

1. CONSOLIDATED REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS WATER, SANITATION AND HUMAN SETTLEMENTS ON CONSIDERATION OF 2023/24 ANNUAL PERFORMANCE PLANS AND BUDGET ALLOCATIONS OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE, THE DEPARTMENT OF TRADITIONAL AFFAIRS AND THE MUNICIPAL INFRASTRUCTURE SUPPORT AGENT: DATED 30 MAY 2023

Having considered and deliberated on the 2020/2025 Strategic Plan, 2023/2024 Annual Performance Plans, and Budget Votes of the Department of Cooperative Governance (DCOG), the Department of Traditional Affairs (DTA) and the Municipal Infrastructure Support Agency (MISA), the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlement; reports to the National Council of Provinces as follows:

1. Legislative Framework

- 1.1. The National Treasury regulations provide the basis for the development and submission of Strategic Plans and related quarterly performance reporting. The revised framework on Strategic Plans and Annual Performance Plans requires departments to: institutionalise planning, budgeting, reporting, monitoring and evaluation and align, the planning process and all the planning documents (Strategic Plans (SPs), Annual Performance Plans (APPs) and Annual Operational Plans (AOPs) with the MTSE, .and to describe outputs that are their direct responsibility in the list of programmes / sub-programmes. Any outputs from implementing agencies should be reflected in an annexure to the APP.
- 1.2. The Money Bills Amendment Procedures and Related Matters Act (2009) empowers Parliament to recommend, reject or amend budgets of National Departments and Organs of State.

- 1.3. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments - and Entities reporting to them on their Strategic Plans, Annual Performance Plans and Budgets.
- 1.4. In terms of the 1996 Constitution and the Rules of the National Council of Provinces , the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements is empowered to exercise oversight over the Department of Cooperative Governance (DCoG), Department of Traditional Affairs (DTA), Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Rights Commission), the South African Local Government Association (SALGA), the Municipal Demarcation Board (MDB), and the Municipal Infrastructure Support Agent (MISA).
- 1.5. On the 02 May 2023, the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements had physical engagement sessions with the Department of Cooperative Governance (DOCG), the Department of Traditional Affairs (DTA) and the Municipal Infrastructure Support Agent (MISA) to consider their 2023/2024 Annual Performance Plans and Budget Allocations over the Medium Expenditure Term Framework
- 1.6. The purpose of this consolidated report is to account to the National Council of Provinces on the consideration and adoption of the departmental annual performance plans and budget allocation. This consolidated report is structured into three sections. the first section focuses on the Annual Performance Plan and Budget Allocation of the Department of Cooperative Governance. The second section on the Department of Traditional Affairs and the final section on Municipal Infrastructure Support Agency.
- 1.7. The consolidated report in each section, provides information on planned outputs annual targets and budget analysis of the departmental programmes as well as the observations and recommendations of Select Committee on CoGTA

2. 2023/2024 ANNUAL PERFORMANCE PLAN AND BUDGET OF THE DEPARTMENT OF COOPERATIVE GOVERNANC (DCOG)

- 2.1. The Department of Cooperative Governance presented the 2023/2024 Annual Performance Plan and budget allocation. The presentation focused on outputs, indicators and annual targets and budget allocation related to five programmes of the department, namely Administration; Local Government Support and Intervention; Institutional Development; National Disaster Management Centre; Community Work Programme and budget allocations over the Medium-Expenditure Term Framework.
- 2.2. The Department Cooperative Governance indicated that it has revised its 2020/2025 Strategic Plan to ensure alignment to the core mandate. This resulted in the review of the Departmental Operating Model and Organizational Structure. The review of the Departmental Strategic Plan has now been informed by the review of the MTSF by DPME. the Department of Cooperative Governance submitted 2023/ 2024 Annual to Parliament submitted on 9 April 2021 for tabling in Parliament in line with National Treasury Regulations.
- 2.3. The 2023/24 Annual Performance Plan is based on the Policy Priorities and Strategic Plan for the 6th Administration and Parliament. In this 2023/24 Annual Performance Plan. The departments and outlined institutional outputs and performance indicators, and associated activities and inputs that will be used in assessing the institution's performance, more especially delivery on its mandate, and the 5-year outcome.
- 2.4. The proceeding sections report on 2023/2024 departmental Annual Performance Plan in terms of the reviewed organisational structure and existing departmental programmes. The focus of analysis is on planned measurable outputs and annual targets per departmental programme.

3. Programme on Administration

- 3.1. The purpose of this programme is to provide strategic leadership, management and support services to the department. The outputs of this programme include implementation of corporate services improvement plan (CSIP), implementation of financial services improvement plan (FMIP).

- 3.2. The annual targets of the programme include 90% implementation of approved CSIP by 31 March 2024, procurement spend on entities owned by women, youth and persons with disabilities, 90% implementation of approved FMIP by 31 March 2024, 40% procurement spend on entities owned by women by 31 March 2024, 30% procurement spend on entities owned by youth by 31 March 2024 and 7% procurement spend on entities owned by persons with disabilities by 31 March 2024.
- 3.3. The department has committed through the administration programme to ensure continuity and improvement in the provision of support to core business through the implementation of innovative solutions, in support of Departmental Outcome 6 and MTSF priority 1 which relate to the commitment of ensuring efficient and effective internal corporate governance systems and building of a capable, ethical and developmental state.

4. Programme 2: Local Government Support and Intervention

- 4.1. The purpose of this programme is to facilitate and coordinate improvements in the functionality of provinces and municipalities. Strengthen coordination across the different spheres of government and support improvements in the delivery of services to households and communities.
- 4.2. The outputs for programme 2 include functional municipalities, functional ward committees, municipal infrastructure. institutionalization of District Development Model (DDM) across all spheres of government, long standing disputes on water and electricity resolved, implemented Municipal Support and Intervention Plans (MSIPs).
- 4.3. The annual targets of this programme include implementation of intervention plans for 50% of dysfunctional ward committees by 31 March 2024, ensuring that 10% of MIG receiving municipalities spending at least 85% of 2022/23 MIG allocations by 30 June 2023 and 5 MIG receiving dysfunctional municipalities spending at least 10% of 2022/23 MIG allocations on infrastructure repairs and refurbishment by 30 June 2023, supporting 22 dysfunctional municipalities with MSIPs development and implementation by 31 March 2024, resolving long-standing disputes on water and electricity resolved in 22 dysfunctional municipalities by 31 March 2024

5. Programme 3: Institutional Development

- 5.1. The purpose of this programme is to facilitate efficient municipal administrative systems. coordinate policy. conduct research, monitoring, and evaluation to build institutional resilience in provinces and municipalities.
- 5.2. The major outputs of programme 3 include implementation of consequences for breach of codes of conduct, Improvement of citizen satisfaction in service delivery, transformation of partially just national space economy, tabling of local government legislative review report and local government general laws amendment bill, improvement of revenue management in dysfunctional municipalities, appointment of competent senior managers in municipalities and conclusion of disciplinary cases.
- 5.3. The planned annual target of this programme include application of appropriate sanctions of 50% of cases of breach of the code of conduct for councillors and senior managers by 31 March 2024, supporting 30 dysfunction municipalities to comply with SPLUMA by 31 March 2024, ,supporting of 22 dysfunctional municipalities by 31 March 2024 to increase revenues, supporting dysfunctional municipalities to decrease 10% of debt owed, supporting 66 municipalities to meet prescribed competency requirement for the appointment of a senior managers and conclusion of 50% of reported cases of allegations of financial misconduct, fraud and corruption by municipal staff members by 31 March 2024.

6. Programme 4: National Disaster Management Centre

- 6.1. The purpose of this programme is to promote an integrated and coordinated system of disaster management with special emphasis on prevention and mitigation by all role players and stakeholders.
- 6.2. The critical outputs of this programme include implementation of National Disaster Management Framework, improvement of the functionality of Municipalities through implementation of the National Fire Safety and Prevention Strategy.

- 6.3. The annual target for this programme includes 4 sector departments implementing disaster funding arrangements in terms of the Disaster Management Act by 31 March 2024, 14 municipalities in priority disaster areas implementing a disaster management strategy to prevent, prepare for and mitigate disaster risks in terms of the Disaster Management Act by 31 March 2024 and 10 municipalities implementing the National Fire Safety and Prevention Strategy by 31 March 2024
- 6.4. The analysis of the annual target of programme of the National Disaster Management Centre shows that the department will in 2023/24 capacitate 10 sector departments in the implementation of disaster funding arrangements, support 14 Municipalities in priority disaster areas to prevent, prepare for, mitigate disaster risks. This aims to enhance the Disaster Management Plans to be integrated into the Integrated Development Planning (IDP) and Service Delivery Budgetary Implementation Planning (SDBIP) of the municipalities.
- 6.5. The Department has also committed to continue to mitigate against the risk of disasters and build resilience by supporting 30 priority district municipalities that are considered most vulnerable to implement disaster management plans. These activities are funded through the Disaster Risk Reduction and Capacity Development sub-programme, which is allocated R149.5 million over the medium term. Overall expenditure in the National Disaster Management Centre programme is expected to decrease at an average annual rate of 46.4 per cent, from R4.3 billion in 2022/23 to R659.6 million in 2025/26.

7. Programme 5: Community Works Programme

- 7.1. The purpose of this programme is to create income security and work experience for participants and promote social and economic inclusion by targeting areas of high unemployment. The major outputs of this programme include enrolment and training of participants for Community Works Programme, Procurement spend on entities owned by women, youth, and persons with disabilities and, Unqualified audit outcome.

- 7.2. The annual targets for this programme include participation of 230 000 people in the CWP sustained income model by 31 March 2024, participation of 20 000 people in the new CWP sustainable exit strategies model by 31 March 2024, participation of 55% Women, 30% Youth and 2% persons with disabilities in the CWP programme by 31 March 2024
- 7.3. The CWP programme will from the 2023/24 financial year differentiate between two pathways for implementation. Pathway 1 aims to provide sustainable and predictable income to participants works up to 8 days per month and 100 days per year. Pathway 2 will be introduced with the specific aim of improving the economic agency of participants, through useful work and relevant training, to allow them to exit the programme after 2 years.
- 7.4. The department intends implementing the pathway 1 through the traditional model of implementing agents while pathway two will focus on specific projects to be developed and implemented in collaboration other government departments, higher learning institutions, sector training and education authorities, community-based organisations, and the private sector.

8. Overview of 2023/2024 Budget Allocation

- 8.1. Over the medium term, the department will continue to focus on: increasing access to basic services, mitigating against the risk of disasters, and creating income security in areas of high unemployment. Total expenditure is expected to increase at an average annual rate of 5.9 per cent, from R115 billion in 2022/23 to R136.5 billion in 2025/26.
- 8.2. Transfers to provinces and municipalities account for an estimated 95.4 per cent (R370.3 billion) of the department's total budget over the MTEF period for the local government equitable share and the municipal infrastructure grant. Expenditure on compensation of employees is expected to increase at an average annual rate of 1 per cent, from R366.2 million in 2022/23 to R377.7 million in 2025/26. This low increase reflects the anticipated decrease in the number of personnel from 585 in 2022/23 to 511 in 2025/26 due to natural attrition.

- 8.3. To compensate municipalities for the increased cost of bulk electricity and water, an additional R8.1 billion over the MTEF period is allocated to the local government equitable share. Over the medium term, the department plans to continue to mitigate against the risk of disasters and build resilience by supporting 30 priority district municipalities that are considered most vulnerable to implement disaster management plans.
- 8.4. These activities are funded through the Disaster Risk Reduction and Capacity Development subprogramme, which is allocated R149.5 million over the medium term. Overall expenditure in the National Disaster Management Centre programme is expected to decrease at an average annual rate of 46.4 per cent, from R4.3 billion in 2022/23 to R659.6 million in 2025/26.

9. Observations of the Select Committee

- 9.1. The Select Committee has noted that the Minister of the Department of Cooperative Governance and Traditional Affairs tabled to the Office of the Chairperson of National Council of Provinces the Annual Performance Plans (APP) of the Department of Cooperative Governance for the financial year 2023-2024 and Strategic Plan for the financial year 2020 to 2025 in accordance with the requirement of Section 65(1) of the Public Finance Management Act (No.1 of 1999)
- 9.2. The Select Committee has also that the Department of Cooperative Governance has revised its 2019/ 2024 Strategic Plan to ensure alignment to the core mandate. This has resulted in a review of the Departmental Operating Model and Organizational Structure.
- 9.3. The Select Committee has further noted that the Department has planned to support the municipalities in the implementations of the District Development Model (DDM), the Integrated Urban Development Framework (IUDF), the Small-Town Regeneration strategy; the Municipal Support and Intervention Plans (MSIPs), framework for Local Economic Development; the framework to guide coalition government, the integrated local government capacity-building strategy, the recommendations emanating from 2022 State of Local Government Report and the 21-Year review of Local Government

9.4. While welcoming the executive undertaking made in the 2023/2024 Annual Performance Plan, the Select Committee however raised general concerns about lack of provincial breakdown on the support to be provided to dysfunctional municipalities, delay on tabling of Intergovernmental Monitoring, Support, and Intervention Bill (IMSI, lack of intervention impact on invocation of section 139 and 100 in municipalities, non-compliance with the tabling of state of local government report, non-tabling of quarterly reports on annual targets contained in annual performance plans, lack of consequence management; tabling of section 76 legislations in the National Assembly which have direct impact on provinces and the work of National Council of Provinces.

10. Recommendations of the Select Committee

10.1. Having considered and deliberated on 2022/2023 Annual Performance Plan and Budget Allocation of the Department of Cooperative Governance, the Select Committee reports to the National Council of Provinces as follows:

10.1.1 The Department of Cooperative Governance should provide under Policy Governance and Administration Programme (PGAP) lists of 60% of Municipalities per province that are dysfunctional, or and poor performing and would be provided with support by the end of 31 March 2024. The Department should table quarterly reports to the Select Committee on the achievements and challenges related to the annual targets of programme 2.

10.1.2 The Department of Cooperative Governance should provide under Local Government Operations and Support Programme (LGOSP) lists of the municipalities per province that the Department would be supporting to implement the Integrated Local Government Capacity-Building Framework and intervention in order to improve governance responsibilities in line with Local Government: Municipal Structures Amendment Act No. 3 of 2021, 30 municipalities to be supported to ensure compliance with SPLUMA and SDF, 22 dysfunctional municipalities to be supported to increase revenue and 66 municipalities targeted to ensure that they would meet prescribed competency requirements for appointment of senior managers by 31 March 2024.

- 10.1.3. The Department should table quarterly reports to the Select Committee on the achievement and challenges related to the annual targets of programme 3.
- 10.1.4. The Department of Cooperative Governance should provide under National Disaster Management Centre Programme (NDMCP) lists of the 10 municipalities that would be assisted to implement the National Fire Safety and Prevention Strategy, list of 14 municipalities in priority disaster areas that would be supported to implement a disaster management strategy to prevent, prepare for and mitigate disaster risks in terms of the Disaster Management Act by 31 March 2024.
- 10.1.5. The Department should table quarterly reports to the Select Committee on the achievements and challenges related to the annual targets of programme 4.
- 10.1.6. The Department of Cooperative Governance should provide under Community Works Programme (CWP) lists of municipalities per provinces that would be supported to ensure that 230 000 people are participating in the CWP sustained income model and 20 000 people in the new CWP sustainable exit strategies model by 31 March 2024.
- 10.1.7. The Department of Cooperative Governance should fast-track the process of tabling the Intergovernmental Monitoring and Support Bill, Independent Municipal Demarcation Authority to Parliament, State of the Local Government Report, 21 Year Review Report on Local Government and. gazetting of regulations in terms of the Intergovernmental Relations Framework Act (IGRFA)
- 10.1.8 The Minister of the Department of Cooperative Governance and Traditional Affairs should consider tabling section 76 legislation in the National Council of Provinces to allow the Provincial Legislatures and NCOP enough time to facilitate public consultation and participation in parliamentary legislative processes.

- 10.1.9. As part of strengthening parliamentary oversight and ensuring executive accountability, the Select Committee on CoGTA should conduct proactive oversight visits in selected Local, Metro and District Municipalities in order to assess the implementations of the District Development Model, Integrated Urban Development Framework, SPLUMA, National Fire Safety and Prevention Strategy, Integrated Local Government Capacity-Building Framework, Small Town Regeneration Strategy, recommendations emanating from forensic investigations conducted in terms of section 106 of the Local Government: Municipal Systems Act of 2000 and Municipal Audit Outcomes conducted by the Auditor-General.
- 10.1.10. The Select Committee to align its quarterly programs in line with annual targets of the Department of Cooperative Governance and schedule meetings to allow the department to table quarterly reports on the implementation of the 2023/2024 Annual Performance Plan.

11. 2022 /2023 ANNUAL PERFORMANCE PLAN AND BUDGET OF THE DEPARTMENT OF TRADITIONAL AFFAIRS (DTA)

- 11.1. The Director-General presented the 2023/2024 Annual Performance Plan and Budget allocation of the Department of Traditional Affairs. The presentation focused on outputs, indicators and annual targets related to departmental programmes namely, Administration; Research, Policy and Legislation; Institutional Support and Coordination and Budget Allocation over the METF period.

12. Programme on Administration

- 12.1. The purpose of programme 1 is to provide strategic leadership, management, and support services to the department. The Departmental outcomes that contribute to achieving the MTSF includes promotion of effective governance, transformation of the institution of Traditional and Khoi-San Leadership and functionality of the institution of Traditional and Khoi-San Leadership

- 12.2. The outputs and annual targets of this programme include 60% training of employees, publication of one report on anti GBVF interventions within the Traditional Affairs sector, constituting legally 200 traditional councils, finalization of 75% application for the recognition of traditional leadership with six months of receipt and resolving 20% of received disputes of traditional leadership.

13. Programme on Research, Policy, and Legislation

- 13.1. The purpose of programme is to develop, review, coordinate and monitor the implementation of traditional affairs policies, norms and standards, and support traditional affairs entities to restore the integrity and dignity of traditional leadership.
- 13.2. The objective of this programme is to facilitate the transformation of institutions and improve the functionality of traditional leadership structures by developing regulations on the establishment of local houses of traditional and Khoi-San leaders by March 2026, monitoring compliance with and the implementation of the Traditional and Khoi-San Leadership Act (2019) over the medium term.
- 13.3. The other objectives of this programme include enhancing information management for faith structures, traditional leadership institutions and communities through research and developing and maintaining a traditional leadership database on an ongoing basis and, facilitating safe initiation practices by regulating and standardising the minimum requirements for cultural initiation practices in line with the Customary Initiation Act (2021) on an ongoing basis.
- 13.4. The Departmental outcomes that contribute to achieving the MTSF includes Safe Initiation Practices. The outputs and annual targets of programme 2 include 20% reduction in the number of illegal customary initiation schools.
- 13.5. The Department through this programme intends to reduce the number of illegal customary initiation schools through conducting awareness campaigns for communities in partnership with provinces, the National Initiation Oversight Committee and Provincial Initiation Coordinating Committees, SAPS and other key stakeholders.

14. Programme on Institutional Support and Coordination

- 14.1. The purpose of this programme is to provide comprehensive support to the institutions of traditional leadership, including Khoi-San leadership structures, to coordinate traditional affairs across all 3 spheres of government.
- 14.2. The objective of the programme Increase the number of functional structures of traditional leadership by supporting provincial departments and houses of traditional leaders through workshops on the implementation of partnerships and agreements and the establishment of local houses of traditional leadership on an ongoing basis.
- 14.3. The Departmental outcomes that contribute to achieving the MTSF includes developing communities in areas of traditional and Khoi-San leadership and supporting the functionality institution of traditional and Khoi-San leadership.
- 14.4. The outputs and annual targets of programme 3 include providing support to 10 Traditional Mining communities with Social Labour Plans (SLPs) that provide procurement, bursaries, learnerships and employment opportunities for historically disadvantaged individuals and providing tools of trade to seven Provincial Houses of Traditional and Khoisan leaders.
- 14.5. The department intend achieving the annual target of this programme by developing a project that entails the facilitation of the provision of tools of trade for provincial houses of traditional leadership as provided for on the draft Handbook for Traditional and Khoi-San leaders.

15. Budget Analysis over the Medium Expenditure Term Framework

- 15.1. Over the medium term, the Department Traditional Affairs will continue to focus on monitoring the implementation of the Traditional and Khoi-San Leadership Act (2019) and ensuring that customary initiation is practised safely, as guided by the Customary Initiation Act (2021).

- 15.2. This will entail monitoring the development of principal and senior traditional leadership in royal families' customary laws of succession and genealogies in 8 provinces per year over the period ahead to mitigate against disputes and claims, in line with the provisions of the Traditional and Khoi-San Leadership Act (2019).
- 15.3. By 2025/26, the Commission on Khoi-San Matters aims to research and investigate all applications it receives for the recognition of Khoi-San communities and leaders, and to make recommendations to the Minister of Cooperative Governance and Traditional Affairs on the recognition of Khoi-San communities and leaders.
- 15.4. To create a safe and regulated environment for initiates in all provinces, the department plans to monitor and ensure compliance in implementing the Customary Initiation Act (2021) over the medium term.
- 15.5. These activities are expected to drive an increase in expenditure in the Institutional Support and Coordination programme from R91.7 million in 2022/23 to R101.8 million in 2025/26, at an average annual rate of 3.5 per cent.
- 15.6. Total expenditure is expected to increase at an average annual rate of 5.2 per cent, from R180.1 million in 2022/23 to R209.7 million in 2025/26, due to an additional allocation of R30 million over the MTEF period to support the implementation of priorities of the Traditional and Khoi-San Leadership Act (2019).
- 15.7. As a result, spending in the *Research, Policy and Legislation* programme is expected to increase at an average annual rate of 5.9 per cent, from R29.7 million in 2022/23 to R35.2 million in 2025/26. The compensation of the department's 134 employees accounts for an estimated 50.2 per cent (R303.8 million) of total expenditure over the MTEF period, increasing at an average annual rate of 5.5 per cent, from R89.7 million in 2022/23 to R105.4 million in 2025/26.

16. Observations of the Select Committee

- 16.1. The Select Committee has noted that the Minister of the Department of Cooperative Governance and Traditional Affairs tabled on 13th April 2023 the 2023/2024 Annual Performance Plan of the Department of Traditional Affairs to the Office of the Chairperson of National Council of Provinces in accordance with the requirement of Section 65(1) of the Public Finance Management Act (No.1 of 1999).
- 16.2. The Select Committee has also noted that the 2023/24 Annual Performance Plan of the Department of Traditional Affairs will over the medium term, continue to focus on monitoring the implementation of the Traditional and Khoi-San Leadership Act (2019) and ensuring that customary initiation is practised safely, as guided by the Customary Initiation Act (2021).
- 16.3. The Select Committee has further noted that the annual plan of the department entails monitoring the development of principal and senior traditional leadership in royal families' customary laws of succession and genealogies in 8 provinces per year over the period ahead to mitigate against disputes and claims, in line with the provisions of the Traditional and Khoi-San Leadership Act (2019).
- 16.4. While welcoming the executive undertaking by the department to deal with illegal mushrooming of initiation schools, to provide of tools of trade for Provincial Houses of Traditional Leadership and to support legal constitution of traditional councils, the Select Committee noted however, that the Department of Traditional Affairs was silence on how to deal with challenges of kidnapping, amputations and deaths which affect the customary initiation practices. The Select Committee has also noted that the departmental annual performance plan did not cover other concerns raised by Traditional Leaders during the Presidential Engagement in 2022.
- 16.5. The Select Committee raised concerns about stands being sold in communal and tribal areas by traditional leaders more especially about transparency on matters related to legality, accountability, and governance of transactions.

17. Recommendations of the Select Committee

17.1. Having considered and deliberated on 2023/2024 Annual Performance Plan and Budget allocation of the Department of Traditional Affairs, the Select Committee recommends to the National Council of Provinces as follows:

17.1.1. The Department of Traditional Affairs should a provincial break down of the dispute claims of traditional leaders including the nature, challenges, and progress.

17.1.2. The Select Committee to align its quarterly programs in line with annual targets of the Department of Traditional Affairs and schedule briefing meetings to allow the department to table quarterly reports on the implementation of the 2023/2024 Annual Performance Plan

17.1.3. The Department of Traditional Affairs should provide quarterly progress reports on the implementation and achievements of annual targets as contained in departmental 2023/2024 Annual Performance Plan and allocation of Budget.

18. 2022/2023 ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATION OF THE MUNICIPAL INFRASTRUCTURE SUPPORT AGENT (MISA)

18.1. The Chief Executive Officer presented the 2023/2024 Annual Performance Plan and Budget allocation of the Municipal Infrastructure Support Agent. The Chief Executive officer reported that the Municipal Infrastructure Support Agent (MISA) tabled its approved APP for 2023/24 financial year in Parliament on 13th April 2023.

18.2. The presentation focused on outputs and annual target of the programmes related to Administration, Technical Support Services, and Infrastructure Delivery Management Support

19. Programme on Administration

19.1. The purpose of programme 1 is to ensure effective leadership, strategic management, and administrative support to the Municipal Infrastructure Support Agent in line with applicable legislation and best practice.

- 19.2. The outcome of this programme includes building of a capable and ethical government and promotion of Functional, efficient and Integrated Government. The 2023/ 2024 annual targets of programme 1 include implementation of 100% of ethics management plan, 90% implementation of approved CSIP by 31 March 2024 and Unqualified audit opinion on annual financial statements 2022/23

20. Programme on Technical Support Services

- 20.1. The purpose of the programme is to enhance the capabilities of municipalities for improved municipal infrastructure planning, delivery, operations, and maintenance. Its main focus is to manage the provision of technical support and capabilities to enhance the management of municipal infrastructure support programmes by: providing assistance to selected municipalities in conducting infrastructure assessment and analysis; and providing technical support and expertise to enable the delivery, planning, maintenance and land use management services in collaboration with relevant stakeholders; and coordinating the development of technical skills to support the delivery of municipal infrastructure programmes
- 20.2. The Programme coordinates the provision of technical support and assistance in conducting infrastructure assessments and analysis; coordinate the provision of technical support and expertise for municipal infrastructure delivery, planning, maintenance, and land use management services with relevant stakeholders; and coordinate the development of technical skills to support the delivery of municipal infrastructure support programmes.
- 20.3. The major output of programme 2 include improvement of effective water management system for the benefit of all; improvement of quality and quantum for infrastructure investment to support growth and job creation; promotion of efficiency in infrastructure Management; transformation of national space economy that enables equal access to social services and economic opportunities in cities, regions and rural areas and improvement of municipal capacity to deliver basic services, quality infrastructure and integrated public transport to increase household access to basic services

- 20.4. The 2023/2024 annual targets planned in this programme include identifications of 15 dysfunctional municipalities to implement SPLUMA compliant spatial plans, 22 dysfunctional municipalities to increase 3% in households with access to basic water, electricity demand, improvement of 22 dysfunctional Water Service Authority, maintenance of 100 kilometers of roads including potholes and drainage cleaning in the identified 22 dysfunctional municipalities, provision of technical capacity and skills development in 22 municipalities and identification of 10 dysfunctional municipalities implement flood risk resilient infrastructure

21. Programme on Infrastructure Delivery Management Support

- 21.1. The purpose of the programme is to support the efficient delivery of municipal infrastructure programmes and projects, build a credible project pipeline for long-term infrastructure investment, as well as to support municipalities with infrastructure procurement.
- 21.2. The programme's objective is to support the delivery of municipal infrastructure projects in an effective and efficient manner as well as providing infrastructure financing, procurement and contract management guidance and support to municipalities.
- 21.3. The outputs of programme 3 include promotion of efficiency in infrastructure management, transformation national space economy that enables equal access to social services and economic opportunities in cities, regions and rural areas, enhancement of intergovernmental and interdepartmental coordination through the implementation of the District Development Model and improvement of quality and quantum for infrastructure investment to support growth and job creation.
- 21.4. The annual targets for this programme include supports to 22 dysfunctional municipalities to apply framework contracts and other procurement mechanisms, to complete 4 plans towards spatial transformation in the Eastern Seaboard Region, prepare 4 catalytic projects for investment mobilisation within ESD region, supporting 10 District and metro with identified infrastructure related interventions challenges and increase 5% in infrastructure investments for dysfunctional municipalities.

22. Budget Analysis over the Medium Expenditure Term Framework

- 22.1. Over the medium term, the agent will continue to provide technical support to selected municipalities to improve access to basic services and the reliability of services. To ensure the effective and efficient development, implementation and maintenance of municipal infrastructure, the agent plans to enrol 450 candidates for the young graduate programme and provide 1 250 municipal officials with technical skills training over the MTEF period. Compensation of employees' accounts for an estimated 62.1 per cent (R705.6 million) of the agent's total expenditure over the period ahead.
- 22.2. Expenditure is expected to decrease at an average annual rate of 1.4 per cent, from R400.2 million in 2022/23 to R383.6 million in 2025/26, mainly due to the retention of surplus funding from a one-off allocation in 2021/22 for the innovative solid waste management project as part of the presidential employment initiative.
- 22.3. The Municipal Infrastructure Support Agent is set to derive 99.2 per cent (R1.1 billion) of its revenue over the MTEF period through transfers from the department.

23. Observations of the Select Committee

- 23.1. The Select Committee has noted that the Municipal Infrastructure Support Agent (MISA) tabled its approved APP for 2023/24 financial year in Parliament on 13th April 2023. This APP is based on the current Strategic Plan (SP) – with 8 outcomes and 15 outcomes indicators covering the five-year period 2020 – 2025.
- 23.2. While welcoming the 2023/2024 Annual Performance Plan of the Municipal Infrastructure Support Agency, the Select Committee noted that the annual targets intended to be achieved do not provide provincial breakdown on the technical support to be provided to the dysfunctional municipalities.
- 24.3. Noting the Human Resource and Financial challenges facing the Municipal Infrastructure Support Agent, the Select Committee further raised concerns about the technical support generally provided by the MISA that should have been provided by the District Municipalities to the dysfunctional Local Municipalities across the provinces.

25. Recommendations of the Select Committee

- 25.1. Having considered and deliberated on 2023/2024 Annual Performance Plan and Budget Allocations of the Municipal Infrastructure Support Agent, the Select Committee recommends to the National Council of Provinces as follows:
- 25.1.1 The Municipal Infrastructure Support Agent should provide under Technical Support Service Programme lists of dysfunctional municipalities in the provinces that would be identified to implement SPLUMA compliances plans, improve access to electricity supply services, implement flood risks resilient infrastructure and provided with technical capacity and skills development. MISA should table quarterly reports on the achievements and challenges related to the annual targets of programme 2.
- 25.1.2 The Municipal Infrastructure Support Agent (MISA) should provide under Infrastructure Delivery and Management Support Programme lists of municipalities (Local, Metro and District) in the provinces that would be supported to apply framework contracts, procurement mechanisms, increase infrastructure investment. As part of executive accountability, MISA should table quarterly reports on the achievements and challenges related to the annual targets of programme 3.
- 25.1.3. As part of ensuring executive accountability, the Select Committee on CoGTA should conduct proactive oversight visits in selected Local, Metro and District Municipalities to assess the support provided by Municipal Infrastructure Agent in the implementation of district development model, integrated service provisioning, infrastructure engineering, spatial restructuring, economic positioning and Spatial Planning and Land Use Management Act (SPLUMA).
- 25.1.4. The Select Committee to align its quarterly programs in line with annual targets of the Municipal Infrastructure Support Agent and schedule briefing sessions to ensure tabling of quarterly reports on the achievements and challenges related to implementation of the 2023/2024 Annual Performance Plan by Municipal Infrastructure Agent

Report to be considered.