

# **REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN RELATION TO THE 1<sup>st</sup> QUARTERLY REPORT HELD ON 22 SEPTEMBER 2015 OF THE DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)**

## **1. INTRODUCTION**

As stated in Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature, the Member of the Executive Council responsible for a provincial department must table the quarterly reports of the department to the Speaker, within 30 calendar days after the end of a quarter.

The Committee considered the 1<sup>st</sup> quarterly report of the Department of Co-operative Governance and Traditional Affairs (the department) for the 2015/16 financial year, reporting period April – June 2015. Interaction with the Department was aimed at assessing the Department's performance for the quarter.

## **2. METHOD OF WORK**

The Honourable Speaker referred the 1<sup>st</sup> quarterly report of the Department of Co-operative Governance and Traditional Affairs to the Portfolio Committee for consideration and report back to the House.

On 19 August 2015, the Committee was briefed by the researcher on the 1<sup>st</sup> quarterly report of the Department. The Committee interacted with the Department during the deliberations, which were held on 22 September 2015. The analysis questions were sent to the Department and the written responses were submitted to the Legislature.

The Honourable MEC for COGTA, the Head of Department (HOD) and his senior management team, the Provincial Treasury, the Office of the Auditor-General, South African Local Government Association (SALGA) and House of Traditional Leaders (HTL) were invited to the meeting. Subsequently, the Committee considered and adopted its report on 30 October 2015.

### **3. OVERVIEW BY THE MEC**

The Honourable MEC appreciated the opportunity to appear before the Committee to report on the 1<sup>st</sup> quarterly performance of the Department. She reported that the Department has been mandated to drive or lead outcome 9 which deals with a responsive, effective and efficient local government system. The Hon MEC indicated that the above outcome consists of the following five (5) sub outcomes:

- ❖ Sub outcome 1: Members of the society have sustainable and reliable access to basic services;
- ❖ Sub outcome 2: Intergovernmental and democratic governance arrangements for a functional system of co-operative governance and participatory democracy strengthened;
- ❖ Sub outcome 3: Sound Financial and administrative management;
- ❖ Sub outcome 4: Promotion of social and economic development;
- ❖ Sub outcome 5: Local public employment programmes expanded through the Community Work Programme.

She further indicated that the Department developed its Annual Performance Plan for the current financial year which is aligned to the above outcome and sub outcomes and was subsequently approved by the Legislature through the guidance and support of the Portfolio Committee. The MEC reported that, the Department planned to achieve 88 targets during the period under review (1<sup>st</sup> quarter) and managed to register an overall achievement of 94.3% (i.e. 83 targets achieved out of 88 planned targets).

The Department has spent R 107 332 000.00 or 24.2% from the budget of R443 898 000.00 which is 0.8% less than the Treasury benchmark of 25%. The MEC reported the following as the key achievements for the period under review:

- ❖ The Department obtained clean audit outcome for 2013/14 and 2014/15 financial years, respectively.
- ❖ The Department is implementing the Back-to-Basics Programme through the Provincial Integrated Municipal Support Plan on administrative and management practices for all 21 municipalities.
- ❖ Household profiles were conducted in all 18 local municipalities on water services, electricity, sanitation, RDP houses, Child headed families and indigent beneficiaries. Community Development Workers (CDWs) have participated in community and ward committee meetings in all 18 local municipalities.
- ❖ The Department planned to process 20 Land Use applications for the 1<sup>st</sup> quarter but managed to process 28 Land Use applications.
- ❖ 50 survey services were rendered against the 1<sup>st</sup> quarter of 40 survey services.
- ❖ Four municipalities were supported on the alignment of Spatial Development Framework (SDFs) with Spatial Planning and Land Use Management Act (SPLUMA) (Bushbuckridge, Lekwa, Dr JS Moroka and Chief Albert Luthuli).
- ❖ 19 683 jobs have been maintained through Community Works Programme (CWP) and 120 job opportunities created through youth waste management project.
- ❖ 100% Successions investigated (Giba and Mokangwe).
- ❖ Four Traditional communities' disputes were processed as well as three Traditional Land cases finalised.
- ❖ Two District Traditional Leadership participating in municipal Councils (Gert Sibande and Ehlanzeni)

In her conclusion she requested t the HOD to provide detailed presentation on the performance of the Department during the first quarter of 2015/16 financial year.

#### 4. GENERAL OBSERVATIONS BY THE COMMITTEE ON 1<sup>st</sup> QUARTERLY REPORT

- ❖ The MEC welcomed the new Chairperson, Mr. WT Madileng and wished him well as he begins with the responsibilities in helping the Department of Co-operative Governance and Traditional Affairs to do better in terms of service delivery and Mr. SJ Masango was also warmly welcomed to the Committee.
- ❖ The Department has managed to spend R 107, 332 000.00 which is 24, 2% out of its total allocated budget for the 2015/16 financial year.
- ❖ The Department has under-spent by a total amount of R 336, 566 000.00 missing the benchmark norm of 25% by 0, 8% for the 1<sup>st</sup> Quarter in the 2015/16 financial year.
- ❖ The Committee commended the Department for producing quality reports to the Committee.
- ❖ The Department obtained a clean audit opinion from the Auditor-General for 2014/15 financial year.

#### 5. OBSERVATIONS ON THE BUDGET EXPENDITURE

The Committee considered the department's 1<sup>st</sup> quarterly expenditure trend and made the following observations:

##### Expenditure summary per Programme during the 1<sup>st</sup> quarter

R'000	Adjusted Appropriation 2015/16 (R'000)	Actual expenditure as at June 2015 – (R'000)	Outcome % Budget	(Over)/under spending as %
Administration	111, 771	21, 995	19.7 %	-5.3%
Local Governance	152, 987	36, 815	24.1%	-0.9 %
Development & Planning	100, 811	12, 650	20.4%	-4.6%
Traditional Institutional Management	92, 854	31, 792	31.5%	6.5%
The House of Traditional Leaders	16, 478	4, 080	24. 8%	-0.2%
<b>Total</b>	<b>443, 898</b>	<b>107, 332</b>	<b>24. 2%</b>	<b>-0,8%</b>

The Committee noted the above-mentioned summary of actual expenditure per programme and the total adjusted appropriation per programme for the 2015/16 financial year.

### Economic Classification

R'000	Adjusted Appropriation 2015/16 (R'000)	Actual expenditure as June 2015 – (R'000)	Outcome %Budget	(Over)/under spending as %
Compensation of employees	352, 207	83, 106	23.6%	-0.1%
Goods & Services	65, 234	13, 176	20.8%	-4.2%
Total transfers & subsidies	21, 493	10, 334	48.1%	23.1%
Capital Payment	6, 964	716	10.3%	-14.7%
<b>Total</b>	<b>443, 898</b>	<b>107,332</b>	<b>24, 2%</b>	<b>-0.8%</b>

The Committee further noted that the table above is a summary of actual expenditures per economic classification as at the end of the fourth quarter of the 2015/16 financial year versus the adjusted appropriation for the same period, with actual expenditure as a percentage of total adjusted appropriation and over/under-expenditure as percentage in the last column.

The Committee noted that the Department was allocated a budget amount of R 443, 898 000.00 and it has managed to spend R107, 332 000.00 which is 24, 2% out of its total allocated budget for the 2015/16 financial year. The Department has projections totaling R389, 054 000.00 The spending pattern per programme indicates some fluctuations; with Programme 4 being the highest in expenditure at 31, 5% which reflect an over-expenditure of 6, 5% overlapping the benchmark norm of 25% as stipulated by the treasury guide. Programme 2, 3 and 5: Local Governance, Development and Planning and the House of Traditional Leaders indicating an under-expenditure of 0, 9%, 4, 6% and 0, 2%, respectively. Programme 1 which is Administration shows an under-expenditure of 5, 3% which is the lowest out of the five programmes of the Department and it is below the benchmark norm as per the treasury regulations.



However, the Committee needed clarity on the failure to spend its entire allocated budget for the 2015/16 financial year for the quarter under review. In its response, the Department reported that it has spent 0.8% below the National Treasury benchmark of 25% during the quarter under review. The under expenditure was as a result of cost curtailment measures which were implemented as at the beginning of the financial year and delay in finalizing wage negotiations contributed to the under expenditure especially on Compensation of Employees.

#### **Overspending on Programme 4**

The Department has over-spent on its programme 4 by R31 792 000.00 (31, 5%). The Committee requested the Department to explain what contributed to the Department's over-spending in this programme. The Department reported that the Department has spent 31.5% which amounts to 6.5% or R6.553 million above the National Treasury benchmark not R31 792 000 as reported to the Committee during the 1<sup>st</sup> Quarter under review. The anticipated over expenditure of R40.540 million has been caused by budget shortfall on the procurement of vehicles for Traditional Leaders and increased allowance for traditional ceremonies (from R60 000 to R200 000) of which additional funds have been requested from the Provincial Treasury.

The Committee further wanted to know if the over-spending on this programme would not affect the Department's performance in the coming quarters. The Department in its response, reported that the projected over expenditure will not affect the Department's performance in the coming quarters as the Budget and Finance Committee together with the Provincial Treasury agreed in principle that funds will be allocated to the Department during Budget Adjustment.

The Department was requested to explain if the projections will not cause the Department to under-spend and also non achievement of certain planned targets at the end of the 2015/16 financial year.

The Department reported that the projections would not cause an under expenditure and non-achievements of plans as the Budget and Finance Committee together with the Provincial Treasury agreed in principle that funds will be allocated to the Department during Budget Adjustment. The Department will monitor its financial and non-financial performance on monthly basis to ensure that its spending is within the allocated budget.

In terms of the economic classification the Department has seen an under-expenditure of 0, 8% out of the total allocated budget for the Department of Co-operative Governance and Traditional Affairs missing the benchmark norm as stipulated by the treasury regulations. The economic classification shows an over-spending under total transfers and subsidies of 48, 1%. The Department's quarterly report reflect an under-expenditure on payments for capital assets at 10, 3% which is the lowest in expenditure under the economic classification, an under-expenditure on compensation of employees at 23, 6% as well as goods and services cited at 20, 8%. However, the overall under-expenditure of the Department of Co-operative Governance and Traditional Affairs on economic classification is cited at 24, 2%, slightly missing the benchmark norm of 25% by 0, 8%.

The Committee requested the Department to explain as to what extent are the cost containment measures effective. The Department reported that the cost curtailment measures were effective as the Department spent within the allocated budget, especially on the Key Cost Drivers of the Department. (i.e Travelling, Accommodation, Venues and Facilities, Advertising, Communication, Operating Leases, Catering and Consumable Supplies).

The Committee wanted to know if the Department is able to indicate in details the items through which the Department was able to make savings on. The Department reported that the savings were made on the following items: Travelling, Accommodation, Venues and Facilities, Advertising, Communication, Operating Leases, Catering and Consumable Supplies.

## **Transfer and Subsidies**

The Department was requested to explain as to why they over-spent on transfers and subsidies. The over spending on transfers and subsidies was as a result of Increases in funds for traditional ceremonies (*Imimemo*) effected in the current financial year and fact that all administrative grants for traditional councils were transferred in the first quarter.

## **6. DELIBERATIONS ON THE PROGRAMME PERFORMANCE**

After an overview by the MEC and briefing by the Head of Department (HOD) on the 1<sup>st</sup> quarterly performance report, the Committee and SALGA appreciated the presentation. However, few issues were raised by the Committee and the Department was requested to submit written responses to the Committee by 29 September 2015. The Department submitted the written responses on 08 October 2015.

### **Spatial Planning and Land Use Management Act (SPLUMA)**

The Committee wanted the Department to explain or indicate the indicators of Municipalities to the level of where they are pitched on SPLUMA implementation or in terms of non-compliance.

In response, the Department reported that there are several municipalities that are supported with the implementation of SPLUMA which is an indicator within which the Department provides support to municipalities on the implementation of the new legislation. The Spatial Planning and Land Use Management Act, Act 16 of 2013 has been brought into operation from the 1st of July 2015. In the 2014/15 financial year, the Department assessed municipalities with regards to their compliance and readiness to implement SPLUMA. The Department further reported that the short-term requirements for local municipalities towards the proper implementation of SPLUMA are:

- ❖ Promulgation of by-laws;
- ❖ The establishment of Municipal Planning Tribunals and appeal tribunals;



- ❖ The setting up of a tariff structure and
- ❖ Approval of delegations

The assessment indicated that a number of municipalities were not ready for the implementation of the new planning legislation. In order to remedy this challenge and to ensure that all municipalities would be in a position to implement SPLUMA, the Department recommended that those struggling municipalities establish and form part of a "Joint Municipal Planning Tribunal". This is in line with section 34(1) of SPLUMA. This would ensure that, from the date of commencement, all municipalities implement SPLUMA. It would also afford the Department time to support the struggling municipalities and to facilitate their independence.

### **War Rooms**

The Committee requested the Department to clarify the timeframes within which the Department intends to finalize the establishment of War-Rooms or formation of War-rooms. The Department reported that the Municipalities are working around the clock to establish War rooms in all wards. It is expected that all War-rooms will be established by 15 October 2015.

### **Bulk pipelines**

The Committee enquired whether the Department has any plans to prevent vandalism in respect of bulk pipelines. In its response, the Department reported that it has advised municipalities to set aside 10% of their budget for operations and maintenance of infrastructure to enhance management and enforcement. The Department is assisting municipalities with the development and Gazetting of relevant by-laws to enforce compliance to prevent vandalism of infrastructure. This challenge is a national crisis since thieves are targeting municipal assets for theft of copper and electrical cables which affects the delivery of basic services to communities.

## Community Workers Programme (CWP)

The Department was requested to provide a breakdown of participants in Community Workers Programme per municipality. The Department reported that 183 additional work opportunities have been maintained through CWP, due to recruitment of new participants to achieve the targeted workdays as not all participants are participating for the full allocated eight days per month. The breakdown is as follows;

<b>ANNUAL SITE PARTICIPATION TARGET</b>	<b>Community Workers Programme (CWP site)</b>	<b>ACTUAL PARTICIPATION (By end of June 2015)</b>
1 000	Albert Luthuli-Nhlazatshe	1100
1 500	Albert Luthuli-Tjakastad	1650
400	Dipaliseng	660
1 000	Govan Mbeki	1100
400	Lekwa	660
1 500	Mkhondo	291
1 000	Msukaligwa	1100
1 000	PixleyKaSeme	1100
400	Victor Khanye	406
1000	Dr JS Moroka	1145
1000	eMalahleni	1013
<b>ANNUAL SITE PARTICIPATION TARGET</b>	<b>Community Workers Programme (CWP site)</b>	<b>ACTUAL PARTICIPATION (By end of June 2015)</b>
1000	Steve Tshwete	1016
1000	Thembisile Hani	1040
2 500	Bushbuckridge	2793
400	eMakhazeni	271
1 500	Mbombela	1 496
1 500	Nkomazi	1 598
1 000	Thabachweu	949
400	uMjindi	295
<b>19 500</b>	<b>TOTAL</b>	<b>19683</b>

## **Traditional Leaders Vehicles**

The Committee requested the Department to indicate the vehicles that the Department intends to purchase since the Traditional Leaders cars were previously Chevrolet Captiva especially to the Traditional Leaders that are residing in rural areas. In its response the Department reported that the following vehicles have been procured for Traditional Leaders as per their choice:



## **Non-Performing Municipalities**

The Committee wanted to know on whether the Department has any plans put in place on the Municipalities that are not performing as expected. The Department has developed an Integrated Municipal Support Plan (IMSP) that seeks to improve municipal performance.

The plan will be implemented jointly with the Back to Basic (B2B) programme adopted by the National Department of Co-operative Governance and Traditional Affairs. Through the IMSP and B2B, the Department will be able to monitor municipalities' performance on a monthly basis through a scorecard that determines the areas where these municipalities are not doing well; then the Department will intervene. The Department has further introduced quarterly performance review sessions to assist and guide municipalities on their performance.

## **Eskom Debt**

The Committee wanted to know whether there is improvement made on Eskom Debt as this is recurring (while debt is serviced, electricity is also being used). The Department reported that the recurring debt of Eskom is a national crisis which is caused by a number of factors affecting municipalities. Firstly the general insufficient bulk by Eskom has led municipalities to exceed their allocated daily demand limits, thus leading to high penalties levied by Eskom. This affects the ability of municipalities to service their debt. Secondly, the Department is working on a model to guide municipalities to explore alternative ways of generating energy without overloading the Eskom grid.

The model is aimed at giving guidance to alternative energy generating measures such as the conversion of waste to energy, solar power plants, Hydro-power plants and renewable energy. However, the illegal connections remain a challenge to municipalities in servicing the recurrent debt. If the proposed interventions can be realized the recurrent debt can be minimized and eventually eliminated

## **PROGRAMME 1: ADMINISTRATION**

The purpose of this programme is to promote and facilitate viable and sustainable local governance. The programme is made up of corporate services, human resource management, legal services, security management, planning and programme management as well as communication and IT support.

The Committee noted that this programme has a budget allocation of R111, 771 000.00 and has managed to spend a total amount of R 21, 995 000 or 19, 7% of the total budget at the end of the quarter, indicating an under-expenditure of 5, 3%.

SUB-PROGRAMMES	PLANNED TARGETS	ACTUAL OUTPUTS	AS %
1. Finance	02	02	100%
2. Human Resource Management	01	01	100%
3. Legal Services	10	31	310 %
4. Security Management	01	01	100 %
5. Planning & Programme Management	01	01	100 %
6. Communication & ITS	01	01	100%
<b>Total</b>	<b>16</b>	<b>37</b>	<b>231.2 %</b>

The Committee noted that the above shows Programme 1 i.e. Administration which has 6 sub-programmes. Overall, the programmes had a total of 16 planned targets and achieved actual outputs of 37 (i.e. 231.2%) during the period under review, whereas five sub-programmes have performed at 100 %, sub-programme on legal services achieved 310 % of its planned targets. The Committee further noted that Programme 1 did not have major challenges in achieving its planned targets.

## PROGRAMME 2: LOCAL GOVERNANCE

The purpose of this programme is to support and strengthen the capacity of municipalities to enable them to fulfill their constitutional and other legislative mandate. The Programme has seven (7) sub-Programmes which are mentioned as follows:

- Municipal Administration;
- Intergovernmental Relations;
- Municipal Finance;
- Public Participation;
- Capacity Development;
- Municipal monitoring, reporting and evaluation;
- Service delivery improvement.



The Committee noted that this programme has received an appropriation of R152, 978 000.00 for the 2015/16 financial year. The programme has managed to spend monies amounting to R 36, 815 000 or 24, 1%, falling short by 0, 9% from the benchmark of 25%. Programme 2 received an allocation amounts higher than the rest of the programmes of the total budget of the department, making it the biggest programme out of the five programmes rendered by the Department Co-operative Governance and Traditional Affairs.

#### Local Government

Sub-programmes	Planned Targets	Actual Outputs	As %
1. Municipal Administration	50	40	80 %
2. Intergovernmental Relation	20	20	100%
3. Public Participation	412	46	11.1 %
4. Municipal Performance Monitoring Reporting & Evaluation	52	43	82.6 %
5. Provincial Priority	03	03	100 %
<b>Total</b>	<b>537</b>	<b>152</b>	<b>28.3 %</b>

The Table above indicates that Programme 2 has 5 sub-programmes with the collective of 537 planned targets and achieved only 152 or 28.3 % actual outputs. It is noted with concern that the sub-programme on public participation has underperformed owing to the fact that out of 412 planned targets, it attained only 46 (i.e. 11.1 %) actual outputs. The Department cited challenges in this regard as the lack of cooperation by municipalities such as Bushbuckridge, Chief Albert Luthuli; Dipaleseng; eMalahleni, Lekwa; Nkomazi, Thaba Chweu and Mbombela and further indicated measures that will ensure cooperation for the aforementioned municipalities.

Furthermore, the targets which the Department failed to achieve are with regard to the number of municipalities supported on the implementation of Municipal Property Rates Act (MPRA), number of ward committees supported on implementation of ward operational plans, number of municipalities supported with information management and decision support system installed and applied Local Government Information



Management System (LGIMS) as well as provincial performance management system framework developed.

The Department was requested to give an explanation to the committee on their failure to achieve planned targets under the mentioned performance indicators as outlined in the Annual Performance Plan as well as the Department's first quarter performance report. The Department in its response reported that, the Department failed by providing the following reasons:

**i. Support on the implementation of MPRA**

The Department failed to achieve one target under Municipal Administration with regard to providing support on the implementation of MPRA in Nine Municipalities. The Section responsible for this target focused on one municipality (i.e Emakhazeni) during the 1<sup>st</sup> quarter as there were challenges of litigations on the Supplementary Valuation Roll, hence the non-achievement of the planned target.

**ii. Support to 402 Ward Committees on the implementation of Ward Operational Plans**

The non-achievement on support to the implementation of 402 ward operational plans was mainly because of lack of commitment and cooperation by Ward Councillors.

**iii. Support to 21 municipalities with information management and decision support system installed and applied (LGIMS)**

The introduction of Municipal Infrastructure Programme Management Information Systems (MIPMIS) which is inclusive of Back to Basics module by the Department of Co-operative Governance resulted in the replacement of the Provincial LGIMS with the Municipal Infrastructure Programme Management Information Systems (MIPMIS). The MIPMIS has been customized to address the critical monitoring areas for local government beyond issues of infrastructure management.

Currently training of staff members is conducted by the National Department of Co-operative Governance (DCOG) (MISA) on this system.

iv. **Development of the Provincial Performance Management System Framework**

The delay in finalising the analysis of individual municipality's performance management systems with an objective of developing one provincial framework contributed to the non-achievement of the above target. The analysis is critical to ensure that when developing the Provincial Framework there is alignment to cover all municipalities in the Province.

The Committee further wanted to know if there are any measures put in place in order to address this failure. The Department in its response reported that, the Department will provide support to the nine identified Municipalities on the implementation of MPRA as per the APP. The Department will have improvement in the second quarter of this financial year. The Municipal Speakers have been advised to implement the Code of Conduct for Councillors.

The Department also reported that the analysis of the municipal performance systems will be finalized in the second quarter and the Department is also working together with the Office of the Premier, Provincial Treasury, South African Local Government Association and GIZ (Deutsche Gesellschaft Für Internationale Zusammenarbeit) towards the development of the Provincial Performance Management System Framework.

### **PROGRAMME 3: DEVELOPMENT AND PLANNING**

The purpose of the programme is to facilitate and support integrated development planning at provincial level and within municipalities. The Committee noted that at the end of the first (1<sup>st</sup>) quarter of the 2015/16 financial year, actual expenditure for this programme amounted to 20, 4% or R12, 650 000 out of R61, 860 000 adjusted allocations for the 2015/16.

The Committee noted that there is no correlation between the budget expenditure and targets; as a result, the Department was requested to provide clarity on the under-spending while it has achieved its entirely planned targets for the quarter. In its response, the Department reported that the under expenditure on Compensation of Employees and the Transfers and Subsidies contributed to the overall under expenditure of the Programme. The above items have no direct impact on the achievement of the planned targets. The underspending in the LED Directorate was attributed to the following:

- ❖ The vacancy rate of the directorate where 3 out of 11 positions are vacant.
- ❖ Excessive vacant posts have contributed to under expenditure as against delivery of activities.
- ❖ More activities in the Plan were carried by a few contingents of officials in the unit.
- ❖ Cost curtailment of excessive cost drivers such as Accommodation, Travelling and Subsistence were stringently applied which in a way resulted in such under expenditure.

#### Development and Planning

Sub-programmes	Planned Targets	Actual outputs	As %
1. Strategy Development Research, Policy and Planning (IDP Coordination)	24	23	96 %
2. Spatial Planning	12	12	100 %
3. Land Use Management	12	12	100 %
4. Local Economic Development	19101	19804	103.6 %
5. Municipal Infrastructure	49	49	100 %
6. Water Service	08	08	100 %
7. Disaster Management	10	10	100 %
<b>Total</b>	<b>19268</b>	<b>19988</b>	<b>103.7%</b>

The Table above shows that Programme 3 has 7 sub-programmes which have a total of 19 268 planned outputs and achieved the actual outputs of 19988 which translates into 103.7%. The sub-programme on LED has achieved more of its planned targets than the rest of the sub-programmes.

## **Water Services**

The Department should be commended for installing more water reservoirs in Nkomazi. The Committee also noted that there is an infrastructure that has been installed at Mbombela Local Municipality i.e. at Phola wherein two Steel Water Tanks were installed in the previous financial year i.e. 2014/15. The Committee noted with concern that work had been completed in August 2014 yet the two steel water tanks still do have water but there is no reticulation to the communities. The Committee noted and needed clarity on why did the Department fail to ensure that the water that is kept in steel water tanks is distributed to the communities rather than returned to the main source.

The Department reported that the reasons for failures were identified as follows:

### **❖ Vandalism**

The two 750 000ml Steel tanks in the Phola Village had technical failures to provide constant supply to the intended households. This is mainly for the reason that the bulk pipeline that supplies water into the steel water tanks had been vandalized through illegal connections from the main bulk. This prevented the normal operations of filling the steel tanks to full capacity to enable constant supply to communities. The municipality is currently addressing the connection of a new bulk line to all reservoirs in the area from the Hoxane Water Treatment Plant.

### **❖ Tempering with Pressure Regulating Valves**

The challenges in the Tshabalala village were as a result of the opening of the bulk infrastructure pressure regulating valves (PRVs) by the operators of private water tankers. This matter has been reported to SAPS as part of Operation Fiela.

## **Provision of basic services**

The Committee further wanted to know as to what extent the Department is linking the provision of basic services (water and electricity) with the 2030 of the NDP.

The Planned indicators in the APP of the Department are aligned to the MTSF target which is also aligned to the NDP, Vision 2030. It is anticipated that the roll out of the Department's 5 year Strategic Plan through the Annual Performance Plans and the Operational Plans of the current and the future financial years shall, enable universal access to basic services for all households in the Province in line with vision 2030 of the NDP.

The Committee wanted to know the measures that have been put in place to prevent the steel water tanks from becoming white elephants. In its response, the Department reported that, the challenges experienced in Tshabalala and Phola, was as a result of the dedicated bulk line which is under construction to enable the abstraction of raw water from the completed Hazyview Water Treatment Plant to supply villages such as Tshabalala, Nyongane and Sand River respectively. There is also a project currently under construction for the Nsikazi North Bulk pipeline which is aimed at addressing the bulk supply challenges for villages such as Phola, Manzini and Jerusalem and other areas.

## **PROGRAMME 4: TRADITIONAL INSTITUTION MANAGEMENT**

The purpose of this programme is to support, strengthen and capacitate the developmental capacity and capability of traditional and royal councils to accelerate rural development. The programme comprises of three sub-programmes, namely, Traditional Institutional Administration; Rural Development Facilitation and Traditional Land Administration.



The Committee noted that at the end of first quarter, the actual expenditure for this programme amounted to R31, 792 000 or 31, 5% of the R100, 811 000 allocated for this programme in the 2015/16 financial year. The Department has overspent the allocation for this programme by 31.5 % against the Treasury benchmark of 25 % and further over achieved its planned targets by 10.3 % as revealed at table below. However, this should be a justification because the Department should spend within the allocated budget.

### Traditional Institution Management

Sub-programmes	Planned Targets	Actual Outputs	As %
1. Traditional Institutional Administration	15	15	100 %
2. Traditional Resource Administration	01	04	400 %
3. Rural Development Facilitation	02	02	100 %
4. Traditional Land Administration	11	11	100 %
<b>Total</b>	<b>29</b>	<b>32</b>	<b>110.3 %</b>

The Committee also noted that in terms of the 2015/16 APP, the Department has planned to build two Traditional Council Offices during the 3<sup>rd</sup> quarter whereas the 2013/14 Annual Report indicated that four Traditional Council Offices have been supported with infrastructure development at Chief Albert Luthuli Local Municipality (Ebutsini and Mpsikazi); Mbombela Local Municipality (Lomshiyo) and Bushbuckridge Local Municipality (Mnisi). The Research Unit will be conducting a research during the heritage month of 2015/16 in order to verify the infrastructure that has been provided at the above-mentioned Traditional Councils.

The Committee wanted to know why CoGTA seeks to purchase vehicles for the Kings meanwhile it is the competency of the National Department of CoGTA. In its response, the Department reported that the Kings and Queens are recognized by the President of the Republic, whilst, Senior Traditional Leaders are recognized by the Provincial Premiers. The Tools of Trade for Traditional Leaders, salaries of Kings and Queens as well as for Senior Traditional Leaders are the competency of the Provincial Governments not National Government.



The National Government is responsible to determine Upper Limits for such salaries and allowances as may be determined by the President and setting the Framework for such Tools of Trade as may be determined by the Minister responsible for Traditional Affairs.

The Department was requested to clarify on the whereabouts of the budget to procure the fleet for the Traditional Leaders (Kings) since provision was not made in the budget for 2015/16. The Department reported that the Department has submitted a request for additional funding to the Provincial Treasury. The Budget and Finance Committee together with the Provincial Treasury agreed in principle that funds will be allocated to the Department during Budget Adjustment for 2015/16.

The Committee wanted to know if the Department would proceed to purchase the vehicles for the Traditional Leaders, without the approved budget, as such expenditure will constitute an unauthorized expenditure. The Department in its response reported that, the Department is not prepared to incur an unauthorized expenditure as the Budget and Finance Committee together with the Provincial Treasury agreed in principle that funds will be allocated to the Department during budget Adjustment for 2015/16. Once the official communication for such approval has been granted and received by the Department, further steps for the normal procurement processes shall then be engaged.

#### **PROGRAMME 5: HOUSE OF TRADITIONAL LEADERS**

The purpose of this programme is to provide strategic and political leadership to the House of Traditional Leaders. The Programme has two key sub-programmes, namely, administration of the House of Traditional Leaders and Committees and Local Houses of Traditional Leaders.

The Committee noted that at the end of the first quarter of the 2015/16 financial year, the actual expenditure for this programme amounted to 24, 8% or R4, 080 000 out of R16, 478 000 budget allocated for this programme in the 2015/16 financial year which shows an under expenditure of 0, 2% below the benchmark norm. According to the data as captured under Table below, the programme has six (6) sub-programmes with the collective planned targets of 19 and the achievement of 18 actual outputs which translates to 94.7 %.

However, the only target that the Department failed to achieve on this programme is with regard to commemoration of fallen heroes and 20<sup>th</sup> anniversary hence sub-programme on the office of the Secretary has performed below 100 % as reflected on table below. This might not augur well for the social cohesion within the traditional communities and the legacy of the fallen heroes needs to be sustained at all material times.

The Department was requested to provide an explanation that led to the failure to achieve all planned targets and the under-expenditure on this programme. In its response the Department reported that, the Commemoration of the Fallen Heroes is largely dependent on the availability of the Honourable Premier. The Premier's availability for such an event in the 1<sup>st</sup> quarter could not be secured and was therefore left for a final decision from the Office of the Premier at a later stage. The Department is yet to be advised of the most appropriate date by the Office of the Premier. The Office of the Premier is being frequently engaged on this matter and further developments shall be communicated and shared with the Portfolio Committee.

## House of Traditional Leaders

Sub-programmes	Planned Targets	Actual Outputs	As %
1. Office of the Chairperson	04	04	100 %
2. Office of the Secretary	03	02	67 %
3. Research, Policy Development and Planning	01	01	100 %
4. Legal Services	02	02	100 %
5. Committees	06	06	100 %
6. Local Houses	03	03	100 %
<b>Total</b>	<b>19</b>	<b>18</b>	<b>94.7 %</b>

## 7. FINDINGS

After the interaction, the Committee found that:

- a) The Department has spent R107, 332 000.00 or 24.2 % during the period under review. This is just below the treasury benchmark of 25 %.
- b) There was no correlation between the spent budget and the achievement of planned targets;
- c) The Department has not finalized the matter of Spatial Planning and Land Use Management Act (SPLUMA) regarding the rights for the allocation of land and sites between traditional leaders and municipal councils;
- d) Municipalities that are struggling to implement Spatial Planning and Land Use Management Act (SPLUMA) will be included in the Joint Municipal Planning Tribunal noting that this Act came in to effect on 01 July 2015.
- e) 10% of the budget has been set aside for operations and maintenance of the infrastructure due to the outcry on the vandalism of bulk pipelines; the none availability of a by-law to enforce compliance to prevent vandalism of infrastructure is also a challenge.

- f) The recurring of Eskom debt is a national crisis which is caused by a number of factors affecting municipalities such as the general insufficient bulk by Eskom (led municipalities to exceed their allocated daily demand limits, thus leading to high penalties levied by Eskom. This affects the ability of municipalities to service their debt) and the non-availability of a model to guide municipalities to explore alternative ways of generating energy without overloading the Eskom grid.
- g) Illegal connections are still a challenge to municipalities in servicing the current debt;
- h) In terms of the 2015/16 APP, the Department has planned to build two (2) Traditional Council Offices during the 3<sup>rd</sup> quarter whereas in the 2013/14 Annual Report had indicated that four (4) Traditional Councils Offices have been supported with infrastructure development at Chief Albert Luthuli Local Municipality (Ebutsini and Mpsikazi); Mbombela Local Municipality (Lomshiyo) and Bushbuckridge Local Municipality (Mnisi). No progress has been provided on the above-mentioned Traditional Councils offices.
- i) Issuing of title deeds is still a challenge in Traditional communities which needs an urgent interventions, though it has been indicated that, the Department of Rural Development and Land Reform (DRDLR) is busy with policy reforms regarding the acceptable form of ownership in Traditional areas; thus the processing of new applications for land release to provinces and municipalities is on hold.

## **8. RECOMMENDATIONS**

The Committee recommends that the Department must:

- a) Ensure that its budget spending is in line with the Treasury benchmark to avoid under and overspending;

- b) Ensure that its planned targets are in line with the allocated budget and strengthen monitoring to prevent under and over expenditure;
- c) Submit a progress report on the implementation of the Spatial Planning and Land Use Management Act (SPLUMA) regarding the rights for the allocation of land, sites between traditional leaders and municipal councils as this matter was supposed to be finalised by 30 September 2015.
- d) Monitor the performance (assistance) of the Joint Municipal Planning Tribunal on the struggling Municipalities to implement SPLUMA. A quarterly progress report should be submitted to the Legislature.
- e) Monitor the implementation of 10% that has been set aside for operation and maintenance of infrastructure. The By-law that will enforce compliance to prevent vandalism of infrastructure should also be fast-tracked and be finalised by 30 November 2015.
- f) Ensure that a model to guide municipalities to explore alternative ways of generating energy without overloading the Eskom grid is finalised by 30 November 2015.
- g) Enforce public education and awareness programmes in order to prevent illegal connections; however by laws must be enforced where necessary.
- h) Provide a progress report on the two (2) Traditional Council Offices to be built in the 3<sup>rd</sup> quarter of the 2015/16 financial year and on the four (4) Traditional Councils Offices that have been supported with infrastructure development at Chief Albert Luthuli Local Municipality (Ebutsini and Mpsikazi); Mbombela Local Municipality (Lomshiyo) and at Bushbuckridge Local Municipality (Mnisi) during 2013/14 financial year by 30 November 2015.

- i) Submit a progress report on the policy reforms by the Department of Rural Development and Land Reform so as to expedite the issuing of title deeds before 30 November 2015.

***A progress report must be submitted to the Legislature on or before 30 November 2015.***

## **9. CONCLUSION**

The Chairperson wishes to express his gratitude to the MEC RM Mtshweni; the HOD, representatives from SALGA and the senior officials of the Department of Co-operative Governance and Traditional Affairs for their active involvement during the deliberations of the first quarterly report of the Department.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations and also thank the Legislature staff for the support they provided to the Committee during the deliberations.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations.



**HON. WT MADILENG  
CHAIRPERSON: PORTFOLIO COMMITTEE ON  
HUMAN SETTLEMENTS AND CO-OPERATIVE GOVERNANCE &  
TRADITIONAL AFFAIRS**

30/10/2015  
**DATE**