

# **REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN RELATION TO THE 2<sup>ND</sup> QUARTERLY REPORT HELD ON 03 DECEMBER 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 2<sup>nd</sup> quarterly report of the Department of Co-operative Governance and Traditional Affairs (the department) for the 2015/16 financial year, reporting period July – September 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 2<sup>nd</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.

The Committee interacted with the Department during the deliberations, which were held on 03 December 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), Provincial Service Commission (PSC) and House of Traditional Leaders (HTL) were invited to the meeting. Subsequently, the Committee considered and adopted its report on 17 February 2016.

### **3. GENERAL OBSERVATIONS BY THE COMMITTEE ON 2<sup>nd</sup> QUARTERLY REPORT**

- ❖ The Department has managed to spend R 239 526 000 i.e. 54.0 % which is 4.0 % above the Treasury benchmark for the period under review and above the acceptable 2% over-expenditure.
- ❖ The Committee commended the Department for producing quality reports to the Committee.
- ❖ The Department submitted updated progress report on the 1<sup>st</sup> quarterly report of 2015/16 financial year.
- ❖ The Committee congratulated the Department for the achievement of the Southern African Institute of Government Auditors (SAIGA) Award and obtained clean audit from the Auditor General.

### **4. OBSERVATIONS ON THE BUDGET EXPENDITURE**

The Committee considered the department's 2<sup>nd</sup> quarterly expenditure trend and made the following observations:

### Expenditure summary per Programme during the 2<sup>nd</sup> quarter

R'000	Main Budget 2015/16 (R'000)	Actual to end of September 2015 – (R'000)	Outcome % Budget	Projections from September –March 2015	(Over)/under spending	%(Over)/Under spending
<b>Programmes</b>						
Administration	111 771	51 472	46 %	56 299	-	0.0 %
Local Governance	152 978	76 932	50.3 %	76 046	-	0.0 %
Development & Planning	61 860	27 338	44.2%	44 022	-9 500	-15.4 %
Traditional Institutional Management	100 811	74 752	74.2%	68 509	-42 450	-42.1 %
The House of Traditional Leaders	16 478	9 032	54.8%	7 446	-	0.0 %
<b>Total</b>	<b>443 898</b>	<b>239 526</b>	<b>54.0%</b>	<b>256 322</b>	<b>(51 950)</b>	<b>-11.7 %</b>
<b>Economic Classification</b>						
Compensation of employees	352 207	173 217	49.2 %	178 990	-	0.0%
Goods & Services	63 234	30 568	48.3%	32 317	349	0.6%
Total transfers & subsidies	21 493	17 005	79.1%	12 938	(8 450)	-39.3%
Payment for Capital Assets	6 964	18 387	264%	32 077	(43 500)	-624.6%
<b>Total</b>	<b>443 898</b>	<b>239 526</b>	<b>54.0%</b>	<b>256 322</b>	<b>(51 950)</b>	<b>-11.7%</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. The Committee further noted that the above table shows that Programme 4: Traditional Institutional Management has overspent by 24.2 % which exceeded the 50 % of the Treasury bench-mark; Programme 5: House of Traditional Leaders also over spent by 4.8 % which also exceeded the 50 % Treasury bench-mark whereas Programme 1: Administration has underspent by 4 % failing to reach the Treasury bench mark of 50 %.

The Committee further noted that the table above on economic classification, the highest over –spenders are payment for capital assets which is at 269 % and total transfers and subsidies is at 79 % which are both above the Treasury bench-mark of 50 % whereas the compensation of employees and goods and services are below the 50 % Treasury bench-mark.

The Committee requested the Department to provide a detailed explanation for failing to spend within the Treasury bench mark of 50 %. In its response the Department reported that it has spent above the 50 percent benchmark due to the payment of transfers to Traditional Councils for traditional ceremonies (Ummemo) and construction of offices to the four (4) Traditional Councils. Transfers for traditional ceremonies were increased from R60 000 to R200 000 in the current financial year while a roll over was requested for the completion of traditional council offices.

The Department further reported that the additional funding for transfers will be provided during the November budget adjustment period and the expenditure will accordingly be within the correct benchmark thereafter.

The Committee further wanted an explanation as to what extent did the underspending affect or compromise service delivery especially with regard to Programme 3: Development and Planning. The Department responded by indicating that the under-expenditure did not in any way compromise service delivery as the Programme managed to achieve 100% of its set targets. The under expenditure is as a result of the budgeted non-filling of vacant posts, which is contributing to the under-expenditure.

## **5. OVERVIEW BY THE MEC**

The Honourable MEC appreciated the opportunity to appear before the Committee to report on the 2<sup>nd</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 110 targets during the period under review (2<sup>nd</sup> quarter) and managed to register an overall achievement of 91% (i.e. 100 targets achieved out of 110 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 implementation of the Back to Basics Programme through the Provincial Integrated Municipal Support Plan on administrative and management practices for all 21 municipalities;
- ❖ In order to improve skills of municipal officials the Department conducted an Infrastructure Assets management capacity building in municipalities;
- ❖ All 21 Municipalities were supported on the development of Organizational Performance Management System (OPMS) in order to monitor and assess Organizational Performance.
- ❖ In an effort to bring government services to the people, the Department facilitated 2 government services outreach programmes at Ka-Mhlushwa (Nkomazi municipality) and Bundu-Inn (Thembisile Hani municipality).
- ❖ 55 Survey services rendered in municipalities and 41 Development applications were processed.
- ❖ In contribution to the reduction of unemployment rate of the Province, 19 683 jobs have been maintained, 1 672 new jobs created through CWP and 120 job opportunities were maintained through youth waste management project.

- ❖ In order to assist municipalities in MIG spending the Department supported municipalities to register projects to the value of R1.7 billion which is 98% of the Municipal Infrastructure Grant.
- ❖ To enhance technical capacity in municipalities, the Department coordinated the Deployment of 95 Artisans from MISA in nine (9) municipalities namely: Bushbuckridge, Thaba Chweu, Dr JS Moroka, Thembisile Hani, Dipaleseng, Dr Pixley ka Isaka Seme, Govan Mbeki, Lekwa and Mkhondo local municipalities
- ❖ In order to sustain social cohesion in Traditional Communities the Department resolved 10 Traditional Land cases and three (3) Traditional community disputes.

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

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

After an overview by the MEC and briefing by the Head of Department (HOD) on the 2<sup>nd</sup> quarterly performance report, the Committee and the Auditor General appreciated the presentation. However, few issues were raised by the Committee and the Department was requested to submit written responses to the Committee in which the Department submitted the written responses on 03 December 2015.

The Committee wanted the Department to explain as to what extent the Department responded to the concerns of the Committee during the first quarter with regard to its failure to achieve the planned targets. In its response the Department reported that the concerns raised by the Committee were responded to. The Department developed an acceleration plan to achieve the un-achieved targets which were as follows;

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

The Department provided support to eleven Municipalities on the implementation of MPRA.

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

The Department has escalated the matter on the lack of commitment and cooperation by ward councilors to all Municipal Speakers. This intervention has yielded positive results and 340 ward committees were supported on the review and implementation of ward operational plans. This was an improvement from 98 ward committees supported on the review and implementation of ward operational plans in the first quarter.

**iii. Local Government Information Management System (LGIMS)**

Local Government Information Management System (LGIMS) has been replaced by the Municipal Infrastructure Programme Management Information System (MIPMIS). The Department is in the process of integrating the key elements of LGIMS into MIPMIS.

**iv. Provincial Performance Management System (PPMS) Framework developed.**

The Performance Management System (PMS) framework has been drafted and circulated to Municipalities for inputs. The Committee further wanted to know what corrective measures did the Department put in place to avoid the recurrence of non-achievement of planned targets. In its response the Department reported that, the Department has conducted planning sessions for the development of 2016/17 APP and has ensured that planned targets are within the Department's control in order to avoid the recurrence of non-achievement of planned targets.

**War Rooms**

The Committee appreciated the launch of all the war rooms as reported by the MEC.

## 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.

### Programme 1: Administration

<b>Corporate Services</b>	<b>Planned Targets</b>	<b>Actual Outputs</b>	<b>%</b>
Finance	4	4	100%
Human Resource Management	3	3	100 %
Legal Services	20	55	275%
Security Management	2	2	100%
Planning and Programme Management	3	3	100%
Communication & IT Support	2	2	100%
<b>Total</b>	<b>41</b>	<b>69</b>	<b>168%</b>

The Committee noted that the above shows the performance of the sub-programme on corporate services. Programme 1: Administration had total planned targets of 41 and 69 actual outputs which translate to 168 % during the period under review. The legal services has recorded an over achievement of its planned targets and there were no remarkable challenges that have been encountered except for the delay in the sitting of Exco for the approval hence the reviewed organizational has not yet been approved.

## 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.

**Programme 2: Local Governance**

Sub-programmes	Planned Targets	Actual Outputs	%
Municipal Administration	71	95	133.5%
Intergovernmental Relations	22	21	95.4%
Public Participation	423	31	7.3%
Capacity Development	24	7	29%
Municipal Monitoring Report and Evaluation	50	49	98%
Service Delivery Improvement	7	7	100%
<b>Total</b>	<b>573</b>	<b>210</b>	<b>37%</b>

The Committee noted that the above shows the summary of the planned targets and actual outputs under Programme 2. The Department provides support to municipalities through Programme 2: Local Governance.

Although some reasons as provided by the Department for non-achievement, are adequate, the Committee also noted with concern that the sub-programmes on public participation and capacity development have grossly under achieved their planned targets as it can be seen on the above table. The Committee further noted with concern that during the first quarter, the sub-programme on public participation failed to achieve all the planned targets for instance it merely attained 11.1% (i.e. total planned targets were 412 and actual outputs were 152).

By and large the performance of the programme during the first quarter was at 28.3 % (planned targets 537 and actual outputs were 1532 or 28.3 %).

### **Public Participation**

The Committee requested the Department to explain why the Department only managed to achieve 7.3 % of the planned targets on public participation. In its response, the Department reported that the non-achievement on the 402 Ward Committees supported on the implementation of ward operational plans. The Department further reported that the challenges were the implementation and reviewal of ward operational plans which led by councilors hence some councilors are not taking this process seriously. The Department has conducted workshops for reviewal and implementation of ward operational plans during the 1<sup>st</sup> and 2<sup>nd</sup> quarter in 18 Municipalities hence some councilors did not attend the workshop which led to the non-achievement.

### **Capacity Development**

The Committee enquired why capacity development only managed to achieve 29% of its planned targets. The Department reported that the Municipal Capacity Development managed to achieve all its planned targets.

The target of 21 Municipalities monitored on the implementation of WSPs was also achieved through the District Skills Development Facilitators' Forum held in the three (3) Districts for all 21 municipalities. Additional two (2) Analysis reports were compiled for municipalities at Gert Sibande and Ehlanzeni districts.

## **Municipal Administration**

The Committee noted that this sub-programme relates to output 6 namely administrative and financial viability of the Outcome 9. The sub-programme had 71 planned targets and achieved 95 actual outputs i.e. 133 %.

The Committee wanted to know why Mkhondo was not assessed. The Department in its response reported that Mkhondo did not attend the meeting where all Gert Sibande local municipalities were assessed. They were also invited to be part of the assessment in Nkangala but their information was not sufficient. Another meeting was convened to cover the gaps in their report, which has already taken place on 26 November 2015.

The Committee also enquired why there are no guidelines for the effectiveness and functionality of the TROIKA. In its response the Department reported that TROIKA functionality is not legislated, after consultation with SALGA a need for guidelines was identified and a draft TROIKA guideline framework has been developed. SALGA and COGTA are currently conducting workshops with municipalities to obtain their buy-in on the draft TROIKA guidelines and it is envisaged that they will be implemented as from March 2016.

## **Postponement of bylaws workshop**

The Committee requested the Department to provide reasons for the postponement of the municipal by-laws workshop at Dipaleseng.

In its response, the Department reported that the workshop was postponed due to an unforeseen and unplanned illegal strike that was organized by Dipaleseng Local Municipal workers. The workshop was then conducted on 30 November 2015.

### PROGRAMME 3: DEVELOPMENT AND PLANNING

The purpose of the programme is to facilitate and support integrated development planning at provincial level and within municipalities.

#### Development and Planning

Sub-Programmes	Planned Targets	Actual Outputs	%
Strategy Development, Research, Policy & Planning (IDP Coordination)	25	25	100%
Spatial Planning	43	43	100%
Land Use Management	2140	3200	112.4%
Local Economic Development	19102	21477	112.4%
Municipal Infrastructure Grant Programme	61	59	96.7%
Water Services	13	13	100%
Disaster Management	18	18	100%
<b>Total</b>	<b>21 402</b>	<b>24 835</b>	<b>116 %</b>

The Committee noted that that the Programme had the total planned targets of 21 402 and achieved the total actual outputs of 24 835 which translate to 116 %. The Department should be commended for the overall performance of Programme 3 although there is still room for improvement especially with regard to the sub-programme on Municipal Infrastructure Grant Programme which had the total planned targets of 61 and achieved 59 actual outputs which translates to 96.7%.

When comparing the performance of this programme during the period under review and its performance during the first quarter, an inference can be drawn to the fact that the department was consistent in terms of its performance since it managed to sustain the achievement of planned targets i.e. the achievement of planned targets was above the range of 100% in both quarters even when one focuses on the individual sub-programmes.

## **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.

### **Traditional Institution Management**

<b>Sub-Programmes</b>	<b>Planned Targets</b>	<b>Actual Outputs</b>	<b>%</b>
Traditional Institutional Administration	31	31	100%
Traditional Resource Administration	29	39	134%
Rural Development Facilitation	32	32	100%
Traditional Land Administration	23	27	117.3%
<b>Total</b>	<b>115</b>	<b>129</b>	<b>112.1%</b>

The Committee noted that the Programme had 115 planned targets and achieved 129 (112.1%) total planned targets. Under the sub-programme: Traditional Resource Administration and Traditional Land Administration sub-programmes have over achieved their planned targets. Programme 4: Traditional Institution Management has shown an improvement in terms of the achievement of planned targets. For instance, during the first quarter the overall percentage was 110.3 % which shows a 1.8% over achievement.

## **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.

### Programme 5: House of Traditional Leaders

Sub-Programmes	Planned Targets	Actual Outputs	%
Office of the Chairperson	14	11	78.5%
Office of the Secretary	6	5	83%
Research, Policy Development & Planning	5	5	100%
Legal Services	4	4	100%
Committees	7	7	100%
Local Houses	4	4	100%
<b>Total</b>	<b>40</b>	<b>36</b>	<b>90%</b>

The Committee noted that the programme had a total of 40 planned targets and achieved 36 (90 %) outputs. Only two sub-programmes that have achieved below 100% of their planned targets as can be seen on the above table. Overall Programme 5: House of Traditional Leaders showed a decrease of 4.7 % in terms of the achievement of the planned targets when comparing the period under review and the first quarter.

The Committee requested the Department to provide an explanation for the decrease in terms of the regression on the achievement of planned targets for Programme 5. In its response, the Department reported that the Traditional Leaders Indaba was postponed due to pressures within the Executive House of Traditional Leaders.

The Department also reported that one (1) Outreach Programme on service delivery in Traditional Communities was postponed due to pressures within the Executive House of Traditional Leaders and 1 Oversight report on Provincial Health Programmes on health campaigns on HIV and AIDS.

The Committee further wanted to know what corrective measures has the Department put in place to prevent the recurrence of this decrease in the attainment of planned targets. 1 Traditional Indaba Convened Traditional Leaders Indaba will be convened on 13 to 14 December 2015; 1 Outreach Programme on service delivery in Traditional

Communities. The Committee further noted that the Outreach Programme on service delivery to Traditional Communities was convened on 30 November to 01 December 2015 at Nkangala and Gert-Sibande Districts and 1 Oversight report on Provincial Health Programmes on health campaigns on HIV and AIDS.

## 7. FINDINGS

After the interaction, the Committee found that the Department:

- a) Has a challenge in spending the budget within the allocated resources.
- b) Has spent above the 50 percent benchmark due to the payment of transfers to Traditional Councils for traditional ceremonies (Ummemo) and construction of offices to the four (4) Traditional Councils.
- c) Has overspent by 242% which is also exceeded the benchmark of 50% on Programme 4 – Traditional Institutional Management.
- d) The Capital of Assets was the highest spender by 269%, while transfers and subsidies was at 79% which both are above the 50% benchmark.
- e) Illegal connections are still a challenge to municipalities in servicing the current debt.
- f) The Department still has a challenge of qualified artisans and not fully assisting in capacitating the District municipalities.
- g) 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.

## **8. RECOMMENDATIONS**

The Committee recommends that the Department must:

- a) Adhere to the Treasury benchmark of 50% spending.
- b) Ensure that the Department finalise the construction of offices to the four (4) Traditional Councils.
- c) Strengthen the monitoring system to ensure that it complies with the 50% treasury benchmark.
- d) Strengthen the monitoring system to ensure that it complies with the 50% treasury benchmark.
- (e) Enforce public education and awareness programmes in order to prevent illegal connections; however by laws must be enforced where necessary.
- (f) Ensure that the Department assists in capacitating the District municipalities employ qualified artisans. The Department to provide a list of qualified artisans per district and those that are in higher institutions and the cost implication.
- (g) Introduce penalties for overspending municipalities. The use of Solar system must also be prioritized to prevent being overcharged by ESKOM. Ensure that a model to guide municipalities to explore alternative ways of generating energy without overloading the Eskom grid is finalised.

***A progress report must be submitted to the Legislature on or before 18 March 2016.***



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- (g) Introduce penalties for overspending municipalities. The use of Solar system must also be prioritized to prevent being overcharged by ESKOM. Ensure that a model to guide municipalities to explore alternative ways of generating energy without overloading the Eskom grid is finalised.

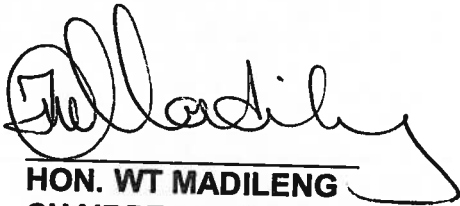
***A progress report must be submitted to the Legislature on or before 11 March 2016.***

## 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 second 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, CO-OPERATIVE GOVERNANCE AND**  
**TRADITIONAL AFFAIRS**

17/02/2016  
DATE