

Highlights of SoNA 2017: Implications for COGTA

COGTA Presentation to the Portfolio Committee

14 February 2017

BACK TO BASICS : SERVING OUR COMMUNITIES BETTER



cooperative governance
Department
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

Presentation Outline

1. Highlights of SoNA 2017
2. Feedback on issues
3. Priorities for 2017
4. SoNA implications for local government
5. Improving the outcomes of the system of local government through Back to Basics approach
6. 10 Point Plan
7. Further issues for possible consideration

Highlights of SoNA 2017

Economic prospects

- The State of the Nation address focused strongly on **economic emancipation** and **radical socio-economic transformation**.
- The President reiterated the importance of the National Development Plan in building a country free from poverty, inequality and unemployment.
- Amid an uncertain global economic environment, South Africa is showing signs of recovery with an anticipated growth rate of 1.3% in 2017.
- The President identified improved cooperation between government, business and labour as delivering successes:
 - Avoidance of credit ratings downgrades.
 - Labour market stability.
 - Agreement on National Minimum Wage.

Highlights of SoNA 2017

Reigniting growth through Nine point plan

The President highlighted the need to create jobs and referred to the Nine Point Plan as a special focus to reignite growth in the areas of:

1. Industrialisation;
2. Mining and beneficiation;
3. Agriculture and agro-processing;
4. Energy;
5. SMMEs;
6. Managing workplace conflict;
7. Attracting investments;
8. Growing the ocean economy and tourism;
9. Cross-cutting Areas: Science, technology, Water and sanitation infrastructure, Transport infrastructure, Broadband rollout.

Feedback of issues

Besides economic issues, the State of the Nation Address also gave feedback on issues such as:

- Energy security
- Bulk water supply and water losses
- School infrastructure
- Investment promotion
- Science, mathematics and technology
- Road infrastructure
- Operation Phakisa
- Tourism
- Expanded Public Works Programme
- Drugs and substance abuse
- National Health Insurance
- Mental health

Feedback of issues

Basic Service Delivery

- The extension of basic services to the people of the country continued in the past year (2016), and to date, nearly 7 million households have been connected to the grid and now have electricity.
- Government is working hard to ensure reliable bulk water supply in the various areas of the country to support economic growth whilst increasing access to vulnerable and rural municipalities.
- In an effort to curb high water losses, about 10 thousand unemployed youth are being trained as plumbers, artisans and water agents. More will be recruited this year to reach a total of fifteen thousand.
- A call was made by the President upon municipalities to support the War on Leaks programme.

Priorities for 2017

The following **priority issues** were identified by the President for the year ahead:

- Radical socio-economic transformation
- De-racialising ownership in the mining industry and direct state involvement in mining
- Land reform and redistribution
- Supporting black smallholder farming
- Empowerment of women in all government programmes
- Dealing with economic concentration, collusion and cartels
- Establishing a more inclusive, representative property sector
- Development of black industrialists
- Making higher education more accessible to students from working class families
- Fighting against crime through visible policing and Specialised Units
- Continuing international mediation, peacekeeping operations and initiatives

Priorities for 2017

Radical socio-economic transformation

- The President noted that the priorities of government for the year ahead will focus on economic emancipation and radical socio-economic transformation, moving beyond words, to practical programmes. This stems from findings of various studies, including StatsSA's studies showing that economic inequalities and exclusion affecting the majority persists in the country.
- The state will play a role in the economy to drive the much needed transformation, this will include legislation, regulations, licensing, budget and procurement as well as Broad-based Black Economic Empowerment Charters.
- During this year (2017), the Department of Economic Development will bring legislation that will seek to amend the Competition Act. It will among others address the need to have a more inclusive economy and to de-concentrate the high levels of ownership and control we see in many sectors.

SoNA implications for Local Government

As indicated in the SoNA, government is focusing on using the strategic levers of government to change the control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female.

The following **developmental priorities** are of utmost importance for local government, as the sphere closest to the people:

- **Improving the outcomes of the system of local government through Back to Basics approach**
- **Provision of municipal infrastructure**
- **Creation of work opportunities**
- **Spatial transformation of urban areas**
- **Partnerships to improve the service delivery capacity of municipalities and create conditions for social-economic growth.**

These priorities are focussed on providing services and economic opportunities to the poorest of the poor, women, youth and marginalised, the African majority as well as the remotest rural areas.

Improving outcomes through B2B

SECOND PHASE OF B2B

- The second phase of the B2B programme will be characterized by:
 - ✓ Hands-on approach of campaigns;
 - ✓ Programmes and projects that have high visibility and a direct impact on service delivery;
 - ✓ Affect a broad segment of the citizens; and
 - ✓ Noticeably bring a change in the lives of ordinary people.
- In all provinces inter-departmental task teams, consisting of experts across the spheres of government, and sector departments, were established and will lead activities of this phase.
- CoGTA has created capacity within itself, by transferring senior personnel to a specific unit, to act as liaison point between the task-teams and other role players.

Improving outcomes through B2B

Short to medium term actions

- Proper constitution of Council structures;
- Establishment of Ward Committee's;
- Appointment of appropriately skilled staff;
- Effective administrative and financial management systems, and processes; (*organograms aligned to core functions, internal controls, consequence management and accountability*)
- Planning:
 - IDP's and Budgets;
 - Plans for stimulation of local economies;
 - Spatial targeting and area based spatial contracts
 - Inter-municipal collaboration and regional development focus;
 - Spatial mapping of sector plans and budget to municipal spaces

Improving outcomes through B2B

MEDIUM TO LONGER TERM ACTIONS

- Establish programmes to **address generic systemic problems**
 - e.g. weaknesses in human resource management, supply chain management, infrastructure procurement and financial management, revenue enhancement, debt management, infrastructure maintenance, etc.;
- Mobilise multi-disciplinary teams to **tackle dysfunctional municipalities** (mobilise national and provincial resources);
- **Strengthen community engagement** and local government accountability to citizens through innovative platforms (e.g. social media, community radio, frontline offices, complaints management systems, etc.,

Improving outcomes through B2B

Accelerate implementation of the B2B 10 point plan:

- Positive Community Experiences
- Prioritise Municipalities Receiving Disclaimers over 5 Years;
- Support Revenue Enhancement Programmes;
- Appointment of Senior Managers With Appropriate and Requisite Skills In Municipalities;
- Quality Service And Maintenance of Infrastructure;
- Implementation of Forensic Reports;
- Metropolitan B2B Programme;
- Strengthening Roles of District Municipalities;
- Spatial Regional Integration Zones/Spatial Contracts;
- Strengthen Capacity and Role of Provincial CoGTA Departments

1. POSITIVE COMMUNITY EXPERIENCES

- Develop ward based service delivery dashboard;
- Community feedback mechanism; (*sms community feedback system*);
- Implementation of ward improvement plans that addresses basic services, e.g. cutting of grass, working street lights and robots, water leaks, etc.;
- Improvement of complaints management systems and municipal frontline offices;
- Use of Community Development Workers, Community Work Programme participants and Ward Committee members into the implementation of B2B programme

2. MUNICIPALITIES RECEIVING DISCLAIMERS OVER 5 YEARS

- Prioritise and target municipalities receiving disclaimers for more than 3 years;
- Analysis of the AG management letters and Post Audit Action Plans of municipalities;
- Develop hands on programme to reverse this trend with clear and achievable interventions based on issues consistently raised AG management letters;
- Mobilise and work with critical stakeholders such as, AG, PT and SA Institute of Auditors, etc.; and
- Minister and MEC's engagement with these municipalities and post election priorities.

3. REVENUE ENHANCEMENT PROGRAMME

- Consider a workable model for allocation and distribution of powers and functions, e.g. District performing both WSA and WSP functions against roles of Local municipalities;
- Consolidated Bill for municipal services rendered to residents;
- Issues of metering and credibility of data and bills;
- Address tariff setting challenges;
- Non-revenue electricity and water, e.g. System losses (e.g. leaking pipes, house connection leaks, storage overflow), Commercial losses (e.g. billing anomalies, metering errors, water theft, Electricity theft
- Address government debt, municipal debt, business and residents debt; and

4. APPOINTMENT OF SENIOR MANAGERS IN MUNICIPALITIES

- Analysis of the current state of affairs, data on vacancies, number of senior managers compliant with minimum competency regulations, number of senior managers affected by the National Treasury CPMD competency requirements, number of senior managers contract coming to an end;
- Strong oversight over the pre – election and post - election phases as it relate to illegal cancellation of contracts and removal of senior managers and costs implications and court challenges on municipal budgets;
- Affordable organogram aligned to core business;
- Resolve the misalignment between NT and COGTA regulations on minimum competency requirements;

5. SERVICE AND INFRASTRUCTURE

- State of municipal technical capacity and capability, in terms of Technical Units organograms, alignment of structure with core function, existing capacity and vacancies;
- Analysis of the municipal absorption capacity and capability to manage infrastructure grants, e.g. whether all critical posts are filled with appropriate expertise and critical functions such as BTOs and SCMs are in place;
- Address shortage of technical skills municipalities by implementing learning programmes aimed at increasing a pool of artisans and other critical skills;
- Increase access to quality, reliable and sustainable basic levels of service in 27 prioritised districts, through diagnostic analysis leading to support and intervention to address key challenges;
- Put in place regional support contractors to assist municipalities to improve infrastructure delivery and operation;
- Mobilise more funding for rehabilitation, refurbishment and replacement of ageing infrastructure, from government grants and loan funding;
- Make municipal infrastructure procurement more efficient and effective through putting in place national framework contract

6. IMPLEMENTATION OF FORENSIC REPORTS

- State of forensic reports, (collation of the forensic investigation undertaken by Province and Municipalities);
- Analysis of the reports;
- Status of reports in Councils and consequence management and accountability;
- Monitor municipal implementation plans; and
- Role of MEC and other agencies in enforcing consequence management

7. METROPOLITAN B2B PROGRAMME

- Priorities issues that have immediate impact on the citizens;
- Better understanding of the complexity of urban voter/variety of needs and interest to serve;
- Effective complaints management systems and improving frontline services;
- Enforcement mechanisms for service norms and standards, quicker response times and improve communication/feedback to citizens;
- Provision of interim services to informal settlements;
- Role of Metro in the declining economy – infrastructure investment that stimulate economy (*These municipalities are key drivers of economic growth and economic activity. Metropolitan cities and large towns produce 80% of the country's GVA and are home to 69% of the population*)
- Visible and impactful spatial transformation and integration initiatives

8. STRENGTHENING ROLES OF DISTRICT MUNICIPALITIES

- Clarify allocation and distribution of powers and functions;
- Regional integrated planning and delivery of services;
- District and local IGR coordination model;
- Shared service model and strong district support plans for weaker local municipalities

9. SPATIAL REGIONAL INTEGRATION ZONES/SPATIAL CONTRACTS

- The development of a spatial development strategy for various localities and spaces (*District, Locals, small vibrant towns, mining towns and possible new towns*);
- The development of an infrastructure development/implementation plan to underpin the spatial development programme. The plan should outline the infrastructure requirements (catalytic regional and local infrastructure projects) in support of the proposed development and financial modelling;
- The development of more detailed spatial development strategies for individual municipalities/towns/growth points which nest with the district strategies;
- High-level designs/conceptual frameworks for the new cities/towns; and
- The development of programmes of action (and the projects associated with each) at both District and municipal level and the sequencing of actions (across all spheres) that need to give effect to the plan.

10. STRENGTHEN CAPACITY AND ROLE OF PROVINCIAL COGTA DEPARTMENTS

- Clarify core functions and mandates/structure (*constitutional and Legislative*)
- Empowering provisions and levers;
- Capacity and expertise required;
- Operational and Funding model;
- Municipal support plans

Improving outcomes through B2B

NATIONAL AND PROVINCIAL COORDINATION AND SUPPORT

- Coordination between National and Provincial CoGTA departments;
 - Joint reflection on state of municipalities in each province;
 - Mobilise National and Provincial Sector departments participation in the IDP planning processes;
 - Develop a support and intervention plans;
 - Finalise municipal B2B Action Plans aligned with IDP processes;
 - Reflections on capacity, functions, budgets and provincial support measures;
 - Provincial Summits
 - Culminate in 3rd Presidential LG Summit – 7 April 2017

TRADITIONAL LEADERSHIP ISSUES

- Balance between the maintenance agenda with developmental agenda for institution of traditional leadership;
- Continue to promote a harmonious relationship between Traditional Leadership and Local Government;
 - Induction and training programme (SALGA and National School of Government)
 - Trads Bill also clarifies the relationship between Traditional leaders and municipal council
- Traditional leaders participation in IDP's and community consultation processes;
- Traditional leaders to facilitate access to land for development;
 - Forging partnerships with council and private sector

Partnerships to improve the service delivery capacity of municipalities and create conditions for social-economic growth: BAaM

- The purpose of these partnerships is to improve the service delivery capacity of municipalities and create conditions for social up-liftment and economic growth.
- It should be noted that a BAaM partnership is not like a public private partnership which involves a contract and payments between the government and a private company.
- A BAaM partnership is a voluntary co-operation between a municipality and a company (with no strings attached).
- Through BAaMs, Government is also able to establish and maintain fruitful relationships with the private sector.

Further issues for possible consideration

Financial Management

- Consideration of Procurement to empower small enterprises, rural and township enterprises, designated groups and to promote local industrial development.
- The new regulations making it compulsory for big contractors to subcontract 30 percent of business to black owned enterprises have been finalised and were gazetted on the 20th of January.

Infrastructure Management

- Curb the high water losses which in some municipalities far exceeds the national average which is currently at 37%; about ten thousand unemployed youth are being trained as plumbers, artisans and water agents.

LED

- Improve Business Licensing so that there is no undue delays and no unnecessary red tape
- Tourism was identified as a key job driver – what role can municipalities play?

Community Works Programme (CWP)

- Mainstream the empowerment of women in all government programmes

NEXT PHASE OF THE BACK TO BASIC PROGRAMME

- **Critical objectives to shape the activities and focus of the next phase:**
 - Emphasise and focus on the basics as the foundation to trigger engagement on developmental outcomes;
 - Managing municipal spaces for social and economic transformation;
 - Strengthen intergovernmental coherence and coordination in supporting local government;

Thank You!

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