

REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN RELATION TO THE 3RD QUARTERLY REPORT OF THE DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA) – MEETING HELD ON 24 MARCH 2017

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 report of the department to the Speaker, within thirty (30) calendar days after the end of a quarter.

The Committee considered the 3rd quarterly report of the Department of Co-operative Governance and Traditional Affairs (the department) for the 2016/17 financial year, reporting period October – December 2016. Interaction with the Department was aimed at assessing the Department's performance for the quarter.

2. METHOD OF WORK

The Honourable Speaker referred the 3rd 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 07 March 2017, the Committee was briefed by the researcher on the 3rd quarterly report of the Department. The Committee interacted with the Department during the deliberations, which were held on 24 March 2017. The analysis questions were sent to the Department and the written responses were submitted to the Legislature.

The Head of Department (HOD), Mr PT Nyoni led the delegation together with 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 29 March 2017.

3. GENERAL OBSERVATIONS BY THE COMMITTEE ON 3RD QUARTERLY REPORT

- ❖ The MEC, Ms RM Mtshweni has tendered an apology due to ill health.
- ❖ The 3rd quarterly report of the Department is aligned with its 2016/2017 Annual Performance Plan.
- ❖ The Department spent **R 364 728 000** or 59.2 % from the budget of **R616 606 000** during this quarter.

4. ANALYSIS ON THE BUDGET EXPENDITURE

The Committee considered the department's 3rd quarterly expenditure. The table below reflects the Departmental spending per programme. The Department has spent **R364 728 000** or 59.2% from the budget of **R616 606 000**

Expenditure summary per Programme during the 3rd quarter

R'000	Adjusted Budget 2016/17 (R'000)	Actual to end of December 2016 – (R'000)	Outcome % Budget	Projections to end of March 2017	(Over)/under spending	%(Over)/Under spending
Programmes						
1. Administration	118 952	89 822	75.5%	29 130	-	0.0 %
2. Local Governance	172 635	126 635	73.4 %	45 853	-	0.0 %
3. Development & Planning	151 145	45 512	30.1%	105 633	-	0.0 %
4. Traditional Institutional Management	153 892	89 229	58%	64 663	-	0.0%
5. The House of Traditional Leaders	19 982	13 383	67.0%	6 599	-	0.0 %
Total	616 606	364 728	59.2%	251 878	-	0.0 %
Economic Classification						
1. Compensation of employees	360 266	262 699	72.9%	97 567	-	0.0%
2. Goods & Services	111 466	61 077	54.8%	50 389	-	0.0%
3. Total transfers & subsidies	78 346	20 373	26.0 %	57 973	-	0.0%
4. Payment for Capital Asset	66 528	20 579	55.5 %	20 360	-	0.0%
Total	616 606	364 728	59.2%	251 878	-	0.0%

The Committee noted that the above table shows that R616 606 000 was appropriated to the Department of Co-operative Governance and Traditional Affairs and spent R 364 728 000 i.e. 59.2%.

Nine (9) Months Expenditure – 2016/17: R'000

Months	Projections	Variable Projections	Actual Expenditure	Cash Transfer
1. April	45 355	45 385	34 847	45 384
2. May	38 083	45 026	37 875	38 083
3. June	40 016	42 301	38 387	40 016
4. July	40 981	38 106	39 635	41 672

5. August	39 779	40 674	46 494	39 779
6. September	51 909	44 105	42 389	52 600
7. October	41 418	41 839	38 646	41 418
8. November	40 014	43 851	43 930	35 552
9. December	38 429	42 938	42 524	54 020
Total	375 984	384 225	364 727	388 525

The Committee also noted that the above table shows the variance between the projection of **R375 984 000** and the actual expenditure of **R364 727 000** amounts to **R11 257 000** that translates to 2.9 % whereas the variance between the cash transfer of **R388 525 000** and the actual expenditure of **R364 727 000** amounts to **R23 798 000** which translates to 6.1%.

The Committee wanted to know why the Department spent less than the projected amount of **R375 984 000**. In its response, the Department reported that it had received an additional amount of **R118 500 000** for Disaster Relief material, procurement of Tractors and Implements for Traditional Councils and Electrification of Households projects during the 2016/17 Adjustment Budget which contributed to the under expenditure as at the end of the third quarter; the delivery of Disaster Relief Materials, procurement of Tractors & Farming Implements and the Electrification of Households Project could not be finalized hence the low levels of spending within the affected programmes. The Committee also wanted an explanation on corrective measures that the Department has put in place to prevent such deviations from the projected amount. The Department indicated that it has instructed the appointed service provider for Disaster Relief Materials to ensure that the final delivery is made by end of February 2017.

The Procurement processes for appointment of service providers for Electrification of Households Projects as well as the supply and delivery of Tractors & Farming Implements of the Traditional Councils were finalized in January 2017 and February 2017 respectively. The Department has further instructed the service providers to accelerate the implementation of the projects and delivery of the Tractors and Implements during the last quarter. The Agricultural Tractors will be delivered by the end of the 2016/17 financial year and the remainder of the tractors will be delivered in the 2017/18 financial year.

SUMMARY OF THE NINE (9) MONTHS PERFORMANCE OF THE DEPARTMENT

The Committee also noted that in summary the performance of the Department was more or less similar with the first, second and third quarters when compared in the following Table as per the Planned Targets (PT) and Actual Output (AO)

Performance of the department in comparison over a Nine (9) Months Period

Programmes	First Quarter Overall Performance	Second Quarter Overall Performance	Third Quarter Overall Performance
1. Administration	91 % (PT: 11 – AO:10)	100% (PT: 20 - AO:21)	100% (PT13 – AO:13)
2. Local Governance	100% (PT:19 – AO:19)	100% (PT:31- AO:31)	100% (PT25 – AO:25)
3. Development & Planning	100% (PT:31 – AO:31)	100% (PT:31- AO:31)	103% (PT32 - AO:33)
4. Traditional Institutional Management	100% (PT:05 - AO:05)	100% (PT:11 – AO:11)	100% (PT 11 - AO: 11)
5. House of Traditional Leaders	81.8% (PT:11- AO:09)	107 % (PT: 15 – AO:16)	100% (PT 10 – AO:10)

5. PRESENTATION BY HEAD OF THE DEPARTMENT (HOD) AND INTERACTION ON THE MAIN PROGRAMMES

The HOD, Mr TP Nyoni briefed the Committee on the Departmental performance on the financials and non-financials. The HOD presented the 3rd quarterly report, to the Committee. After the presentation, the Committee welcomed the presentation and interacted on it programme by programme.

5.1. PROGRAMME 1: ADMINISTRATION

The purpose of the Programme is to provide overall political, strategic and administration support and management to all unit and programmes of the department in terms of political guidance, strategic management, risk management, legal services, financial management, security management, human resource management, transversal services, planning and programme management and communication and IT services in accordance with applicable Acts and policies of the department.

Programme 1: Administration

Corporate Services	Planned Targets	Actual Outputs	%
1. Office of HOD	1	1	100%
2. Finance	4	4	100%
3. Human Resource Management	1	1	100 %
4. Legal Services	2	2	100%
5. Security Management	1	1	100%
6. Planning and Programme Management	2	2	100%
7. Communication & IT Support	2	2	100%
Total	13	13	100%

The Committee noted the performance of the sub-programmes. Programme 1: Administration that the Department has achieved all 13 planned targets which translate to 100 % of its total planned targets during the period under review. The Committee commended the Department for the 100% achievement.

5.2. PROGRAMME 2: LOCAL GOVERNANCE

The aim of the programme is to strengthen the administrative and financial capacity of municipalities as well as deepening democracy at local level in order to ensure that Municipalities perform their developmental responsibilities.

Programme 2: Local Governance

Sub-programmes	Planned Targets	Actual Outputs	%
1. Municipal Administration	10	10	100%
2. Intergovernmental Relations	02	02	100%
3. Public Participation	03	03	100%
4. Capacity Development	02	02	100%
5. Municipal Monitoring Report and Evaluation	04	04	100%
6. Service Delivery Improvement	04	04	100%
Total	25	25	100%

The Committee noted that the above table that shows the summary of the planned targets and actual outputs under Programme 2. The Department provides support to municipalities through Programme 2: Local Governance. The Committee further noted that of the total of planned targets of 25, the Department has achieved actual outputs of 25 which translate to 100%. The Committee commended the Department for the achievement.

Public Participation

The Committee noted that sub-programme 3, namely Public Participation had three (3) planned outputs and 3 actual outputs were achieved which translates to 100%; however, it is reported that Steve Tshwete Local Municipality had 29 wards and it also has 31 Community Development Workers (CDWs) yet 7 wards do not have CDWs.

The Committee requested an explanation on the distribution of CDWs in Steve Tshwete Local Municipality in particular. In its response the Department reported that thirty one (31) Community Development Workers (CDWs) have been appointed in 22 wards within Steve Tshwete Local Municipality; due to the vastness and scattered areas within some of the wards, the Department has appointed two CDWs to service one ward. The Department reported that the high staff turnover especially on CDWs and the moratorium on filling of vacant posts contributed to the vacancy and uneven distribution of CDWs in some of the wards within the Municipality.

The Committee further wanted to know why a municipality that has 29 Wards and 31 CDWs but still there are seven (7) Wards that do not have CDWs. The Department reported that the increase of the numbers of wards from 24 to 29 in Steve Tshwete Local Municipality without the appointment of additional CDWs since 2011 created vacancies in some of the wards. The Department reported that it is also in the process of finalizing its Organogram and will consider allocating additional responsibilities to some of the CDWs to service more than one ward.

The Committee wanted to know how the Department will ensure that municipalities will improve on community participation matters and that all community structures in the Operation Vuka Sisebente (OVS) Ward War Rooms will be done on a monthly basis; there will be increased community structures representatives participation in a form of OVS Ward Council of Stakeholders where monthly meetings and report back sessions to their structures will take place.

Audit Outcome

The Committee wanted to know how the Department will ensure that municipalities improve their audit outcomes to a level of clean audit. The Department reported that an integrated strategy approach in dealing with the negative audit outcomes has been developed and that the strategy involves all affected stakeholders which are the Department of COGTA, Provincial Treasury, SALGA and the District Municipalities.

The Department further reported that a multi-disciplinary team has been put together that will focus on various areas that require intervention in order to improve the audit outcomes of all affected municipalities within the Province. The Committee wanted to know if the Department conduct skills audit in municipalities. In its response the Department reported that Municipalities were assisted to conduct their own skills audit.

All municipalities have been provided with a Gap-skills tool to conduct their own skills audit and were trained on the tool. The Department will make follow-ups on the results of the skills audit conducted from Municipalities, and identified skills gaps for intervention. The Report will be submitted to the Committee by end of June.

5.3. PROGRAMME 3: DEVELOPMENT AND PLANNING

The purpose of the programme is to strengthen Municipalities on development and planning requirements as well as coordinating and enhancing the delivery of quality infrastructure to improve the provision of basic services at local government level.

Programme 3: Development and Planning

Sub-Programmes	Planned Targets	Actual Outputs	%
1. IDP Coordination	02	02	100%
2. Spatial Planning	04	04	100 %
3. Land Use Management	04	04	100%
4. Local Economic Development	05	06	120 %
5. Municipal Infrastructure	07	07	100%
6. Water Services	05	05	100%
7. Disaster Management	05	05	100%
Total	32	33	103%

Water Services

The Committee noted that the Programme had the total planned targets of 32 and achieved the total outputs of 33 which translate to 103%. The Committee also noted that sub-programme 6 which is Water Services shows that there were five (5) planned outputs and five (5) actual outputs were achieved at 100%.

The Committee raised a concern that during an oversight visit which was held at Newtown at Steve Tshwete Local Municipality, the Committee found that the pump station that is still under construction; the work has come to a standstill owing to the fact that there are still some critical legal issues to be addressed between Rand Water and the Municipality.

The Department reported that the project is not stalled; there is a slow progress in the finalization of the legal processes of the township establishment. However, the Steve Tshwete Local Municipality has to date approved the township establishment and further finalized the General Plan which was subsequently submitted to the Surveyor General for approval.

The Committee wanted to know the challenges that are hindering progress in the completion of the Newtown Project at Ward 17 and 27 in Steve Tshwete Local Municipality. The challenge that affects progress in particular the approval of the General Plan includes the following:

- ❖ Encroachment of General Plan on the adjacent farm portion which has since been rectified.
- ❖ Installation of services inconsistent with the General Plan which led to the withdrawal of the General Plan from the Surveyor General and the adjustment on the General Plan has since been completed and resubmission made to the Surveyor General.

The Department further reported that the Long-term lease registered over the farm on which the township is established is affecting the approval of the adjusted General Plan by the Surveyor General and under performance of the consultant in general. The Committee wanted to know the mechanism that has been put in place to avoid such challenges.

The Department has supported the Municipality to develop an acceleration plan which is being monitored on monthly basis. The Department is currently making follow ups with the Surveyor General to speed up the approval processes.

The Committee further wanted to know the cost implications for the delay in the completion of the Newtown project. The Department reported that there are no cost implications on the township establishment delays. The development of the Newtown project commenced in 2014 and would be completed by the end of August 2017.

Municipal Road Infrastructure

The Committee requested the Department to provide a radical mechanism that will assist all Local Municipalities to repair damaged municipal road infrastructure and seal the numerous potholes within the municipal road infrastructures. The Department reported that municipalities are encouraged to repair all reported potholes within 24 hours depending on the availability of funds.

The Department of COGTA together with the Department of Public Works Roads and Transport (PWR&T) and Local Municipalities have developed and implemented a joint road maintenance programme utilizing plants /equipment from both Provincial and Local Government. The Department of Co-operative Governance and Traditional Affairs (COGTA) co-ordinates municipalities to use the Municipal Infrastructure Grant (MIG) and Extended Public Works Programme (EPWP) Incentive grants to repair and reseal municipal road infrastructure.

The Provincial Treasury has been requested to ensure that there is at least eight (8) percent set aside by Municipalities as part of Operation and Maintenance budget. The Committee commended the Department for the 100% achievement of all the planned targets.

Integrated Development Plans (IDPs)

The Committee wanted to know how the Department will ensure that municipalities develop credible Integrated Development Plans (IDPs) which are based on long term plans. In response, the Department reported that the legislation requires that municipal IDPs are informed by long-term plans, the Department through the monitoring and support mandate which provides guidance and monitors the integration of long-term plans into IDPs. At the end of the development of IDP, the Department through section 32 of the Municipal Systems Act no 32 of 2000, will evaluate and recommend adjustment or amendment of any IDPs which are not based on long-term plans before endorsing its implementation.

Local Economic Development (LED)

The Committee wanted to know how the Department will ensure that municipalities support small business enterprises. In its response, the Department is currently monitoring three (3) Municipalities (Emalahleni, Nkomazi and Chief Albert Luthuli on the Red Tape Reduction Programme, which is supportive of local investments including small businesses. The Department is also technically supporting municipalities with the review of LED strategies, which serves as a guide in economic development including small business enterprises and skills development.

Water Services

The Committee noted with concern that the Department has a 100 % achievement of actual outputs and requested the Department to explain if this was a true reflection of the performance of this sub-programme in view of the fact that some reservoirs are still incomplete and communities are still complaining about the shortage of water.

Disaster Relief

The Committee wanted to know the turnaround time for disaster relief/disaster management. The Department in its response indicated that as a Department or the municipality all disaster incidents are attended to immediately, also depending on the severity and magnitude of the incident; it's not all incidents that are declared or needs intervention from the Department. However, the Department monitors whether an incident is declared on a National, Provincial or Municipal level.

5.4. PROGRAMME 4: TRADITIONAL INSTITUTION MANAGEMENT

The purpose of Programme 4 is to strengthen the institution of Traditional Leaders in order to fulfill its mandate through sound financial and administrative management of Traditional of Traditional Councils Programme comprise four sub-Programmes, namely, Traditional Institutional Administration; Rural Development Facilitation and Traditional Land Administration.

Programme 4: Traditional Institution Management

Sub-Programmes	Planned Targets	Actual Outputs	%
1. Traditional Institutional Administration	02	02	100%
2. Traditional Resource Administration	01	01	100%
3. Rural Development Facilitation	05	05	100%
4. Traditional Land Administration	03	03	100%
Total	11	11	100%

The Committee noted that the programme had eleven (11) planned targets and achieved 11 total planned targets. The Department is commended for the 100% achievement.

5.5. PROGRAMME 5: HOUSE OF TRADITIONAL LEADERS

The Mpumalanga House of Traditional Leaders (MPHTL) Programme performs an oversight function over Government Departments and Agencies pertaining service delivery projects and Programmes in Traditional Communities.

Programme 5: House of Traditional Leaders

Sub-Programmes	Planned Targets	Actual Outputs	%
1. Office of the Chairperson	01	01	100%
2. Office of the Secretary	03	03	100%
3. Research, Policy Development & Planning	-	-	-
4. Legal Services	02	02	100%
5. Committees	02	02	100%
6. Local Houses	02	02	100%
Total	10	10	100%

The Committee noted that the programme had a total of 10 planned targets and achieved 10 actual outputs. The Committee commended the Department for the 100% achievement.

6. FINDINGS

After the interaction, the Committee found that the department;

- (a) Under spent the budget by 6.1.% which amounts to **R 23 798 000**, on account of the late delivery of Disaster Relief Materials, procurement of Tractors & Farming Implements and the Electrification of Households Project could not be finalized hence the low levels of spending within the affected programmes.
- (b) Is in the process of finalising its Organogram and will consider allocating additional responsibilities to some of the Community Development Workers (CDWs) to service more than one ward.
- (c) The Development of the Newtown project commenced in 2014 and the expected completion date is August 2017.
- (d) Still has a challenge in assisting municipalities to attain clean audit.
- (e) Has requested the Provincial Treasury to ensure that there is at least eight (8) percent set aside by Municipalities as part of Operation and Maintenance budget.

7. RECOMMENDATIONS

The Committee recommends that the Department must:

- a) Ensure that the underspending of the budget does not occur in the next quarter and that the delivery of Disaster Relief Materials, procurement of Tractors & Farming Implements and the Electrification of Households Project is finalized in the next quarter. A progress report is required by 30 April 2017.
- b) Ensure that when finalising its Organogram every Ward should have a Community Development Worker (CDW) and a progress report to be submitted by 30 April 2017.

- c) Ensure that the Development of the Newtown project which commenced in 2014 is finalised as planned (August 2017). A progress report to be submitted on a quarterly basis.
- d) Effectively monitor the performance of the integrated strategy that will ensure clean audits to municipalities (which are not limited to stakeholders which are the Department of COGTA, Provincial Treasury, SALGA and the District Municipalities). A comprehensive report to be submitted by 30 April 2017.
- e) Must provide a detailed progress report by 30 April 2017 with regard to the request to Provincial Treasury in putting 8% aside for Municipalities as part of Operation and Maintenance budget.

A progress report must be submitted to the Legislature on or before 30 April 2017.

8. CONCLUSION

The Chairperson wishes to express his gratitude to the HOD, Mr. TP Nyoni, and the senior officials of the Department of Co-operative Governance and Traditional Affairs, for their active involvement during the deliberations of the 3rd 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**

29/03/2017
DATE