



**Western Cape
Government**

FOR YOU

Department of Local Government

Standing Committee on Local Government

**Progress on the Financial Recovery Plan at Beaufort West and the
Section 154 Support Plans at Kannaland, Beaufort West and
Laingsburg Municipalities**

Adv Gary Birch
11 April 2023

Legislative Mandate and Departmental Strategy

MEC for Local Government: Support, Monitoring & Investigations

The MEC for Local Government has several obligations that are sourced in the Constitution and the broader local government legal framework

Section 154: By legislative and other means strengthen the capacity of municipalities:

- DLG provides hands-on support
 - Diagnostic assessments
 - Drafting status report & support package
 - Designation of officials and allocate funding
 - Secure support from other departments

Section 155 (6) : By legislative and other means provides for monitoring of municipalities:

- Development of an evidence-based M&E system to inform support, decision making and funding allocations
- Establishment of a knowledge management capability in the Province to preserve institutional memory and guide decision making

Section 106 of the Systems Act: Initiate investigations and/assessments where maladministration, fraud or corruption may have occurred:

- Structured process to determine if there are merit in allegations prior to formalizing i.t.o. Section 106
- Dedicated Unit established

Section 139: Provincial Interventions initiated by the Provincial Executive

Limitations in Legislative Framework

- Hampers Minister's ability to be responsive to act quickly and be innovative

Despite Limitations Minister overcomes through:

- Zero tolerance for unlawful actions = numerous court actions
- Influence National Amendment Act processes
- Develop enabling provincial legislation

MEC for Finance: Support, Monitoring & Investigations

PT supports the objects of the MFMA which aims to establish norms and standards for –

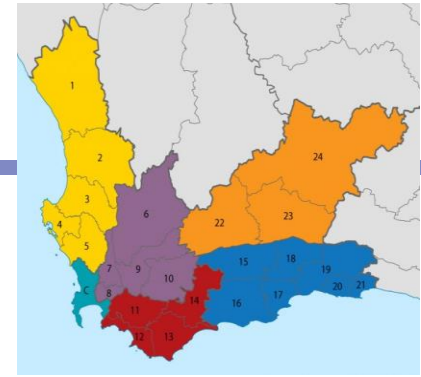
- Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities
- Management of revenue, expenditure, assets and liabilities
- Budgetary and financial planning processes and the coordination of those processes with the processes of organs of state in other spheres of government
- Borrowing
- Supply chain management
- Handling of financial problems.

Section 5: General Functions	Chapter 4: Municipal Budgets	In-Year Monitoring	Annual Report & AFS
<p>Monitor -</p> <ul style="list-style-type: none"> • Compliance with the MFMA by municipalities; • Preparation of municipal budgets; • Monthly outcome of those budgets (implementation); • The submission of reports. <p>➤ Assist with the preparation of municipal budgets.</p> <p>➤ Take appropriate action if and when municipalities breach the MFMA.</p>	<ul style="list-style-type: none"> • S16(1): Monitor tabling, submission of budget and associated documents. • S23: Assess tabled budgets. • S24: Monitor approval of budget, compare with tabled budget. • S27: Consideration of impending or actual non-compliance with the Act insofar budget approval is concerned. • S33: Comment on long-term contracts. 	<ul style="list-style-type: none"> • S71: Review monthly statement of municipal budget & preparation of consolidated statement to NT. • S72: Assess mid-year performance of municipality, recommendations that informs adjustments budget. • S52: Assessment of quarterly performance reports, provide detailed feedback report to municipality. 	<ul style="list-style-type: none"> • S126: Monitor submission of AFS for auditing purposes. • S127: Assess annual reports in line guiding circular, feedback provided to each municipality. • S129: Monitor submission of Oversight Reports & final approved ARs. • S132: Submission to Provincial Legislature.

Chapter 13: Detecting and Resolving Financial Problems – Roles and Responsibilities in Discretionary & Mandatory Interventions

Determining seriousness of financial problems or serious material breach of financial commitments in close cooperation with DLG, seeking solutions. Where applicable, requesting preparation of FRP (137.1), recommending appropriate changes to budget, development of temporary budget (139.4).

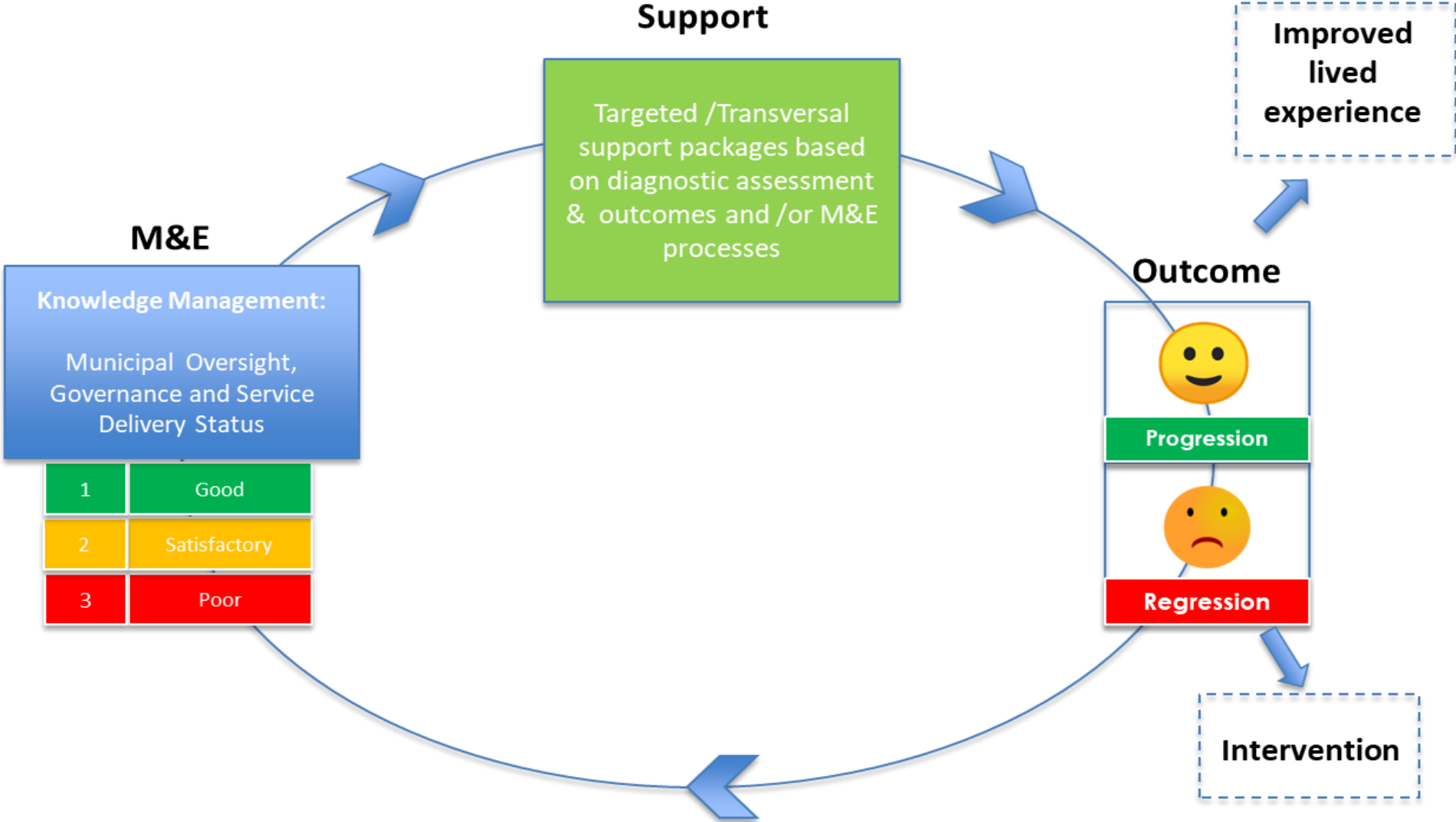
Legislative Mandate



- **The Constitution requires provincial governments to:**
 - Monitor municipal performance; and
 - Promote the development of municipal capacity to perform their functions and duties
- Provincial Government not only have a duty to perform the monitoring function but also have responsibilities to take corrective action in the form of an intervention (S 139 of the Constitution), in appropriate circumstances, when a municipality does not meet its executive obligations.
- The **Western Cape Strategy on Monitoring and Support to Local Government** is reviewed consistently to adapt to the lessons learnt and aimed at supporting and strengthening the capacity of municipalities, to enable them to function independently and to ultimately reduce the need for provincial interventions

Section 154 of the Constitution: “The National Government and Provincial Governments by legislative and other measures must support and strengthen the capacity of Municipalities to manage their own affairs,...

Western Cape Strategy on Monitoring and Support



Monitoring: Oversight and Consultation that informs Support

Provincial Oversight Mechanisms

- SIME
- TIME
- Extended Cabinet

interaction

cooperation

collaboration

Municipal Oversight Mechanisms

- Council
- MPAC
- Section 79 & 80 committees
- MFMA Oversight
 - Internal audit & audit committees

Provincial Consultation Mechanisms

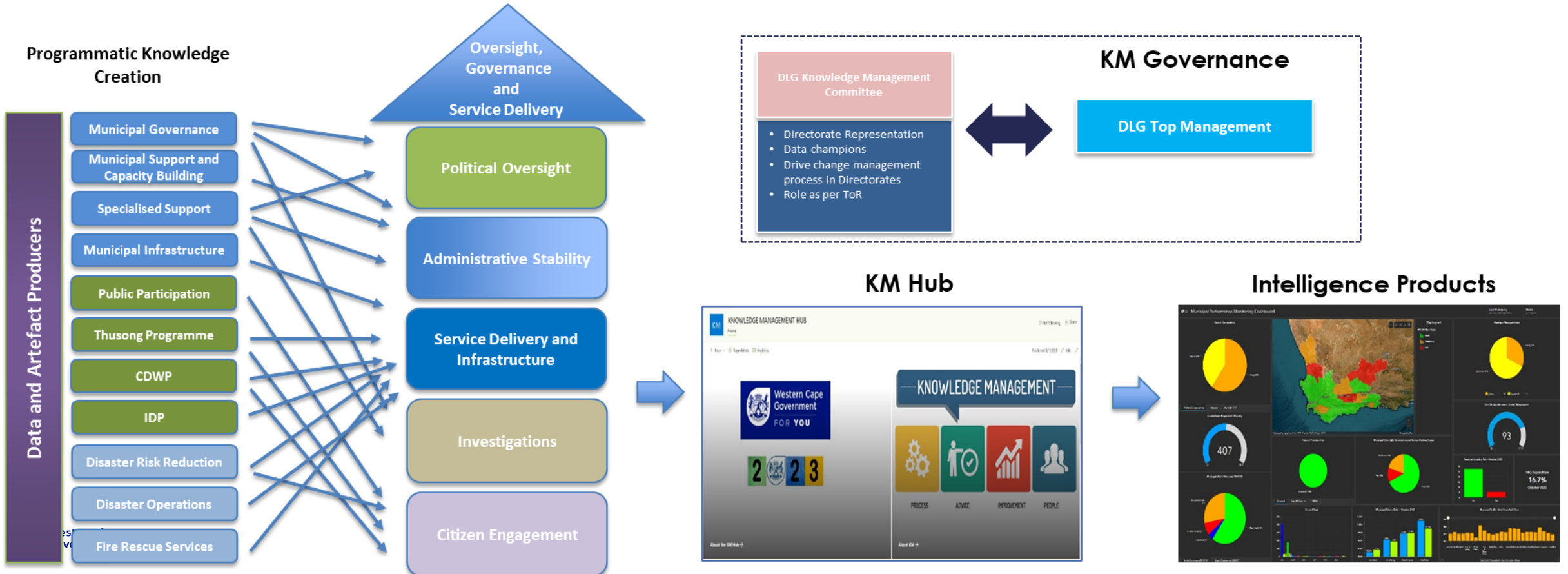
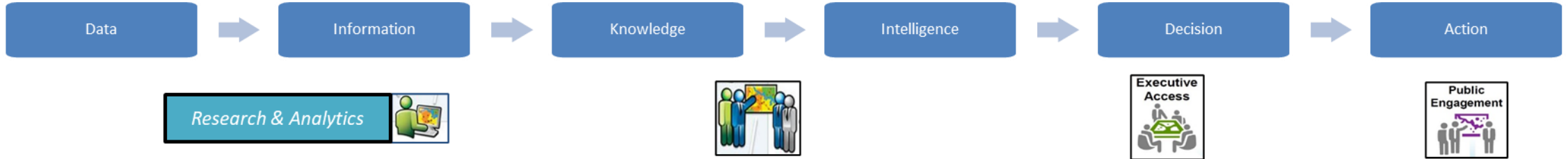
- *Strategic & Technical Forma established & functional*
 - PFC
 - MINMAY & T
 - Provincial Budget and Governance Forum
 - MANCOM
 - DCF & T
 - CFO forum and technical fora
- *Strong working relations with other key stakeholders, i.e., Eskom, AG and NT*

Strengthening Collaboration: JDMA

- Focus on collaboration as a strengthening and enabling mechanism to encourage and enhance vertical and horizontal co-planning, co-budgeting and co-implementation in a geographical space.
- Adopted by all Districts and all have prepared & adopted "Single Support Plans"
- A number of projects have been successfully completed



Knowledge Management - DLG Approach



Support Strategies

Hands-on support: Targeted Support through a Section 154 Support Package

DLG adopted strategies to provide “**hands-on support**” to municipalities to improve and enhance their functioning and service delivery. (individual support)

- Diagnostic assessments
- Develop specific support packages
- Support and participation from various external and internal stakeholders are secured
- Programme is regarded as a benchmark on a national level (previous Back-to-Basics)

Transversal Support

Transversal Support Strategies:

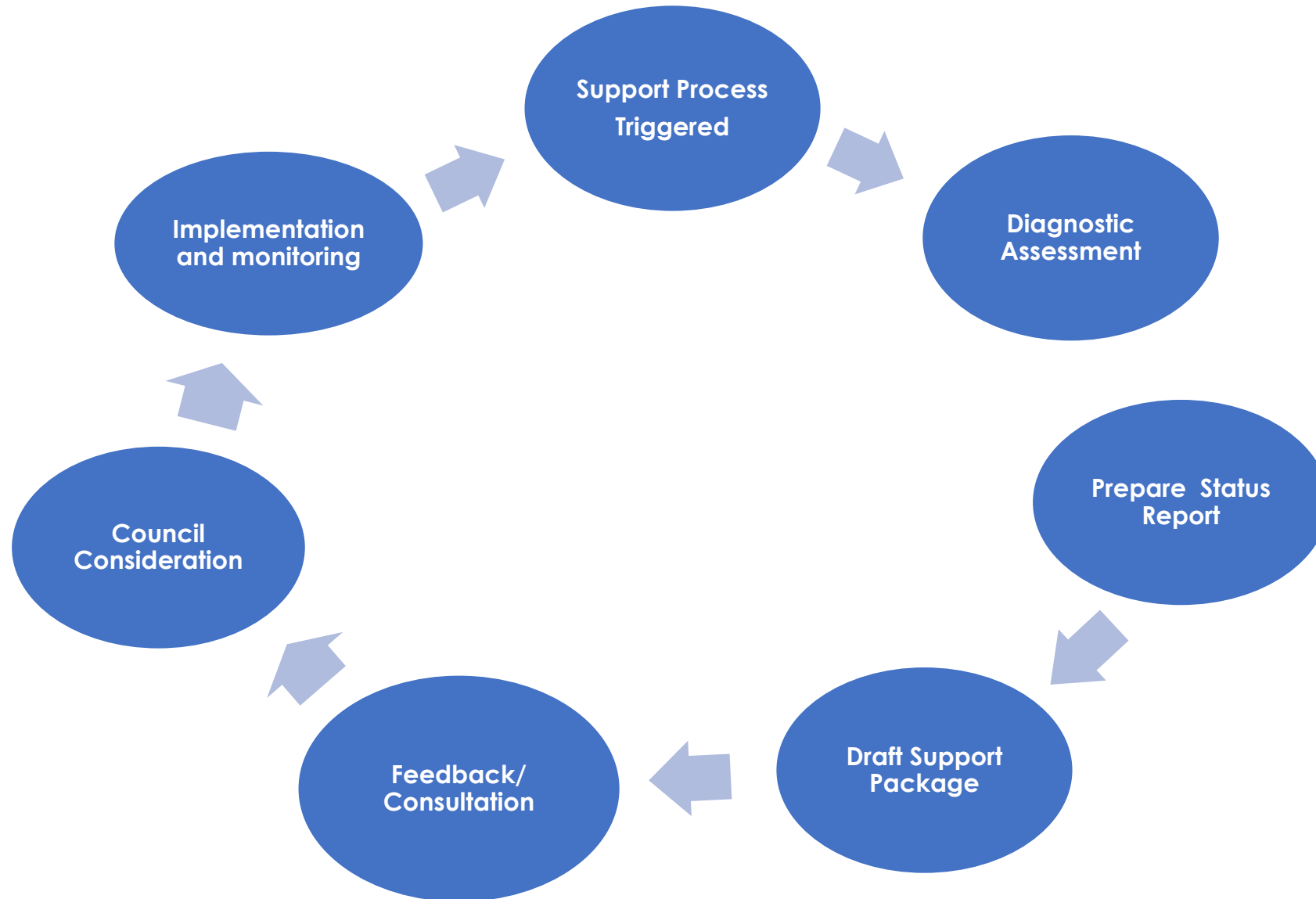
- Shared Services
- Develop standard oversight documents, i.e., draft policies, bylaws, rules of order
- Funding models to support growth and development (SIDAFF)
- **Financial allocations** to qualifying municipalities to fund the implementation of specific projects that meet a set or pre-determined criteria
 - **Governance related projects** (policies, staff structures, disciplinaries)
 - **Citizen Centric projects** (job creation projects, community training)
 - **Infrastructure Development projects** (high mast lighting, master planning, water demand management (water meters))

Transversal Support Strategies – Financial Allocations to Qualifying Municipalities

SERVICE DELIVERY AND CAPACITY BUILDING GRANT ALLOCATION						
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Priority Projects	R 7,246,250	R 6,423,023	R 6,278,621	R 4,556,449	R 2,699,450	R 7,927,000
Governance	R 1,580,000	R 9,234,957	R 3,065,000	No transfers	R 1,610,000	
Citizen Centric	R 2,497,750	R 2,480,000	R 5,091,379		R 5,687,550	
TOTAL	R 11,324,000	R 18,137,980	R 14,435,000	R 4,556,449	R 9,997,000	R 7,927,000

Section 154 Support Packages

The Section 154 Support Plan: The Process



The Section 154 Support Plan: The Fundamentals

Assessment Team

Lead Department : DLG

Supporting Departments:

- Provincial Treasury
- Department of Environmental Affairs and Development Planning
- Department of Water Affairs

Institutional Arrangements

- Steercom established & chaired by the MM
- All supporting Departments & Institutions = members
- Progress Meetings monthly/quarterly
- DLG responsible to coordinate, facilitate and mobilize support

Ownership and Accountability

- Council to adopt the report and support plan
- MM to own and drive the process
- Ownership = positive outcome

Benefits

- Independent review of the functioning and status
- Multi-faceted approach, inclusive of all functional areas
- Window of opportunity for renewed focus
- Tailor –made plan that guides future support

Financial Recovery Plan: Beaufort West

The Current Status of Implementation: Beaufort West



- A Financial Recovery Plan has been developed and is being implemented with PT taking the lead.
- The Municipality is still in the first phase of implementing the FRP.
- The Provincial Government will continue to provide support to assist the Municipality with the implementation of the FRP.
- Regular Cashflow committee, Technical committee and Oversight committee meetings are held with National Treasury, Provincial Treasury, SALGA, DLG and the Municipality.

Progress with Section 154 Support Packages: Beaufort West, Kannaland and Laingsburg

Beaufort West

Section 154 Support Plan: Beaufort West

- To strengthen the FRP, the Department has developed a Section 154 Support Plan focusing on its mandate in terms of public participation, good governance, service delivery and capacity building.
 - The Plan was based on the findings contained in a Diagnostic Assessment Report (11 to 12 May 2022).
 - There was consultation with the Municipal Manager and his senior management
 - Council adopted the Plan on **13 February 2023**.
- The Department has set up a Steering Committee which is represented by Department of Water and Sanitation, MISA, Provincial Treasury, Department of Environmental Affairs and Development Planning and STATSSA. Steering Committee Meetings takes place on a monthly basis - latest meeting took place on 15 March 2023.
- The Committee has taken a decision that all S154 Steering Committee meetings will take place on-site in Beaufort West, in order to give sector departments an opportunity to gain traction with the implementation of identified support projects.

Beaufort West: Section 154 Support Plan: Priority Projects

Project	Standing Committee should note
Review of the Organisational Structure	Funding was requested but the Department is approaching other municipalities to assist. The Department has also embarked on a project to develop prototype structures which will be shared with all municipalities on completion
Filling of Critical Vacancies	The planned date for filling of Senior Management Positions is end April 2023.
Disciplinary Matters	The Municipality has commenced with Disciplinary processes on 01 March 2023. Support in this regard is provided by Central Karoo District Municipality.
Support being provided by MISA	MISA is currently assisting the Municipality with the Development of Standard Operating Procedures (SoPs)

Beaufort West: Section 154 Support Plan: Priority Projects (2)

Project	Standing Committee should note
<p>Waste Management</p> <ul style="list-style-type: none">• Waste Minimisation• Waste Permit Conditions• Regional Co-operation	<p>The Department of Environmental Affairs and Development Planning together with Beaufort West Municipality will establish a waste management committee to develop an action plan that will address all waste management issues identified by the Municipality.</p>
<p>Fleet Management: Equipment and Maintenance Programme</p>	<p>Provincial Treasury to provide guidance on a Transversal contract in terms of fleet and equipment.</p>

Beaufort West: Progress in General: Section 154 Support Plan

- The Municipality is slowly gaining traction with the implementation of the S154 Support Plan.
- The Western Cape Government, in collaboration with stakeholders such as MISA, SALGA and STATSA, are working together to provide a comprehensive support package to Beaufort West.
- A functional Steering Committee has been established.
- A number of support projects has progressed, such as the filling of critical vacancies, instituting disciplinary procedures, development of standard operating procedures and monitoring implementation of MIG Expenditure.

Kannaland

- **The Department was approached by the Municipality** to conduct a Diagnostic Assessment which it did on 16 and 17 August 2022: **Two feedback sessions** were held with the then KLM leadership team wrt the Report and the Plan, on:
 - 2 November 2022, discussions per each Chapter of the Diagnostic Report; and
 - 13 December 2022, the Support Plan was reworked into a template, that the then Acting MM aimed to use to :
 - Link each activity contained in the Plan to the Performance Agreement of a relevant municipal official, to keep them accountable to reach agreed targets; and
 - Identify the costing associated with each activity, to determine what the Municipality should budget for in the short to long term and what they need to request additional support on

The Current Status of Implementation: Kannaland (2)



- The DLG wrote a letter to the Executive Mayor enquiring about the adoption of the Diagnostic Assessment Report and Section 154 Support Plan by Kannaland Municipal Council in February 2022. It followed up on a response on 8 March 2023. The Mayor responded on 27 March 2023 requesting additional time to manage the Municipality's internal affairs.
- A further feedback session was requested by the current MM for an extended KLM leadership team wrt the Report and the Plan. The engagement was held on 28 March 2023 and the following resolution was agreed to:
 - Adoption of Report and Plan by Council required before further action by DLG – DLG was informed that Council is sitting on 31 March 2023
- Subsequent to the engagement held, the MM responded requesting changes to the Support Plan, before being tabled at Council, despite the Resolution taken at the meeting earlier that day. The MM was reminded of the Resolution taken and Priorities identified, and it was pointed out that there were no fundamental changes required to the Support Plan.

Laingsburg

The Current Status of Implementation: Laingsburg



- Diagnostic conducted: 2019
- Report finalised and presented to the Municipal leadership
- The Support Package was duly adopted by the Municipal Council
- Implementation commenced and is under way
- The MM has expressed his satisfaction with the support methodology adopted and the manner in which it has aided the Municipality to make progress with long outstanding matters.

Laingsburg: Projects completed

Project	Standing Committee should note
Installation of Bulk Meters	DWS provided R7,4 million through the Water Services Infrastructure Grant (WSIG) in the 2021/22 financial year for the installation of bulk water meters.
Review of the Organisational Structure	Review of the organisational structure was completed and adopted by Council.
Request for WSIG Funding: Connection of Sewerage Pipeline in Matjiesfontein	Funding for this project was provided by Department of Water and Sanitation and the project was completed at the end August 2022.
Development of a Communications Strategy	DLG supported the Municipality with the development of a communications strategy - the project was completed.
Review of the LED Strategy	MISA assisted the Municipality with the review of the LED Strategy - the strategy has been tabled to Council.
Review and Update of the Rates Policy	Support provided by DLG and project completed in 2022.

Laingsburg: Projects completed

Project	Standing Committee should note
Transfer of Houses in Matjiesfontein from the Municipality to registered beneficiaries	This project was completed with the support of the Department of Human Settlements.
Installation of pre-paid water meters	Funding was provided by DLG over a period of two financial years. The whole town is now fitted with either a conventional water meter or a prepaid water meter.
Water Master Plan	MISA assisted the Municipality with the development of the Water Management Master Plan and the Sewerage Master Plan. A public participation process was followed and the plan was approved by Council.

Laingsburg: Projects ongoing

Project	Standing Committee should note
Application for new houses to substitute the Mud Houses in Matjiesfontein	DHS approved 20 houses on PID.
Electricity Infrastructure Audit and Electricity Master Plan Implementation	An Audit Response Plan was submitted to NERSA and feedback is awaited from NERSA.
Implementation of LUPA and SPLUMA	Joint Planning Tribunal to be established once approved by Council. DLG assisted the Municipality with an SLA for Planning Inter Municipal Co-operation Agreement between Laingsburg Municipality and Prince Albert Municipality.
Building of a clinic in Matjiesfontein	This project is ongoing - an application has been submitted to the Provincial Department of Health and Wellness to consider the construction of a clinic in Matjiesfontein.
Support with the Implementation of the Municipal Staff Regulations	DLG providing support to the Municipality with all aspects relating to the implementation of the Municipal Staff Regulations, to ensure compliance.

Conclusion

**The Department will continue to offer its support to all municipalities;
support those municipalities who request such
and those who are willing to accept the support,
in line with our mandate**

Thank you

Adv G Birch
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