT FUNDING OF APPROXIMATELY R1 BILLION PER YEAR WHILE ITS SETS ASIDE NEARLY 200 MILLION PER YEAR OF OWN REVENUE TO RESPOND TO SERVICE DELIVERY.

LONG TERM INFRASTRUCTURE FINANCING IN POLOKWANE

Vote Description	Long Term Financial Plan						
	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
R thousand							
Funded by:							
National Government	1,150,224	1,171,951	1,196,861	1,226,048	1,259,932	1,299,216	1,300,515
Transfers recognised - capital	1,150,224	1,171,951	1,196,861	1,226,048	1,259,932	1,299,216	1,300,515
Public contributions & donations							
Borrowing							
Internally generated funds	307,128	325,556	345,089	365,794	387,742	411,007	435,667
Total Capital Funding	1,457,352	1,497,507	1,541,950	1,591,842	1,647,674	1,710,223	1,736,182

Sector	2018/19		2019/20		2020/21		2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28	
Water	293,538	15%	482,644	35%	772,453	44%	1,719,953	39%	2,022,704	38%	1,534,588	28%	1,333,119	41%	1,188,920	45%	1,109,500	42%	915,000	40%
Sanitation	401,485	21%	251,000	18%	179,840	10%	920,854	21%	843,179	16%	655,242	12%	353,986	11%	306,000	12%	265,000	10%	262,000	11%
Energy/Electricity	78,070	4%	172,000	12%	210,500	12%	421,990	10%	186,855	4%	154,282	3%	339,824	11%	46,171	2%	36,600	1%	84,407	4%
Roads & Stormwater	301,455	16%	322,200	23%	357,150	20%	820,874	19%	920,124	17%	793,831	15%	733,544	23%	833,264	31%	954,304	36%	863,728	37%
Transportation	429,273	22%	18,038	1%	21,068	1%	267,600	6%	236,600	4%	224,650	4%	245,150	8%	195,700	7%	159,200	6%	165,200	7%
Waste	18,600	1%	9,300	1%	8,001	0%	31,007	1%	46,350	1%	27,900	1%	7,100	0%	8,200	0%	8,000	0%	8,700	0%
Social Infrastructure	68,940	4%	85,701	6%	102,100	6%	72,800	2%	888,500	17%	1,522,500	28%	143,000	4%	-	0%	5,000	0%	5,000	0%
Housing	7,000	0%	18,500	1%	63,150	4%	66,000	1%	76,500	1%	475,000	9%	-	0%	-	0%	-	0%	-	0%
Other	314,177	16%	26,860	2%	30,615	2%	90,295	2%	77,500	1%	77,500	1%	77,500	2%	77,500	3%	77,500	3%	-	0%
Sectors Total	1,912,538		1,386,243		1,744,877		4,411,373		5,298,312		5,465,491		3,233,223		2,655,755		2,615,104		2,304,035	
LTFP Revised Total Capital Funding	1,912,547		1,373,983		1,741,102		1,457,352		1,497,507		1,541,950		1,591,842		1,647,674		1,710,223		1,736,182	
Funding Gaps (surplus/shortfal)	9		(12,260)		(3,775)		(2,954,021)		(3,800,805)		(3,923,541)		(1,641,381)		(1,008,081)		(904,881)		(567,853)	

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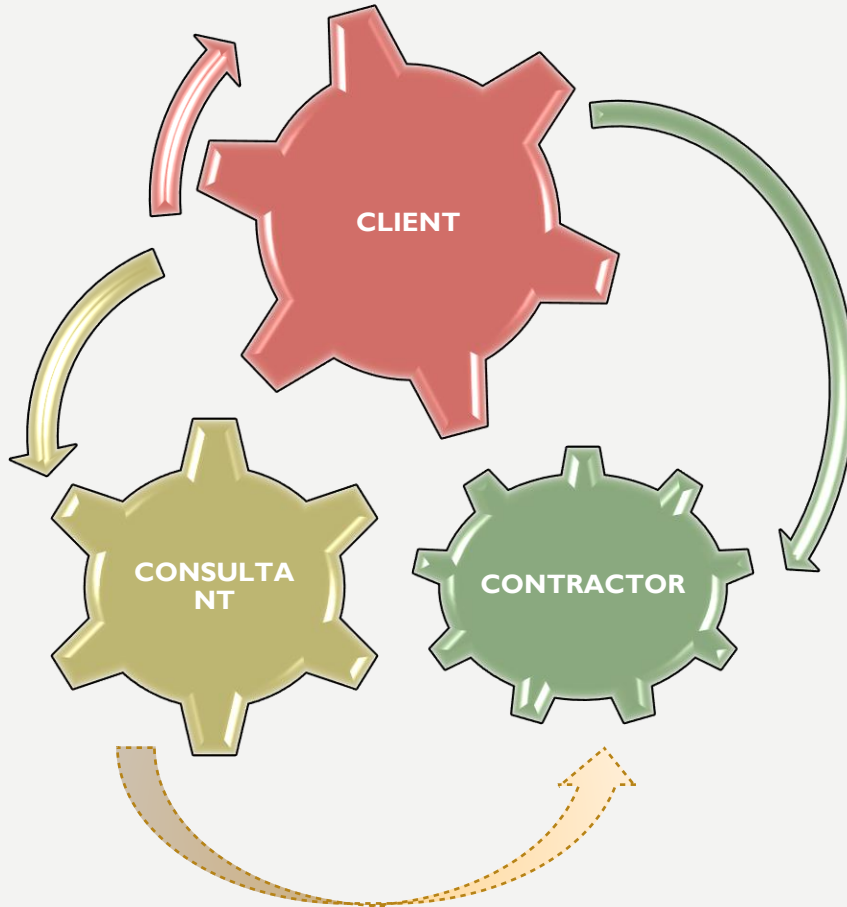
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ROLE OF CONSULTING ENGINEERS



KEY PERFORMANCE AREAS

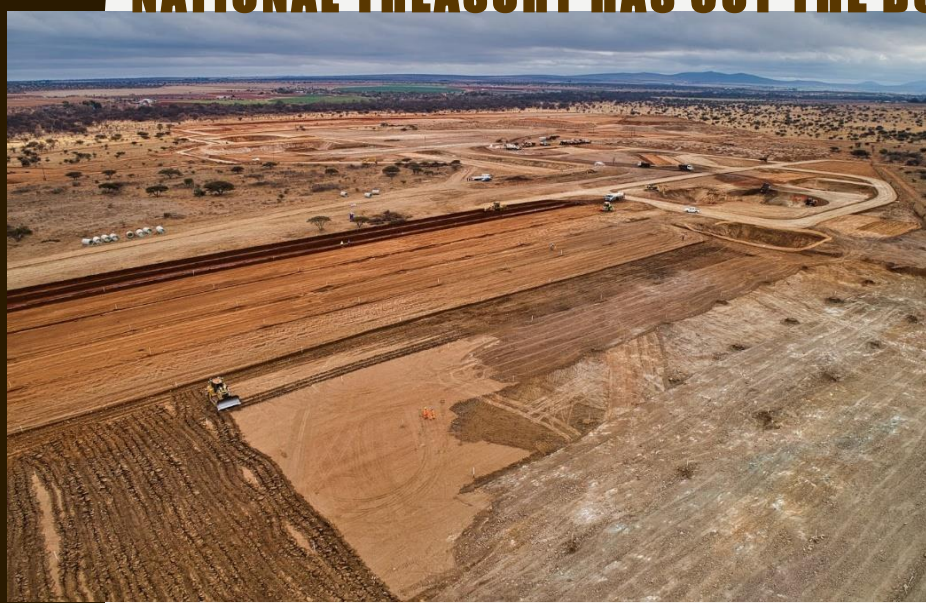
- Basic Service Delivery.
- Local Economic Development.
- Good Governance and Public Participation.
- Municipal transformation and development.
- Financial Viability.

ROLE SYNERGY BETWEEN CONSULTING ENGINEERS AND MUNICIPAL ENGINEERS

- A lot of consulting engineering expertise currently lies in private sector
- Municipally Engineering capacity is underdeveloped and under supported
- Professionalising the public sector
- Skill transfer and mentoring
- Bring back critical skills back into the state
- Support municipality in improving public outlook
- Clean and ethical governance
- Investor confidence
- Investment opportunities, resource prioritisation
- Consistent, continuity and institutional memory
- Catalyst to Solution driven industry, capacity of long term planning, master planning
- A call for SMME upliftment
- Involvement in crafting and enhancing policy(MFMA, CIDB, EPWP etc.)
- Innovative and adaptive infrastructure planning (climate proof, green building...)
- Regularisation of the construction industry and capacity
- Embrace and adapt to changing political environment
- Appreciation and remuneration

(PICTURES OF THE EARTHWORKS ALREADY COMPLETED)

PHASE 2 OF REGIONAL WASTE WATER TREATMENT PLANT, - DUE TO COVID 19 THE NATIONAL TREASURY HAS CUT THE BUDGET THAT WAS PUT IN THE GAZETTE



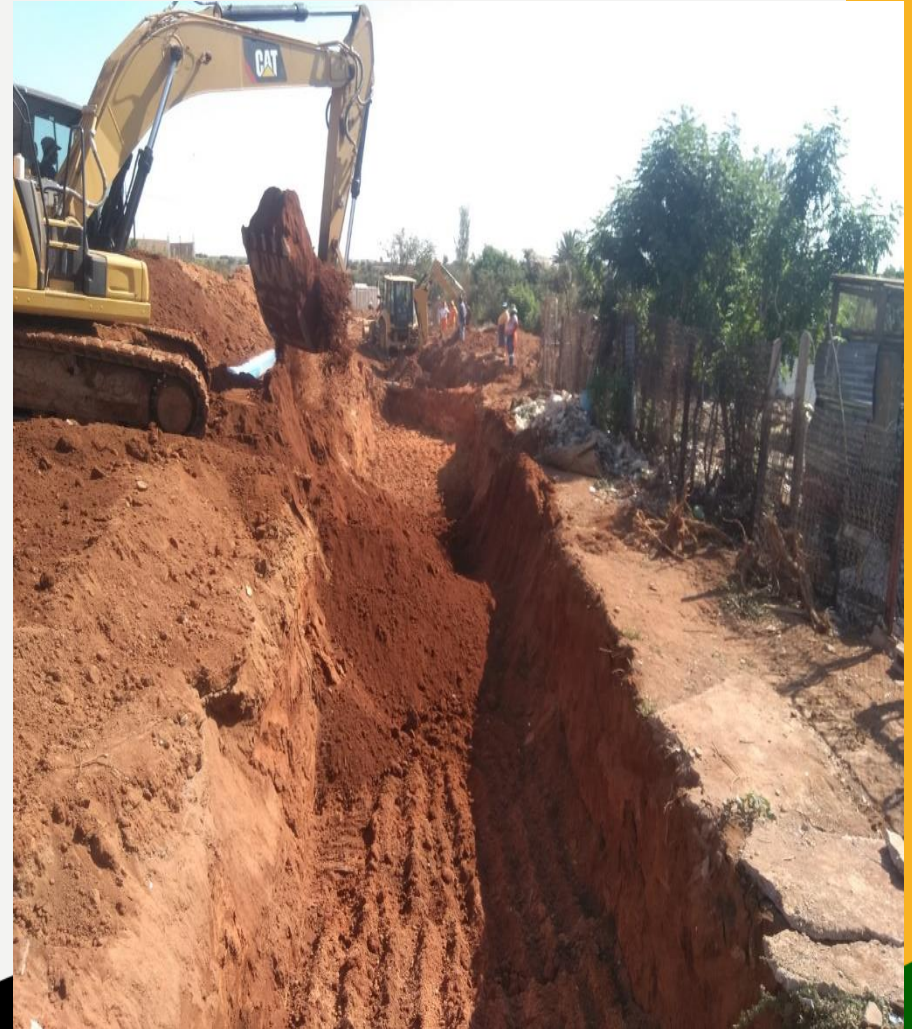
CONSTRUCTION OF THE SESHEGO WATER TREATMENT WORKS.



CONSTRUCTION OF THE SANDRIVER NORTH WATER TREATMENT WORKS.



BLOODRIVER WELLFIELD AND SESHEGO GROUNDWATER DEVELOPMENT AND PUMPING MAINS.



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CONSTRUCTION OF BOREHOLE INFRASTRUCTURE AND PUMPING MAINS FOR THE SANDRIVER NORTH WELLFIELD AND POLOKWANE BOREHOLES



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CONSTRUCTION OF BOREHOLE INFRASTRUCTURE AND PUMPING MAINS FOR THE STERKLOOP AND SANDRIVER SOUTH WELLFIELDS AND POLOKWANE BOREHOLES





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Buffer tank.



Reservoir inlet chamber and reservoir.



Clarifiers and heavy / light solid sumps.



Supernatant pump sump.



Up-flow filters.



Layer works around machine room.



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Thank you

Thoughts?