



# **SOL PLAATJE LOCAL MUNICIPALITY INTEGRATED BULK WATER SUPPLY SYSTEM INTERVENTION**

## **BUDGET FACILITY FOR INFRASTRUCTURE**

### **MFMA SECTION 33 PROCESS**

#### **INFORMATION STATEMENT**

**ENTERING INTO A MEMORANDUM OF AGREEMENT WITH BIGEN AFRICA SERVICES FOR THE UPGRADING AND REFURBISHMENT OF SOL PLAATJE MUNICIPALITY'S BULK WATER SUPPLY INFRASTRUCTURE FOR A PERIOD OF 7-8 YEARS**

This document is prepared in accordance with the provisions of Sec 33 of the MFMA for a Service Level Agreement to be entered into between Bigen Africa Services (Pty) Ltd and Sol Plaatje Local Municipality.

**Prepared by:**

**The Municipal Manager**  
**Sol Plaatje Municipality**  
121 Bultfontein Road, Kimberley  
P/Bag X5030  
Kimberley, 8300  
Tel: (053) 830 6911

## Contents

|     |   |   |
|-----|---|---|
| 1.  | BACKGROUND.....   | 3 |
| 2.  | SECTION 33 PROCESS.....   | 3 |
| 3.  | PURPOSE OF THE DOCUMENT.....                                    | 3 |
| 4.  | LEGAL MANDATE .....   | 3 |
| 5.  | BFI PROGRAM OVERVIEW AND PROPOSED MEMORANDUM OF AGREEMENT ..... | 4 |
| 5.1 | OVERVIEW OF THE BFI PROGRAM.....                                | 4 |
| 5.2 | SERVICES TO BE RENDERED UNDER THE CONTRACT .....                | 5 |
| 5.3 | NEED FOR EXTENDED CONTRACT PERIOD.....                          | 6 |
| 5.4 | THE PROPOSED AGREEMENT.....                                     | 6 |
| 6.  | FINANCIAL IMPLICATIONS .....                                    | 7 |
| 7.  | MUNICIPALITY’S ASSIGNED PROGRAM MANAGER.....                    | 7 |
| 8.  | ACCES TO INFORMATION REGARDING THE MFMA S33 PROCESS.....        | 7 |
| 9.  | PLACE FOR SUBMISSION OF COMMENTS.....                           | 7 |
| 10. | NEXT STEPS .....  | 8 |

## 1. BACKGROUND

Section 33 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA), prescribes that public participation is required whenever a local authority intends signing an agreement or contract beyond the MTREF period of three (3) municipal financial years. In such an instance the MFMA requires a Municipality to provide background information and write to the relevant sector departments to obtain their comments.

## 2. SECTION 33 PROCESS

Where a contract or agreement is intended to span more than three (3) municipal financial years, Section 33 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) requires the municipality to provide background information and to invite written comments from the local community and affected parties or persons. It furthermore obliges the municipality and to write to government departments to obtain their comments. Sol Plaatje Local Municipality is required to initiate the public information process by advertising the matter at least 60 days prior to the approval and conclusion of the agreement.

The invitation to comment on the draft Memorandum of Agreement is planned to be published on 20 October 2023 in the local media and on the municipal website.

## 3. PURPOSE OF THE DOCUMENT

The purpose of this document is to inform the public, affected government departments and affected stakeholders, parties or persons, as required by the MFMA, of the intention of Sol Plaatje Local Municipality to enter into an agreement with Bigen Africa Services (Pty) Ltd for more than three (3) municipal financial years.

The document sets out Information Statement and the requirements of Section 33. It also outlines the content, scope of the project and objectives of the agreement envisaged to be concluded.

## 4. LEGAL MANDATE

Section 33 of the MFMA requires as follows:

- Section 33 (1)(a): that the Municipal Manager must, at least 60 days before the Council meeting where an agreement or contract is to be approved, inform certain parties of the intention to enter in an agreement by:
  - i) Section 33 (1)(a)(i): issuing an Information Statement summarizing the municipalities 'obligation and draft agreement documents to the public and invite comments and representations; and
  - ii) Section 33 (1)(a)(ii) soliciting the views of –

National and Provincial Treasury;  
National Department responsible for local government;  
National Department having functional responsibilities related to the service being delivered;

- Section 33 (1)(b) Council must prior to the approval of the agreement, consider:
  - i) Section 33 (1)(b)(i) the financial obligations for each financial year of the agreement.
  - ii) Section 33 (1)(b)(ii) the impact of these obligations on its revenue.
  - iii) Section 33 (1)(b)(iii) any comments received from the local community and other interested persons.
  - iv) Section 33 (1)(b)(iv) written views and recommendations of the National and Provincial Departments referred to above.
  
- Section 33 (1)(c) Council must adopt a resolution in which it:
  - i) Determines that it will have sufficient budget or revenue to pay for the agreement.
  - ii) Approves the entire agreement and
  - iii) Authorises the Municipal Manager to sign the agreement.

## **5. BFI PROGRAM OVERVIEW AND PROPOSED MEMORANDUM OF AGREEMENT**

### **5.1 OVERVIEW OF THE BFI PROGRAM**

The Budget Facility for Infrastructure, is a National Treasury administered grant funding, aimed at supporting national priority projects that are considered as quality public investment projects. The facility considers applications from public institutions for infrastructure proposals that are clearly identified as national priority by the Presidential Infrastructure Coordinating Commission with support from relevant National Departments.

Sol Plaatje Local Municipality applied to the National Department of Treasury for Budget Facility for Infrastructure (BFI) on or about April 2021, to address the much-needed upgrading of its aged water supply infrastructure, more importantly, the Water Treatment Plant and the ever-leaking Bulk supply pipelines. The Municipality's 54MI/day Riverton Water Treatment Plant was constructed in 1949 along with the steel supply pipelines (600mm Ø and later an additional 965mmØ steel pipeline), whilst the later added Water Treatment Plant ("New" Plant), was constructed in 1970. The BFI program and funding applied for and approved by Treasury therefore seeks to avert a water supply crisis in the Municipality which could be brought about by the collapse of this aged infrastructure, which generally is in a very poor state of repair.

Sol Plaatje Local Municipality was fortunate to be allocated funding of R 2.5 billion, through the BFI grant to improve and upgrade its aged and ailing water infrastructure over a period of 7-8 years.

R 1.152 billion was gazetted through the DORA for the first three (3) years commencing in the 2023 financial year, with the balance of R 1.348 billion committed in the outer years. <sup>1</sup>

## **5.2 SERVICES TO BE RENDERED UNDER THE CONTRACT**

In order to implement the program, Sol Plaatje Municipality requires the services of a consulting engineering firm to plan, design and manage the construction of the multiple projects that will be part of the program and are necessary to upgrade and improve the water infrastructure.

In general terms, the services that will be agreed to between Begin Africa Services (Pty) Ltd and Sol Plaatje Local Municipality entails the provision of consulting engineering and project management services for the implementation of the Budget Facility for Infrastructure Program.

The services to be provided include the following:

- ❖ Investigation of the condition of the existing Water Supply Infrastructure (The Extraction Works, Treatment Works, Power Supply, Mechanical infrastructure, Delivery pipelines and Water Distribution network and Reservoirs);
- ❖ Submission of proposals for the repair and refurbishment measures and costing of the proposed repairs / refurbishment proposals for the Municipality's approval;
- ❖ Upon approval of the repair/refurbishment proposals by the Municipality, proceed with the inception, concept and viability / preliminary design, detailed design and documentation & procurement as well as contract administration of the various projects approved for implementation and subject to the availability of funding.
- ❖ Provision of Project management Services and Quality control.
- ❖ Manage and oversee small and emerging contractors appointed by the Municipality for the various work packages or appointed as subcontractors during the execution of the works.
- ❖ Facilitate on behalf of the Municipality and with its prior written consent, the appointment of legislative processes such as Environmental Impact Assessments / Occupational Health & Safety Compliance and other Specialized Investigations, required for the execution of the works.
- ❖ Assist the Municipality with the updating/preparation and submission of its Water Services Development Plan to the Department of Water and Sanitation.
- ❖ Provide Development Management Services including social facilitation and ensuring SMME participation and the management of Targeted Procurement matters.

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<sup>1</sup> National Treasury BFI Funding Approval Letter

### 5.3 NEED FOR EXTENDED CONTRACT PERIOD

Bigen Africa Services (Pty) Ltd provided assistance to the Municipality with the application for funding of the program and had to undertake pre-feasibility studies to establish the extent and scope of the work required.

The BFI application is therefore mainly underpinned by some investigative work that require that the extent of some of the work packages for the infrastructure upgrade and refurbishment be scoped in detail prior to any detailed design, tendering and construction commencement. This catalyst investigative works, some of which the Municipality funded from its limited funding allocation, commenced in 2020 and only reached completion in October 2023. The investigative work will then translate to scope completion of follow up projects, the advertisement of tenders and appointed of contractors for construction.

The duration of construction for the projects varies between 8 months up to 36 months. With Bigen Arica Services (Pty) Ltd expected to be responsible for the full project life cycle, including contract administration and with some of the project duration extending up to three years with defects liability and maintenance periods, Bigen's services and involvement in the program is envisaged to exceed the 3-year MTREF period.

Furthermore, the magnitude of the program and the funding limitations, necessitated that the program be completed in phases and projects be completed in order of priority. The program therefore would stretch over a period of 7-8 years as some of the projects are a precursor to the commencement of others. This is so because some of the infrastructure such as the supply pipelines, treatment plant etc, is still required to be operational during the refurbishment process. (e.g. The water treatment plant cannot be entirely put out of operation while the upgrading is underway).

The phasing of the required work packages ultimately stretches the duration of the contract with the service provider Bigen Africa Services (Pty) Ltd. Further, the services to be provided under the contract cannot be terminated midway without the risk of compromising the entire program and projects that would be under construction.

### 5.4 THE PROPOSED AGREEMENT

It is the intention of the municipality to enter into a Consulting Engineering Service Level Agreement <sup>2</sup> (SLA) with Bigen Africa Services (Pty) Ltd to have the advantage and benefits of services that they offer and can provide to the Municipality on such large infrastructure projects.

The Agreement will be governed by and based on the Engineering Professions Act, Act 46 of 2000 and associated Guideline Scope of Services and Fees for Person

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<sup>2</sup> Proposed Service Level Agreement

Registered in terms of the Act, as well as the Project and Construction Management Professions Act, Act 48 of 2000 and associated Guideline Scope of Services.

Notwithstanding the signature date, the Agreement will commence from the date of approval by Council and will continue for a period not exceeding 7 years, with its expiry being the date of completion of the consulting engineering services or 30 June 2030, whichever comes first.

## **6. FINANCIAL IMPLICATIONS**

The SLA will have some financial implications for Council, with fees for the services determined in accordance with the Gazetted Fee Scales for Engineering Services as well as Gazetted Fee Scales for Project Management Services. The said fees have been included in the approved BFI funding by National Treasury and will be at all times, subject to availability of funding for the program in each financial year and also the approval of the Accounting Officer (Municipal Manager).

## **7. MUNICIPALITY'S ASSIGNED PROGRAM MANAGER**

The Municipality has appointed, on a contract basis, a dedicated Program Manager to be based in the office of the Accounting Officer (Municipal Manager), who will be solely responsible for the proper administration and implementation of the BFI program.

## **8. ACCES TO INFORMATION REGARDING THE MFMA S33 PROCESS**

Copies of the Section 33 Explanatory Document and the Draft Service Level Agreement with Bigen Africa Services (Pty) Ltd will be available during office hours at the office of the Municipal Manager, from 07h45 to 16h45, Monday to Thursday and 07h45 to 15h30 on Fridays.

A copy of all documentation will also be available on the municipal website [www.solplaatje.org.za](http://www.solplaatje.org.za).

## **9. PLACE FOR SUBMISSION OF COMMENTS**

Written comments must be submitted on or before 20 November 2023 in a sealed envelope that must be deposited in TENDER BOX of Sol Plaatje Municipality, Municipal Stores Complex, Abattoir Road, Ashburnham, Kimberley.

All submissions must be addressed to:

The Municipal Manager  
Sol Plaatje Local Municipality  
Municipal Stores Complex  
Ashburnham  
KIMBERLEY, 8300

Submissions must be clearly marked: **“SECTION 33 PROCESS – Service Level Agreement: SPLM Bulk Water Supply Infrastructure Upgrade and Refurbishment.**

## 10. NEXT STEPS

Members of the local communities and other interested parties or persons are invited to present their comments or representations in respect of the proposed agreement and the granting of the right to enter into a contract with Bigen Africa Services (Pty) Ltd, according to the condition set in the proposed agreement.

Sol Plaatje Local Municipality will finalize the agreement with the service provider and will solicit the views and recommendations of stakeholders, including National and Provincial Treasuries, National Department of Water and Sanitation and the Provincial Department of Corporative Governance and Traditional Affairs.

The agreement and all comments and views received relevant to the proposed agreement will be based and assessed and included in the report to be presented to Council for the final ratification to enter into an agreement with Bigen Africa Services (Pty) Ltd.

Drafted and issued by:

Supported by:

\_\_\_\_\_  
WM MOYAH  
BFI Program Manager

\_\_\_\_\_  
K. SAMOLAPO  
Acting Chief Financial Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by:

\_\_\_\_\_  
B.S. MATLALA  
MUNICIPAL MANAGER

Date: \_\_\_\_\_

