



Report of the Select Committee on Co-operative Governance and Traditional Affairs on proactive oversight visits conducted in Dikgatlong, Magareng, Sol Plaatjie Municipalities and the provincial branch of the National Youth Development Agency in Kimberley, dated 15 February 2017

1. Background and Overview

- 1.1 Having conducted the proactive oversight visits to Magareng and Sol Plaatjie Local Municipalities and the Provincial Branch of the National Youth Development Agency (NYDA) and interacted with the Troika of the Nama-Khoi Local Municipality, the Select Committee reports to the National Council of Province (NCOP) as follows:
- 1.2 On 20 November 2016, the Northern Cape Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) briefed the Select Committee on Co-operative Governance and Traditional Affairs on the consolidated annual performance report in terms of section 47 of the Local Government: Municipal Systems Act (32 of 2000), as referred by the NCOP to the Select Committee for consideration and reporting, in terms of Rule 101 of the NCOP. According to section 47 of the Municipal Systems Act, the MEC for local government must annually compile and submit a copy of a consolidated report on performance of municipalities in the province to the NCOP.
- 1.3 During the briefing to the Select Committee, the presentation of the provincial department focused on the performance of all the municipalities in terms of the key performance areas of organisational development and transformation; financial viability and management; service delivery and infrastructure development; good governance and public participation.
- 1.4 The Select Committee resolved during the presentation and deliberation of the report that a proactive oversight visits should be conducted to selected municipalities in Northern Cape Province in 2017 financial period.

2. Objective of the Proactive Oversight Visits

- 2.1 The main objective of the visits was to interact with the internal and external stakeholders of the Municipalities in order to solicit their opinions on the status and performance of the

municipalities in terms of the local government five key performance areas which includes; the organisational development and transformation; financial viability and management; service delivery and infrastructure development; local economic development; good governance and public participation as measured in terms of section 47 of the Municipal Systems Act.

3. Composition of the Delegation

3.1 The Select Committee Delegation composed of the following Members of Parliament and Officials: Hon MJ Mohapi (ANC), Free-State; Hon T Wana (ANC), Eastern Cape; Hon JM Mthethwa (ANC), KwaZulu-Natal; Hon MT Mhlanga (ANC), Mpumalanga; Hon M Chetty (DA), KwaZulu-Natal; Hon R Manopole (ANC), Northern Cape; Hon T Mokwele (EFF), North West; Hon D Ximbi (ANC), Western Cape; Mr TM Manele, Committee Secretary (Committee Section); Mr N Mfuku, Content Adviser (Committee Section); Ms B Mbalane, Acting Committee Assistant (Committee Section).

4. General Overview of the Proactive Oversight Visits

4.1 During the period of the proactive oversight visits, the delegation of the committee interacted with the MEC for COGHSTA, Mayors; Speakers; Chief Whips; Members of Political Parties in Councils; Members of Ward Committees; Representatives of South African Local Government Association (SALGA); Representatives of Business Forums; Representatives of Youth; Representatives of Women and Representatives of Organised Labour and the Troika of the Nama-Khoi Local Municipality and the Provincial Officials of the NYDA.

5. Proactive Oversight Visit to Magareng Local Municipality

5.1 On 1st February 2017, the delegation of the Select Committee conducted an oversight visit to the Municipality. The Department of COGHSTA and the Municipality presented a status report on the performance of the Municipality in accordance to the five key performance areas of local government.

6. Presentation by the Department of COGHSTA

6.1 The Department reported that in January 2015, the Municipality experienced serious financial problems and were reported to the MECs of both Provincial Treasury and Department of COGHSTA. An assessment was conducted in May 2015, by both Departments to determine

the cause and seriousness of the financial problem. The Provincial Executive resolved in July 2015 to appoint a suitable qualified person to support the Municipality to review; manage; develop and implement a financial recovery plan. The Department has received monthly reports from the seconded person, reflecting the status of the Municipality.

- 6.2 On matters related to transformation and institutional development, the Acting Municipal Manager was seconded by the Department from July 2016 until a new Municipal Manager was appointed. The vacant positions were advertised in November 2016, and the Chief Executive Officer will resume office from 1st March 2017.
- 6.3 On matters related to key performance of service delivery, the Frances Baard District Municipality had decided to provide support to the Local Municipality in order to deal with administration and technical challenges. The National Task Team comprising of the representatives of the Department of COGTA, Eskom and SALGA were deployed to assist in the development of the implementation plan on Eskom repayment.
- 6.4 Concerning the key performance area of local economic development, the Department reported that 5 registered cooperatives under the agricultural Shade-Net Farming Project, will commence once the Land Bank has disbursed the allocation. Under community works project; participants have been trained on basic road construction and LRC member training.
- 6.5 In relation to financial viability and management; the Department reported that the secondment of the Municipal Manager has ensured that the Provincial Treasury assisted with funding for compilation of annual financial statements and asset registry. The annual financial statements of the Municipality were submitted on 31 January 2017.
- 6.6 The Department indicated that the Municipality reported a total actual revenue collection amounting to R30 million of the actual billed revenue of R45 million. The Municipality reported that actual operating expenditure of R29 million of the total budget of R136 million. On performance management, the Department reported that the Municipality has complied with Chapter 6 of the Municipal Systems Act, in terms of establishing performance management system. Performance agreements have been signed with all senior managers. However, the process to cascade the performance agreement of officials below section 56 managers, was during the period of reporting not completed.

6.7 On matters related to good governance and public participation, the Department reported that the Municipality has convened 2 ordinary council meetings and 2 special council meetings and Ward Committees have been established in all five wards of the Municipality.

7. Presentation by Magareng Local Municipality

7.1 The Municipality presented its status report which focused on transformation and institutional development; basic service and infrastructure; local economic development; financial viability and performance management and good governance and public participation.

7.2 On transformation and institutional development related matters, the Municipality reported that despite challenges of limited office space; critical vacant post and inability to attract and retain relevant skills, progress has been achieved on filling the position of Chief Financial Officer, reviewing organogram and reporting in accordance with legislative requirements.

7.3 On local economic development; it was reported that the council has adopted the initiative, as presented by Grevillewood, for agriculture Shade-Net Farming Project and that the Department of Agriculture, Rural Development and Land Affairs has identified the Municipality as an Agri-Park Hub in order to facilitate job creation with the community.

7.4 In relation to financial viability and management; the Municipality reported that the council has appointed a Financial Misconduct and Disciplinary Board; performance agreements signed with all senior managers; undertook an audit on all meters with the municipality and entered into payment arrangements with major creditors.

7.5 On good governance and public participation, it was reported that the new council has held a number of council meetings, conducted workshop on current municipal affairs; established oversight structures and section 79 committees through council resolution; established ward committees within prescribed 90 days; drafted and adopted ward committee policy.

8. Opinions of Political Parties, Organized Labour and Ward Committee Members on the Status Report of the Municipality

8.1 The member of the Democratic Alliance (DA) tabled the opinion of the political party on matters related to financial viability and management; fast-tracking implementation of financial recovery plan, prioritizing debt collections, correcting billing accounts.

- 8.2 It was reported that there was no consultation with the Office of the Mayor on matter related to organisation development and transformation with the councillors, as well as service delivery matters more especially on water demand and reticulation was an issue that was raised. Non accountability on housing related matters and land allocation. The Municipal Manager's failure to account on matters related to organisational development, more especially on the job description of the municipal workers was raised.
- 8.3 The representative of the Union tabled an opinion on the status report of the Municipality. The union raised concerns with regard to the non-functionality of the local labour forum, poor sound working relationship with manager; unhappiness with management execution of obligations, non-setting of labour forum; challenges of job evaluation; management of late coming and absenteeism; poor communication; misuse of municipal property; regular sitting of labour forum.
- 8.4 The members of the Ward Committee raised concerns about the report tabled by the Municipality. They reported the lack of training of members, challenges on council agenda which was administrative in nature, but not service delivery orientated; councillors actively involved in the implementation of projects; councillors rendering service as sub-contractors in the projects; failure of the councillors to declare their personal interests; lack of financial strategy; lack of service delivery; people still staying in mud houses; lack of sewerage; poor provision of water supply; municipal and departmental officials receiving free sites allocated for middle income earners

9. Opinions of Business Chambers and Women Forum

- 9.1 The Business Chamber raised concerns that hotel owners were bearing the costs of incorrect electricity billing system, and there was a need for a recovery plan with regard to Eskom debt.
- 9.2 The women's forum was not functional; non communication of the terms and responsibility of the forum; low moral among women in the Municipality; poor management communication; lack of support from the councillors and management; lack of growth and officials overly indebted

10. Select Committee Observations

- 10.1 The South African Local Government Association was invited to attend the meeting, however they were absent and with no apology. The Select Committee felt disappointed about their absence, given the challenges confronting the Municipality.
- 10.2 Municipal status report silenced on establishment and functionality of municipal public accounts committee; asset management and implementation of indigent policy; lack of remedy programme on challenges faced by the municipality; local economic development plan silenced on youth and women socio-economic development; lack of revenue policy and collection system; lack of statistics on indigent community; lack of infrastructure development plan; lack of information on safety plan, action plan on municipal audit outcomes, municipal cleanness, non-alignment of district plan with municipal integrated development planning; lack of municipal internal capacity, absence of Chief Financial Officer, lack of action plan on municipal audit outcomes

11. Select Committee Recommendations

- 11.1 The Department of COGHSTA should provide clear terms of reference and time lines on the deployment of officials in the Municipality.
- 11.2 The Magareng Local Municipality should develop schedules of meetings with organized labour in order to ensure proper functionality of the local labour forum.
- 11.3. The Speaker of Magareng Local Municipality should coordinate induction of Ward and Committees and mechanisms on the processing of inputs from the community, as well as improving working relations with the councillors, so as to avoid conflict of interests.
- 11.4 The Speaker to consider implementing corrective measures in terms of Municipal Code of Conduct on the non-attendance of councillors to scheduled council meetings.
- 11.5 The Municipality should provide clear time line on its local economic development strategy.
- 11.6 The Provincial Treasury should assist the Municipality on improving the municipal billing system.

11.7 The Department of COGHSTA should develop an intervention plan and table a progress report on support provided to the Municipality in dealing with challenges related to bloated administration; job evaluation and other organisational development and transformation matters.

11.8 The Acting Municipal Manager should forward a report to the NCOP on the matter reported to her in September 2016, with regard to the refund of a transformer and also table a progress report on Letsema Programme on cleaning and cash containment measures.

12. Presentation by Department of COGHSTA on the Performance Report of Nama-Khoi Local Municipality

12.1 The Department briefed the delegation on the performance report of the local Municipality. The presentation focused on five key performance areas of the municipality which included; the transformation and institutional development; basic service delivery and infrastructure; local economic development; financial viability and management; good governance and public participation.

12.2 The Department reported that on matters related to transformation and institutional development the process phase of the integrated development planning was adopted on 31 August 2016. However, the Municipality did not established an IDP Steering Committee and representative forum, but community meetings were held in December 2016.

12.3 Although progress has been made on service delivery; the Department reported that the Municipality was still facing challenges related to poor and uncoordinated planning; insufficient funding for bulk water and sanitation projects registered with MIG; counter funding due to other municipality debts more especially of Eskom.

12.4 On Local Economic Development Strategy; the Department reported that the municipal information on existing projects would be submitted upon receipt from the Department of Economic Development and Tourism

12.5 The Department further reported on financial viability and management the Municipality has collected actual revenue amounting to R123 million. The other revenue was the highest of the total billed revenue of R29 million, followed by services charges and the lowest has been reported under statutory payments. The municipality reported actual operating expenditure of

R119 millions, of the total operating budget of R229 million. The highest reported expenditure was under employee related cost followed by bulk purchases.

- 12.6 The Department reported its observations about the performance of the municipality which included inaccuracy of the section 71 reports; growing outstanding debtors and creditors; slow spending on conditional grants and non-payment of bulk purchases.

13. Select Committee Recommendations

- 13.1 The Nama-Khoi Local Municipality should forward the NCOP, details of all cases the Municipality is facing litigation, and its costs implications.

- 13.2 The Municipality should forward the Municipal Infrastructure Grant (MIG) progress report on its spending.

- 13.3 A progress report on the suspension of the Chief Financial Officer (CFO) of the Municipality should be forwarded to the NCOP.

14. Presentation by Department of COGHSTA on Performance Report of Sol Plaatjie Local Municipality

- 14.1 The Department reported on the performance of the Municipality. The presentation focused on transformation and institutional development; basic service and infrastructure; local economic development; financial viability and management; good governance and public participation. The Department reported that the Municipality has implemented the performance management system for senior managers and all senior management have signed performance agreements.

- 14.2 On service delivery, the Department reported that the Municipality is experiencing challenges related to ageing infrastructure; reduction in grant funding; overstaffing in non-core functions; culture of non-payment by the community; increased demand for services; constant water cuts due to old infrastructure.

- 14.3 The Municipality has reported a total actual revenue collection amounting to R842 million of the actual billed revenue of R1 billion. Other revenue was the highest at 128% of the billed revenue of R210 million, followed by services charges at 73% and the lowest reported was under statutory payments at 6%.

- 14.4 The Department raised concerns related to slow spending on capital budget; growing number of outstanding debtors with specific reference to household debts and government debtors and amounts owed to bulk water of R10 million for more than 30 days.
- 14.5 On good governance and public participation, the Department reported that the Municipality commenced with the advertisement of the election process of Ward Committees in December 2016, and that the process of elections will be concluded by the end of February 2017.

15. Opinions of Political Parties on the Performance of the Local Municipality

- 15.1 The member of the African National Congress (ANC) acknowledged and accepted the accuracy of the information reported by both the Department of COGHSTA and the progress made by the Municipality.
- 15.2 The member of the Democratic Alliance (DA) raised concerns with regard to repairs and maintenance of infrastructure; unfunded mandate more especially on resorts; municipal productivity and ethos; overspending on expanded public works projects; dispute on town planning which resulted to communities demanding provision of water and roads.
- 15.3 The Member of the Economic Freedom Fighters (EFF) welcomed the presentation made by the Department of COGHSTA and raised concerns with the use of contract workers for more than 15 to 20 years and lack of service delivery and infrastructure development in some wards.
- 15.4 The Member of the Congress of the People (COPE) raised concerns with regards to shortages of houses; use of outside contractors; lack of informal settlement policy and lack of municipal revenue enhancement strategy.

16. Opinions of Organised Labour on Performance of the Local municipality

- 16.1 The representative of SAMWU welcomed the financial state report of the Municipality. The Union however raised concerns with regard to budget cuts; non-functionality of local labour forum and finalization of municipal organogram and political interference in the administration, permanent absorption of contract workers, inadequate number of Peace Officers and functional Tourist Specialists to create more awareness of rich heritage of the diamond town.

19. Presentation by Provincial Branch of National Youth Development Agency

- 19.1 The Branch Manager briefed the delegation of the Select Committee on the programmes related to the implementation of National Youth Development Policy. The presentation focused on products and services offered at full service branch; 2016/2017 performance; skills development performance and expanded volunteer programmes.
- 19.2 The Agency reported that progress has been made in offering grant funding; volunteer business mentoring; youth dialogue; entrepreneurship development programme and job preparedness workshops; access to voucher programme outreach activities and cooperatives.
- 19.3 The Agency reported that the expanded volunteer programme is intended to oversee the recruitment young volunteer to participate in a community project. The aim of the programme is to inculcate a culture of service by supporting youth to participate constructively in nation-building; promoting social cohesion as well as creating understanding in young people of their role in promoting civic awareness, patriotism and national reconstruction.

20. Select Committee Observations

- 20.1 The Sistaz4Life Programme is currently being implemented by the Branch. The campaign is about giving sanitary towels to young women in schools and also for them to have the necessary knowledge, facilities and environment to manage menstruation hygienically and with dignity. The campaign aims to assist in ensuring that girl learners do not miss valuable learning time at school.
- 20.2 Organization realignment implementation is a challenge, particular with regards to vacant positions to be filled in the Branch.
- 20.3 There are no outreach vehicles allocated to the Branch, as compared to other branches.

21. Select Committee Recommendation

- 21.1 The Branch should submit a breakdown of grant finance approved to small and youth enterprises and cooperatives, as well as the criteria used in approving them.

Report to be considered.