



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

PROVINCIAL WEEK NEWS BULLETIN

DAY 2
OCTOBER 2020

ENSURING CAPABLE AND FINANCIALLY SOUND MUNICIPALITIES



**NATIONAL
COUNCIL OF
PROVINCES**

NCOP Chief Whip urges Matjhabeng Local Municipality to source relevant skills

The National Council of Provinces (NCOP) Chief Whip, Mr Seiso Mohai, has urged the Matjhabeng Local Municipality to source suitably qualified people to help address its challenges, **writes Modise Kabeli.**

Representatives of the municipality told the Free State permanent delegates to the NCOP during a Provincial Week interaction recently that among the challenges they face was a lack of research capacity to strengthen the knowledge of the Municipal Public Accounts Committee (MPAC), theft and vandalism, illegal mining activities, misuse of sewer, and ageing infrastructure.

“It is important for the municipality to know that as the NCOP we can’t give the municipality engineers to solve some of these challenges it is facing. It is your responsibility to source the relevant skills to address these problems,” said Mr Mohai.

The municipality also has dysfunctional oversight structures, like the Financial Misconduct Board, and others like the Internal Audit and Risk Management committees are partly functional, however, their recommendations are not fully implemented.

Free State Cooperative Governance and Traditional Affairs MEC, Mr Thembeni Nxangisa, told the delegation that Matjhabeng is currently under intervention in terms of section 106. “This intervention is informed by a serious belief

that there is maladministration at the municipality,” said Mr Nxangisa. He added that the intervention has been in place since February, but had to be extended until the end of November because of disruptions caused by the Covid-19 lockdown.

Mr Nxangisa said they are waiting for the report to determine what further course of action they will take in relation to fixing the problems at the municipality.

During the interaction, representatives of Sedibeng Water told the delegation that Matjhabeng owes the entity about R3.6 billion. Going forward, it will not be able to provide a reliable and sustainable water service to the municipality without funding and payment of outstanding debt.

“Sedibeng is technically insolvent. If the situation doesn’t improve by December, we might have to close down and our suppliers are refusing to give us credit,” said Sedibeng Water’s Mr Simphiwe Dzengwa. He added that they are currently cross-subsidising their services and rotating supply so that they do not run dry. Sedibeng currently owes its creditors about R300 million and supplies water to the Free State, Northern Cape and North West, which makes it one of largest water utilities in the country in terms of the geographical area that it serves. 🇿🇦



(NCOP) Chief Whip, Mr Seiso Mohai

Limpopo permanent delegates to NCOP meet with Thabazimbi Local Municipality to mark Provincial Week

The National Council of Provinces' (NCOP's) permanent delegates from Limpopo recently met with both administrative and political leadership of the Thabazimbi Local Municipality as part of the National Provincial Week programme in the province, *reports Justice Molafo.*

The delegates, who were led by Mr Tshireke Matibe, were briefed by the municipality on the use of consultants, conditional grant spending, financial management and recovery plan, municipal debt, fruitless and wasteful expenditure, and audit outcomes.

The municipality has received three conditional grants in the 2020/21 financial year, namely the municipal infrastructure grant, R44

million; integrated national electrification programme, R5.1 million, and the water services infrastructure grant, R45 million.

Delegates raised a concern over the slow pace at which the conditional grant projects are being implemented, as well as the rate with which the municipality relies on consultants to render services to the people. Currently, 10 consultants are hired to provide a variety of professional services to the municipality, including, among others, design and monitoring of projects, production of annual financial statements and collections.

Mr Matibe said: "Although we understand the challenges that were brought about by the Covid-19 pandemic and the subsequent national lockdown,

it is still concerning that out of the 15 ongoing projects, most of them are at the 10% implementation stage and others at 5%." He said the municipality cannot afford to return conditional grants to the National Treasury on the account that it was not used in full, while at the same time, it is struggling financially.

The delegates asked the municipal manager and the mayor to furnish them with a detailed report that should address, among others, the functionality of portfolio committees, litigations, consequence management, salary bill versus operational expenses, and the establishment of outstanding ward committees.

They also encouraged that the municipal public account committee should

be reinvigorated and a specialised researcher for the committee be appointed as a matter of urgency. The delegates then undertook to follow up on three reports that were commissioned to investigate the affairs of the municipality by the Special Investigating Unit, Department of Cooperative Government and Traditional Affairs, and the South African Local Government Association.

Lastly, the committee met on Wednesday with the Modimolle-Mookgopong Local Municipality to look into a number of areas, including the state of political leadership, as well as sections 139 and 154 interventions. 🇷🇵



Delegates to NCOP meet with Emalahleni Local Municipality



Mpumalanga permanent delegates to the National Council of Provinces (NCOP) met with the Emalahleni Local Municipality, Provincial Treasury and the provincial Department of Cooperative Governance and Traditional Affairs (Cogta) for a briefing on key interventions to improve the municipality's financial performance, **writes Sakhile Mokoena.**

The MEC for Cogta, Mr Mandla Msibi; his counterpart in Finance, Economic Development and Tourism, Mr Pat Ngomane; and the Executive Mayor of Emalahleni, Councillor Linah Malatjie, briefed the delegates and members of the provincial legislature on the municipality's financial management, debt collection,

municipal debt, fruitless and wasteful expenditure, the use of consultants and financial recovery plans.

The delegation heard about illegal electricity connections made by illegal land invaders, which have reportedly contributed to the escalation of the municipality's debt to Eskom, now standing at about R4.2 billion. The delegation advised Emalahleni to apply the necessary legislation to deal with illegal land invasions.

Mayor Malatjie told the delegation that municipal officials get attacked when they try to remove illegal power connections in the invaded areas. Electricians from the local mines or even Eskom do the illegal connections, the

mayor alleged. "We need the help of intelligence agencies to deal with this challenge. It cannot be that we just sleep and wake up to a land full of houses. This has to be stopped at the planning stages," the mayor said.

NCOP Delegate Ms Dikeledi Mahlangu, who is also the Chairperson of the Select Committee on Appropriations, said the municipality's financial status and the debt to Eskom were big concerns for Members of Parliament, which need to be resolved. "The financial status of the municipality gives us sleepless nights and the Eskom debt is a concern. We know when households are not paying, you disconnect, but what is happening with big businesses that are not

paying?" asked Ms Mahlangu.

Delegates were also concerned about the municipality's ongoing use of consultants, a costly service that does not help the municipality's financial recovery plan. "We don't appreciate the continuous use of consultants. We understand it is sometimes because you cannot find a certain skill, but you can't always rely on them, they are costly," said Ms Mahlangu.

MEC Ngomane said a progress report on the municipality's implementation of financial recovery plans will be submitted to the NCOP. "If we can bill correctly and collect correctly, our challenges can be reduced in this municipality," he commented.

Mpumalanga Provincial Whip in the NCOP and the Leader of the delegation, Ms Audrey Maleka, commended the provincial government and the municipality for "doing their level best to turn Emalahleni around". Emalahleni is one of the three municipalities to be visited during the provincial week. The other two are Lekwa and Govan Mbeki local municipalities. 🇿🇦

NORTH WEST DELEGATION CALLS FOR CONSEQUENCES FOR WRONGDOING

In welcoming the North West delegation of the National Council of Provinces (NCOP), the Premier of the North West Province, Prof Job Mokgoro, outlined the challenges facing municipalities in the province. In particular, he highlighted the Auditor-General's reports reflecting a worsening problem, **writes Wiseman Nombanda**

and Mado Sefora.

"These problems are difficult to describe, whether they are political or administrative, but they remain the same, as do the methods to resolve them," Prof Mogoro remarked. "Intervention through section 139 of the Constitution is made

unwisely," he continued. "As a result, problems of financial abuse and mismanagement are exacerbated. Some improvements disappear immediately after the end of the intervention," he added.

The NCOP delegation is in the province as part of Provincial Week. The delegation was

briefed by the MEC for Finance, Mr Motlalepula Rosho, who highlighted various challenges and key interventions to improve municipalities' finances. Challenges include lack of accountability for how public funds are spent, over-reliance on consultants, disregard for supply chain management laws and

Financial health of municipalities critical for service delivery



Mr Eric Langsman - Provincial Whip North West

regulations, and the failure of district municipalities.

The Whip of the delegation, Mr Eric Landsman, called for political will to alleviate the challenges. He questioned the continued funding of unfilled positions. "Those responsible must be held accountable," he emphasised.

Members of the delegation were unanimous in their call for consequence management in municipalities where wrongdoing has been identified. Mr Thamsanqa Dododvu, who is part of the delegation, highlighted the need to ensure that the municipalities are viable and functioning well in the province.

He expressed concern about the long-term regression in most municipalities and their qualified audit outcomes. He questioned the role of the provincial government in terms of its constitutional mandate (section 154) in light of these glaring challenges. He said section 139 is not applied correctly, as it is used to settle political scores.

The Chief Whip of the North West Legislature, Mr Paul Sebege, also expressed a serious concern about ongoing qualified audit outcomes in most municipalities. He called for a review of legislation on the powers and functions of legislatures. "The appointment of people who are not qualified is exacerbating the problem," he said.



The Gauteng permanent delegates to the National Council of Provinces (NCOP) have called for a process of reflection to consider if the funding model that is currently being utilised to fund municipalities is fit for purpose and not undermining the ability of those municipalities to deliver quality services to the people, *writes Malatswa Molepo*.

The delegation said it is in agreement with the South African Local Government Association's (Salga's) analysis that the current funding model is not well-matched with the growing functions and responsibilities of local government.

According to Salga's Gauteng representative, Councillor Petrus Tsoetsi, the funding gap has resulted in municipalities that are in financial distress or technically insolvent. "Currently, available information suggests that if local government were to deliver all of its mandates, the gap between own revenue and operating expenditure would be substantial. We have estimated the gap to be approximately R36 billion for the current fiscal year,"

Councillor Tsoetsi emphasised.

The delegation made this observation during interaction with the Gauteng's MEC for Cooperative Governance and Traditional Affairs, the MEC for Treasury and Salga as part of the NCOP's flagship programme of Provincial Week, which allows permanent delegates to the NCOP to visit their home provinces to assess service delivery.

The committee also raised concerns regarding the inability of municipalities to collect revenue, something that impacts negatively on cash flow. For example, Emfuleni Local Municipality is owed almost R5 billion for water. Households constitute 84.7% of the total amount owed, and 93.1% of this debt is more than 90 days old, reducing prospects of recoverability.

The Gauteng Provincial Whip and leader of the delegation, Ambassador Mohammed Dangor, said that for municipalities to function optimally, there must be a healthy revenue base to operate from.

"The question we must urgently consider is whether the revenue base of municipalities



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**SOME IMPROVEMENTS
DISAPPEAR IMMEDIATELY AFTER
THE END OF THE INTERVENTION**

is currently sustainable to ensure the viability of these municipalities? The first phase of improving fortunes of municipalities is ensuring that they are viable," said the leader of the delegation, Ambassador Mohammed Dangor.

Despite this, the delegation highlighted its concerns about the lack of consequence management in most municipalities, something which entrenches the culture of impunity and undermines good governance. What was mostly concerning was the inability to capacitate MPAC committees both administratively and financially.

To remedy some of these concerns, the delegation welcomed the assurance and commitment made by the provincial Cogta and Treasury departments, as well as Salga, to work together to support municipalities as envisioned by Section 154 of the Constitution.

In line with this, the establishment of Government Debt Management Committee and engagements to fast-track payments to municipalities of money owed by national and provincial government departments is welcomed and must be enhanced to achieve desired goals. "We are hopeful that this will enhance municipalities' cash flow and put them in a better position to deliver quality services," Ambassador Dangor emphasised. 🇷🇷



Delegation hears that deteriorating relationship between province and metro is harming service delivery in Nelson Mandela Bay

Political and administrative instability at Nelson Mandela Bay Metropolitan Municipality is the source of the challenges riddling the municipality and rendering it unable to meet its constitutional responsibility, including the delivery of services to the people, *writes Mava Lukani.*

Furthermore, Nelson Mandela Bay Metro's coalition government, established when no political party won an outright majority in the 2016 local government elections, is at the centre of the municipality's problems. This is what the Eastern Cape Provincial Government's MEC for cooperative governance, Mr Xolile Nqatha, told the Eastern Cape delegation to the NCOP and Members of the Eastern Cape Legislature today.

The Eastern Cape Provincial delegation to the NCOP is in the municipality accompanied by Members of the Eastern

Cape Legislature as part of the week-long NCOP Provincial Week programme. The delegation heard from the MECs for cooperative governance and for finance about how the provincial government supports struggling municipalities. The acting municipal executive mayor briefed the delegation on the state of the municipality.

Mr Nqatha told the delegation and Members of the Legislature that the municipality undermines the principles and the spirit of cooperative governance. This makes it impossible for the provincial government to play a meaningful role in the Nelson Mandela Bay Metropolitan Municipality.

He told the delegation that the deteriorating relationship between the municipality and the provincial department is worsened by the current court matter between them. In addition, the delay in filling

the executive mayor and municipal manager positions, coupled with the non-sitting of the council to take decisions, deepen the challenges facing the municipality. In his presentation, Acing Executive Mayor, Mr Tsonono Buyeye said the municipality is improving and there are plans in place to restore its capacity. He disputed that the council doesn't meet and said there is a scheduled meeting to take place on Wednesday (27 October).

The delegation has appealed for cooperation between the municipality and the Provincial Department of Cooperative Governance. Furthermore, it asked the municipality to elaborate on the problems it levels against the department and provide evidence in the form of letters it claims to have written to the department appealing for its support. 🇷🇷

KZN'S permanent delegates to the NCOP together with KZN Legislature focus on effectiveness of War Rooms

The Provincial Whip of the KwaZulu-Natal (KZN) delegation to the NCOP and leader of the delegation, Ms Lindiwe Bebee urged KZN provincial government to fill the vacant positions of the supervisors of the Community Development Workers (CDWs) as CDWs are critical in dealing with challenges between CDWs and ward Councilors, *writes Sureshinee Govender.*

Furthermore, she called for improved coordination in the location of war rooms. There should be an improved facilitation of awareness on Operation Sukuma Sakhe (OSS) and the role of CDWs with councilors and community structures, and the OSS must be included in the performance agreements of senior officials to ensure that War Rooms work for the betterment of the people.

The KZN provincial delegation is in the province as part of the NCOP's Provincial Week Programme. The delegation received briefings from the district municipalities who received bad audit reports from

the 2018/19 audit reports from the Auditor-General on their plans to improve their financial management systems.

The delegation was also informed about the War Room concept. It was explained that it is where there are CDWs that are employed by the provincial government to support the facilitation of the integrated service delivery programmes at community level.

There has been a positive improvement on the number of Functional War-Rooms with CDWs, all the Non-Functional War Rooms with CDWs have been reduced to 13 and the contributing factors for poor functionality include poor relations between CDWs and councilors, Ward Champions who have outsourced their responsibility to champion War Room activities to other community leaders or structures, incapacity due to health related reasons of the CDWs and councilors, lack of service delivery support from sector departments and lack of War-Room space. 🇿🇦



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Community Development Workers (CDWs) are critical in dealing with challenges between CDWs and ward Councilors.



KZN Provincial Whip - Ms Lindiwe Christabola Bebee