



# COGHSTA

**Department:  
Co-operative Governance,  
Human Settlements and Traditional Affairs  
NORTHERN CAPE**

## **Consolidated report on the performance of NORTHERN CAPE Municipalities**



**Section 47 Report for 2013 2014 financial year**



# FOREWORD FROM THE MEC

Ukukhulakukubonaizinto

This 2013/14 Consolidated Annual Municipal Performance Report reflects a thorough analysis and assessments of municipalities in the province highlighting areas in which progress has been achieved and remaining areas for improvement.

Local Government is by design the closest form of governance to the people, performance of municipalities is directly linked to the African National Congress's progressive commitment of improving people's lives.

## **Municipal Transformation and Organisational Development**

The optimal utilisation of the LGSETA to improve skills of municipal officials is commended, 30 out of 32 Municipalities submitted their workplace skills plan for allocation of grant. The skills levy enabled training of 585 learners in several needs-driven skills programme.

The filling of senior management positions lays a foundation for administrative stability in Municipalities. There are 120 managerial positions filled according to Section 57 of the Municipal Systems Act.

## **Basic Service Delivery**

The focal point of Municipalities is service delivery i.e. Provision of basic services i.e. safe portable water, adequate sanitation, refuse removal and electricity is a constitutional right.

- Total number of households having access to water is 240 511
- Total number of households having access to sanitation is 211 744

## **Local Economic Development**

Inclusive economic growth and job creation are at the epicentre of Local Economic Development. The LED Strategy, which is a developmental compass in municipalities has been adopted by ALL municipalities with LED forums in place to oversee the implementation process. The creation of job opportunities impacts positively to economic growth, the Extended Public Works Programme in 2013/2014 created 7535 job opportunities.

## **Financial Viability and Management**

The effectiveness of municipalities is determined by its financial viability, during the year 2013/2014 consumers owed 27 Municipalities R 2.6 Billion. The liquidity of municipalities is largely dependent on the ability of its debtors to meet their financial commitments. The Audit Outcomes 2013/14 financial year which had material finding could be improved by paying particular attention to:

- Supply Chain Management
- Quality of performance report
- Human Resource Management
- Quality of submitted financial statements
- Information Technology
- Financial Health

## **Public Participation**

The establishment of Ward Committees by virtue of Chapter 4 of the Municipal Systems Act ensures that citizens are able to participate in the decision-making process of the Municipality. Out of 186 Ward Committees, 175 are functional. All five district municipalities have Inter-Governmental Relations Structure for coordination and sharing of experiences

In conclusion, the compliance with section 47 of the Municipal Systems Act is a confirmation of adherence to the principles of accountability and transparency as envisaged in the constitution of the Republic with an intention of identifying under-performance and subsequently propose remedial action.

Chairman Mao once said: "It is hard for any political party or person to avoid mistakes, but we should make as few as possible. Once a mistake is made, we should correct it, and the more quickly and thoroughly the better."

Umzingisiakanashwa.

  
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**Mr Alvin Botes**  
**Member of the Executive Council**

## ACRONYMS

<b>ABET</b>	<b>Adult Basic Education and Training</b>
<b>ACIP</b>	Accelerated community infrastructure programme
<b>AFS</b>	Annual financial statement
<b>AG</b>	Auditor General
<b>ASGI-SA</b>	Accelerated and shared growth – South Africa
<b>ATR</b>	Annual training report
<b>CDW</b>	Community development worker
<b>CFL</b>	(Ripple control electricity)
<b>CFO</b>	Chief financial officer
<b>CIDB</b>	Construction industry development board
<b>CIP</b>	Comprehensive Infrastructure plan
<b>CoGHSTA</b>	Department of Cooperative Governance, Human Settlements & Traditional Affairs
<b>COGTA</b>	Department of Cooperative Governance, Human Settlements & Traditional Affairs of Republic of South Africa
<b>DBSA</b>	Development Bank of South Africa
<b>DENC</b>	Department of the environment and nature conservation, Northern Cape
<b>DGDS</b>	District growth & development plan
<b>DM</b>	District municipality
<b>DMA</b>	District management areas now incorporated into local municipalities
<b>DME</b>	Department of Minerals & Energy
<b>DTI</b>	Department of Trade and Industry
<b>DWA</b>	Department of Water Affairs
<b>EIA</b>	Environmental Impact Assessment
<b>EPWP</b>	Expanded Public Works Programme
<b>ES</b>	Equitable share of local government
<b>FBE</b>	Free Basic Energy
<b>FBS</b>	Free Basic Services
<b>FBW</b>	Free Basic Water
<b>FET</b>	Further education and training
<b>HH</b>	Households
<b>HOD</b>	Head of department
<b>HRD</b>	Human resources development
<b>IDP</b>	Integrated Development Plan
<b>IEC</b>	Independent electoral commission
<b>IGR</b>	Intergovernmental forum
<b>IMFO</b>	Institute of municipal finance officers
<b>IWA</b>	International water association
<b>IWMP</b>	Integrated waste management plan
<b>KI</b>	Kilolitre
<b>KPA</b>	Key performance area
<b>KPI</b>	Key performance indicator
<b>KwH</b>	Kilowatt hours
<b>LED</b>	Local Economic Development
<b>LGSETA</b>	Local Government Sector Education and Training Authority
<b>LLF</b>	Local Labour forum
<b>LM</b>	Local municipality
<b>MDB</b>	Municipal Demarcation Board
<b>MDB</b>	Municipal demarcation board
<b>MEC</b>	Member of Executive Committee
<b>MFMA</b>	Municipal financial management act
<b>MIG</b>	Municipal Infrastructure Grant
<b>MIIS</b>	Municipal Infrastructure Investment Policy and Strategy
<b>MISA</b>	Municipal infrastructure support agency
<b>MOU</b>	Memorandum of understanding
<b>MPAC</b>	Municipal public accounts committee

<b>MS1998</b>	Municipal structures act 1998
<b>MSA2000</b>	Municipal systems act 2000
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>MTEF</b>	Medium term expenditure framework
<b>MTI</b>	Municipal Training Institute
<b>MTREF</b>	Medium-term revenue and expenditure framework
<b>MWIG</b>	Municipal water infrastructure grant
<b>NCOP</b>	National Council of provinces
<b>NRW</b>	Non-revenue water
<b>O&amp;M</b>	Operation and maintenance
<b>OTP</b>	Office of the Premier
<b>PDI</b>	Previously disadvantaged person
<b>PDMC</b>	Provincial disaster management centre
<b>PGDS</b>	Provincial growth & development plan
<b>PICC</b>	Presidential infrastructure coordinating commission
<b>PIG</b>	Provincial Infrastructure Grant
<b>PMITT</b>	Provincial municipality infrastructure task team
<b>PMS</b>	Performance Management System
<b>PMU</b>	Project management unit
<b>PPPFA</b>	Preferential procurement policy framework act
<b>PSP</b>	Professional Service Provider
<b>PT</b>	Provincial Treasury
<b>PT</b>	Provincial treasury
<b>PWSC</b>	Provincial Water Sector Committee
<b>RaLED</b>	Regional and local economic development
<b>RBPAAC</b>	Regional Business Plan Approval Committee
<b>RPL</b>	Recognition of prior learning
<b>RT</b>	Contracts
<b>S47</b>	Consolidated report on the performance of Northern Cape municipalities in terms of Section 47 of Local Government Municipal Systems Act (MSA)
<b>SAACE</b>	South African Association of Civil Engineers
<b>SALGA</b>	South Africa Local Government Association
<b>SAMDI</b>	Courses
<b>SAQA</b>	South African qualifications authority
<b>SCM</b>	Supply chain management
<b>SCOPA</b>	Standing committee on public accounts
<b>SDBIP</b>	Service delivery budget implementation plan
<b>SDBIP</b>	Services delivery budget implementation plan
<b>SDF</b>	Spatial development framework
<b>SDL</b>	Skills Development Levy
<b>SDM</b>	Service delivery model
<b>SETA</b>	Sector education and training authority
<b>SIP</b>	Strategic infrastructure project
<b>SLP</b>	Social and labour plan
<b>SMME</b>	Small, micro & medium enterprise
<b>SOE</b>	State-owned enterprise
<b>SPISYS</b>	Spatial planning and infrastructure system
<b>SPLUMB</b>	Spatial planning and land use management bill
<b>TC</b>	Traditional Council
<b>TISPP</b>	Target implementation support programme plan
<b>WSACDBP</b>	Water Service Authority Capacity Development Business Plan
<b>WSDP</b>	Water Services Development Plan
<b>WSP</b>	Workplace Skills Plan

## EXECUTIVE SUMMARY

Each year the MEC for Cooperative Governance, Human Settlements and Traditional Affairs must compile and submit to the Provincial Legislature and the Minister for Cooperative Governance, a consolidated report on the performance of municipalities in the province. Section 43 of the Local Government Systems Act instructs that key performance indicators (KPIs) for municipalities are reviewed annually, and Regulation 5(1) indicates that seven of these KPIs are compulsory. This report, which is a consolidated report of the Northern Cape municipalities' 2013/2014 financial year performance, is based on information obtained from the municipalities' annual performance reports, annual financial statements, budgets and IDP; reports from the Auditor General; reports from sector departments and entities such as MTI, LGSETA, MDB, STATSSA as well as CoGHSTA's own records.

The performance of Northern Cape municipalities during 2013/14 largely consolidated the substantial gains made during the two previous financial years. This trend becomes most noticeable when analysing the audit outcomes as determined by the Auditor-General. There has been a slight improvement over the last three financial years. However, the report of the Auditor-General also identified various challenges that still need to be addressed. Municipal governance needs to be improved, stronger leadership is required and effective financial and performance management needs to be adhered to. In addition, the Auditor-General identified various areas of non-compliance related to the submission of documents for auditing purposes, and those related to governance and compliance with laws and regulations.

In relation to the institutional capacity of municipalities, it is with great concern to note the high vacancy rate of Section 57 posts. At the end of 2013/14 financial year, on average 25% of positions at municipalities were vacant. The positions of Municipal Manager (MM) and Chief Financial Officer (CFO) were vacant at two municipalities. Four municipalities had the Municipal Manager post vacant; and the Chief Financial Officer position was vacant at five municipalities.

The minimum competency levels were not met at 20 out of 28 municipalities where the Municipal Manager position was filled, or at 20 out of 27 CFO positions filled. Although municipalities were given more than five years to meet competency requirements, 31 out of 32 Northern Cape municipalities applied to National Treasury for special merit cases and of these, five were favourably considered. Transformation at senior level remains a challenge, with gender imbalances being particularly pronounced as women account for only 22% of senior management positions.

From a financial perspective, municipalities within the Province experienced a worrying decline in overall liquidity ratios. Nineteen municipalities achieved lower than 1:00 in their acid test. This means that these municipalities do not have the ability to repay short-term debt incurred. Municipalities also continued to experience increasing dependence on government grants, with an overall level of reliance of 34% in 2014.

The Office of the Auditor General (AG) audited all but three municipalities' 2013/14 financial statements by the legislated date. The following audit outcomes were achieved, including the outcomes of the three late submissions:

- 11 Disclaimers
- 11 Qualified
- 8 Unqualified with findings
- 2 Unqualified with no findings

Indicators based on the 32 annual financial statements of municipalities at end June 2014 revealed that sixteen (16) municipalities ended 2013/2014 at a deficit. Sixteen (16) municipalities ended the year with more than R 10 million in surpluses.

Six municipalities, which included all the district municipalities, could not contain employee related costs to within 35% of expenditure. Most municipalities, with the exception of two municipalities, did not spend 10% of their operating budgets on repairs and maintenance. Fourteen municipalities (including the five districts) relied on grants and subsidies for more than 70% of the total revenue. 10.7% of conditional government grants and subsidies remained unspent of which five municipalities had more than 40% of these grants unspent. Three municipalities closed the financial year with a negative bank balance and 25 municipalities had less than three months cash coverage at the end of June 2014. This is worrying because it indicates that municipalities will not have sufficient cash available to sustain themselves for three months.

Consumers owed 27 municipalities over R 2.6 billion in 2013/14. Provision made for impairments amounted to R405 million. 49% of consumers owed debts for more than 90 days.

The Northern Cape COGHSTA received Section 46 reports from thirteen (13) municipalities for the 2013/14 financial year. Nineteen (19) municipalities submitted the 2013/14 annual performance reports with the Annual Financial Statements to the Auditor General on 31 August 2014 for auditing purposes. Twenty-six municipalities submitted annual reports to the department. Thirty (30) reporting municipalities submitted workplace skills plans and annual training reports. These same 30 municipalities complied with skills development levy requirements. Twenty-two (22) had training committees or skills development committees in place while eight relied on local labour forums to perform this function. MTI trained 1 288 learners in SETA and non-SETA related programs.

R 28 million was allocated for the Northern Cape in respect of MSIG and there was a rollover of R3.3 million from 2012/13. Ninety-two percent (92%) of the total allocation (allocation and roll-over) was spent as at 30 June 2014. Twenty-four municipalities had spent 100% of the grant.

Backlogs were addressed mainly through MIG and housing projects. Basic service backlogs in Northern Cape municipalities, which need to be addressed by 2014, were as follows:

- 29 937 (12%) households living in towns and villages did not have basic water supply within 200 meters of their homes
- 57 586 (22%) households did not have basic sanitation

All municipalities have been delivering FBS since 2003/2004. An estimated 42% of households received FBS. Free basic services delivered as follows:

- Free basic water to 45 048 households (16 municipalities reported)
- Free basic sanitation to 65 358 households (16 municipalities reported)
- Free basic electricity to 37 497 households (14 municipalities reported)
- Basic refuse removal to 44 058 households (14 municipalities reported)

Two (2) municipalities delivered more than the basic amount of 6 kl of water per household per month, which sets unsustainable precedents, as does the provision of free basic services to non-indigent households by one municipality that apply broad-based targeting. The cost of providing free basic services is approximately 24% of the equitable share and the cost of FBS packages ranged from R 248 to R 847 per household. Municipalities identified various challenges that hampered good governance practices, effective service delivery, regulatory compliance and financial management during 2013/14.

The total MIG allocation for 2013/14 for the Province was R493 million. By end of June 2014, 77% of the allocation had been spent. Five municipalities spent their full 2013/14 allocations. Fourteen municipalities received approval to roll over the balance of the 2012/13 allocations to the value of R98 million. At the end of June 2014, 77% of R98 million was spent.

All municipalities had an LED strategy although there were nine that had not been adopted or required review. However, only 15 municipalities had LED implementation plans. Functional LED forums were established in 18 municipalities, and 14 did not have a forum. Five municipalities had LED investment portfolios.

During 2013/14, EPWP projects were implemented in the Northern Cape creating 7535 job opportunities. However, less than half of the budgeted allocation of R 363 million was spent (32%).

Twenty-nine municipalities reported to have either a shared or own appointed audit committee in place whilst three municipalities did not have an audit committee. Thirty municipalities had internal audit units including those that shared services.

Twenty-nine municipalities reported that they use the audit committee to perform the functions of the performance audit committee.

Nineteen municipalities have established performance management systems and one, i.e. Kamiesberg had one although it was inadequate. Six municipalities indicated that they do not have systems in place; and in another seven information were not available.

Out of a total of 193 wards, seven ward committees were not established during the year under review. 175 wards committee deemed to be functional from a total of 186 ward committees established.



All municipalities had an IDP, although only 20 out of 32 municipalities submitted IDPs for analysis. CoGHSTA regarded thirty-one (31) IDPs as credible.

Twenty-four (24) municipalities had applicable disaster management frameworks and plans in place at the end of 2013/14.

Finally, it should be noted that the availability of data remained a challenge in the compilation of this report. This was largely due to different reporting formats, poor information management at municipal level and the lack of standardized reporting templates.

## TABLE OF CONTENT

Topic	Page No
Forward by the MEC	3
Acronyms	6
Executive Summary	8
List of Tables, Figures & Graphs	12
Legislative Overview	14
Structure of the Section 47 report	15
KPA 1: Municipal Transformation and Organisational Development	18
KPA 2: Basic Service Delivery	28
KPA 3: Local Economic Development	43
KPA 4: Financial Viability and Management	52
KPA 5: Good Governance and Public Participation	68
Cross Cutting Issues	77
Ranking of Performance of Municipalities	82
Source Documents	84

## LIST OF TABLES, FIGURES& GRAPHS

Name of Table, Figure or Graph	Page no
Table 1: Annual performance reports, annual reports and annual financial statements submitted to Northern Cape Province	15
Table 2: Oversight Report Process 2013/2014	16
Table 3: Summary of approved filled and vacant posts in all 32 Municipalities	17
Table 4: Managerial Positions according to Section 54 and 56 of the MSA and according to the organograms at end June 2014	17
Table 5: Section 54 posts filled and vacant	18
Table 6: Councillors and Mayors Positions at end June 2014	19
Table 7: By-elections	21
Table 8: Human Resource Management at end June 2014	21
Table 9: Levy compliance, Training Committee, HRD policies and submission of WSP/ART 2013/14	24
Table 10: MSIG 2013/14 Allocation and Expenditure	25
Table 11: Water backlogs	28
Table 12: Sanitation backlogs	29
Table 13: Number of households with access to electricity	30
Table 14: MWIG Programme	32
Table 15: Water Services Operational Subsidy Projects	32
Table 16: Capital Programmes in Frances Baard	33
Table 17: Khotso Pula Nala Projects in Namakwa	35
Table 18: Projects funded by Namakwa District Municipality	36
Table 19: Number and proportion of households receiving FBS	37
Table 20: Number of consumer units with basic services and number and proportion of households receiving free basic services by type of service in the Northern Cape in 2013/14.	38
Table 21: Amount of free basic services applied in the Northern Cape in 2013/14	39
Table 22: Cost of providing Free Basic Services 2013/14	39
Table 23: MIG Expenditure	40
Table 24: LED Strategies, Policies, Plans in place	43
Table 25: Attendance of LED engagement session, concerns and other notes	46
Table 26: Municipal spending of budgets	49
Table 27: Submission of 2013/14 Annual Budget	51
Table 28: Key measures to evaluate the state of municipal finances	52
Table 29: Operational Budget, Actual Revenue, Expenditure, Surplus / (Deficit)	53
Table 30: Over/Under spending of adjusted Capital Budget 2013/14 in R'000	54
Table 31: Cost of Employees and Expenditures on Repair and Maintenance	55
Table 32: Grants and Subsidies	57
Table 33: Creditors and Cash Equivalents	59
Table 34: Total Receivables from Exchange Transactions and Provisions for impairment	60
Table 35: Liquidity	62
Table 36: Finance Management Grant	63
Table 37: Audit Outcomes	64
Table 38: Assessment of 2013/14 audit action plans of Municipalities	65
Table 39: Audit committee and internal audit unit at municipalities as at end of June 2014	70
Table 40: Performance Management at municipalities as at end of June 2014	71
Table 41: Number of Ward Committees, payment, policies in place and functionality per municipality	73
Table 42: Functionality of Intergovernmental Structures	74
Table 43: Attendance of four working group meetings per municipality	75
Table 44: Council meetings	76
Table 45: Participation of sector departments and municipalities at the IDP assessment sessions	78
Table 46: Indicators used to rank municipalities	83
Figure 1: Water backlogs	27
Figure 2: Sanitation backlogs	29

Name of Table, Figure or Graph	Page no
Graph 1: Number of female Councillors at District level	20
Graph 2: 2012/13 vs. 2013/14 Audit Outcomes	65
Graph 3: Ranking of District Municipalities	83
Graph 4: Ranking of Local Municipalities	84

## LEGISLATIVE OVERVIEW

The Local Government Municipal Systems Act, 2000 established a framework for planning, performance-management systems, effective use of resources and organisational change in a business context. The Act also established a system for municipalities to report on their performance, and gives an opportunity to residents to compare this performance to the performance of other municipalities.

The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) is aimed at modernising municipal budgeting and financial management. It facilitates the development of a long-term municipal lending/bond market.

It also introduces a governance framework for separate entities created by municipalities and it fosters transparency at the Local Government sphere through budget and reporting requirements.

In terms of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000), all municipalities are required to prepare IDPs. Integrated development planning is a process by which municipalities prepare five-year strategic plans that are reviewed annually in consultation with communities and stakeholders. The aim is to achieve service delivery and development goals for municipal areas in an effective and sustainable way. National and provincial-sector departments, development agencies, private-sector bodies, non-governmental organisations and communities all have a key role to play in the preparation and implementation of municipal IDPs.

**This report is submitted in terms of Section 47 of the Municipal Systems Act (32 of 2000), which determines that:**

47. (1) *The MEC for Local Government must annually compile and submit to the provincial legislatures and the Minister consolidated report on the performance of municipalities in the province.*
- (2) *The report must—*
- (a) *identify municipalities that underperformed during the year;*
  - (b) *propose remedial action to be taken; and*
  - (c) *be published in the Provincial Gazette.*
- (3) *The MEC for Local Government must submit a copy of the report to the National Council of Provinces*

Hence, this report details:

- Actual performance achieved, which outlines the status and details which municipalities under-performed and those that performed well. Challenges experienced by municipalities are described.
- Intervention during 2013/14
- Remedial actions

The report was compiled with information collected from the 32 municipalities by means of Section 46 reports, annual reports, audit reports, integrated development plans, financial statements, sector reports, departmental and Provincial and National Treasury databases.

Wherever possible, data is presented by municipality. Gaps in tables represent missing information. Whilst reading the report, note that the text usually precedes the data table being discussed.

## STRUCTURE OF THIS S47 REPORT

The Section 47 report is structured according to the key performance areas (KPAs) that need to be addressed. These are:

- **KPA 1: Municipal Transformation and Organisational Development**  
Staffing and Management, human resource development, performance management etc.
- **KPA 2: Basic Service Delivery**  
Households with access to basic services, status of indigents households, provision of free basic services, status of sector plans, etc.
- **KPA 3: Local Economic Development**  
Development and implementation of LED and poverty alleviation strategies, etc.
- **KPA 4: Municipal Financial Viability and Management**  
Status of municipal compliance measured by audit and financial reporting, budgets, financial viability, debt management, etc.
- **KPA 5: Good Governance and Public Participation**  
Status of ward committees, status of community development workers, status of public participation, IGR, etc.
- **Cross-cutting Issues**  
Integrated development planning, spatial development and disaster management

For each KPA the following is detailed:

- Actual performance achieved in 2013/14 including challenges experienced
- Interventions during 2013/14
- Remedial actions

### Cautions

In reading this report, please take note of the following important information:

- The Section 46 reports were generally poorly populated. Little information was provided under a number of headings especially with regards to staffing levels, positions filled, employment equity, EPWP, service delivery backlogs, etc.
- The credibility of the information in the Section 46 reports is questionable. For example, data provided on the number of posts within a specific municipality. If one counts all the posts according to the various job levels, the total number does not correspond. Data on service delivery backlogs were poorly populated. If data was provided, it did not distinguish between formal and informal households.
- Limited information was provided as part of the narrative description of the municipality i.e. its performance, challenges and interventions. However, those annual performance reports that made qualitative statements were summarised and included in this report.
- Financial viability data is based on the municipalities' 2013/2014 financial statements. Because municipal financial statements were not all in the same format, there were instances where it was difficult to compare the same items across municipalities. In cases where ambiguity may exist, please refer to the individual municipality's financial statement.
- An attempt was made to ensure that the data tables in this report are for the status quo, as at end June 2013, however it should be noted that in some instances such data was not available. In those cases the data closest to this date was sourced.
- Conclusions and observations were made in good faith and role players should investigate the feasibility before implementing interventions.

### Submission of Reports

The purpose of the annual performance report is:

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates
- To provide a report on the performance in service delivery and budget implementation of the financial year
- To promote accountability of the local community for the decisions made through the year by the municipality or municipal entity
- To reduce the additional reporting requirements that will otherwise arise from government departments, monitoring agencies and financial institutions

The Northern Cape COGHSTA received Annual Reports from twenty-seven (27) Northern Cape municipalities for the 2013/14 financial year. Most municipalities tended to submit after the MPAC oversight process because the oversight report formed part of this report. However, various reasons caused delays, which meant that reports were always submitted during April to June. The reports for Siyancuma, Renosterberg, Ubuntu, Kareeberg and Thembelihle municipalities are still outstanding. Kgatelopele resubmitted the 2012/13 report. This is a decline from the 2012/13 financial year during which only 29 municipalities submitted their Annual Reports to the department.

It should be noted that the MFMA stipulates strict deadlines for when the various reports/statements must be submitted. A municipality must submit an annual report including the final annual financial statement and an annual performance report to the Auditor General for auditing purposes by 31 August. However most municipalities just finalise the Annual Performance Report according to section 46 of the MSA and submit it to the Office of the Auditor General. Out of the 32 municipalities in the province, only 19 submitted their Annual Performance Reports with the Annual Financial Statements to the Office of the Auditor General.

Budgetary constraints limited the support that could be provided by CoGHSTA. The lack of champions in municipalities to drive the process of compiling the annual reports is noted.

**Table 1: Annual performance reports, annual reports and annual financial statements submitted to Northern Cape Province**

	Name of Municipality	Date of Tabling		Resolution Number	Date of Submission to AG	Date of submission of Annual Report to Province
		MSA s46	MFMA s121	MFMA s121		
Frances Baard	Frances Baard	Yes	10/12/2014	COUN 02/12/2014	31 August 2014	20/04/
	Dikgatlong	Not submitted	29/01/2015	2/5/2015	31 August 2014	Date not available
	Magareng	Not submitted	No information	No information	31 August 2014	02/07/2015
	Phokwane	Yes	28/01/2015	No information	31 August 2014	29/06/2015
	Sol-Plaatje	Not submitted	28/01/2015	C01/01/2015	31 August 2014	18/06/2015
John Taolo Gaetsewe	JT Gaetsewe	Yes	No information	6.2.28/08/2014	31 August 2014	29/08/2014
	Gamagara	Yes	31/01/2015	7.1	31 August 2014	10/04/2015
	Ga-Segonyana	Not submitted	30/01/2015	Resno3/2015/01/30	31 August 2014	06/08/2015
	Joe Morolong	Yes	29/01/2015	161/2014/15	31 August 2014	02/04/2015
ZF Mgcawu	ZF Mgcawu	Not submitted	31/01/2015	9.1	31 August 2014	06/02/2015
	Kaif Garib	Yes	31/01/2015	6.2	31 August 2014	29/01/2015
	Kgatelopele	Not submitted	Not submitted	Not submitted	05 September 2014	29/01/2015
	//Khara Hais	Yes	27/01/2015	12/01/2015	31 August 2014	09/07/2015
	IKheis	Not submitted	No information	No information	31 August 2014	Date not available
	Mier	Not submitted	No information	No information	31 August 2014	24/06/2015
	Tsantsabane	Not submitted	No information	No Information	31 August 2014	25/01/2015
Namakwa	Namakwa	Yes	22/01/2015	5.3	31 August 2014	16/02/2015
	Hantam	No	29/01/2015	6 of 2015	31 August 2014	16/02/2015 (02/09/2015)
	Kamiesberg	Yes	22/01/2015	SRVN-22/01/2015	31 August 2014	16/02/2015
	Karoo Hoogland	Not submitted	27/01/2015	No.2	29 August 2014	28/01/2015
	Khai-Ma	Not submitted	28/01/2015	5.1	31 August 2014	22/06/2015
	Nama Khoi	Yes	18/03/2015	SRVN006/03/2015	31 August 2014	June 2015
	Richtersveld	Yes	23/01/2015 09/02/2015	RVN 021/01/2015 RVN 008/02/2015	31 August 2014	10/07/2015
Pixley Ka Seme	Pixley Ka Seme	Yes	30/01/2015	R2015-01-30(8.3)	31 August 2014	May 2015
	Emthanjeni	Not submitted	11/12/2015	Item no. 10.1	31 August 2014	02/07/2015
	Kareeberg	Not submitted	No information	No information	29 August 2014	Not submitted
	Renosterberg	Not submitted	Not submitted	Not submitted	31 August 2014	Not submitted
	Siyancuma	Not submitted	Not submitted	Not submitted	31 August 2014	Not submitted
	Siyathemba	Not submitted	No information	No information	31 August 2014	20/04/2015
	Thembelihle	Not submitted	Not submitted	Not submitted	29 August 2014	Not submitted
	Ubuntu	Not submitted	Not submitted	Not submitted	31 August 2014	Not submitted
	Umsobomvu	Yes	30/01/2015	1/1/2015	31 August 2014	20/02/2015

Municipalities still finalise and table the Annual Report at the end of January. This means that they can only finalise the oversight process at the end of March as stipulated in the MFMA.

The submission of the Oversight Reports to the department is still a problem. Municipalities do not fully comply with section 129 of the MFMA. There seems to be a problem in the functioning of the Municipal Public Accounts Committees of municipalities.

**Table 2: Oversight Report Process 2013/2014**

	Name of Municipality	Has the municipality tabled the 13/14 oversight report to council	Date of Tabling	Council Resolution Number	Has the oversight report been Published	Date published	Did the municipality submit the Annual report and Oversight report to the Legislature
Frances Baard	Frances Baard	Yes	23/03/2015	COUN 01 03/2015	No information	No information	No information
	Dikgatlong	Not submitted	Not information	No information	No information	No information	No information
	Magareng	Not submitted	No information	No information	No information	No information	No information
	Phokwane	Not submitted	No information	No information	No information	No information	No information
	Sol-Plaatje	Yes	30/03/2015	No information	No information	No information	No information
John Taolo Gaetsewe	John Taolo Gaetsewe	Not submitted	No information	No information	No information	No information	No information
	Gamagara	Yes	20/03/2015	No information	Yes	30/03/2015	30/03/2015
	Ga-Segonyane	Not submitted	No information	No information	No information	No information	No information
	Joe Morolong	Yes	20/03/2015	204/2014/15	Yes	30/03/2015	30/03/2015
Namakwa	Namakwa	Not submitted	No information	No information	No information	No information	No information
	Hantam	Yes	28/05/2015	No information	No information	No information	No information
	Kamiesberg	Yes	No information	No information	No information	No information	No information
	Karoo Hoogland	Not submitted	No information	No information	No information	No information	No information
	Khai-Ma	Not submitted	No information	No information	No information	No information	No information
	Nama Khoi	Yes	30/03/2015	No information	No information	No information	No information
	Richtersveld	Not submitted	No information	No information	No information	No information	No information
Pixley Ka Seme	Pixley Ka Seme	Yes	30/03/2015	No information	Yes	04/02/2015	31/03/2015
	Emthanjeni	Yes	11/02/2015	No information	Yes	13/02/2015	No information
	Kareeberg	Not submitted	Not submitted	Not information	No information	No information	No information
	Renosterberg	Not submitted	Not submitted	No information	No information	No information	No information
	Siyancoma	Not submitted	Not submitted	No information	No information	No information	No information
	Siyathemba	Not submitted	Not submitted	Not information	No information	No information	No information
	Thembelihle	Not submitted	Not submitted	No information	No information	No information	No information
	Ubuntu	Not submitted	Not submitted	No information	No information	No information	No information
	Umsobomvu	Yes	31/03/2015	Not submitted	No information	No information	No information
ZF Mgcawu	ZF Mgcawu	Not submitted	Not submitted	Not information	No information	No information	No information
	!Kheis	Yes	31/03/2015	Not submitted	Not information	No information	No information
	//Khara Hais	Not submitted	Not submitted	Not information	No information	No information	No information
	Kai! Garib	Yes	31/03/2015		Yes	17/04/2015	02/04/2015
	Kgatelopele	Yes	Not submitted	Not information	No information	No information	No information
	Mier	Not submitted	Not submitted	No information	No information	No information	No information
	Tsantsabane	Yes	27(30)/03/2015	Not submitted	No information	No information	No information



## KPA1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

### Staffing and Management Profile

#### Actual performance achieved

Municipalities need to have the necessary skills, experience and capacity to fulfil their responsibilities and exercise functions and powers. Reforms in financial and performance management have also resulted in a higher level of competency requirements for municipal managers, chief financial officers, supply chain officials and other senior managers.

At the end of June 2014 there were an overall 5 934 posts at municipalities in the Northern Cape of which 17% were vacant. This is a slight increase over the previous year where it was at 15%. The number of part-time positions declined and the number of full-time positions declined to a total 4 896. It is worth noting that the following municipalities did not report in their annual reports or did not fully report the status of employment in their municipalities, i.e. John Taolo Gaetsewe, Ga-Segonyana, Namakwa, Nama Khoi and Magareng.

The below table indicates a summary of the filled and vacant posts as per different levels in Municipalities

**Table 3: Summary of approved filled and vacant posts in all 32 Municipalities**

Employment Positions including Managers	2012	2013	2014
Full Time	6 924	7 608	4 896
Part Time	761	482	34
Total Filled	<b>7685</b>	<b>8 090</b>	<b>4 930</b>
Vacant Posts	1 230	1 380	1 004
Total including vacancies	8 915	9 470	5 934
% Vacancies	<b>14%</b>	<b>15%</b>	<b>17%</b>

Twenty-seven (27) municipalities reported the number of employees in their annual reports. Based on the monitoring data of the department, the vacancy rate in the municipalities in the province dropped to less than one percent. All part time positions seem to have been done away with in the departments.

There were 120 managerial positions filled according to Section 57 of MSA in 2014, compared to 117 in the previous year. This figure does not equal the amount of managerial positions specified in the organisational structures i.e. 162 in 2014. The vacancy rate of managerial positions according to section 57 of MSA was 41 or 25% of the total posts filled. Of the 120 filled positions, 25 (or 21%) were filled by female managers in 2014.

**Table 4: Managerial Positions according to Section 54 and 56 of the MSA and according to the organograms at end June 2014**

Details	Male/Female	Managerial positions according to Sec 54 (a) and 56 of MSA			Managerial positions according to the Organogram		
		2012	2013	2014	2012	2013	2014
Full time							
	Male	73	76	32	175	196	93
	Female	19	25	11	44	51	25
Part time	Male	8	13	63	6	6	0
	Female	3	3	14	0	0	0
Total Filled		<b>103</b>	<b>117</b>	<b>120</b>	<b>225</b>	<b>253</b>	<b>118</b>
Vacant posts		45	31	41	40	56	44
Total Including Vacancies		<b>148</b>	<b>148</b>	<b>161</b>	<b>265</b>	<b>309</b>	<b>162</b>
% Vacancies		30%	21%	25%	15%	18%	27%
% Female Full time		21%	25%	9%	20%	21%	21%
% Female Part time		27%	19%	12%	0%	0%	0%

Instability in the administrative leadership may threaten the financial health of a municipality. National Treasury is generally concerned when the position of Municipal Manager is vacant because accountability is therewith diluted. It is thus critical to ensure that the post of Municipal Manager is filled and that the necessary performance agreements and contracts are in place. Four (4) Municipal Managers were in acting positions at the end of June 2014.

The Chief Financial Officer position is another critical position in the municipal structure. At the end of June 2014, four CFOs were in acting positions at Northern Cape municipalities of which one was at a district municipality. CFO positions that were vacant according to the Auditor General were all vacant for more than six months. Only two municipalities i.e. Renosterberg and Mierhad both the Municipal Manager and CFO positions acting at the end of June 2014.

The number of positions in which the Municipal Managers were acting decreased from nine in 2013 to four in 2014 and the CFO's decreased from eight (2013) to five in 2014.

In 2007, National Treasury issued regulations regarding minimum competency levels required of Municipal Managers, Chief Financial Officers, Senior Managers, Supply Chain Management officials and other financial officials. Twenty (20) out of 28 municipalities with the position of Municipal Manager filled, did not have a Municipal Manager with the required competency. Twenty out of 27 CFO positions filled, did not have the required competency. All municipalities were given over 5 years to implement the competency requirements and to meet the deadline on 1 January 2013. However, in September 2012, National Treasury invited municipalities to make applications in seeking consideration to delay the enforcement of the provisions outlined under Regulations 15 and 18 and extension for compliance with the regulations was given until September 2015.

Thirty-one (31) out of 32 Northern Cape municipalities made application for special merit cases and of these five were favourably considered whilst 26 had outstanding supporting information.

The numerous senior municipal officials in the province that do not have the required competencies indicate that the province struggles to attract skilled human resources to its large rural areas. It was also stated that municipalities in these areas could not afford to pay the salaries offered by municipalities in urban areas.

**Table 5: Section 54 posts filled and vacant**

	Municipality	Section 54 posts established	Managers were appointed to S54 A(2A) and 56(1)(c)	Vacancies to S54 A(2A) and 56(1)(c)	Met Prescribed competency required by R6 & 7
Frances Baard	Dikgatlong	5	MM, CFO, Technical Services	Develop & Planning, Corporate Services	Yes, MM
	Frances Baard	5	MM	CFO, Planning and Development, Infrastructure, Admin	No info
	Magareng	5	MM, Technical and Corporate Services	CFO, Community Services	Yes, Corporate & Technical Services Managers
	Phokwane	5	MM, CFO, Infrastructure & Human Settlements, Planning & Operations	Corporate Services	Yes, MM
	Sol-Plaatje	6	MM, CFO, Community Social Development, Social Economic Development and Planning, Technical Infrastructure	Corporate Services	No info
John Taolo Gaetsewe	Gamagara	6	MM, CFO, Community, Strategic, Technical and Corporate Services	None	Yes, CFO & Technical Services Managers
	Ga-Segonyana	5	MM, CFO, Community, Technical and Corporate Services	None	Yes, MM & Corporate Services Managers
	Joe Morolong	6	MM, CFO, Community, Technical, Corporate Services, Development Planning	None	No info
	JT Gaetsewe	7	MM, CFO, Community, Basic Service and Infrastructure, Internal Audit, Corporate Services, LED	None	Yes, Corporate & CFO Managers
Namakwa	Hantam	5	MM, CFO, Community and Corporate Services	Technical Services	Yes, Community & Corporate Services Managers
	Kamiesberg	5	MM, CFO, Technical and Corporate Services	Develop & Planning	No info
	Karoo	4	MM, CFO	Technical and Corporate Services	No info

	Municipality	Section 54 posts established	Managers were appointed to S54 A(2A) and 56(1)(c)	Vacancies to S54 A(2A) and 56(1)(c)	Met Prescribed competency required by R6 & 7
	Hoogland				
	Khai-Ma	5	CFO	MM, Technical, Corporate Services, LED	No info
	Nama Khoi	7	CFO, Internal Audit, Technical and Corporate Services	MM, Community Services, Planning and Development	Yes, Technical & Internal Audit Managers
	Namakwa	5	MM, CFO, Econ.Development&Infrastructure, Office of MM, Corporate Services	None	Yes, Corporate Services Manager
	Richtersveld	5	MM, Technical, Corporate Services, LED/IDP, CFO	None	No info
Pixley Ka Seme	Emthanjeni	5	MM, CFO, Corporate, Community Services, Infrastructure	None	No info
	Kareeberg	4	MM, CFO, Corporate Services, COO	None	Yes, all Managers
	Pixley Ka Seme	5	MM, CFO, Corporate, Technical and Shared Services	None	Yes, all Managers
	Renosterberg	4	4 of 4 vacant	MM, CFO, Corporate and Technical Services	
	Siyancuma	4	MM, CFO, Corporate & Community, Technical Services	None	Yes, MM & CFO
	Siyathemba	4	MM, Corporate	CFO, Technical Services	No info
	Thembelihle	5	MM, CFO, Technical Services	Corporate Services, Development and Planning	No info
	Ubuntu	4	MM, CFO, Technical Services	Corporate Services	Yes, MM, Technical & CFO
	Umsobomvu	4	MM, CFO, Technical and Corporate Services	None	Yes, all Managers
ZF Mgcawu	!Kheis	5	MM, CFO, Technical and Corporate Services	Community Services	No info
	//Khara Hais	7	MM, CFO, Development Studies, Technical and Corporate Services	Civil Engineering, Development and Planning	Yes, Development Services Manager
	Kai! Garib	5	MM, CFO, Development Planning and Corporate Services	Technical Services	No info
	Kgatelopele	4	MM, CFO, Technical Services	Corporate Services	No info
	Mier	6	6 of 6 vacant	MM, CFO, Corporate & Community, Technical Services, Development Planning	No info
	Tsantsabane	5	MM, CFO, Technical Corporate and Community Services	None	No info
	ZF Mgcawu	4	MM, CFO, Municipal Support Services, Corporate Services	None	No info

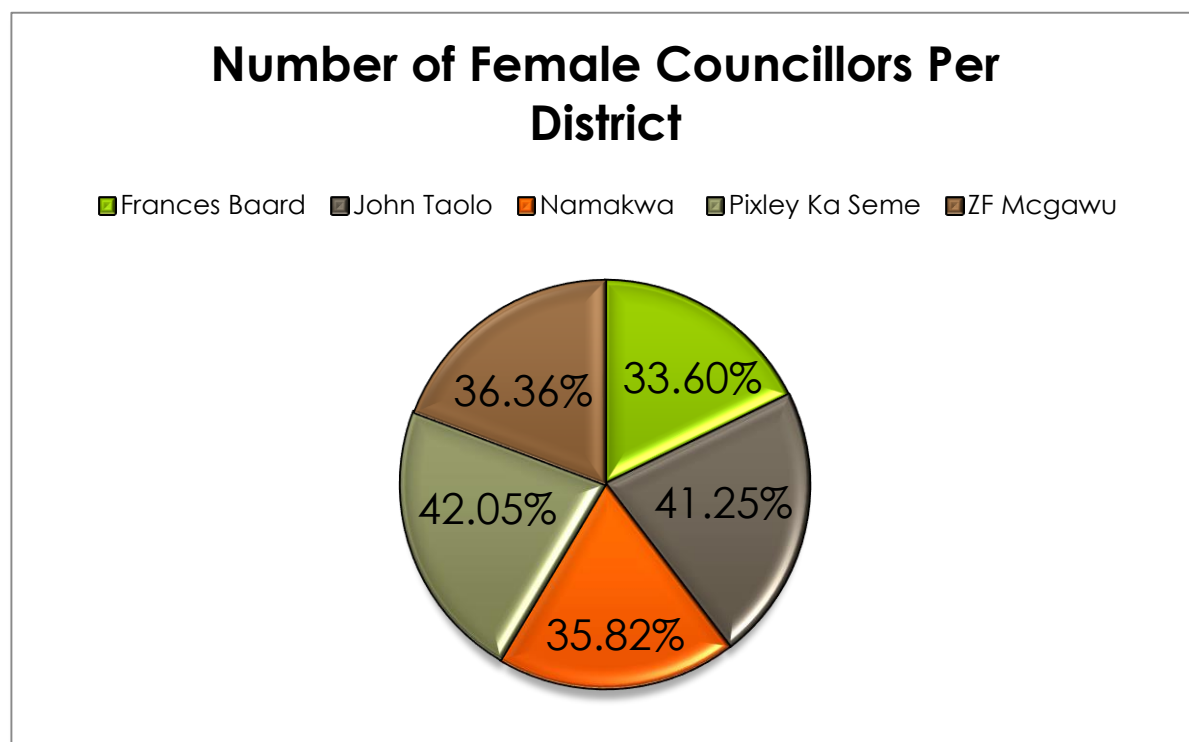
There were a total of 471 councillor positions filled at the end of 2014 in municipalities across the Northern Cape. Female representation of councillors was 37.4%, overall. There were 10 female and 22 male mayors at the end of June 2014.

**Table 6: Councillors and Mayors Positions at end June 2014**

	Municipality	Type of Council	No of Councillors	No of wards
Frances Baard	Frances Baard District	Mayoral Executive	27	
	Sol Plaatje	Mayoral Executive	62	31
	Dikgatlong	Plenary Executive	13	7
	Magareng	Plenary Executive	9	5
	Phokwane	Collective Executive	18	9
	<b>Total</b>		<b>129</b>	<b>52</b>
John Taolo Gaetsewe	John Taolo Gaetsewe	Mayoral Executive	20	
	Ga-Segonyana	Collective Executive	25	13
	Gamagara	Plenary Executive	10	5
	Joe Morolong	Collective Executive	29	15
	<b>Total</b>		<b>84</b>	<b>33</b>
Namatjan	Namakwa District Municipality	Mayoral Executive	15	
	Richtersveld	Plenary Executive	8	4

	Municipality	Type of Council	No of Councillors	No of wards
	Nama Khoi	Collective Executive	17	9
	Kamiesberg	Plenary Executive	7	4
	Hantam	Plenary Executive	9	5
	Karoo Hoogland	Plenary Executive	7	4
	Khai Ma	Plenary Executive	7	4
	<b>Total</b>		<b>70</b>	<b>30</b>
Pixley Ka Seme	Pixley Ka Seme District	Mayoral Executive	18	
	Ubuntu	Plenary Executive	8	4
	Umsobomvu	Plenary Executive	10	5
	Emthanjeni	Collective Executive	14	7
	Kareeberg	Plenary Executive	7	4
	Renosterberg	Plenary Executive	7	4
	Siyathemba	Plenary Executive	7	4
	Thembelihle	Plenary Executive	8	4
	Siyancuma	Plenary Executive	11	6
	<b>Total</b>		<b>90</b>	<b>38</b>
ZF Mgcawu	ZF Mgcawu	Mayoral Executive	21	
	Mier	Plenary Executive	7	4
	Kai!Garib	Collective Executive	17	9
	//Khara Hais	Collective Executive	27	14
	Kheis	Plenary Executive	7	4
	Tsantsabane	Plenary Executive	11	6
	Kgatelopele	Plenary Executive	8	4
	<b>Total</b>		<b>98</b>	<b>41</b>
<b>Grand Total</b>			<b>471</b>	<b>164</b>

**Graph 1: Number of Female Councillors per District**



**Table 7: By-elections**

Date of By-election	Municipality	Winner	Party	Voter Turnout
2013/04/24	Kheis	One councillor resigned	Independent	73.33%
2013/05/22	Nama Khoi	One councillor resigned	ANC	72.26%
2013/11/27	Gamagara	One councillor resigned	ANC	57.73%
2013/11/27	Sol Plaatje	Vacancy due to the death of a councillor	ANC	28.18%
2014/02/19	Kgatelopele	Vacancy due to the death of a councillor	ANC	54.29%

The above table represents the by-elections that were held in the 2013/14 to fill the vacant councillor positions that became available in the relevant wards of municipalities. Only 5 municipalities had vacancies during the financial year. Two of the vacancies were as a result of the passing on of the councillors, another 3 was as a result of the resignation of the councillors.

**Table 8: Human Resource Management at end June 2014**

	Municipality	Section 54 posts established	Signed Performance Agreements as required by S57 of MSA	Adopted system/Policies/ Procedures to M & E performance of Staff (S67(d))
Frances Baard	Dikgatlong	5	Yes	No
	Frances Baard	5	Yes	No info
	Magareng	5	No	17 policies adopted
	Phokwane	5	No	No info
	Sol-Plaatje	6	Yes	19 policies adopted
John Taolo Gaetsewe	Gamagara	6	Yes	No info
	Ga-Segonyana	5	Yes	11 policies adopted
	Joe Morolong	6	Yes	41 policies
	JT Gaetsewe	7	Yes	30 adopted policies
Namakwa	Hantam	5	4 of 5 submitted	1 policy adopted
	Kamiesberg	5	4 of 5 submitted	No
	Karoo Hoogland	4	No info	3 policies adopted
	Khai-Ma	5	No info	No
	Nama Khoi	7	3 of 7 submitted	11 policies adopted
	Namakwa	5	Yes	11 policies adopted
	Richtersveld	5	No	18 policies adopted
Pixley Ka Seme	Emthanjeni	5	Yes	2 policies adopted
	Kareeberg	4	Yes	1 policy adopted
	Pixley Ka Seme	5	4 of 5 submitted	17 policies adopted
	Renosterberg	4	No info	No info
	Siyancuma	4	3 of 4 submitted	9 policies adopted
	Siyathemba	4	1 of 4 submitted	No
	Thembelihle	5	2 of 5 submitted	4 policies adopted
	Ubuntu	4	No	No
	Umsobomvu	4	Yes	3 policies
ZF Mgcawu	!Kheis	5	3 of 5 submitted	No
	//Khara Hais	7	4 of 7 submitted	2 policies adopted
	Kai! Garib	5	No info	25 policies adopted
	Kgatelopele	4		17 policies adopted
	Mier	6	No	3 policies adopted
	Tsantsabane	5	Yes	No
	ZF Mgcawu	4	3 of 4 submitted	1 policy adopted

The Auditor General commented that some of the findings on human resource management with regards to Northern Cape municipalities at the end of 2014 include amongst others:

- Signed performance agreements were not in place for senior managers and municipal managers
- Competencies of key financial reporting personnel were inadequate and not assessed timeously
- Senior managers acted in positions for more than three months
- Ninety-four senior managers did have performance agreements.

### Skills Levy and Training

The Northern Cape Province consists of 27 local municipalities and 5 district municipalities. Training in the municipal sector is desperately needed, yet insufficient funding for training is stifling the implementation of the envisaged programmes. The Northern Cape Government has tried to pre-empt the capacity building problems in the province by creating The Municipal Training and Development Institute (MTI).

The Municipal Training and Development Institute (MTI) was created by the Provincial Legislature to coordinate and capacitate municipalities in the Northern Cape by providing needs-driven action-oriented training to strengthen and improve service delivery. MTI is registered as an Educational Trust and a Non-Profit Organisation. Its stakeholders include the South African Local Government Association – Northern Cape (SALGA NC), the Department of Cooperative Governance Human Settlements and Traditional Affairs (COGHSTA) and the Department of Education (DoE) and the two most representative unions in local government (SAMWU AND IMATU). The idea underlying this institute was to ensure collaborative coordinating of training; and to ensure that there was no overlapping or repetition of courses presented by all stakeholders thereby ensuring maximum capacity building. In addition to this, the stakeholders would offer financial support and other required support where able to in order to strengthen MTI's role for capacity building.

MTI's aim is to coordinate and capacitate councillors and officials of the 32 municipalities in the Northern Cape by providing needs-driven action-oriented training to strengthen and improve service delivery. Most of the municipalities in the Northern Cape lack the necessary financial resources to meet its service delivery obligations due to the poverty of its community. Therefore, MTI focuses on the training needs that the municipality could not address in the short to medium term and developed a business plan that was based on the needs taken from the Workplace Skills Plans (WSP) of the municipalities.

Funding from the LGSETA was secured by contract in September 2011 for a total of R3, 3 million based on a business plan that had been submitted to the LGSETA in October 2010. This business plan was aligned to the core functions of the LGSETA. The training programmes were rolled-out until March 2013. This was the 2<sup>nd</sup> discretionary grant project MTI successfully concluded for LGSETA. This institute has also proven its delivery abilities and financial records have shown 10 years of unqualified audits since 2004.

Two Memorandums of Understanding (MOUs) were signed between SALGA NC and MTI since 2008 to encourage municipalities to use MTI as their first port of call for training. Personnel at municipalities are often too busy to source training at affordable prices for employees – especially if there are fewer than 10 employees needing training. MTI was created for this purpose to assist and support municipalities.

Unfortunately, in reality no financial assistance has been forthcoming from stakeholders. If MTI receives the necessary support and funding, it can become the primary vehicle to drive capacity building in the Northern Cape and offer training interventions at a reduced rate to the municipalities. Training has an integral role to play with regard to improved service delivery. It is thus the vision of the province that MTI continues to receive the necessary support to assist municipalities with capacity building and to eventually grow into the Provincial Public Service Academy.

### Challenges faced

- Delay in the start with the LGSETA allocating MTI the funds (3 year delay for approval of the submitted business plan).
- The business plan jointly developed by SALGA NC and MTI that was submitted to the LGSETA on 6 November 2013 still has a response pending.
- MTI submitted a Welding Business Plan to the MERSETA. Subsequent meetings with the Client Relations Manager provided no progress with regard to the submitted business plan. Funding for this business plan was denied.
- MTI together with the Office of the Premier (OTP) developed a business plan for discretionary grant funding for the municipalities. This business plan was hand delivered to the LGSETA on 7 November 2014. The funding was granted to the OTP. MTI still continues to assist the OTP despite not being awarded any funding from this business plan.
- The LGSETA had promised MTI funding of R250 000.00 for the rollout of project management training for 50 municipal officials. This project has not been finalised.



- Compiling additional business plans at this stage could result in repeating training needs until a formal written response is received from the SETA's to plan a way forward.
- There are limited funding sources available.
- Municipalities and other stakeholders do not always adhere to the time deadlines.
- Not all learners attend all phases scheduled for the different training sessions. Reasons for these withdrawals include illness, accidents, work commitments; resignations; and no interest in receiving training.
- The challenge to find good accredited training providers for all the training.
- Not all learners have completed and submitted their Portfolios of Evidence.
- Learners do not realise the importance and the associated implications of not completing and submitting their Portfolios of Evidence.
- Not all rolled-out programmes were accredited.
- Learners often do not receive the necessary support from their municipalities to effectively implement training.
- Target group must have minimum required criteria.
- The correct target group should always be identified for a particular training programme.
- Municipalities do not respond when requested after MTI responded to their training request. This often results in the training not being rolled-out as scheduled.
- The SETA's slow response to the providers results in a serious delay in the provisioning of certificates to the providers and then ultimately the learners.
- MTI is severely understaffed and in the process of undergoing change which will affect MTI's future, direction and focus. This is by no means a deterrent to the existing staff in their effort to assist municipalities and clients in any way possible.

### **Challenges successfully achieved**

- 100% delivery of the contract i.e. 585 learners trained in several needs-driven skills programmes.
- 1 July 2013 – 30 June 2014 the training statistics total 255 learners in 20 interventions (Not SETA related).
- 1 July 2014 – 30 June 2015 the training statistics total 246 learners in 34 interventions (Not SETA related).
- MTI constantly follows-up telephonically and electronically to ensure that all municipalities receive and respond to the communication from MTI.
- MTI has built up a good relationship over the years with the Skills Development Facilitators.
- MTI has a better chance of focussing on spending the grant than individual Municipalities do, as it is MTI's main function.
- MTI ensures that a good partnership is established and contractually agreed to with the training providers. This forms a good foundation for quality training and the effective delivery of good service to the learners.
- Programmes are customised and adjusted to ensure the needs of the target group are addressed within the confines of the accreditation requirements.
- Programmes are customised to ensure the Portfolios of Evidence are submitted on the final day of training. This prevents dropouts and ensures the completion of all training programmes. The achievement of the outcomes is determined sooner because the assessment occurs sooner.

### **Actual performance achieved**

#### **Workplace Skills Plans**

The Skills Development Act (No 97 of 1998) aims to provide an institutional framework to implement national, sector and workplace strategies to develop and improve the skills level of the South African workforce. The Act makes provision for the establishment of SETA's as institutional vehicles to implement the Skills Development Act and other related legislation. A SETA is obliged to "allocate grants in the prescribed manner to employers, education and training institutions and workers".

Workplace skills plans (WSP) must be submitted to the LGSETA each year by 30 June to qualify for grants. In recent years, there has been an improvement in the number of municipalities that submit their WSPs to the LGSETA in time. In 2012/2013 30 municipalities submitted on time. In 2013/14 again 30 municipalities submitted with Kgatelopele and Renosterberg still outstanding.

Furthermore, it was reported that these 30 municipalities that submitted workplace skills plans complied with the levy requirements. Twenty-four (24) municipalities had training committees or skills development committees in place, while eight relied on local labour forums (LLF) to perform this function. In 2013/2014, 18 municipalities indicated that they had human resource development policies, while two was drafting the policies. Ten (10) municipalities indicated that they did not have such a policy whilst two did not provide any data.

In the financial year under review, the LG Seta conducted SDF Quarterly Forums for all the municipalities in the province. WSP and ATR training was also provided to all municipalities in March, April and May. Road Traffic Management training was also conducted.

**Table 9: Levy compliance, Training Committee, HRD policies and submission of WSP/ART 2013/14**

	Municipality	Levy Compliance	Training/Skills Development Committee	HRD Policies	Signed	WSP/ATR Submission 13/14
Frances Baard	Dikgatlong	Yes	No	No	Yes	Yes
	Frances Baard	Yes	Yes	Yes	Yes	Yes
	Magareng	Yes	Yes	Yes	Yes	Yes
	Phokwane	Yes	Yes	Yes	No	Yes
	Sol Plaatje	Yes	Yes	Not completed	Yes	Yes
John Taolo Gaetsewe	Gamagara	Yes	No	No	Yes	Yes
	Ga-Segonyana	Yes	Yes	Yes	Yes	Yes
	Joe Morolong	Yes	Yes	Yes	Yes	Yes
	John Taolo Gaetsewe	Yes	Yes	Yes	Yes	Yes
Namakwa	Hantam	Yes	Yes	Yes	Yes	Yes
	Kamiesberg	Yes	Yes	No	No	Yes
	Karoo Hoogland	Yes	Yes	No	Yes	Yes
	Khai-Ma	Yes	Yes	Yes	Yes	Yes
	Nama Khoi	Yes	Yes	Yes	Yes	Yes
	Namakwa	Yes	Yes	No	Yes	Yes
	Richtersveld	Yes	Yes	No	Yes	Yes
Pixley Ka Seme	Emthanjeni	Yes	Yes	Not completed	Yes	Yes
	Kareeberg	Yes	Yes	No	Yes	Yes
	Pixley Ka Seme	Yes	Yes	Yes	Yes	Yes
	Renosterberg	No	No info	No info	No info	No
	Siyancuma	Yes	Yes	No	Yes	Yes
	Siyathemba	Yes	Yes	No	Yes	Yes
	Thembelihle	Yes	No	Yes	No	Yes
	Ubuntu	Yes	Yes	Yes	Yes	Yes
	Umsobomvu	Yes	No	Yes	No	Yes
ZF Mgqawu	!Kheis	Yes	Yes	No	No	Yes
	///Khara Hais	Yes	Yes	Yes	Yes	Yes
	Kai! Garib	Yes	Yes	Yes	Yes	Yes
	Kgatelopele	No	No info	No info	No info	No
	Mier	Yes	No	Yes	Yes	Yes
	Tsantsabane	Yes	No	Yes	No	Yes
	ZF Mgqawu	Yes	Yes	Yes	Yes	Yes
	Total number of responses	32	32	32	32	32
Total Yes		30	24	18	24	30

### Interventions during 2013/14

SALGA provided ICT training to 18 of the officials of some of the municipalities to enhance/strengthen their performance.



## Municipal Systems Improvement Grant (MSIG)

National government took steps in 2010/11 to streamline and focus capacity-building support efforts. The financial management grant and municipal systems improvement grant frameworks have been improved to remove overlaps and include conditions. Commitments and their deliverables were audited in line with the accountability arrangements in the Division of Revenue Act.

Government provides extensive capacity support to rural municipalities through a range of programmes, including the financial management grant, the MSIG, the MFIP, the infrastructure skills development grant and the MISA. These programmes target various aspects of local capacity, including revenue management and infrastructure spending. In some cases, capacity is built through resource allocations, while in others capacity is built through technical, hands-on transfer of skills or through formal competency training programmes. However, this differentiated approach to capacity building cannot always be linked to specific grant transfers but government strives to ensure that every municipality with capacity problems receives appropriate support. As part of this effort, the Municipal Infrastructure Support Agency is working to ensure that municipalities with high levels of under-spending on capital grants receive support to improve their planning and capital spending.

The MSIG is a conditional grant directed to local and district municipalities to support the implementation of new systems covered by the Municipal Systems Act, Municipal Structures Act and other related policy and legislation.

In 2013/14, the Northern Cape received a transfer of R 28,48 million and there was also a roll-over of R3,3 million from the 2012/13 financial year for Dikgatlong, Frances Baard, Phokwane, Ga-Segonyana, John Taolo Gaetsewe, Hantam, Kamiesberg, Khai-Ma, Nama Khoi, Namakwa, Pixley Ka Seme and !Kheis. The total grant amount for the financial year amounted to R31,78 million of which municipalities spent R29,269 million. This is 92% of the total grant that was available for the financial year.

Of the 32 municipalities, 25 municipalities spent 100% of the money allocated to them and Pixley Ka Seme spent more than what was allocated, the expenditure is at 146% in order to successfully complete the projects. Namakwa District Municipality spent below 1% of the grant that was available.

The inconsistency of reporting by the municipalities during the financial year makes the monitoring of grant difficult for DCOG as result the non-expenditure or poor expenditure only becomes evident at the end of the financial year. At that stage not much can be done to assist the municipalities to implement their project and spent the grant required.

Five (5) municipalities did not submit their monthly progress report to COGTA to indicate the progress of the projects and expenditure. Richtersveld, Namakwa, Nama Khoi, Thembelihle, Siyancuma and !Kheis were inconsistent in their reporting to DCOG, as a result the status of expenditure of the grant was unclear as at the end of June 2014. Ubuntu, Pixley Ka Seme, Kail! Garib, Tsantsabane, Joe Morolong, Gamagara and John Taolo Gaetsewe did not submit monthly reports to DCOG.

**Table 10: MSIG 2013/14 Allocation and Expenditure**

	Municipality	Roll Over 2012/13	Allocation 2013/14	Expenditure	% Expenditure
Frances Baard	Dikgatlong	53 496	890 000	943 496	100%
	Frances Baard	267 008	890 000	977 941	85%
	Magareng		890 000	890 000	100%
	Phokwane	343 183	890 000	1 233 183	100%
	Sol-Plaatje		890 000	890 000	100%
John Taolo Gaetsewe	Gamagara		890 000	890 000	100%
	Ga-Segonyane	141 796	890 000	564 061	55%
	Joe Morolong		890 000	890 000	100%
	JT Gaetsewe	1 643 621	890 000	2 533 621	100%
Namakwa	Hantam	121	890 000	890 121	100%
	Kamiesberg	372 678	890 000	786 651	62%
	Karoo Hoogland		890 000	890 000	100%
	Khai-Ma	431 418	890 000	846 214	64%
	Nama Khoi	5 176	890 000	890 176	100%
	Namakwa	5 115	890 000	2 454	0%
	Richtersveld		890 000	517 739	58%

	Municipality	Roll Over 2012/13	Allocation 2013/14	Expenditure	% Expenditure
Pixley Ka Seme	Emthanjeni		890 000	890 000	100%
	Kareeberg		890 000	890 000	100%
	Pixley Ka Seme	1 313	890 000	1 298 000	146%
	Renosterberg		890 000	890 000	100%
	Siyancuma		890 000	890 000	100%
	Siyathemba		890 000	890 000	100%
	Thembelihle		890 000	889 941	100%
	Ubuntu		890 000	890 000	100%
	Umsobomvu		890 000	890 000	100%
ZF Mgcawu	!Kheis	35 087	890 000	875 087	95%
	//Khara Hais		890 000	890 000	100%
	Kai! Garib		890 000	890 000	100%
	Kgatelopele		890 000	890 000	100%
	Mier		890 000	890 000	100%
	Tsantsabane		890 000	890 000	100%
	ZF Mgcawu		890 000	890 000	100%
<b>Total</b>		<b>3 300 012</b>	<b>28 480 000</b>	<b>29 268 685</b>	<b>92%</b>

## Remedial actions

The LGSETA provincial office impact will be heightened through a focus on greater stakeholder engagement. This will be achieved through:

- Expanding the presence of the SETA in the provinces.
- Applying a focus on increasing capacity within provincial offices.
- Heightening the focus on supporting skills development in weaker municipalities.
- Building on existing relationships and partnerships with FET colleges.
- Opening of satellite LGSETA offices to maximise reach and presence.
- Continuation of administrator road shows within the provinces.

Further remedial actions recommend by MTI included:

- MTI built up a good relationship over the years with the skills development facilitators.
- MTI had a better chance of focusing on spending the grant than individual Municipalities did as it is MTI's main function.
- MTI ensured that a good partnership was established and contractually agreed to with the training providers. This formed a good foundation for quality training and the effective delivery of good service to the learners.
- Programmes were customised and adjusted to ensure the needs of the target group were addressed within the confines of the accreditation requirements.
- Programmes were customised to ensure that portfolios of evidence were submitted on the final day of training. This prevented dropouts and ensured the completion of all training programmes.

There should also be a better coordination of capacity building initiatives within the province. Coghsta, SALGA and Provincial Treasury should find a workable approach to lead and direct the process in order to effect meaning impact in municipalities.

In this chapter, the Northern Cape municipalities' progress towards providing basic services, i.e. safe potable water, adequate sanitation and sewerage, refuse removal and electricity to the communities is detailed.

All Northern Cape local municipalities are responsible for providing services under the powers and functions allocated to them with regards to water, electricity, sewerage and sanitation and solid waste management. According to Statistics of South Africa, four municipalities have outsourced basic services for water, whilst 13 have done so for electricity.

## Household Water Supply

A total of 18 645 households living in towns and villages did not have potable water within 200m from their homes, of which 4 569 (25%) of these households were on formal stands and 14 076 (76%) were on informal stands. This reflects a 6% regression in addressing the water needs compared to the 2012/13 data.

[illegible]

Consolidated performance report 2013/14

Eleven municipalities are reported to have no water backlogs existing in their area of jurisdiction whilst 15 are reported to have eradicated backlogs on their formal erven.

**Table 11: Water backlogs**

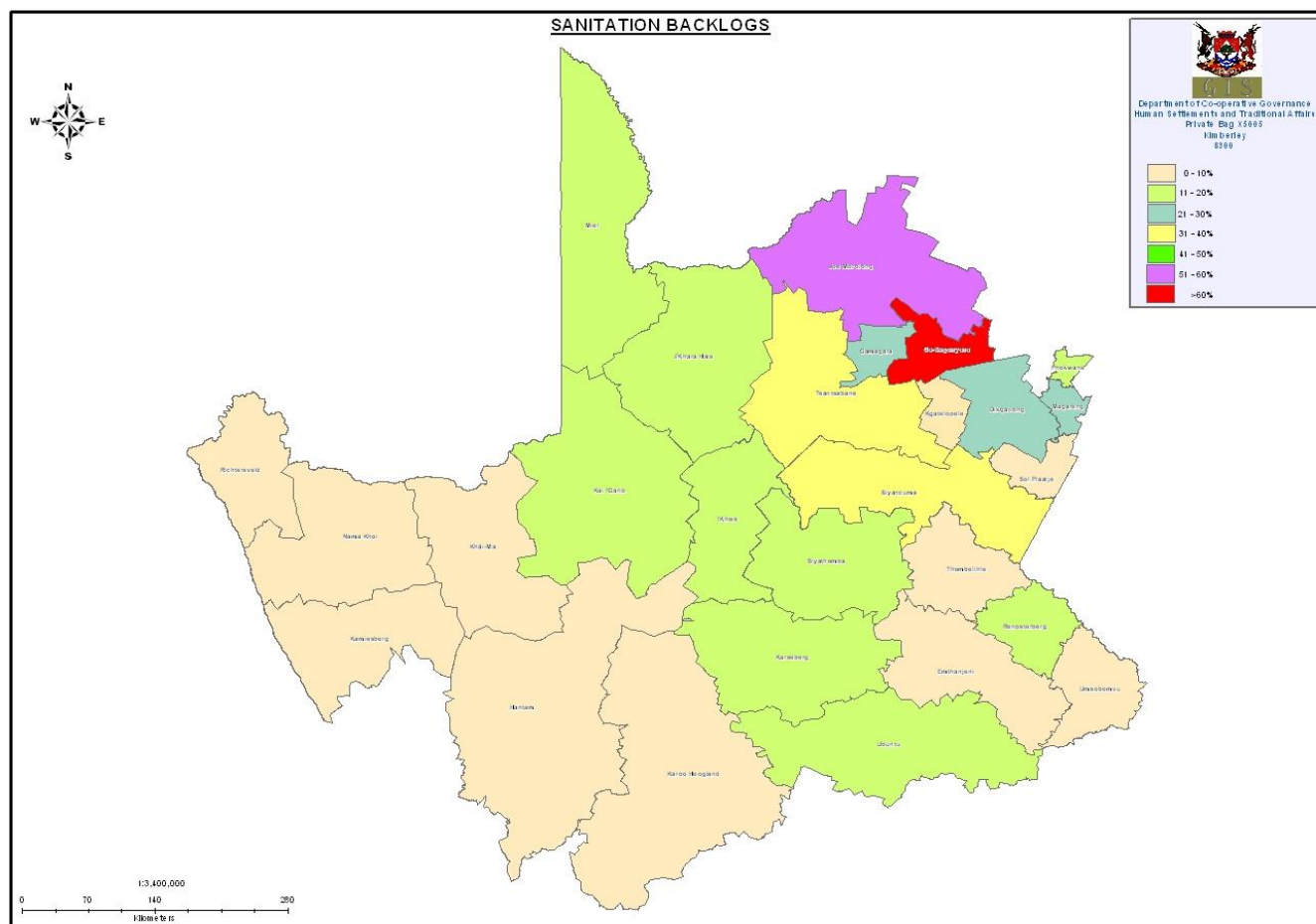
	Municipality	TOTAL			FORMAL			INFORMAL		
		Total HH	Total HH Needs	% HH Needs	Total HH	Total HH Formal Needs	% Formal HH Needs	Total HH Informal	Total HH Informal Needs	% Informal HH Needs
Frances Baard	Dikgatlong	14 464	1 691	11%	7 582	210	3%	6 882	1 481	22%
	Magareng	7 301	1 515	21%	6 705	1 515	23%	596	0	0%
	Phokwane	17 025	1 131	7%	15 324	23	0%	1 701	1 108	65%
	Sol-Plaatje	46 416	19	0%	44 517	18	0%	1 899	1	0%
John Taolo Gaetsewe	Gamagara	14 665	3 274	22%	10 953	362	3%	3 712	2 912	78%
	Ga-Segonyana	21 828	10 420	48%	18 658	7 450	40%	3 170	2 970	94%
	Joe Morolong	24 022	6 826	28%	22 921	5 725	25%	1 101	1 101	100%
Namakwa	Hantam	4 289	0	0%	4 289	0	0%	0	0	0%
	Kamiesberg	2 819	0	0%	2 818	0	0%	1	0	0%
	Karoo Hoogland	2 446	0	0%	2 142	0	0%	304	0	0%
	Khai-Ma	2 971	81	3%	2 727	81	3%	244	0	0%
	Nama Khoi	13 826	4	0%	11767	4	0%	2 059	0	0%
	Richtersveld	3 021	0	0%	2 593	0	0%	428	0	0%
Pixley Ka Seme	Emthanjeni	7 039	0	0%	6 868	0	0%	176	0	0%
	Kareeberg	2 359	0	0%	2 103	0	0%	256	0	0%
	Renosterberg	3 379	0	0%	2 838	0	0%	541	0	0%
	Siyancuma	8 260	534	6%	5 448	20	0%	2 812	514	18%
	Siyathemba	4 682	0	0%	4 482	0	0%	200	0	0%
	Thembelihle	2 767	0	0%	2 191	0	0%	576	0	0%
	Ubuntu	3 722	150	4%	3 113	0	0%	609	150	25%
	Umsobomvu	7 026	0	0%	5 626	0	0%	1 400	0	0%
ZF Mgcawu	!Kheis	2 890	253	9%	2 287	0	0%	603	253	41%
	//Khara Hais	17 738	2 992	17%	17 594	249	2%	144	0	0%
	Kai! Garib	7 488	215	3%	6 461	0	0%	1 027	215	21%
	Kgatelopele	4 250	55	1%	3 187	55	2%	1 063	0	0%
	Mier	1 407	0	0%	1 278	0	0%	129	0	0%
	Tsantsabane	11 056	3 520	32%	7 166	0	0%	3 890	3520	90%
<b>TOTAL</b>		<b>259 156</b>	<b>29 937</b>	<b>12%</b>	<b>223 638</b>	<b>15 712</b>	<b>7%</b>	<b>36 518</b>	<b>14 225</b>	<b>39%</b>

## Household Sanitation

At the end of June 2014, the total number of households recorded on the National Information System of the Department of Water and Sanitation was 259 156 of which 223 364 were formal stands and 35 539 were informal stands. A total number of 47 412 households living in towns and villages did not have access to decent sanitation facilities, 31 557 (67%) of these households were on formal stands and 15 855 (33%) were on informal stands. This indicates a regress in the addressing the sanitation needs in the province since the 2012/13 data indicates that 12% sanitation needs backlog as opposed to the 22% for this financial year.

Ga-Segonyana was the municipality with the largest need of 15 188 households which do not have access to a basic level of sanitation facilities. This represented 70% of the total number of households in the municipality. Joe Morolong has the second largest number of households in need with 13 597 (57%), followed by Tsantsabane with 4 429 (40%).

**Figure 2: Sanitation backlogs**



**Table 12: Sanitation backlogs**

	Municipality	TOTAL			FORMAL			INFORMAL		
		Total HH	Total HH Needs	% HH Needs	Total HH Formal	Total HH Formal Needs	% Formal HH Needs	Total HH Informal	Total HH Informal Needs	% Informal HH Needs
Frances Baard	Dikgatlong	14 464	3 199	22%	7 582	144	2%	6882	3 055	44%
	Magareng	7 301	1 770	24%	6 705	1 520	23%	956	250	26%
	Phokwane	17 025	2 232	13%	15 324	824	5%	1 701	1 408	83%
	Sol-Plaatje	46 416	2 869	6%	44 517	1 815	4%	2 953	1 054	36%
John Taolo Gaetsewe	Gamagara	14 665	3 689	25%	10 953	777	7%	3 172	2 912	92%
	Ga-Segonyana	21 828	15 188	70%	18 658	12 018	64%	3 170	3 170	100%
	Joe Morolong	24 022	13 597	57%	22 921	12 496	56%	1 101	1 101	100%
Namakwa	Hantam	4 289	3	0%	4 352	3	0%	0	0	0%
	Kamiesberg	2 819	22	1%	2 573	22	1%	1	0	0%
	Karoo Hoogland	2 446	0	0%	2 142	0	0%	304	0	0%
	Khai-Ma	2 971	47	2%	2 729	47	2%	244	0	0%
	Nama Khoi	13 826	906	7%	11 767	781	7%	2 059	125	6%
	Richtersveld	3 021	10	0%	2 517	10	0%	415	0	0%
Pixley Ka Seme	Emthanjeni	7 039	130	2%	6 868	0	0%	171	130	76%
	Kareeberg	2 259	256	11%	2 105	0	0%	256	256	100%
	Renosterberg	3 379	489	14%	2 838	60	2%	541	429	79%
	Siyancuma	8 260	2 726	33%	5 428	633	12%	2 812	2 093	74%
	Siyathemba	4 682	681	15%	4 482	481	11%	200	200	100%

	Municipality	TOTAL			FORMAL			INFORMAL		
		Total HH	Total HH Needs	% HH Needs	Total HH Formal	Total HH Formal Needs	% Formal HH Needs	Total HH Informal	Total HH Informal Needs	% Informal HH Needs
	Thembelihle	2 767	190	7%	2 191	0	0%	576	190	33%
	Ubuntu	3 277	364	11%	3 113	94	3%	609	270	44%
	Umsobomvu	7 026	211	3%	5 626	6	0%	1 400	205	15%
ZF Mgcawu	!Kheis	2 890	569	20%	2 287	276	12%	603	293	49%
	//Khara Hais	17 738	2 887	16%	17 594	2 743	16%	144	144	100%
	Kai! Garib	7 488	856	11%	6 461	285	4%	1 001	571	57%
	Kgatelopele	4 250	56	1%	3 187	56	2%	1 063	0	0%
	Mier	1 407	210	15%	1 278	208	16%	189	2	1%
	Tsantsabane	11 056	4 429	40%	7 166	0759	11%	3 890	3 670	94%
<b>TOTAL</b>		<b>259 156</b>	<b>57 586</b>	<b>22%</b>	<b>223 364</b>	<b>36 058</b>	<b>16%</b>	<b>35 539</b>	<b>21 528</b>	<b>61%</b>

## Household electricity and energy

### Backlogs

Emthanjeni is the only municipality that reported that there are no electricity backlogs. Umsobomvu reported that there was 1 387 backlogs and that this is due to the New RDP development in the municipality.

In terms of access to electricity, Dikgatlong has reported that 76% of households are connected, Ga-Segonyana has reported that 24 447 households are connected; Karoo Hoogland has reported that 1984 households are connected, and Kamiesberg has reported that 98% of households are connected. Joe Morolong reported that 19 383 households are connected whilst 4328 are not connected to the grid.

In Mier, Eskom is the sole supplier of electricity. In Tsantsabane, 3 700 households are supplied electricity by Eskom.

Nama Khoi has reported that all households that have access to electricity get the initial 50 kWh of their consumption free. This means that the municipality subsidises all households.

The following table indicates the number of households with access to above minimum service level and below minimum service level with regard to electricity.

**Table 13: Number of households with access to electricity**

Municipality	Above Minimum Service Level	Below Minimum Service Level
Sol Plaatje	53 390	6 907
Gamagara	14 672	533
Hantam	4 833	65
Khai –Ma	2 067	137
Tsantsabane	4 347	0
//Khara Hais	20 331	9 300
Umsobomvu	7 616	335
Siyathemba	1155	0
Emthanjeni	8156	0

### Electricity Losses

Hantam reported a decline in electricity losses from 19,4% in 2012/13 to 17,9% in 2013/14 financial year. Emthanjeni also reported a decline in electricity losses from 15% in 2012/13 to 13% in 2013/14 financial year.

### Solid Waste

Only 13 of the 27 municipalities reported on the status of solid waste services in their annual reports. The municipalities reported that refuse is collected at least once a week. Ga-Segonyana reported that they collect refuse 3 times per week from the business and in the urban area. Refuse is not collected in the rural areas. The municipalities reported that no recycling programmes are implemented.



With regards to the landfill sites, Gamagara reported that the municipality operated with unlicensed refuse disposal sites. The Kathu landfill site is closed. A new landfill site must be established.

Khai Ma has reported that 3 of their four (4) landfill sites in the municipality have not been registered. The sites need to be rehabilitated. In Richtersveld, the waste disposal site has been upgraded. In Karoo Hoogland, the three (3) landfill sites need to be upgraded. Hantam has reported that 3 of the landfill sites are licensed and the 1 is in process of being licensed.

## Challenges

The service delivery challenges commonly noted by municipalities are the following:

- The acceptance by communities of a basic level of service, versus a higher level of water and sanitation supply
- Municipalities experienced serious refurbishment needs for internal bulk infrastructure as well as reticulation
- Aged infrastructure resulted in high maintenance costs
- O&M management needed improvement
- Lack of equipment and resources
- Lack of qualified staff and difficulty in filling vacancies
- Funding for operation and maintenance
- Water and electricity losses
- Waste water treatment plants needed improvements to comply with relevant legislation
- Cost to eradicate backlogs is high
- Inadequacy on emerging contractors and services providers
- The lack of resources and funding for upgrading- and capital projects
- Land invasion by traditional authorities
- The need for additional surface water resources
- Low water quality levels
- Illegal settlements and migration due to industries in the area, mostly mining
- Growth in migrant labour leads to increasing backyard dwellings
- Random settlement of people within formally surveyed areas
- Service delivery protests causing financial losses
- Illegal dumping
- Decline of municipal revenue generation due to un-affordability of services
- High levels of unemployment, poverty and dependency on grants re-enforced non-payment culture
- Reactive management as a result of lack of funding
- Bad conditions of road infrastructure
- Inadequate and unregistered landfill sites
- The need for alternative energy sources
- Eradication of the bucket system was still a reality
- Delayed recruitment of senior managers hampers service delivery
- Increased growth in unemployment and poverty levels, increased dependency on social grants and increased no of indigents
- There is a lack of capacity in terms of disaster management implementation and a lack of fire-fighting capacity

## Interventions during the 2013/14

The Department of Water and Sanitation embarked on a process to develop a Provincial Water Sector Plan to guide the sector's funding programmes and interventions for the next 5 years.

The 2013 DoRA introduced a new grant to be administered by the Department of Water and Sanitation called the Municipal Water Infrastructure Grant (MWIG). It assists municipalities with high water backlogs, to supply households with a basic level of water supply. This programme was rolled out to all the municipalities within the JTG District. The water supply projects are for 103 villages. The project entailed source development, borehole equipment and refurbishment, reservoir construction, internal reticulation and standpipes.

**Table 14: MWIG Programme**

Municipality	No of Projects	Total Value of projects	Projects completed in 2013/14	MWIG allocation 2013/14	MWIG funding			SLP Funding	MIG Funding	Funding Shortfall
					2014/15	2015/16	2016/17			
Joe Morolong	103	555,454,253	11	7,036,000	59,000,000	60,000,000	73,180,000	18,429,583	26,823,365	319,985,305
Ga-Segonyana	17	180,124,485	4	3,543,000	14,170,000	27,713,000	29,180,000		62,310,035	43,208,450
Gamagara	1	9 992,000	2	7,792,000				4,200,000		0
<b>TOTAL</b>	<b>121</b>	<b>745,570,738</b>	<b>17</b>	<b>16,371,000</b>	<b>64,170,000</b>	<b>87,713,000</b>	<b>102,360,000</b>	<b>22,629,583</b>	<b>89,133,400</b>	<b>363,193,755</b>

There is a need to extend the MWIG programme to other local municipalities in the province. The local municipalities have been identified and prioritised based on the following criteria:

- Water resource availability;
- Water quality;
- Water deficit status; and
- Water backlog status

The municipalities are Mier, Kai! Garib; Kamiesberg; Hantam; Siyancuma; !Kheis; Tsantsabane; Dikgatlong; Magareng and Phokwane.

### Regional Bulk Infrastructure Grant Programme

The department of Water and Sanitation has also allocated funds to address the improvement and maintenance of bulk infrastructure through the Regional Bulk Infrastructure Grant. R339 million was allocated to the Northern Cape for the 2013/14 financial year.

### Accelerated Community Infrastructure Programme

The Northern Cape was allocated R 36,01 million for the 2013/14 financial year. Expenditure amounted to R 38,18 million. Additional funding was obtained through the shifting of funds to finance the community water supply interventions identified through the Northern Cape Hotspot monitoring programme.

### Water Services Operational Subsidy

The Department of Water Affairs established the subsidy after the merger with the Homelands in 1994. The department took ownership of 600 water serving schemes serving approximately 6 million people. The department transferred the schemes to the various municipalities. The WSOS is there to ensure the effective deliver of services on a sustainable basis as part to the transfer process and thus funds the refurbishment of infrastructure, the establishment of institutional frameworks and applicable capacity building in these institutions.

The WSOS applies to water schemes that have been transferred to Phokwane, Je Morolong and Ga-Segonyana municipalities. The subsidy is also applied to the Vaal Gamagara B Water scheme that was transferred to Sedibeng Water board in 2007. The WSOS funding for the Vaal Gamagara BWS is used for the refurbishment of water supply infrastructure in order to extend the lifespan of the scheme until such a time that the upgrading and extension of the VGGBWS under the RBIG commence.

A total of R 31,4 million was allocated for the 2013/14 financial year for the projects listed below:

**Table 15: Water Services Operational Subsidy projects**

Municipality	Project	Village/Town/Scheme	WSOS Allocation 2013/14
Joe Morolong	Bore hole Refurbishment	Madula Ranch Scheme, Loopeng, Mmamebe, Good Hope, Ditshipeng, Gasese	8 000 000
Ga-Segonyana	Refurbishment of Water Supply Infrastructure	Seoding, Magojaneng, Gantatlang, Mokalamosesane	6 500 000
Phokwane	Replacement of Internal Water Network	Pampierstad	12 000 000
John Taolo Gaetsewe, Dikgatlong, Tsantsabane, Kgatelopele	Refurbishment of Vaal Gamagara Bulk Supply Pipeline	Vaal Gamagara BWS	4 900 000
<b>TOTAL</b>			<b>31 400 000</b>



In all 5 district municipalities, the IGR forums were acting as a platform to discuss service delivery challenges and to identify eminent issues to be escalated to higher political levels.

SALGA Northern Cape reported for period 2013/14 the following interventions made:

- Supported Dikgatlong and //Khara Hais with the practicalities of waste buy back centres.
- Advised and supported Magareng Local municipality on undertaking section 78 processes on water series to enable the municipality to decide on appropriate delivery mechanisms for water services.
- Advised and supported Gamagara and Ga-Segonyana municipalities on undertaking section 78 processes on waste management to enable the municipalities to render sustainable waste management services.
- Rolled out Social housing policy to enable municipalities to develop policies on rental housing taking into account their institutional arrangements.
- Conducted workshops focusing of finalizing policy proposals for the implementation of supply of services for backyard dwellers to enable municipalities to render formal services to backyard dwellers with will enhance revenue generation and reduce illegal connections.

Municipalities also reported on progress made in terms of addressing basic services delivery in their areas:

#### *Frances Baard*

The District Municipality provided support by advising the local municipalities on technical matters, building capacity as well as providing financial support through various programmes. The municipality appointed three engineering technicians who are assigned to Dikgatlong, Magareng and Phokwane. The technicians render the following support:

- Assist with project identification and planning;
- Terms of reference, specifications and evaluation of tenders;
- Project management and technical support for projects under construction;
- Assist with operation and maintenance to improve Blue and Green drop results; and
- Identify gaps in training and assist with capacity building.

Frances Baard allocated funds to municipalities for capital programmes to assist municipalities to acquire assets in order to improve service delivery and for operations and maintenance of plant infrastructure in order for municipalities to maintain the service infrastructure upon which effective delivery depends. The allocations made were as follows:

**Table 16: Capital Programmes in Frances Baard**

Municipality	Project or Activity	Allocation	Project Status
Dikgatlong	Waste Water Works Operator Rooms	650,000	R123 600 Spent of designs. Contractor not appointed on time. R480 00 rolled over
	Upgrading of Electricity network in De Beershoogte	1,500,000	R861 504 spent of designs and purchasing of materials. Construction will be done though a labour tender in 2014/15
	Procurement of Refuse Truck	2,000,000	One 16m <sup>3</sup> 12,5 tonne truck was procured and delivered at a cost of R1 984 090.
Magareng	The Provision of a Water Reticulation Network for 558 sites in Warrenvale (Phase 1) Roll over	2,355,000	The project was completed in June 2014. 2 female and 20 male local labourers were employed.
	The Provision of a Water Reticulation Network for 558 sites in Warrenvale (Phase 2)	1,500,000	
	Upgrading of the Water Network (Phase 1) Roll Over	1,899,000	The project was completed in June 2014. 6 female and 9 male local labourers were employed
	Upgrading of the Water Network (Phase 2)	1,500,000	
	The Provision of a Sewer Reticulation Network for 558 sites in Warrenvale (Phase 1)	1,200,000	
Phokwane	Procurement of a Sanitation Truck for Phokwane	2,000,000	Two 8000-liter sanitation trucks were procured and delivered in Mar/April 2014 at a total cost of R1 570 408.
	Electricity Network for 42 sites in Thagadepelajang	450,000	

Municipality	Project or Activity	Allocation	Project Status
	Installation of Water meters in Masakeng	550,000	13 people were employed to do the installation. This is a continuous project for Phokwane depending on the availability of funds.
	Counter funding for the Ganspan Upgrading of Bulk water Supply	1,200,000	The project consisted of the construction of pipelines between the borehole and the 2 tanks and supply pipeline to the community. Completed in May 2014.
	Electricity Master Plan for Phokwane (Roll Over)	450,000	The project was completed in November 2013 at a total of R865 960.
Sol Plaatje	Ritchie/Freedom Park: Water and Sanitation provision for 167 Households in Freedom Park	3,000,000	The project was co-funded with Sol Plaatje. It was completed in September 2014.
<b>TOTAL</b>		<b>20,254,000</b>	

### Operations and Maintenance

During the 2013/14 financial year, the Frances Baard district municipality spent R9 662 000 on operation and maintenance in local municipalities. The spending was mainly directed at improving the quality of drinking water and wastewater. R2 456 966 was spent at Magareng, R2 590 595 was spent at Dikgatlong, R3 060 956 was spent at Phokwane and R1 500 000 was spent at Sol Plaatje local municipality.

#### *Dikgatlong Local Municipality*

- 2,5 km of roads was paved in Mataleng. As part of preparing for the new sited in Debeershoogte, 4 km of roads were graded.
- Electricity meters were serviced and new prepaid meters installed in new stands.
- 217 water connections were installed through MISA in 7<sup>nde</sup> Laan in Delporthoop. The municipality had purchased new water testing kits in order to regularly check chlorine.
- 552 House were transferred to beneficiaries

#### *Magareng Local Municipality*

- Paving roads were constructed in Warrenvale. The streets in Stational Area were resurfaced.
- The water treatment plant was refurbished and the elevated water steel pressure was repaired at the tower in Warrenvale.
- 1854 RDP housing title deeds were issued to residents.

#### *Phokwane Local Municipality*

- Water connections have been completed at Thagadiipelang at a cost of R160 724. At Pampierstad, water was installed at a cost of 100 595. A compressor was installed at the water treatment plant in Hartswater at a cost of R29 939.

#### *Sol Plaatje Local Municipality*

- 35 mm 2 medium voltage cable between Jacaranda Street and Star of the West has been upgraded with a 185 mm<sup>2</sup> cable. The HA Morris Midlands substation has also been upgraded from 11 KV to a fully operational 66/11 KV substation in order to supply Lerato Park, Midlands, Roodepan, Pescodia as well as the new proposed developments in that area.
- The department of Energy has funded the Diamond Park electrification and Promise Land electrification. This will redress the service backlogs and provide electricity to 881 low cost housed in Diamond Park and 787 in Promise land.
- Existing sodium vapour streetlights luminaires with energy efficient LED luminaires have been installed on the main roads in the city.
- The refurbishment of the water treatment works in Homevale started in May 2013 will be completed in June 2015. This will increase the capacity by 15m per day, in preparation for future increased inflow.
- The Promised Land sewer network has been completed. 790 buckets have been eradicated through the construction of network connections. 1854 households have been provided with sewer connections in Ritchie and Lerato Park.
- Water connections have been provided to 1062 households in Ritchie and Lerato Park.

#### *JT Gaetsewe District Municipality*

Though the municipality has no direct capital funding for the implementation of capital projects in the region, it participated in the construction of the 1<sup>st</sup> phase of the water schemes in Garuele and Gasebolao on behalf of Ga-Segonyana Local Municipality. The municipality further assisted the Gamagara Local Municipality by availing the existing construction capacity for the implementation of the Skerpdraai water reticulation project. These projects were under the MWIG programme.

The review of the Integrated Waste Management Plan for 2014 – 2018 has been completed. The district municipality is coordinating the development of a waste site or landfill site for Hotazel and Glen Red. The Glen Red site is funded by the National Department of environmental Affairs.

The District Municipality has been managing the construction contract of the breaking new ground in Van Zylsrus and 48 houses have been completed in the financial year bringing the total number of houses to 294.

- SANRAL completed the upgrading of the N14 road between Kuruman and Kathu.
- The rehabilitation of the R31 road between Kuruman and Hotazel is still in progress. The Department of Roads & Public Works; BHP Billiton; UMK and ASSMANG partnered this project.
- The Department of Roads & Public Works is attending to the intersections and road shoulder repairs of the surface road linking Batharos and Mothibistad.
- Joe Morolong Local Municipality has upgraded the road linking N14 to Camden via Khankhudung to a surface road.
- The upgrading of the road linking Gantatelang and Thamoyanche villages and the internal roads in the Gantatelang has been completed.

There are plans in place to upgrade the last section of D321 Road and a section of D310 road that links Colston by KUMBA Iron Ore in partnership with the John Taolo Gaetsewe Development Trust and the Department of Public Works and Roads in the next financial year.

#### *Gamagara Local Municipality*

- The upgrading of Kathu Waste Water Treatment Works, Diepkloof Sewer Network and Dibeng Sewer Network has been completed. However, this brings little relief to the system. Quite a number of officials responsible for the operations lack the necessary skills to operate the plants.
- Eskom does not communicate development plans of Olifantshoek to the municipality.

#### *Ga-Segonyana Local Municipality*

- Eskom had been in the process of installing the extensions for the new households.

#### *Joe Morolong Local Municipality*

- Phase 2 of the construction or upgrading of the bulk water infrastructure in Heuningvlei has been 87% completed due to the rest of the money not having being transferred from the Department of Rural Development and Land Reform.
- The construction of water supply infrastructure to Drieloop was completed. The extension of Water Networks in Gadiboe has been 85% completed.
- The refurbishment of existing networks in all the affected areas has been completed.
- The construction of ventilated Pit Latrines in Ellendale, Gamadubu and Tzaneen, 427 unit have been completed.

#### *Namakwa District Municipality*

- The district is the developer for the projects listed below as part of the Khotso Pula Nala programme.

**Table 17: KhotsoPula Nala projects in Namakwa District**

Municipality	Project	Expenditure	Progress
Kamiesberg	Upgrading of internal tarred streets	R652 258	65%
	Upgrading of streets (600m paving)	R2 142 938	45%
Hantam	Upgrading of internal streets - 12th street	R1 823 562	50%
	Reseal of Le Roux Street in Calvinia	R861 269	100%
	Drought Relief: Loeriesfontein	R260 850	73%
Karoo Hoogland	Upgrading of Internal Streets - Uys Street (Brick paving of 950m)	R993 596	35%

**Table 18: Projects funded by the Namakwa District Municipality**

Municipality	Project	Progress
Richtersveld	Upgrading of Sizamile Community Centre and the fence	67%
	R&R Khuboes House	100%
Nama Khoi, Khai-Ma and Kamiesberg	Construction of Sanitation facilities	100%

*Nama Khoi Local Municipality*

- The Vioolsdrift water purification plant and Springbok Booster pump station have been completed.
- The fencing of the Bersig oxidation ponds has been completed. New pumps and piping has been installed. New extractor fans for the Water Works Treatment works have been installed.
- In Kommagas, the construction of a pump room, operator's cabin and ablution facilities have been completed and pump sets have been installed.

*Khai Ma Local Municipalities*

- The development of 198 stands started in January 2014 and will be completed by October in Pofadder. With regards to the 384 Housing project, 100 houses were completed in Pofadder and Pella each and 180 is at 80% completions stage.

*Richtersveld Local Municipality*

- In Port Nolloth, the construction of 100 RDP houses was to be completed by September 2014.
- The re-gravelling of the between Alexander bay, Khuboes and Sendrift by the Department of Roads & Public Works, Alexkor Mine and Transhex was 50% completed.
- The electrification of 83 houses in Lydia Park was completed with 17 houses to be completed by September 2014.

*Hantam Local Municipality*

- In Loeriesfontein, all water boreholes dried up during the financial year. The municipality had to supply water for the community by transporting it via water trucks.
- Storm pipes of 1,5km were installed and 18km maintained.
- 49 Sewer lines were repaired, 162 sewer blockages were unblocked.
- The electricity losses decreased from 19,4% to 17,9%.
- 400m of new asphalt road was constructed and 88m were maintained

*Pixley Ka Seme District Municipality*

- The district municipality is delivering the housing services as a shared service to the local municipalities in the district. The municipality has is a level 2 accredited housing service delivery agent. There is a service level agreement with the all the municipalities except for Emthanjeni Local municipality, which is at level 1 accreditation.
- In 2013/14 financial year, 181 housed have been completed and handed over to the beneficiaries.

*Umsobomvu Local Municipality*

- The department of Energy funded the electrification of New Ouboks to the value of R3.6 million. The solar geyser project was implemented at a cost of R12,6 million as part of the energy efficiency programme.
- 1013 households have been electrified and the municipality has completed 357 connections.
- 200 new streetlights have been put in at New Ouboks.
- The municipality procured 2 refuse compactor trucks and 1 refuse removal truck.
- The municipality developed 2400 sites, 1848 are earmarked for the construction of RDP houses to benefit the indigent households.
- The upgrading of the bulk sewer system in Colesberg was completed with 2 horizontal aerators breaking in the middle.
- The municipality also procured a vehicle with a JoJo tank to provide water to the households most affected by water supply interruptions.

*Emthanjeni Local Municipality*

- The municipality completed the construction of 115 houses and 450 sites were serviced in Hanover.
- 1,45 km roads were resealed.
- 0,5 km storm water infrastructure was upgraded and 2,5km maintained.

### ZF Mgcawu District Municipality

- The district municipality has been accredited to undertake the housing functions on behalf of Mier, Kai!Garib, !Kheis, Tsantsabane and Kgatelopele municipalities.

### //Khara Hais Local Municipality

- The municipality completed the enlargement of the mains sewer line in Rosedale. The construction of the Abraham September water treatment works algae treatment facility started in May 2014.
- David Street, Paballelo was completed. The raw water pump at the water treatment works was completed as well as the upgrading of worn out pumps.
- The streets were resealed.

## Free Basic Services

### Actual performance achieved

Municipalities in the Northern Cape have been delivering free basic services to indigent households since 2003/2004. The delivery of these services is mainly targeted at indigent household, however some municipalities provide the services to all the households in their area of jurisdiction. Khara Hais provides the free basic services to all households.

The average percentage of indigent households budgeted for in the Northern Cape is 45%, although this varies from 100% at Renosterberg to 7% in Siyancuma. This shows an improvement, as it is a decline from the 51 percent reported in the 2012/13 reports. Free basic water was delivered to approximately

It should be noted that 5 municipalities did not submit their annual reports and that four municipalities did not provide information in their annual reports. The improved status might not necessarily be a true reflection of the status of free basic services in the province. In some instances conflicting information is provided in the different section of the annual report. For example Magareng reported that the number of households registered on the indigent register is 2338 and yet the number of households receiving free basic water, electricity and refuse is 2364. This suggests that there are 26 households receiving free basic service who are not registered on the Indigent register of the municipality.

**Table 19: Number and proportion of households receiving FBS**

	Municipality	HH in Urban/Tribal Areas	Budgeted Indigent HH	% Indigent HH to Urban/Tribal	Number of Households receiving FBS			
					Water	Electricity	Sanitation	Refuse Removal
Frances Baard	Dikgatlong	14 464	Not reported		Not reported	Not reported	Not reported	Not reported
	Magareng	7 301	2 325	32%	2 364	2 364	2 338	2 364
	Phokwane	17 025	4 000	23%	No info	No info	No info	No info
	Sol-Plaatje	46 416	15 000	33%	5 792	5792	5792	5792
John Taolo Gaetsewe	Gamagara	14 665	1 249	9%	1 014	1 014	1 014	1 014
	Ga-Segonyana	21 828	No info		No information reported			
	Joe Morolong	24 022	8	0%	1 955	No info	20 130	No info
Namakwa	Hantam	4 289	2 000	47%	1 115	1 115	1 115	1 115
	Kamiesberg	2 819	1 345	48%	1 556	Not reported	1 556	Not reported
	Karoo Hoogland	2 446	1 289	53%	835	835	389	835
	Khai-Ma	2 971	1 700	57%	2 000	1 690	1 750	1 690
	Nama Khoi	13 826	3 998	29%	4 372	4 372	4 372	4 372
	Richtersveld	3 021			No information reported			
	Emthanjeni	7 039	No info		2 726	2 333	2 726	2 726
Pixley Ka Seme	Kareeberg	2 359	1 367	58%	Report outstanding			
	Renosterberg	3 379	1 100	33%	Report outstanding			
	Siyancuma	8 260	2 500	30%	Report outstanding			
	Siyathemba	4 682	2 452	52%	2 641	2 641	2 641	2 641
	Thembelihle	2 767	2 560	98%	Report outstanding			
	Ubuntu	3 722	1 753	47%	Report outstanding			
	Umsobomvu	7 026	3 532	50%	3 532	3 532	3 532	3 532

	Municipality	HH in Urban/Tribal Areas	Budgeted Indigent HH	% Indigent HH to Urban/Tribal	Number of Households receiving FBS			
					Water	Electricity	Sanitation	Refuse Removal
ZF Mgcawu	!Kheis	2 890	982	34%	982	982	982	982
	//Khara Hais	17 738	11 826	67%	12 360	6 893	12 360	12 360
	Kai! Garib	7 488	Not reported		No information reported			
	Kgatelopele	4 250	Not reported		Report outstanding			
	Mier	1 407	843	60%	466	449	466	466
	Tsantsabane	11 056	2 400	22%	2 400	2 400	2 400	2 400
<b>TOTAL</b>		<b>259 160</b>	<b>64 229</b>	<b>42%</b>	<b>45 048</b>	<b>37 497</b>	<b>65 358</b>	<b>44 058</b>

All the municipalities reported that they have indigent policies and indigent registers. Municipalities updated their indigent registers annually.

Most municipalities provide 6 kl free basic water per household per month with the exception of //Khara Hais, and Kareeberg 10 kl. Kamiesberg provides 2 kl free basic water per household per month due to the shortage or scarcity of water in the area.

Whilst most municipalities provide FBS for all four services, there are exceptions with free basic sanitation and refuse removal. Kamiesberg and Joe Morolong do not provide free basic sanitation and refuse removal.

The income level threshold for households to qualify for registration as an indigent is set at a level of two state pensions per household or R1 100 per month. However, most municipalities have set a higher threshold, i.e. Sol Plaatje considers child headed homes. Other municipalities have added the child support grants to the state pensions.

Municipalities provide 50 kWh of free basic electricity to indigent households per month. The number of household receiving free basic electricity is fewer due to the fact that some households do not have electricity connection or the municipality does not provide the electricity, Eskom directly supplies them.

**Table 20: Number of consumer units with basic services and number and proportion of households receiving free basic services by type of service in the Northern Cape in 2013/14.**

Type of Free Basic Service	Number and Proportion	2013	2014
<b>Free Basic Water</b>	Number of consumer units receiving basic water	270 266	259 156
	Number of consumer units receiving free basic water	86 121	47 689
	Proportion benefit	32%	18%
<b>Free Basic Electricity</b>	Number of consumer units receiving basic electricity service	270 283	244 405
	Number of consumer units receiving free basic electricity	68 292	37 497
	Proportion benefit	25%	15%
<b>Free Basic Sanitation</b>	Number of consumer units receiving basic sanitation	256 896	259 156
	Number of consumer units receiving free basic sanitation	58 353	65 358
	Proportion benefit	23%	25%
<b>Free Basic Refuse</b>	Number of consumer units receiving basic refuse service	224 976	310 388
	Number of consumer units receiving free basic water	59 073	44 058
	Proportion benefit	26%	14%

Approximately 18% of households were provided with free basic water, 15% of households were provided with free basic electricity, 25% of households were provided with free basic sanitation and 14% households were provided with free basic refuse.

Households that are located in areas that still do not have basic services cannot obtain free basic services. Farm residents do not receive free basic services either.



**Table 21: Amount of free basic services applied in the Northern Cape in 2013/14**

Type of Free Basic Service	Amount Granted	2013	2014
Water	6kl	22	20
	Other	5	2
Electricity	50kwh	26	22
	Other	1	10
Sewerage and sanitation	More than average R50	3	21
	Other (below R50)	22	11
Solid waste management	More than average R50	6	21
	Other (below R50)	19	11

**Table 22: Cost of providing Free Basic Services 2013/14**

	Municipality	Indigent households provided for in the budget	% Indigent households to urban/tribal households	Cost of Free Basic Services in R'000	Equitable Share in R'000	Free Basic Services as % of Equitable Share
Frances Baard	Dikgatlong	No information	No information	No information	48 022	
	Magareng	2325	37%	5325	30 294	18%
	Phokwane	4000	39%	13 188	67 054	20%
John Taolo Gaetsewe	Sol-Plaatje	15000	25%	47 872	145 905	33%
	Gamagara	1249	13%	1 587	21 203	8%
	Ga-Segonyana	Information not reported		4 965	73 591	7%
Namakwa	Joe Morolong	2208	1%	1 923	71 227	3%
	Hantam	2000		No information	20 312	
	Kamiesberg	1556	50%	1 600	8 728	18%
	Karoo Hoogland	835	38%	2 580	13 390	19%
	Khai-Ma	1700	80%	6 017	13 134	46%
	Nama Khoi	3998	33%	6 226	33 821	18%
Pixley Ka Seme	Richtersveld	Information not reported			11 210	
	Emthanjeni	8771	80%	18 037	34 819	52%
	Kareeberg	1367	42%	5 540	13 260	
	Renosterberg	1100			15 574	
	Siyancuma	2500	0%		36 842	
	Siyathemba	2452	24%	7 705	21 171	36%
	Thembelihle	2560	56%		12 914	
	Ubuntu	1753	34%		19 400	
ZF Mgcawu	Umsobomvu	3532	42%	6 215	30 684	20%
	!Kheis	982		1 891	16 217	12%
	//Khara Hais	1250		26 879	53 914	50%
	Kai! Garib	No information	No information	No information	48 286	
	Kgatelopele	Report outstanding			15 302	
	Mier	No information	No information	No information	11 016	
<b>TOTAL</b>		<b>19 896</b>	<b>37%</b>	<b>173 253</b>	<b>913 438</b>	<b>24%</b>

Municipalities bear the cost of providing free basic services in their communities. The costs are financed from the equitable share. In 2013/14 financial year, the average cost of free basic services was 24% of the equitable share. The total cost of providing free basic services in Khai-Ma, Emthanjeni and //Khara Hais amounted to more than 40% of the equitable share received. //Khara Hais provided free basic water to all households. This also influenced the high costs of free basic services.

In Gamagara, Ga-Segonyana and Joe Morolong, the cost of free basic services amounted to less than 10% of the equitable share.

### Remedial Action

It is recommended that municipalities review their indigent policies annually. During that process, municipalities must calculate the financial implication of providing free basic services and determine the possibilities of reducing the cost. Once the costs have been determined can the municipalities assess whether it is affordable to provide the service and sustain the provision.

Mechanisms to verify the indigent registers must be developed. Coghsta should assist the municipalities with that process. Municipalities must also look into better monitoring the consumption of water to ensure that beneficiary households consume with consideration. Free basic consumer education needs to be embarked upon.

Financial implications such as income foregone and increased costs results from a FBS that is granted need to be assessed which include:

- In excess of 6kl per month norm. The only municipalities that provides more than the norm is //Khara Hais. Higher levels provided sets unsustainable precedents and compromises financial viability.
- To indigent registered households that consume more than 6kl within 30 days, which is not charged for. This is a particular problem in municipalities where water is not metered. The access consumption should be charged for.
- To non-indigent households i.e. not targeting FBS to indigent households only. //Khara Hais continues to practice the 'no-targeting' option where free basic services are provided to all households, thus avoiding the administrative costs and giving equal treatment to all consumers. Potential income is lost, unless the second and subsequent block tariffs take this into account.
- Using higher household income thresholds to register indigent households. In the absence of a poverty line sanctioned by the South African government, most Northern Cape municipalities have set a threshold of two old-age state pensions. However, it is noted that one municipality set a higher household income threshold to be able to register.

### Expenditure on Capital Projects

The Municipal Infrastructure Grant (MIG) programme is aimed at providing all South Africans with at least a basic level of service by the year 2030. By that time all basic infrastructure backlogs should have addressed and responsibilities developed at municipalities so that they were in a position to operate and sustain services.

An amount of R 493 million was allocated to Northern Cape municipalities in 2013/2014. At the end of March 2014, funds were stopped and reallocated, resulting in a revised allocation of R499 million. Funds to the value of R32 million were taken away/stopped due to persistent underspending. These municipalities were Richtersveld, Kamiesberg, Khai-Ma, Emthanjeni, Kareeberg, Thembelihle, KailGarib, Tsantsabane and Kgatelopele. Six municipalities (Nama Khoi, Ubuntu, Renosterberg, //Khara Hais, !Kheis and Dikgatlong) received additional funding to the value of R38 million.

At the end of June 2014, R 382,5 million was spent which represents 76% of the total allocation. Five (5) municipalities managed to report 100% expenditure and another (7) reported above 80% expenditure. These municipalities are Ga-Segonyana, Richtersveld, Karoo Hoogland, Kail Garib, !Kheis, Dikgatlong and Phokwane. Twenty-two (22) municipalities had not spent their full MIG 2013/14 allocation. Expenditure as low as 2% was captured on the MIG status report for Kamiesberg.

Municipalities who did not spend their allocation for a specific financial year have the opportunity to request National Treasury for a rollover of the "unspent" amount. This amount must then be spent during the next financial year. Twelve municipalities requested roll overs from the 2011/12 financial year, which was approved by National Treasury. Of these 12 municipalities, 6 municipalities were still not in the position to spend the rollover allocation. Only 80% spending of rollovers was achieved. Khai-Ma was the poorest MIG spender.

The municipalities that received additional funding at the end of March and failed to spend 100% at the end of June had to apply for the rollover of the unspent amount into the next financial year. However, the municipalities without a cash balance in their bank account were refused approval for the roll over. Through the MIG office, CoGHSTA implemented interventions to provide support to the under-spending at municipalities.

**Table 23: MIG Expenditure**

	Municipality	2011/12			2012/13			2013/14		
		MIG Allocation	Total Actual Expenditure	% Allocation on Spent	MIG Allocation	Total Actual Expenditure	% Allocation Spent	MIG Allocation	Total Actual Expenditure	% Allocation on Spent
Frances Baard	Dikgatlong				R25 617 00	R25 617 000	100%	R34 378 000	R28 792 975	84%
	Magareng				R13 099 000	R8 181 336	62%	R12 435 000	R3 460 056	28%
	Phokwane				R26 366 000	R26 366 000	100%	R25 032 000	R21 538 905	86%
	Sol Plaatje				R55 028 000	R47 917 978	87%	R52 243 000	R52 242 884	100%
JT	Gamagara				R10 697 000	R10 697 000	100%	R11 023 000	R 5 570 883	51%
	Ga-Segonyana	R10 132 000	R10 132 000	100%	R55 163 000	R39 695 912	72%	R52 371 000	R50 857 000	97%
	Joe Morolong				R56 479 000	R56 479 000	100%	R55 253 000	R55 253 000	100%
	Hantam				R12 743 000	R11 900 664	93%	R12 098 000	R12 086 722	100%
Namaqua	Kamiesberg	R1 952 000	R1 952 814	100%	R11 686 000	R7 571 830	65%	R 6 595 000	R 238 053	4%
	Karoo Hoogland				R11 381 000	R11 381 000	100%	R10 805 000	R 9 992 943	92%
	Khai-Ma	R8 840 000	R1 155 622	13%	R10 723 000	R0	0%	R 6 481 000	R 814 395	13%
	Nama Khoi	R5 772 000	R5 386 366	93%	R16 088 000	R1 624 606	10%	R21 500 000	R14 837 664	69%



	Municipality	2011/12			2012/13			2013/14		
		MIG Allocation	Total Actual Expenditure	% Allocation on Spent	MIG Allocation	Total Actual Expenditure	% Allocation Spent	MIG Allocation	Total Actual Expenditure	% Allocation on Spent
Pixley Ka Seme	Richtersveld	R 5,789,000	R 5,789,000	100%	R 8,628,000	R 2,808,938	33%	R 5,192,000	R 5,044,116	97%
	Emthanjeni	R 1,438,000	R 1,438,000	100%	R 16,141,000	R 9,439,977	58%	R 11,824,000	R 8,486,184	72%
	Kareeberg				R 9,574,000	R 9,574,000	100%	R 7,089,000	R 5,161,284	73%
	Renosterberg	R 3,813,000	R 3,813,000	100%	R 9,911,000	R 3,767,386	38%	R 10,433,000	R 10,432,723	100%
	Siyancuma	R 12,382,000	R 12,382,000	100%	R 20,513,000	R 15,137,000	74%	R 19,475,000	R 6,526,837	34%
	Siyathemba				R 12,429,000	R 12,428,999	100%	R 11,800,000	R 11,800,000	100%
	Thembelihle	R 4,067,000	R 3,584,042	88%	R 13,569,000	R 9,096,552	67%	R 11,582,000	R 1,332,039	12%
	Ubuntu				R 11,510,000	R 9,199,467	80%	R 13,995,000	R 10,941,133	78%
ZF Mgcawu	Umsobomvu	R 7,195,000	R 5,256,325	73%	R 14,271,000	R 6,598,661	46%	R 13,550,000	R 2,085,714	15%
	!Kheis				R 13,870,000	R 13,870,000	100%	R 18,326,000	R 15,856,000	87%
	///Khara Hais	R 8,282,000	R 5,018,449	61%	R 23,789,000	R 10,684,726	45%	R 34,945,000	R 19,338,608	55%
	Kai! Garib				R 20,977,000	R 17,868,938	85%	R 17,370,000	R 16,072,000	93%
	Kgatelopele	R 7,727,000	R 6,377,139	83%	R 9,373,000	R 0	0%	R 2,998,000	R 1,286,855	43%
	Mier				R 11,384,000	R 5,450,394	48%	R 10,808,000	R 4,290,739	40%
	Tsantsabane				R 14,420,000	R 8,046,589	56%	R 9,522,000	R 7,250,274	76%

## KPA 3: LOCAL ECONOMIC DEVELOPMENT

### Actual performance achieved

Indicators and sources for LED evaluation included: municipal LED capacity; LED budget; LED strategies; municipal incentives; SMME support; SMME database; LED Projects; LED Forum; SDBIP; and regional and local economic development (RaLED).

The Department of Economic Development and Tourism had indicated the following with regards to LED issues:

- All municipalities had an LED strategy. However, five were pending council approval namely Dikgatlong, Magareng, Phokwane, Karoo Hoogland, and Khâi Ma. A further five needed to be reviewed i.e. Emthanjeni, Renosterberg, Gamagara, Pixley ka Seme and Kareeberg. It was also noted that although Renosterberg did have LED strategy, it did not have the funds or the capacity to implement it.
- LED forums were functional at 13 municipalities, whilst at Sol Plaatje relevant representation was absent although it was functional. Two municipalities had LED forums although these were not formalised. Ten municipalities did not have LED forums, one municipality is recently started with the process, and at one municipality it was unclear whether such a forum was established. Another two municipalities did not have specific LED forums but used community engagement sessions or the IDP forum.
- With regards to LED organograms only two municipalities had well-balanced units i.e. Frances Baard and Sol Plaatje. Three municipalities had insufficient capacity in the unit and it was therefore placed under strategy development and planning, whilst at other municipalities the LED unit reports to either infrastructure, corporate services, the development manager, or the municipal manager.
- LED strategies were aligned to the spatial development frameworks of 27 municipalities, even though some of these formed part of district SDF. At Dikgatlong, Magareng, Mier, and Kgatelopele these plans were not in place and at Ga-Segonyana it needed to be reviewed.

**Table 24: LED strategies, policies and plans in place**

Municipality	LED strategy	LED implementation plan	LED forum	Investment portfolio	Evaluation on project	LED training	LED awareness	SDF	LED organogram
<b>Frances Baard DM</b>	Approved/ adopted	District IDP/ LED Projects 60% on point.	Consistent and functional. Rotational D+LLEDF. Support strategy to ignite roles S/holders.	Trade/ Invest bulletins. Uniformed rebates. Business Cost.	Funded Projects IDP/LED. Rotational D+LLEDF Support strategy to ignite roles S/holders	On track and well aligned in HR- SDF. Consisted and progressing well. Need for Provincial and District co-ordination and alignment.	On track and well aligned in SDBIP. Consistent and progressing well. Know your region tours to mobilise.	Clear and well defined	Well-balanced unit and well placed under Strategy and Development and Planning.
<b>Sol Plaatje LM</b>	Approved/ adopted	40% on point Sol-Plaatje IDP/ LED Projects	Functional, no relevant representation.	Trade/ Invest bulletins. Uniformed rebates. Business Cost.	Not well-linked structure IDP-LED alignment. Funded Projects IDP/LED	On track and well aligned in HR- SDF. Consistent	On track and well aligned in SDBIP. Consistent and progressing well. Know your region tours to mobilise.	Clear and well defined	Well-balanced Unit and well placed under Strategy and Development and Planning.
<b>Dikgatlong LM</b>	Pending being agenda item on next council sitting for Approval adoption	40% on point Dikgatlong IDP/ LED Projects	Consistent and functional, well represented by all stakeholders.	None – should harness river, central location, Gamagara Mining corridor, agri potential i.e. Wildeklawer, Afrisam. LED strategy will reference.	Not well-linked structure IDP-LED alignment. Unfunded Projects IDP/LED. SLP dependent projects.	Not budgeted for. Dependent on Provincial support.	Not well aligned in SDBIP. Focus need be shifted in LED Framework. Progressing well.	No – currently covered by District	Not enough capacity in Unit and well placed under Strategy and Development and Planning
<b>Magareng LM</b>	Pending being agenda item on next council sitting for adoption	15% on point Magareng IDP/ LED Projects	Functional.	None, LED strategy will reference.	Unfunded Projects IDP/LED	Not budgeted for, dependent on Provincial support	Not well aligned in SDBIP. Focus need be shifted in LED F work progressing well	No – currently covered by District	Not enough capacity in Unit and well placed under Strategy and Development and Planning
<b>Phokwane LM</b>	Pending being agenda item on next council sitting for Approval adoption	Phokwane IDP/ LED Projects	Consistent and functional	LED strategy will reference-Agriculture, agro-processing, and services to be explored.	Unfunded Projects IDP/LED	Not budgeted for. Dependent on Provincial support	Not well aligned in SDBIP. Focus need be shifted in LED F work Progressing well.	Clear/ no land res dev./ industry	Not enough capacity in unit placed under Strategy and Development and Planning
<b>Siyanda DM</b>	Yes	Captured in LED Strategy.	Yes	No	Captured in LED Strategy	In process and handled by DEDaT for municipal support, but LED Staff did not submit their LGSETA Registration forms.	No	Yes	Draft organogram is proposed in LED Strategy not yet approved and implemented
<b>Khara Hais LM</b>	Yes	Captured in LED Strategy.	Yes	Yes	Captured in LED Strategy.	In process and handled by DEDaT for municipal support.	Not sufficient	Yes	Yes
<b>Mier LM</b>	Yes	No	No	No	No	In process and handled by DEDaT for municipal support, but LED Staff did not submit their LGSETA Registration forms.	No	No	No
<b>Kai Garib LM</b>	Yes	Captured in LED Strategy.	No	No	Captured in LED Strategy.	In process and handled by DEDaT for municipal support, but LED Staff did not submit their LGSETA	No	Yes	Proposed in the strategy

Municipality	LED strategy	LED implementation plan	LED forum	Investment portfolio	Evaluation on project	LED training	LED awareness	SDF	LED organogram
						Registration forms.			
<b>IKheis LM</b>	Yes	Captured in LED Strategy.	No	No	Captured in LED Strategy.	In process and handled by DEDaT for municipal support, but LED staff did not submit LGSETA registration forms.	No	Yes	Proposed in the strategy
<b>Tsantsabane LM</b>	Yes	Yes	Yes	No	Captured in LED Strategy.	In process and handled by DEDaT for municipal support.	No, mine driven.	Yes	Yes, but not implemented.
<b>Kgatelopele LM</b>	Yes	Yes	No	No	Captured in LED Strategy.	In process and handled by DEDaT for municipal support.	No, mine driven.	No	Yes, captured and proposed and referred to in LED Strategy but no implemented.
<b>JTG DM</b>	Yes	Y	Yes - Functional	LED Strategy addresses this area	Project list aligned to LED Strategy and addresses L/M's Priorities	On-going	New Indicator in SDBIP 2013/14	Approved and aligned	EDD Department
<b>Ga Segonyana LM</b>	Yes	Not aligned to LED Strategy	Yes	None – LED oversight committee not yet in place	Projects not aligned	None	Yes	Need to be reviewed	None
<b>Gamagara LM</b>	Review process underway	Implementation plan in place through SDBIP – and developed by DEDaT	Yes	Small Municipality, LED not stand alone	Projects aligned to Strategy	None	Awareness not sufficient, through IDP's and Imbizo's	Approved	One official
<b>Joe Morolong LM</b>	Yes	LED Implementation in IDP not in alignment with LED Strategy	None	LED oversight committee in place, no Incentives, no bylaws	Projects in IDP, not aligned to LED Strategy	On-going	No Indicator in SDBIP to address this area	SDF approved	LED Manager post still vacant
<b>Pixley ka Seme DM</b>	Yes there is an LED strategy. Needs to be	Yes	Quarterly LED forums are held.	None	Yes	No internal Training	Yes, through the LED	Yes	The LED unit reports to the Infrastructure
<b>Ubuntu LM</b>	Yes	None	Yes but not formalized	None	Yes	No internal training. DBSA training in the previous financial year.	None	Yes	LED on the organizational organogram is under the administration of Corporate Services.
<b>Siyancuma LM</b>	Yes	None	There is an LED Forum but not yet formalized	None	Yes	No internal training. DBSA training in the previous financial year.	None	The LM SD Is part of PKSDM SDF. Needs to develop their own	LED on the organizational organogram is under the administration of Corporate Services.
<b>Thembelihle LM</b>	There is a LED Strategy in place.	None	No LED Forum but community engagement sessions	None	Yes	No internal training. DBSA training in the previous financial year.	None	Yes	The LED unit reports to the Municipal Manager
<b>Umsobomvu LM</b>	There is a LED Strategy in place.	None	There is no LED Forum.	None	Yes	No internal training. The LED Manager that went to DBSA training resigned.	None	The LM SDF Is part of PKSDM SDF.	The LED manager should report to the Municipal Manager.
<b>Emthanjeni LM</b>	There is a LED Strategy in place. Needs to be reviewed.	Yes	Yes, they have a functional LED Forum in place and other sub committees	Yes	Yes	There is internal training and mentorship	Yes through the LED Forum.	The LM SDF Is part of PKSDM. They need to develop their	The LED Official reports to the Development manager.

Municipality	LED strategy	LED implementation plan	LED forum	Investment portfolio	Evaluation on project	LED training	LED awareness	SDF	LED organogram
								own.	
<b>Renosterberg LM</b>	There is an LED Strategy in place but needs to be reviewed.	The LM does not have funds and capacity to implement the LED strategy	There is no LED Forum or any committee in the LM	None	Yes	No internal training. DBSA training in the previous financial year.	None	Yes	The LED Official reports to the Development manager.
<b>Kareeberg LM</b>	There is an LED strategy but Needs to be reviewed to include SKA initiatives.	None	There is no LED Forum in place.	None	Yes	No internal training	None	Yes	The LED manager should be reporting to the Municipal Manager
<b>Siyathemba LM</b>	There is an LED strategy in place	None	No LED Forum. IDP stakeholders are the same stakeholders for the LED Forum	None	Yes	No internal training. DBSA training in the previous financial year.	None	The LM SDF Is part of PKSDM SDF	The LED Official reports to the Municipal Manager.
<b>Namakwa DM</b>	Yes	No	Yes	No. Requested quotes for strategy	Yes	Yes Participated in 2012 training	Yes.	Yes. Approved November 2012	Yes
<b>Richtersveld LM</b>	Yes	No	No	No. Requested assistance	No	Yes. Official attended training in 2012	Yes	Yes. Approved 2010	Yes
<b>Nama Khoi LM</b>	Yes	No	No	No	Yes	Yes Two official participated in 2012	Yes.	No. Busy 2013	Yes. Not approved
<b>Hantam LM</b>	Yes	No	Yes. Not fully functional	No	Yes	Yes One official attended training	Yes.	Yes. Approved 2010	No. Only one official for LED and IDP
<b>Karoo Hoogland LM</b>	Yes. Not adopted by Council	No	No	No	Yes	Yes One official attended training	Yes.	Yes. Approved 2010	Yes
<b>Khâi-Ma LM</b>	Yes. Not adopted by Council	No	Yes. Started with process	No	Yes	Yes One official attended training	Yes.	Yes. Approved 2010	Yes. Secondments to structure
<b>Kamiesberg LM</b>	Yes	No		No	Yes	Yes. Two official attended training	Yes.	Yes. Approved 2010	Yes

Challenges with the implementation and rollout of LED in municipalities of the Northern Cape:

- More than 90% of municipalities did not comply with the provincial LED framework that hampers DEDaT's efforts.
- Alignment of LED strategies to the IDP linked to the SDBIP and proper spatial referencing is a concern.
- Lack of implementation of LED strategies combined with lack of dedicated LED capacity and competency.
- Lack of LED forums within local municipalities to create awareness of LED within LMs.
- Municipalities are not capturing local trends and intelligence that will see rapid investments and tremendous peaks in terms of investment:
  - Development of renewable strategies for the district and local municipalities in terms of positioning and alignment to prepare for investments
  - PICC SIP's not referenced or included
  - SLP processes and planning
  - Gamagara mining corridor development is not regionally integrated
- LED in Gamagara Mining Corridor (Gamagara, Joe Morolong, Ga-Segonyana, Kgatelopele, Tsantsabane) is more driven rather than an inclusive process and should include the DM.

Twenty-five (25) municipalities were present at the LED engagement sessions whilst seven were not. LED concerns are detailed in the table below.

**Table 25: Attendance of LED engagement session, concerns and other notes**

Municipality	Present	LM LED Concerns	Notes/other
Frances Baard DM	Yes	Provincial LED Role: <ul style="list-style-type: none"> <li>▪ Advise support</li> <li>▪ Unit not innovative</li> <li>▪ Projects not packaged</li> <li>▪ Review LED Strategy to include Solar strategy- PGDS-DGDS</li> <li>▪ Lack of initiatives</li> <li>▪ Luring investors into the District.</li> <li>▪ LED Implementation plan skills</li> <li>▪ Aligned stakeholder co-ordination</li> <li>▪ Aligning IDP/LED projects.</li> <li>▪ Service delivery strategies/ EPWP</li> <li>▪ Facilitation ambit- jurisdiction</li> <li>▪ Lack of sufficient funds</li> <li>▪ High cost of eradicating backlogs</li> <li>▪ Maintenance of infrastructure</li> </ul>	Integration LED/ IDP/SDBIP. Forum to get chambers concerns. The District's support to the municipalities is hampered due to resources.
Sol Plaatje	Yes	<ul style="list-style-type: none"> <li>▪ Review LED Strategy to include:</li> <li>▪ Renewable strategy (hosting, services, manufacturing)/ DGDS</li> <li>▪ Aligning IDP/LED projects.</li> <li>▪ Luring and assisting investors into the Region.</li> <li>▪ LED Implementation plans skills.</li> <li>▪ Aligned stakeholder co-ordination</li> <li>▪ Role clarification between LM and DM</li> <li>▪ Service delivery strategies.</li> </ul>	Integration LED/ IDP Investment destination and facilitation to be improved. Investment environment i.e. cost of electricity and services to be addressed. Forum to get chambers concerns.
Dikgatlong	No	<ul style="list-style-type: none"> <li>▪ Aligning IDP/LED projects</li> <li>▪ Service delivery strategies/ EPWP</li> <li>▪ Review LED Strategy to include renewable strategy/ DGDS. -Commonage Land LED Support.</li> <li>▪ M&amp;E on LED Support</li> <li>▪ Development of strategy for the control of hazardous material.</li> <li>▪ Proper rehabilitation of old, existing and new mining areas.</li> <li>▪ Development of Pniel Estate.</li> </ul>	Integration LED/ IDP
Magareng	Yes	<ul style="list-style-type: none"> <li>▪ Aligning IDP/LED projects</li> <li>▪ Service delivery strategies/ EPWP Review LED Strategy to include Food corridor strategy/</li> </ul>	Integration LED/ IDP Forum to get chambers concerns. No LED official/s – fill vacancies

Municipality	Present	LM LED Concerns	Notes/other
DGDS			
Phokwane	Yes	<ul style="list-style-type: none"> <li>Aligning IDP/LED projects.</li> <li>Service delivery strategies/ EPWP Review LED Strategy to include -Food corridor strategy/ DGDS</li> </ul>	Integration LED/ IDP Forum to get chambers concerns Vaalharts revitalization to be focus on. Investment environment
Siyanda DM	Yes	<ul style="list-style-type: none"> <li>Lack of capacity, support to LMs not sufficient.</li> </ul>	Dedicated unit with capacity and LED System to be put in place.
Khara Hais	Yes	<ul style="list-style-type: none"> <li>LED Strategy needs to be reviewed, lack of implementation.</li> </ul>	LED to be reviewed to adapt to new priorities its Renewable Energy, manufacturing and SEZ.
Mier	Yes	<ul style="list-style-type: none"> <li>LED Strategy needs to be reviewed, lack of implementation and LED Capacity.</li> </ul>	Limited capacity in Municipality is a huge concern and then next huge concern is the Bloodhound event.
Kai Garib	No	<ul style="list-style-type: none"> <li>LED Capacity, implementation and support from district</li> <li>LED is unfunded</li> </ul>	Coordinated and dedicated LED focus. TO address Renewable Energy investments anticipated, agro-processing and tourism.
IKheis	No	<ul style="list-style-type: none"> <li>LED Capacity, implementation and support from district. LED is unfunded</li> </ul>	Coordinated and dedicated LED focus. TO address Renewable energy investments anticipated, agro-processing and tourism.
Tsantsabane	Yes	<ul style="list-style-type: none"> <li>LED Capacity, implementation and support from district. LED is unfunded</li> </ul>	Coordinated and dedicated LED focus in terms of broader mining region, SLP and localization opportunities.
Kgatelopele	Yes	<ul style="list-style-type: none"> <li>LED Capacity, implementation and support from district. LED is unfunded</li> </ul>	Coordinated and dedicated LED focus in terms of broader mining region, SLP and localization opportunities. Dedicated LED capacity is a concern.
John Taolo Gaetsewe DM	Yes	<ul style="list-style-type: none"> <li>Funding, commitment of Sector Dept. and L/M's.</li> </ul>	Still to finalize secondment of Officials to L/M's for Hands on Support.
Ga-Segonyana	Yes	<ul style="list-style-type: none"> <li>Funding</li> <li>Human Capacity</li> </ul>	Dedicated LED officials and final LED for adoption and
Gamagara	Yes	<ul style="list-style-type: none"> <li>Human Capacity</li> </ul>	Coordinated and dedicated LED focus in terms of broader mining region, SLP and localization opportunities.
Joe Morolong	Yes	<ul style="list-style-type: none"> <li>Human Capacity</li> <li>Funding</li> </ul>	JMLM not showing any commitment on LED even after constant engagements. Coordinated and dedicated LED focus in terms of broader mining region, SLP and localization opportunities
Pixley ka Seme DM	Yes	<ul style="list-style-type: none"> <li>The DM does not have funds for feasibility studies.</li> </ul>	Human Capital for implementation of the LED strategy. IDP draft was not submitted to CoGHSTA.
Ubuntu	Yes	<ul style="list-style-type: none"> <li>There is an LED Strategy the problem is the knowledge of implementation.</li> </ul>	No LED Forum to ensure integrated and coordinated LED implementation in partnership with all spheres of government and private sector.
Siyancuma	Yes	<ul style="list-style-type: none"> <li>Funding for LED Projects it's a challenge.</li> </ul>	There is no mention of the proposed LED format, business retention or expansion. Industrialization reference, employment reference.
Thembelihle	Yes	<ul style="list-style-type: none"> <li>There is no capacity to implement the LED Strategy.</li> <li>Budget for LED is not sufficient.</li> </ul>	LED capacity and compliance is huge concern seen as it hampers implementation.
Umsobomvu	Yes	<ul style="list-style-type: none"> <li>There is no capacity or led Manager to implement the LED strategy.</li> </ul>	There is no LED Manger. Mr George Mgcineni is acting. The Acting LED Manager is trying to put the LED forum in place and has sent out letters to different private and public stakeholders. The LM did not submit their draft IDP as the consultants did not complete it yet.
Emthanjeni	Yes	<ul style="list-style-type: none"> <li></li> </ul>	The LED Strategy is currently being reviewed to align it with the Green Economy thrust.
Renosterberg	Yes	<ul style="list-style-type: none"> <li></li> </ul>	The LM is going through a financial crisis and the DM has cancelled their services with them until they clear their debts. There were not steering committees meeting or Rep forums held with regards to the IDP. The IDP draft was not submitted as it was not completed
Kareeberg	Yes	<ul style="list-style-type: none"> <li>There is no LED Manager/ capacity and funds to implement LED Strategy</li> </ul>	There is no LED Manager the Municipal Manager.



Municipality	Present	LM LED Concerns	Notes/other
Siyathemba	Yes	<ul style="list-style-type: none"> <li>There is little capacity in the municipality to implement LED</li> </ul>	LED focus on localization and incorporating renewable energy is a gap. This area will see ample investment from this sector
Namakwa DM	Yes	<ul style="list-style-type: none"> <li>Plans of Heritage sites as well as other areas for conservations that can hamper economic development.</li> </ul>	Capacity to support LMs due to geographic vastness.
Richtersveld	No	<ul style="list-style-type: none"> <li>Not at Engagement session</li> </ul>	LED capacity and implementation. Mining SLPs and coastal potential not properly captured.
Nama Khoi	No	<ul style="list-style-type: none"> <li>Not at Engagement session</li> </ul>	LED capacity and implementation.
Hantam	Yes	<ul style="list-style-type: none"> <li>Budget constraints for LED projects</li> </ul>	LED capacity and implementation.
KarooHoogland	No	<ul style="list-style-type: none"> <li>Not at Engagement session</li> </ul>	LED capacity and implementation. SKA potential to be extended on.
Khâi-Ma	Yes	<ul style="list-style-type: none"> <li>At the session but was not allowed to present due to late submission</li> </ul>	LED capacity and implementation.
Kamiesberg	No	<ul style="list-style-type: none"> <li>Not at Engagement session</li> </ul>	LED capacity and implementation

## Recommendations

- Proposed format of the department must be included. Municipalities cannot be supported if the format is not included because this format facilitates coordination between three spheres of government planning, support and funding.
- Regional focus to be enhanced in IDP/LED planning
- Sector focus to be enhanced in IDP/LED planning
- Mining SLPs to be enhanced in IDP/LED planning
- Renewable energy projects, community responsibility and spending to be integrated and aligned with municipal planning and spending
- Conducive investment environment based on access to information, services and infrastructure is a crucial requisite for LED. This means that LED must be part of the municipal manager's priorities and management matrix.
- Stakeholder commitment and support to be formalised and captured in IDPs.
- Municipal land audit and commonage to be utilised as leverage / incentive for investors.
- Focus on industrial capacity and industrialisation through enhanced infrastructure and access to operating space.
- SMME database and procurement to be applied.
- By-laws to be utilised to register SMMEs to secure SMME database and support LED.

## Number of jobs created

### Status

The most important job creation programme is a massive public works/public employment strategy: EPWP-plus. Within this, the CWP was proposed as the 'anchor strategy' for approaches intended to target the most marginalised first. The CWP is part of EPWP, and complements the other components.

The community work programme (CWP) is a government programme aimed at tackling poverty and unemployment. It provides an employment safety net by giving participants a minimum number of regular days of work, typically two days a week or eight days a month, thus providing a predictable income stream.

The Second Economy Strategy Project, an initiative of the Presidency located in Trade and Industrial Policy Strategies (TIPS), a policy research non-governmental organisation (NGO), initiated the CWP. In 2007, a pilot programme to test the approach was implemented under the auspices of a partnership between the Presidency and the Department for Social Development, which established a steering committee and provided oversight.

The pilot was successful, and the CWP was accepted in 2008 as part of the new non-state sector of the second phase of the EPWP. By mid-2009, it was decided that the CWP should become a fully-fledged government programme. Its steering committee was expanded to include National Treasury, the Department of Cooperative Governance and Traditional Affairs (CoGTA) and the Department of Roads & Public Works, and from 1 April 2010 the programme was housed in CoGTA.

Eleven CWP sites are established in Northern Cape in which 11 615 participants actually worked. New sites included Magareng, Phokwane, Gamagara, Kamiesberg, Karoo Hoogland, Khai-Ma, Kareeberg, Renosterberg, Ubuntu, Kai Garib, and Kgatelopele.

The CWP is funded from the national budget. Wages have been set at R 71 a day and R 95 a day for supervisors, based on the wage-contribution approved in the national budget for the non-state sector of EPWP. Wages are paid directly into workers' bank accounts. The CWP prioritises labour-intensive activities and 65% of the money at site level goes to the workers. This ratio requires partnerships with other players to co-resource or co-fund activities with high material inputs.

During 2013/14, EPWP were implemented in the Northern Cape creating almost job opportunities 7535. The net number of job opportunities ranged from a low of 16 at Ga-Segonyana to 2514 at Sol Plaatje.

Part of the challenges experienced included a constant requirement of monitoring and evaluation. This implies constant travelling to physical inspect sites and verify project sites. The M& E budget is insufficient.

A general challenge with the EPWP grant was that provinces and municipalities found it difficult to integrate it through their infrastructure programmes. This problem persists because labour intensive infrastructure projects need to be planned, costed and scheduled properly. Not all projects yield the same labour intensity, so targets must be set by project type and category. Some projects better lend themselves to labour intensive methods than others. This must be factored into the budget allocations and monitoring of the grant.

Challenges included delays in project implementation, lack of technical capacity to implement projects, and poor performance on part of municipalities to carry out projects.

**Table 26: Municipal spending of budgets**

	Municipality	Allocated Project Budget	Expenditure 1 April 2013 - 31 March 2014	Average Workers Minimum Daily Wage Rate	Calculated wages paid out to employees on EPWP projects	% Spending
Frances Baard	Dikgatlong	2 550 999	1 292 499	66.67	432	51%
	Frances Baard	4 374 039	1 615 361	113.63	397 510	37%
	Magareng	3 040 512	2 133 110	82.50	1 071 210	70%
	Phokwane	104 346 658	19 525 424	112.43	987 287	19%
	Sol-Plaatje	59 823 728	31 609 680	97.82	17 573 236	53%
	<b>Total</b>	<b>174 135 936</b>	<b>56 176 074</b>	<b>R 473</b>	<b>20 029 675</b>	<b>32%</b>
John Taolo Gaetsewe	Gamagara	2 657 143	284 694	85.00	36 720	11%
	Ga-Segonyana	36 370 272	8 979 368	125.33	1 094 595	25%
	Joe Morolong	177 093 426	72 060 821	130.03	8 677 175	41%
	John Taolo Gaetsewe	300 000	400 000	85.00	30 600	133%
	<b>Total</b>	<b>390 556 777</b>	<b>137 616 263</b>	<b>R 898</b>	<b>29 868 765</b>	<b>35%</b>
Namakwa	Hantam	7 556 302	1 368 664	72	677 216	18%
	Kamiesberg					
	Karoo Hoogland	7 912 900	1 303 460	70.00	106 260	16%
	Khai-Ma					
	Nama Khoi	2 387 636	128 165	70.00	34 270	5%
	Namakwa	1 852 808	694 803			38%
	Richtersveld	7 896 143	2 087 383	133	275,686	26%
	<b>Total</b>	<b>20 049 487</b>	<b>4 213 811</b>	<b>R 273</b>	<b>140 530</b>	<b>21%</b>
Pixley Ka Seme	Emthanjeni	2 707 600	1 150 625	73.33	287 995	42%
	Kareeberg					
	Pixley Ka Seme	1 250 000	516 727	52.50	55 815	41%
	Renosterberg	720 000	333 333	80.00	123 200	46%
	Siyancuma	13 522 391	1 139 487	102.79	264 772	8%
	Siyathemba	12 319 992	2 574 105	72.60	470 858	21%
	Thembelihle	6 871 996	1 243 455	62.47	131 924	18%

	Municipality	Allocated Project Budget	Expenditure 1 April 2013 - 31 March 2014	Average Workers Minimum Daily Wage Rate	Calculated wages paid out to employees on EPWP projects	% Spending
	Ubuntu	2 150 581	1 075 290	66.47	103 693	50%
	Umsobomvu	1 740 826	597 974	93.33	272 160	34%
	<b>Total</b>	<b>36 605 786</b>	<b>5 490 824</b>	<b>R 398</b>	<b>1 243 407</b>	<b>15%</b>
ZF Mgcawu	!Kheis	19 013 050	2 569 713	70.00	633 765	14%
	//Khara Hais	7 767 199	2 169 713	70.00	524 230	28%
	Kai! Garib	10 342 005	1 353 775	76.11	1 120 741	13%
	Kgatelopele	2 091 072	181 796	93.75	132 595	9%
	Mier	7 756 954	1 973 157	77.50	78 100	25%
	Tsantsabane	10 992 468	3 920 501	133.75	339 280	36%
	ZF Mgcawu	4 741 148	1 429 733	77.19	168 852	30%
	<b>Total</b>	<b>35 923 647</b>	<b>8 858 962</b>	<b>R 598</b>	<b>1 706 973</b>	<b>25%</b>
<b>Grand Total</b>		<b>1 143 497 834</b>	<b>363 847 230</b>	<b>4 488</b>	<b>86 020 043</b>	<b>32%</b>

### Interventions during 2013/2014

The LED mandate of the Department of Economic Development and Tourism originates from the 5 Year Local Government Strategic Agenda. The focus of the department was to roll the abovementioned out through a fourfold approach:

- Provide planning support and advice
- Project support
- LED Forum support
- Capacity building sessions in terms of LED

Based on the mandate and objectives the following actions were put in place during 2013/14:

- Established dedicated provincial sub-programme: Regional and local economic development with a staff complement of 9 including a senior manager
- Placed provincial LED managers in each of the 5 districts
- Constant analysis of LED capacity and competency in the province
- Developed the Northern Cape LED strategy, local LED framework and support municipalities to have all 32 municipalities equipped with LED strategy
- Provincial and district LED forums to facilitate public/private collaboration
- Supported LED projects that were in line with planning and could have a catalytic effect

SALGA provided the following interventions:

A workshop on informal trading guidelines was conducted for 41 officials.

A Local Economic Development workshop was conducted for 9 officials,

The best practice guide for the implementation of waste buyback centres and transfer stations was rolled out in conjunction with the department of Environmental Affairs. 55 officials benefited from this intervention.

### Remedial actions

Recommendations for CWP include:

- Allotting resources for M&E activities
- Allocating human resources and structuring the CWP unit comprehensively
- Formalisation of partnerships with sector departments
- Synchronisation of the role of the regional offices and forge closer working relationships with LED offices
- Aligning site plans with IDP

## KPA 4: FINANCIAL VIABILITY AND MANAGEMENT

Financial viability is crucial in determining a municipality's ability to ensure effective service delivery to its citizens. There are two factors that play a determining role in the financial viability of all municipalities, i.e. the availability of adequate funding combined with prudent financial management.

The Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 were introduced to provide municipalities with guidelines for the effective management of their revenue, expenditure, assets and liabilities and the handling of their financial processes. The aim is to resolve financial problems of municipalities and to maximize their revenue potential. In following these guidelines municipalities will become more accountable, financially sustainable and will ultimately drive the agenda of effective service delivery.

### Actual performance achieved

#### Tabling of the 2013/14 Budget

Section 24 of the MFMA requires the Mayor of a municipality to table the annual budget at a council meeting at least 90 days before the start of the budget year. The deadlines set out in the MFMA for the tabling of municipal budgets are minimum compliance requirements and municipalities may table their budgets earlier. Municipalities have continued to retain the positive trend of approving the annual budget on time. The table below shows the three-year trend in tabling of annual budget in compliance with Section 24 of the MFMA.

**Table 27: Submission of 2013/14 Annual Budget**

Municipality	Code	Date of draft budget	Reason for why draft budget was not tabled by 31 March 2013	On what date was the 2013/14 budget approved?
Joe Morolong	NC451	2013/03/27	N/A	2013/05/31
Ga-Segonyana	NC452	2013/03/27	N/A	2013/05/31
Gamagara	NC453	2013/03/27	N/A	2013/05/30
John Taolo Gaetsewe	DC45		Rejected due to wrong format	2013/05/30
Richtersveld	NC061	2013/03/27	N/A	2013/06/28
Nama Khoi	NC062	No date	The Council meetings did not quorate	2013/06/27
Kamiesberg	NC064	2013/03/27	N/A	2013/05/29
Hantam	NC065	No date	The Council meetings did not quorate	2013/05/27
Karoo Hoogland	NC066	2013/05/30	N/A	2013/06/24
Khai-Ma	NC067	2013/04/09	N/A	2013/05/31
Namakwa	DC6	2013/03/20	N/A	2013/05/24
Ubuntu	NC071	2013/03/28	N/A	2013/05/30
Umsobomvu	NC072	2013/04/18	Withholding of Equitable Share and the municipality had a court case	2013/05/30
Emthanjeni	NC073	2013/04/02	No council meeting before 31 March 2013	2013/05/30
Kareeberg	NC074	2013/04/02	Political Issues	2013/06/30
Renosterberg	NC075	2013/03/27	N/A	2013/05/31
Thembelihle	NC076	2013/03/28	N/A	2013/06/07
Siyathemba	NC077	2013/04/08	The CFO was on sick leave.	2013/05/30
Siyancuma	NC078	2013/03/27	N/A	2013/05/30
Pixley Ka Seme (Nc)	DC7	2013/03/27	N/A	2013/05/30
Mier	NC081	2013/03/28	N/A	2013/05/31
Ikai Garib	NC082	2013/03/27	N/A	2013/06/27
Khara Hais	NC083	2013/04/05	Municipality did complete G-Schedule/Finalisation of tariff structure and capital requirements	2013/05/30
Ikheis	NC084	2013/05/28	Difficulties to convene council meeting for tabling of draft budget	2013/06/27
Tsantsabane	NC085	2013/03/27	N/A	2013/06/26
Kgatelopele	NC086	2013/03/27	N/A	2013/05/30
Z F Mgcawu	DC8	2013/03/27	N/A	2013/06/07
Sol Plaatje	NC091	2013/03/27	N/A	2013/05/29
Dikgatlong	NC092	2013/04/22	Rejected due to wrong format	2013/05/29
Magareng	NC093	2013/03/28	N/A	2013/05/29
Phokwane	NC094	2013/03/26	N/A	2013/05/29
Frances Baard	DC9	2013/03/26	N/A	2013/05/29
<b>32 Municipalities in total</b>		<b>32</b>		<b>32</b>

## Submission of 2013/14 AFS

### Actual performance achieved

The majority of Northern Cape municipalities submitted annual financial statements (AFS) on time for auditing (27) i.e. by the end of August 2014, while two the municipalities submitted these during August and September 2014 which were the Kgatelopele and Renosterberg respectively. Although it signifies an improvement compared to the past non-compliance with legislation

### Financial Performance

According to National Treasury there is no single measure that can be used to assess the financial health of the municipality. Thus, National Treasury uses eight key measures identified in MFMA Circular 42 to evaluate the state of municipal finances. These measures are:

**Table 28: Key measures to evaluate the state of municipal finances**

No	Measure	Purpose
1.	Cash as a % of operating expenditure	To determine cost coverage – does the municipality have adequate cash available to meet operating expenditure requirements?
2.	Persistence of negative cash balance	Identifies whether cash shortages/bank overdrafts pose a “chronic” problem for municipalities
3.	Over spending of original capital budgets	Tests the effectiveness of municipal spending – but also provides an indication of whether municipalities
4.	Underspending of original capital budgets	Tests the effectiveness of municipalspending – but also provides an indication of whether municipalitiesare compromising on capitalprogrammes to resolve cash flowchallenges, are there planningdeficiencies which are impacting on service delivery, etc.
5.	Debtors as a percentage of own revenue	Examines the revenue managementcapabilities of municipalities.
6.	Year-on-year growth in debtors	Is the municipality exercising fiscal effort in collectingoutstanding debt? To what extent isfinancial distress the result of poordebtor management.
7.	Creditors as a percentage of cash and investments	Is the municipality able to meet itsmonthly commitments – does ithave sufficient cash to pay itscreditors in line with therequirements of the MFMA (i.e. costcoverage).
8.	Reliance on national and provincial government transfers	Determine the level at whichmunicipalities are able to generateown funds to finance revenuegenerating assets to enhance andsustain revenue generating streams.
9.	The extent of repairs and maintenance as a percentage ofproperty, plant and equipment	Does the municipality prioritiseexpenditure towards repairs andmaintenance? Is the level within theacceptable norms and standards asguded in the budget circulars?

### Actual performance achieved

#### Budgeting and Actual Income and Expenditure

Sufficient funding and effective management of available funding at a municipal level is essential to ensure delivery on key development projects and plans. Financial viability is the key indicator towards sustainable service delivery in the medium to long term. A funded budget is essentially a budget that is funded by cash derived either from realistically anticipated revenues to be collected n that year, government transfers from cash backed reserves of previous financial years.

Thirty-two Northern Cape municipalities had a combined income of over R 5.4 billion in 2013/14. Sol Plaatje Municipality received the largest income of approximately R 1.4 billion, while Mier Municipality received the smallest income of approximately R 28 million.

Sixteen (16) municipalities ended 2013/2014 with deficits. The largest deficit was at Nama Khoi followed by Emthanjeni. Sixteen (16) municipalities ended the year with more than R 10 million in surpluses of which the largest wasPhokwane followed by Sol Plaatje and Gamagara.

**Table 29: Operational Budget, Actual Revenue, Expenditure, Surplus /(Deficit)**

	Municipality	2013/14 Operational budget	Adjustments	2013/14 Final budget	Total Revenue	Total Expenditure	Surplus/(Deficit)	Over/(Under) Collection (Income vs Expenditure)	Exp as a % of the total budget
Frances Baard District	Frances Baard DM	121 903 670	0	121 903 670	102 078 439	102 411 291	9	-332 852	84%
	Dikgatlong	110 150 860	0	110 150 860	137 260 318	135 475 288	-25 324 428	1 785 030	123%
	Magareng	104 364 959	0	104 364 959	67 645 967	81 489 283	22 875 676	-13 843 316	78%
	Phokwane	467 056 646	243 367 805	710 424 451	138 151 445	253 333 238	457 091 213	-115 181 793	36%
	Sol Plaatje	1 606 486 326	83 378 000	1 689 864 326	1 662 522 490	1 403 562 904	286 301 422	258 959 586	83%
	<b>Total</b>	<b>2 409 962 461</b>	<b>326 745 805</b>	<b>2 736 708 266</b>	<b>2 107 658 659</b>	<b>1 976 272 004</b>	<b>740 943 892</b>	<b>131 386 655</b>	<b>27%</b>
John Taolo Gaetsewe	John Taolo Gaetsewe DM	79 593 000	10 237 000	89 830 000	78 547 183	83 803 240	6 026 760	-5 256 057	93%
	Gamagara	394 616 301	7 808 418	402 424 719	304 815 769	286 352 872	116 071 847	18 462 897	71%
	Ga-Segonyane	270 701 470	34 551 292	305 252 762	260 711 447	269 009 145	36 243 617	-8 297 698	88%
	Joe Morolong	121 408 700	6 330 000	127 738 700	222 713 753	157 667 765	-29 929 065	65 045 988	123%
	<b>Total</b>	<b>866 319 471</b>	<b>48 689 710</b>	<b>925 246 181</b>	<b>866 788 152</b>	<b>796 833 022</b>	<b>128 413 159</b>	<b>69 955 130</b>	<b>14%</b>
Namakwa District	Namakwa DM	89 963 345	-4 977 183	84 986 162	56 272 180	63 492 957	21 493 205	-7 220 777	75%
	Hantam	74 860 427	0	74 860 427	94 031 185	71 959 808	2 900 619	22 071 377	96%
	Kamiesberg	36 190 000	-169 000	36 021 000	33 122 289	53 678 022	-17 657 022	-20 555 733	149%
	Karoo Hoogland	39 680 000		39 680 000	48 754 000	53 416 000	-13 736 000	-4 662 000	135%
	Khai-Ma	50 289 190	647 050	50 936 240	46 660 716	63 112 786	-12 176 546	-16 452 070	124%
	Nama Khoi	212 815 054	0	212 815 054	210 513 712	290 773 473	-77 958 419	-80 259 761	137%
	Richtersveld	66 069 417	12 107 476	78 176 893	59 426 258	65 797 498	12 379 395	-6 371 240	84%
	<b>Total</b>	<b>569 867 433</b>	<b>7 608 343</b>	<b>577 475 776</b>	<b>548 780 340</b>	<b>662 230 544</b>	<b>-84 754 768</b>	<b>-113 450 204</b>	<b>-15%</b>
Pixley Ka Seme District	Pixley Ka Seme DM	39 284 133	10 614 043	49 898 176	48 454 557	50 123 544	-225 368	-1 668 987	100%
	Emthanjeni	222 752 000	-28 582 000	194 170 000	198 285 066	265 065 843	-70 895 843	-66 780 777	137%
	Kareeberg	44 985 632	0	44 985 632	42 704 499	47 214 295	-2 228 663	-4 509 796	105%
	Renosterberg	60 024 500	0	60 024 500	59 749 034	76 749 539	-16 725 039	-17 000 505	128%
	Siyancuma	132 235 105	5 446 678	137 681 783	106 779 041	106 108 356	31 573 427	670 685	77%
	Siyathemba	105 515 863	18 181 253	123 697 116	64 366 514	90 455 682	33 241 434	-26 089 168	73%
	Thembelihle	63 262 314	0	63 262 314	49 143 472	57 166 812	6 095 502	-8 023 340	90%
	Ubuntu	85 693 566	0	85 693 566	107 210 949	115 378 763	-29 685 197	-8 167 814	135%
	Umsobomvu	147 529 746	-46 723 252	100 806 494	147 442 084	124 779 532	-23 973 038	22 662 552	124%
	<b>Total</b>	<b>901 282 859</b>	<b>-41 063 278</b>	<b>860 219 581</b>	<b>824 135 216</b>	<b>933 042 366</b>	<b>-72 822 785</b>	<b>-108 907 150</b>	<b>-8%</b>
ZF Mgcawu District	ZF Mgcawu DM	60 257 880	-1 476 856	58 781 024	54 422 416	63 279 429	-4 498 405	-8 857 013	108%
	//Kheis	45 569 010	-1 241 343	44 327 667	28 511 491	58 310 995	-13 983 328	-29 799 504	132%
	//Khara Hais	585 008 344	-6 663 414	578 344 930	533 872 094	561 836 519	16 508 411	-27 964 425	97%
	Kai!Garib	172 373 000	21 966 000	194 339 000	178 427 598	221 199 343	-26 860 343	-42 771 745	114%
	Kgatelopele	65 838 005	4 443 765	70 281 770	69 619 131	66 367 676	3 914 094	3 251 455	94%
	Mier	20 364 950	1 699 963	22 064 913	27 803 417	27 316 002	-5 251 089	487 415	124%
	Tsantsabane	139 691 265	16 864 000	156 555 265	165 724 077	150 258 556	6 296 709	15 465 521	96%
	<b>Total</b>	<b>1 089 102 454</b>	<b>35 592 115</b>	<b>1 124 694 569</b>	<b>1 058 380 224</b>	<b>1 148 568 520</b>	<b>-23 873 951</b>	<b>-90 188 296</b>	<b>-2%</b>
	<b>Grand Total</b>	<b>5 836 534 678</b>	<b>377 572 695</b>	<b>6 224 344 373</b>	<b>5 405 742 591</b>	<b>5 516 946 456</b>	<b>687 905 547</b>	<b>-111 203 865</b>	<b>11%</b>

Of the 32 municipalities that included budget data in the annual financial statements, all 32 included original budgets, while 22 only included final and adjusted budgets.

The largest overspending occurred at Kamiesberg (149%) followed by Nama Khoi(137%) and Emthanjeni (137%), while the largest underspending occurred at Phokwane (36%) and Gamagara (71%). Pixley Ka Seme attained the closest expenditure to budget (100%).



As at 30 June 2014, all municipalities had spent R940 million or 75% of the main appropriation budgets and 68% of the adjusted capital budget. The risk still lies in municipalities' inability to spend capital budgets. Five (5) municipalities overspent on the adjusted capital budgets by over 10%, which is considered an acceptable level of performance. However, the majority of municipalities under spent the adjusted capital budgets by more than 20%.

**Table 30: Over/Under spending of adjusted Capital Budget 2013/14 in R'000**

Municipality	Main appropriation R'000	Adjusted Budget R'000	Year to date: 30 June 2014 R'000	Total Expenditure as % of main appropriation R'000	Total Expenditure as % of adjusted budget R'000	(Over) R'000	Under R'000	(Over)/Under as % of adjusted budget
John Taolo Gaetsewe	3,107	3,107	972	31.3%	31.3%	-	2,136	58.7%
Namakwa	3,400	5,147	3,953	116.3%	76.8%	-	1,194	23.2%
Pixley Ka Seme	350	358	550	157.2%	153.7%	(192)	-	(53.7%)
ZF Mgcawu	2,470	1,963	1,812	73.4%	92.3%	-	151	7.7%
Frances Baard	4,290	3,662	2,265	52.8%	61.9%	-	1,397	38.1%
Richtersveld	19,917	26,810	568	2.8%	2.1%	-	26,242	97.9%
Nama Khoi	36,014	36,014	27,167	75.4%	75.4%	-	8,848	24.6%
Kamiesberg	11,096	11,095	2,948	26.6%	26.6%	-	8,147	73.4%
Hantam	23,544	28,138	27,824	118.2%	98.9%	-	314	1.1%
Karoo Hoogland	11,805	11,805	10,267	87.0%	87.0%	-	1,538	13.0%
Khai-Ma	15,803	29,399	10,458	66.2%	35.6%	-	18,941	64.4%
Ubuntu	10,927	10,927	42	0.4%	0.4%	-	10,885	99.6%
Umsobomvu	71,017	61,792	45,899	64.6%	74.3%	-	15,894	25.7%
Emthanjeni	44,039	20,833	15,669	35.6%	75.2%	-	5,164	24.8%
Kareeberg	9,089	9,089	1,125	12.4%	12.4%	-	7,964	87.6%
Renosterberg	12,639	12,639	14,089	111.5%	111.5%	(1,450)	-	(11.5%)
Thembelihle	31,373	18,074	10,054	32.0%	55.6%	-	8,020	44.4%
Siyathemba	23,036	34,200	8,632	37.5%	25.2%	-	25,568	74.8%
Siyancuma	26,515	26,515	32,118	121.1%	121.1%	(5,603)	-	(21.1%)
Mier	13,116	13,116	3,469	26.4%	26.4%	-	9,647	73.6%
Kai! Garib	33,954	33,954	22,127	65.2%	65.2%	-	11,827	34.8%
//Khara Hais	65,815	147,268	81,928	124.5%	56.6%	-	65,340	44.4%
!Kheis	14,533	21,451	16,969	116.8%	79.1%	-	4,482	20.9%
Tsantsabane	34,700	34,700	14,218	41.0%	41.0%	-	20,482	59.0%
Kgatelopele	22,798	22,798	11,336	49.7%	49.7%	-	11,462	50.3%
Sol Plaatje	238,867	297,513	225,160	94.3%	75.7%	-	72,353	24.3%
Dikgatlong	32,401	32,401	26,745	82.54%	82.54%	-	5,566	17.46%
Magareng	20,235	20,235	6,103	30.2%	30.2%	-	14,132	69.8%
Phokwane	45,594	45,594	42,643	93.5%	93.5%	-	2,951	6.5%
Joe Morolong	81,859	119,485	130,111	158.9%	108.9%	(10,626)	-	(8.9%)
Ga-Segonyana	142,803	108,392	81,629	57.2%	75.3%	-	26,763	24.7%
Gamagara	180,030	160,060	60,824	33.8%	38.0%	-	99,237	62.0%
Total Northern Cape	1,254,732	1,376,135	939,674	74.9%	68.3%	(44,616)	481,077	31.7%

## Expenditure

MFMA funding compliance guidelines (MFMA circular 42) identifies repairs and maintenance expenditure level as one of the indicators to be considered during the budget process. This measure is included in the funding measure criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable.

Because levels of expenditure on repairs and maintenance are low, National Treasury set parameters. National Treasury has set parameters for adequate repairs and maintenance budget allocations where at least:

- 40% of the capital budget is allotted to the renewal of existing assets
- 8% of assets value of the municipality's plant, property and equipment stated in the AFS is allotted
- 10% of the operating budget is allocated to repairs and maintenance



Although it is not a norm, municipalities should restrict their salary costs. All except the five District Municipalities and Siyancuma achieved a level of 35% of total operating expenditure. The municipality with the lowest expenditure on employees was Karoo Hoogland (11%), and the next lowest was Khai-Ma (18%).

An assessment of the 2013/14 AFS of Northern Cape municipalities reflects that only two municipalities, namely Ga-Segonyana (10.5%) and Joe Morolong (11.5%), spent more than 10% on repairs and maintenance.

Frances Baard attained a spending rate of 8.7% of its asset's value, while the average was 1.6%, with the lowest at Kareeberg at 0.46%.

National Treasury's State of local government finances and financial management report as at 30 June 2014 set out the consequences for underspending on repairs and maintenance as follow:

- Deteriorating reliability and quality of service
- Move to more expensive crisis maintenance rather than planned maintenance
- Increasing the future cost of maintenance and refurbishment
- Shortening the useful lifespan of assets, necessitating earlier replacement, and
- Reduced revenues due to the failure to sell water and electricity and other services

**Table31: Cost of Employees and Expenditures on Repair and Maintenance**

	Municipality	Employee Related Costs	Repairs and Maintenance	Property, Plant and Equipment	Total Expenditure	Employee Related Cost as a % of total expenditure	Repairs and Maintenance as a % of total expenditure	Repairs and Maintenance as a % asset value
Frances Baard District	Frances Baard	41 012 166	3 376 440	38 661 158	102 411 291	40,05%	3,30%	8,73%
	Dikgatlong	36 910 290	4 533 552	571 300 308	135 475 288	27,25%	3,35%	0,79%
	Magareng	27 695 418	2 601 951	232 550 148	81 498 283	33,98%	3,19%	1,12%
	Phokwane	49 425 057	6 110 841	1 015 754 916	253 333 238	19,51%	2,41%	0,60%
	Sol-Plaatje	474 749 079	64 256 615	1 281 007 358	1 403 562 904	33,82%	4,58%	5,02%
	<b>Total</b>	<b>629 792 010</b>	<b>80 879 399</b>	<b>5 115 554 894</b>	<b>1 976 281 004</b>	<b>31,87%</b>	<b>4,09%</b>	<b>1,58%</b>
John Taolo Gaetsewe	JT Gaetsewe	50 173 627	1 534 784	74 479 862	83 803 240	59,87%	1,83%	2,06%
	Gamagara	83 936 489	10 785 772	883 665 970	286 352 872	29,31%	3,77%	1,22%
	Ga-Segonyane	74 606 633	28 294 786	937 496 943	269 009 145	27,73%	10,52%	3,02%
	Joe Morolong	37 024 772	18 214 760	1 159 053 993	157 667 765	23,48%	11,55%	1,57%
	<b>Total</b>	<b>245 741 521</b>	<b>58 830 102</b>	<b>3 054 696 768</b>	<b>796 833 022</b>	<b>30,84%</b>	<b>7,38%</b>	<b>1,93%</b>
Namakwa District	Namakwa	25 015 831	662 412	10 212 839	63 492 957	39,40%	1,04%	6,49%
	Hantam	25 309 378	2 802 980	106 313 939	71 959 808	35,17%	3,90%	2,64%
	Kamiesberg	14 787 573	953 797	103 787 573	53 678 022	27,55%	1,78%	0,92%
	Karoo Hoogland	17 201 933	956 023	158 621 713	158 621 713	10,84%	1%	0,60%
	Khai-Ma	11 146 537	1 258 148	92 612 023	63 112 786	17,66%	1,99%	1,36%
	Nama Khoi	71 233 249	17 131 367	607 860 179	290 773 473	24,50%	5,89%	2,82%
	Richtersveld	17 122 551	1 300 317	115 359 363	65 797 498	26,02%	1,98%	1,13%
	<b>Total</b>	<b>116 704 270</b>	<b>20 645 855</b>	<b>974 453 278</b>	<b>767 436 257</b>	<b>15,21%</b>	<b>2,69%</b>	<b>2,69%</b>
Pixley Ka Seme District	Pixley Ka Seme	23 981 628	399 226	13 041 237	50 123 544	47,85%	0,80%	3,06%
	Emthanjeni	59 893 633	11 610 873	923 698 842	265 065 843	22,60%	4,38%	1,26%
	Kareeberg	13 236 783	494 612	107 038 088	47 214 295	28,04%	1,05%	0,46%
	Renosterberg	14 783 224	4 313 155	370 418 665	76 749 539	19,26%	5,62%	1,16%
	Siyancuma	38 717 485	2 206 362	260 069 991	106 108 356	36,49%	2,08%	0,85%
	Siyathemba	30 499 201	4 364 864	437 953 208	90 455 682	33,72%	4,83%	1,00%
	Thembelihle	17 519 630	1 901 859	190 093 965	57 166 812	30,65%	3,33%	1,00%
	Ubuntu	24 732 334	1 255 587	126 756 293	115 378 763	21,44%	1,09%	0,99%
	Umsobomvu	33 695 250	2 486 477	502 295 348	124 779 532	27,00%	1,99%	0,50%
	<b>Total</b>	<b>257 059 168</b>	<b>29 033 015</b>	<b>1 257 098 814</b>	<b>933 042 366</b>	<b>27,55%</b>	<b>3,11%</b>	<b>2,31%</b>

	Municipality	Employee Related Costs	Repairs and Maintenance	Property, Plant and Equipment	Total Expenditure	Employee Related Cost as a % of total expenditure	Repairs and Maintenance as a % of total expenditure	Repairs and Maintenance as a % asset value
ZF Mkgwau District	ZF Mkgwau	35 280 139	666 540	22 012 254	63 279 429	55,75%	1,05%	3,03%
	!Kheis	11 956 290	664 788	138 903 285	58 310 995	20,50%	1,14%	0,48%
	//Khara Hais	199 439 592	10 558 606	1 577 744 713	561 836 519	35,50%	1,88%	0,67%
	Kai! Garib	75 168 472	5 076 997	811 431 197	221 199 343	33,98%	2,30%	0,63%
	Kgatelopele	14 189 312	1 442 463	165 593 147	66 367 676	21,38%	2,17%	0,87%
	Mier	7 399 416	845 691	209 796 578	27 316 002	27,09%	3,10%	0,40%
	Tsantsabane	46 653 586	3 498 897	841 513 047	150 258 556	31,05%	2,33%	0,42%
	<b>Total</b>	<b>2 953 793 527</b>	<b>405 949 913</b>	<b>2 028 333 969</b>	<b>1 148 568 520</b>	<b>225,25%</b>	<b>35,34%</b>	<b>20,01%</b>

### Grants and Subsidies

Dependency on external grants undermines a municipality's self-sustainability. Not only are municipalities depending on grants to finance capital expenditure, there is also high reliance on grant funding for operational expenditure. The low level of internally generated funding is a concern as municipalities are becoming ever increasingly dependent on grants by neglecting to fund infrastructure from own revenue sources.

Government grants and subsidies to the 32 municipalities amounted to over R3.4 billion in 2013/14. Municipalities relied on grants and subsidies of more than 70% of revenue, which include all five district municipalities, Joe Morolong, !Kheis, and Mier. Magareng, Dikgatlong, Renosterberg, Thembelihle, Siyathemba and Umsobomvu are between 55%-60% grant dependent. On average grants contributed to 34% of revenue.

**Table 32: Grants and Subsidies**

	Municipality	Total Revenue	Grants and subsidies (government)	Grants and subsidies as a % of total revenue	Total unspent conditional receipt	Total unspent conditional as a % of grants and subsidies received
Frances Baard District	Frances Baard	102 078 439	95 052 784	93.1%	331 350	0.35%
	Dikgatlong	137 260 318	78 261 051	57.0%	5 652 079	7.22%
	Magareng	78 901 815	46 815 953	59.3%	21 352 522	45.61%
	Phokwane	219 586 381	111 344 271	50.7%	8 105 322	7.28%
	Sol-Plaatje	1 662 522 490	166 600 914	10.0%	2 593 813	1.56%
	<b>Total</b>	<b>2 200 349 443</b>	<b>498 074 973</b>	<b>22.6%</b>	<b>38 035 086</b>	<b>7.64%</b>
John Taolo Gaetsewe	JT Gaetsewe	77 187 739	67 305 080	87.2%	6 253 260	9.29%
	Gamagara	331 206 755	55 384 448	16.7%	1 217 129	2.20%
	Ga-Segonyane	342 007 636	175 245 487	51.2%	6 811 257	3.89%
	Joe Morolong	222 713 753	201 729 305	90.6%	-	0.00%
	<b>Total</b>	<b>973 115 883</b>	<b>499 664 320</b>	<b>51.3%</b>	<b>14 281 646</b>	<b>2.86%</b>
Namakwa District	Namakwa	44 245 994	39 078 920	88.3%	9 049 487	23.16%
	Hantam	94 031 186	28 383 573	30.2%	115 001	0.41%
	Kamiesberg	33 660 165	17 780 206	52.8%	8 142 075	45.79%
	Karoo Hoogland					
	Khai-Ma	57 498 166	25 299 702	44.0%	10 561 656	41.75%
	Nama Khoi	210 513 712	66 470 205	31.6%	21 089 394	31.73%
	Richtersveld	65 090 648	32 694 690	50.2%	2 879 143	8.81%
	<b>Total</b>	<b>333 102 526</b>	<b>124 464 597</b>	<b>37.4%</b>	<b>34 530 193</b>	<b>27.74%</b>
Pixley Ka Seme District	Pixley Ka Seme	48 454 557	42 684 749	88.1%	1 189 131	2.79%
	Emthanjeni	198 285 066	58 854 156	29.7%	7 095 267	12.06%
	Kareeberg	50 061 999	17 905 613	35.8%	2 420 906	13.52%
	Renosterberg	59 749 034	35 125 600	58.8%	6 321 310	18.00%
	Siyancuma	130 970 744	24 191 703	18.5%	17 105 961	70.71%
	Siyathemba	83 130 957	47 132 924	56.7%	414 178	0.88%
	Thembelihle	63 262 314	38 475 282	60.8%		0.00%
	Ubuntu	119 280 684	30 114 716	25.2%	7 396 155	24.56%
	Umsobomvu	147 442 084	86 281 106	58.5%	11 164 521	12.94%
	<b>Total</b>	<b>900 637 439</b>	<b>380 765 849</b>	<b>42.3%</b>	<b>53 107 429</b>	<b>13.95%</b>
ZF Mcgawu District	ZF Mcgawu	54 422 416	50 251 446	92.3%	843 265	1.68%
	Ikheis	48 066 506	37 297 631	77.6%	2 138 358	5.73%
	//Khara Hais	534 810 116	69 642 640	13.0%	36 248 360	52.05%
	Kai! Garib	180 846 650	80 272 203	44.4%	4 829 684	6.02%
	Kgatelopele	65 838 005	28 719 000	43.6%	1 597 710	5.56%
	Mier	35 870 475	29 653 374	82.7%	8 534 673	28.78%
	Tsantsabane	194 724 077	61 488 324	31.6%	18 586 746	30.23%
	<b>Total</b>	<b>10 100 926 172</b>	<b>3 448 506 795</b>	<b>34.1%</b>	<b>369 994 067</b>	<b>10.73%</b>

In addition to the high reliance on grants, attaining financially sustainable positions is demanding because of several factors:

- Own revenue is insufficient to cover operating costs
- Serious challenges in recovery of arrear consumer debtors
- Debt collection problems
- Current liabilities exceed current assets
- Municipality does not have financial recovery plan in place
- Material losses incurred from electricity and water reticulation losses and vandalism
- Lack of oversight/accountability by technical departments
- Lack of capacity in finance departments
- Communities bypassing meters which is not addressed
- Lack of proper systems to account for income and expenditure

Conditional grant amounts must be spent within the allocated year as prescribed. Underspensing is an indicator of poor financial management resulting in non-performance on service delivery and the neglect of infrastructure.

Government grants and subsidies to 32 Northern Cape municipalities amounted to over R3.4 billion in 2013/14, of which 10.7% remained unspent at the end of the financial year. Although unspent amounts can be rolled over to the following year certain conditions need to be met as required by National Treasury.

Five municipalities, i.e. Magareng, Kamiesberg, Khai-Ma, Siyancuma, Khara Hais, had more than 40% of grants unspent in 2013/14.

Underspending on infrastructure projects could be the result of delays in project registration, absence of project management units, lack of capacity, delays with contractors, limited multi-year budgeting and political interference in the procurement processes.

The underspending of capital budgets in municipalities is mainly attributed to difficulties with planning and executing capital projects. However, it should also indicate potential cash flow problems in municipalities.

Current trends indicate that capital budgets continue to be underspent while municipalities overspent on operating budgets. Contributing factors include poorly prepared budgets that lack credibility; overambitious capital programmers, which in many instances are underfunded; liquidity and cash flow challenges; weak revenue management; and non-priority spending driven by operational budget.

Capital budgets of local municipalities are largely grant funded and hence the lack of funding is not the cause of poor capital spending. According to National Treasury, it can be concluded that the failure to spend the capital budget is a result of poor planning and the lack of project management.

### **Creditors and Cash**

A municipality must take reasonable steps to ensure that money owing by the municipality is paid within 30 days of receiving the relevant statement or invoice. This involves ensuring that the timing of the municipality's expenditure is matched by its flow of income. The table below shows creditors as a percentage of cash and investments, which indicates which municipality had working capital to settle the outstanding creditors.

Municipalities had creditors to the value of R 905 million, which is indicative of liquidity in cash challenges faced. Often municipalities were spending more than they generate resulting in increased outstanding creditors. Municipalities also delay paying creditors at the end of the financial year to end the year in a positive cash position and ensure compliance with the MFMA.

Creditors accounted for 22% (R 905 million) of operating expenditure during 2013/14. Creditors as a percentage of cash investments averaged 269% at the end of 2013/14. However, 18 municipalities had creditors that accounted for more than 100% of cash and investments, with Magareng the highest, followed by Joe Morolong and Kamiesberg. Ten municipalities have kept their creditors to less than 100% of their Cash and Investments.

**Table 33: Creditors and Cash Equivalents**

	Municipality	Payables from exchange transactions (Creditors)	Cash and cash equivalents	Creditors as a % of cash and investments	Operating Expenditure	Cash and cash equivalents as a % of Operating Expenditure
Frances Baard District	Frances Baard DM	6 219 361,00	87 934 339	7,07%	102 903 670	85%
	Dikgatlong	10 387 732,00	4 743 353	219,00%	135 475 288	4%
	Magareng	44 343 930,00	879 561	5041,60%	83473086	1%
	Phokwane	23 041 047,00	33 076 913	69,66%	276 740 014	12%
	Sol Plaatje	169 578 269,00	305 199 110	55,56%	1 403 562 904	22%
	<b>Total</b>	<b>253 570 339,00</b>	<b>431 833 276</b>	<b>58,72%</b>	<b>2 002 154 962</b>	<b>22%</b>
John Taolo Gaetsewe	John Taolo Gaetsewe DM	8 595 709,00	34 618 346	24,83%	83 803 240	41%
	Gamagara*	356 651,00	-20 043 692	-1,78%	286 352 872	-7%
	Ga-Segonyane	17 228 504,00	6 520	264240,86%	296 009 145	0%
	Joe Morolong	90 855 498,00	14 703 421	617,92%	15 667 765	94%
	<b>Total</b>	<b>117 036 362,00</b>	<b>29 284 595</b>	<b>399,65%</b>	<b>681 833 022</b>	<b>4%</b>
Namakwa District	Namakwa DM		49 501 657	0,00%	63 492 957	78%
	Hantam	6 231 277,00	2 359 062	264,14%	71 959 808	3%
	Kamiesberg	29 850 176,00	761 536	3919,73%	53 678 022	1%
	Karoo Hoogland	6 988 166,00	3 131 182	223,18%	53 416 000	6%
	Khai-Ma	8 373 562,00	7 820 213	107,08%	63 112 786	12%
	Nama Khoi	122 740 343,00	19 223 904	638,48%	290 773 473	7%
	Richtersveld	6 001 241,00	6 577 042	91,25%	65 797 498	10%
	<b>Total</b>	<b>180 184 765,00</b>	<b>89 374 596</b>	<b>201,61%</b>	<b>662 230 544</b>	<b>13%</b>
Pixley Ka Seme District	Pixley Ka Seme DM	7 462 052,00	3 583 875	208,21%	50 123 544	7%
	Emthanjeni	12 979 185,00	285 450	4546,92%	265 065 843	0%
	Kareeberg	731 677,00	22 612 006	3,24%	47 214 295	48%
	Renosterberg	42 295 323,00	8 920 657	474,13%	76 749 539	12%
	Siyancuma*	18 326 770,00	9 458 271	193,76%	106 108 356	9%
	Siyathemba	13 596 802,00	-1 924 909	-706,36%	90 455 682	-2%
	Thembelihle	18 609 309,00	8 406 033	221,38%	57 166 812	15%
	Ubuntu	9 420 766,00	848 700	1110,02%	115 378 763	1%
	Umsobomvu	15 892 685,00	599 837	2649,50%	124 779 532	0%
	<b>Total</b>	<b>139 314 569,00</b>	<b>52 789 920</b>	<b>263,90%</b>	<b>933 042 366</b>	<b>6%</b>
ZF Mgcawu District	ZF Mgcawu DM	4 968 647,00	3 307 352	150,23%	63 279 429	5%
	//Kheis	10 284 393,00	1 640 828	626,78%	58 310 995	3%
	//Khara Hais	97 821 064,00	2 871 591	3406,51%	561 836 519	1%
	Kai!Garib*	33 940 652,00	-37 742 818	-8992,61%	221 199 343	-17%
	Kgatelopele	8 739 824,00	1 127 272	775,31%	66 367 676	2%
	Mier	9 655 236,00	221 246	4364,03%	27 316 002	1%
	Tsantsabane	49 330 024,00	4 680 929	1053,85%	150 258 556	3%
	<b>Total</b>	<b>214 739 840,00</b>	<b>-23 893 600</b>	<b>-898,73%</b>	<b>1 148 568 520</b>	<b>-2%</b>
	<b>Grand Total</b>	<b>904 845 875,00</b>	<b>579 388 787,00</b>	<b>156,17%</b>	<b>5 427 829 414</b>	<b>11%</b>

In terms of section 45 of the MFMA, municipalities are not allowed to close the financial year with any short-term borrowings or overdraft. Twenty-nine (29) municipalities were able to close the financial year with positive cash position. Kailarib, Siyathemba and Gamagara closed the financial year with a bank overdraft, resulting in a negative bank balance.

The municipality also needs to have enough cash on hand to meet its monthly payments. In calculating the level of cash coverage it is generally accepted that a prudent level of cash coverage is three months of the average operational expenditure. As at 30 June 2014, Magareng; Gamagara; Kamiesberg; Emthanjeni; Siyathemba; Ubuntu; Umsobomvu, Khara Hais and Mier had 1% or less.

### Debtors

Consumer debtors as a percentage of own revenue provides a useful, easily calculated indicator of the state of municipalities debtor management capabilities. Municipalities whose debtors are greater than 30% of own revenue, is at serious financial risk especially if there is an ongoing deteriorating trend. None of the municipalities had debtor levels higher than 30% of own revenue. However, Renosterberg and Kheis are close to 30%.

Consumers owed 27 municipalities over R 2.6 billion in 2013/14. Provision made for impairments amounted to R405 million. Provision for debt impairment is regarded as an expense, and expressed as a percentage of total revenue, which averaged 18% and ranged from 0% at Frances Baard to 57% for Phokwane.

**Table 34: Total Receivables from Exchange Transactions and Provisions for impairment**

	Municipality	Total receivables from exchange transactions before provisions	Provision for impairment	Total receivables from exchange transactions after provisions	Impairment as a % of total revenue	%90 days +	Outstanding Debtors	Debtors as a % of own revenue	Total Revenue
Frances Baard	Dikgatlong	51 750 697	26 042 653	25 708 044	18,97%	93,70%	147 703 700	107,61%	137 260 318
	Frances Baard District	7 025 655	0	7 025 655	0,00%	12,70%	0	0,00%	102 078 439
	Magareng	27 818 159	2 637 393	25 180 766	3,34%	90,10%	79 787 042	101,12%	78 901 815
	Phokwane	98 196 988	29 025 371	69 171 617	13,22%	91,80%	51 287 704	23,36%	219 586 381
	Sol Plaatje	975 269 027	126 810 256	848 458 771	7,63%	83,80%	1 019 966 789	61,35%	1 662 522 490
	<b>Total</b>	<b>1 108 309 829</b>	<b>158 473 020</b>	<b>949 836 809</b>	<b>7,20%</b>		<b>1 151 041 535</b>	<b>52,31%</b>	<b>2 200 349 443</b>
John Taolo Gaetsewe	Gamagara	216 703 347	24 609 226	192 094 121	7,43%	59,70%	46 539 605	14,05%	331 206 755
	Ga-Segonyana	116 967 466	27 071 351	89 896 115	7,92%	55,60%	42 929 846	12,55%	342 007 636
	Joe Morolong	17 598 806	2 336 145	15 262 661	1,05%	4,50%	127 904 706	57,43%	222 713 753
	John Taolo Gaetsewe District	9 882 659	5 707	9 876 952	0,01%	51,80%	82 537	0,11%	77 187 739
	<b>Total</b>	<b>361 152 278</b>	<b>54 022 429</b>	<b>307 129 849</b>	<b>5,55%</b>		<b>217 456 694</b>	<b>22,35%</b>	<b>973 115 883</b>
Namakwa	Hantam	34 141 017	4 818 880	29 322 137	5,12%	84,06%	35 360 348	37,60%	94 031 186
	Kamiesberg	12 107 016	2 847 077	9 259 939	8,46%	91,50%	27 194 366	80,79%	33 660 165
	Karoo Hoogland	14 289 257	1 327 653	12 961 604	2,71%	89,40%	7 722 167	15,76%	48 988 821
	Khai-Ma	18 547 550	8 933 611	9 613 939	15,54%	90,60%	24 779 098	43,10%	57 498 166
	Nama Khoi	210 513 712	24 776 189	185 737 523	11,77%		40 882 142	19,42%	210 513 712
	Namakwa District	4 782 369	349 828	4 432 541	0,79%	0,00%	4 067 850	9,19%	44 245 994
	Richtersveld	24 208 523	5 561 476	18 647 047	8,54%	92,70%	34 996 903	53,77%	65 090 648
	<b>Total</b>	<b>318 589 444</b>	<b>48 614 714</b>	<b>269 974 730</b>	<b>8,77%</b>		<b>175 002 874</b>	<b>31,59%</b>	<b>554 028 692</b>
Pixley Ka Seme	Emthanjeni	97 419 759	47 931 544	49 488 215	24,17%	0,00%	45 320 762	22,86%	198 285 066
	Kareeberg	20 404 294	1 449 360	18 954 934	2,90%	46,50%	2 970 163	5,93%	50 061 999
	Pixley Ka Seme District	5 719 808	466 621	5 253 187	0,96%	0,00%	478 950	0,99%	48 454 557
	Renosterberg	20 305 096	17 034 137	3 270 959	28,51%	93,10%	25 901 324	43,35%	59 749 034

	Municipality	Total receivables from exchange transactions before provisions	Provision for impairment	Total receivables from exchange transactions after provisions	Impairment as a % of total revenue	%90 days +	Outstanding Debtors	Debtors as a % of own revenue	Total Revenue
	Siyancuma	55 264 738	90 856	55 173 882	0,07%	95,50%	66 432 240	50,72%	130 970 744
	Siyathemba	27 198 770	8 139 060	19 059 710	9,79%	57,80%	30 433 520	36,61%	83 130 957
	Thembelihle	17 607 352	6 310 145	11 297 207	9,97%	4,78%	37 762 730	59,69%	63 262 314
	Ubuntu	22 092 871	0	22 092 871	0,00%	89,80%	34 003 765	28,51%	119 280 684
	Umsobomvu	55 143 436	8 606 162	46 537 274	5,84%		60 596 378	41,10%	147 442 084
	<b>Total</b>	<b>321 156 124</b>	<b>90 027 885</b>	<b>231 128 239</b>	<b>10,00%</b>		<b>303 899 832</b>	<b>33,74%</b>	<b>900 637 439</b>
ZF Mgcawu	!Kheis	48 066 506	12 919 458	35 147 048	26,88%	9,75%	38 666 266	80,44%	48 066 506
	//Khara Hais	333 769 651	11 709 085	322 060 566	2,19%	3,60%	37 238 418	6,96%	534 810 116
	Kai! Garib	82 875 719	5 623 291	77 252 428	3,11%	9,39%	111 041 938	61,40%	180 846 650
	Kgatelopele	31 847 448	1 617 638	30 229 810	2,46%	7,20%	6 689 698	10,16%	65 838 005
	Mier	5 236 691	1 691 418	3 545 273	4,72%	96,40%	15 890 994	44,30%	35 870 475
	Tsantsabane	80 046 340	19 145 610	60 900 730	9,83%	19,17%	116 086 704	59,62%	194 724 077
	ZF Mgcawu District	1 670 969	1 354 106	316 863	2,49%	0,00%	158 771	0,29%	54 422 416
	<b>Total</b>	<b>583 513 324</b>	<b>54 060 606</b>	<b>529 452 718</b>	<b>4,85%</b>		<b>325 772 789</b>	<b>29,23%</b>	<b>1 114 578 245</b>
<b>Grand Total</b>		<b>2 692 720 999</b>	<b>405 198 654</b>	<b>2 287 522 345</b>	<b>7,06%</b>		<b>2 173 173 724</b>	<b>37,84%</b>	<b>5 742 709 702</b>

## Liquidity

Liquidity is a municipality's ability to repay its short-term debt and is determined by dividing current assets by current liabilities. This shows the number of times short term liabilities can be recovered by the municipality's current assets. If the value is greater than 1.00 it means fully recovered. The table below shows the current assets.



**Table 35: Liquidity**

	Municipality	Total Current Assets	Total Current Liabilities	Current Ratio
Frances Baard District	Frances Baard	96 191 822	15 921 126	6.04
	Dikgatlong	124 429 112	25 984 804	4.79
	Magareng	31 443 042	74 172 396	0.42
	Phokwane	130 614 774	55 630 764	2.35
	Sol-Plaatje	920 546 191	255 010 520	3.61
	<b>Total</b>	<b>1 303 224 941</b>	<b>426 719 610</b>	<b>17.21</b>
John Taolo Gaetsewe	JT Gaetsewe	44 359 379	16 123 182	2.75
	Gamagara	50 063 494	56 351 570	0.89
	Ga-Segonyane	65 701 575	40 463 275	1.62
	Joe Morolong	47 757 432	5 231 140	9.13
	<b>Total</b>	<b>207 881 880</b>	<b>118 169 167</b>	<b>14.39</b>
Namakwa District	Namakwa	50 959 072	15 195 683	3.35
	Hantam	109 924 148	14 575 735	7.54
	Kamiesberg	9 626 339	39 723 491	0.24
	Karoo Hoogland	5 238 307	10 037 569	0.52
	Khai-Ma	14 854 649	20 255 957	0.73
	Nama Khoi	47 121 077	157 854 753	0.30
	Richtersveld	9 693 015	12 905 551	0.75
	<b>Total</b>	<b>76 907 048</b>	<b>201 053 830</b>	<b>13.44</b>
Pixley Ka Seme District	Pixley Ka Seme	4 785 142	10 387 565	0.46
	Emthanjeni	119 417 513	39 672 457	3.01
	Kareeberg	24 623 389	5 104 496	4.82
	Renosterberg	19 359 246	49 386 150	0.39
	Siyancuma	52 028 783	44 247 516	1.18
	Siyathemba	7 385 052	26 947 721	0.27
	Thembelihle	12 253 020	40 740 055	0.30
	Ubuntu	21 674 682	25 818 985	0.84
	Umsobomvu	54 409 206	33 212 309	1.64
	<b>Total</b>	<b>315 936 033</b>	<b>275 517 254</b>	<b>12.91</b>
ZF Mgcawu District	ZF Mgcawu	5 887 759	10 515 210	0.56
	!Kheis	16 277 112	16 489 058	0.99
	//Khara Hais	66 514 049	173 924 957	0.38
	Kai! Garib	31 632 846	88 782 744	0.36
	Kgatelopele	12 635 807	13 716 282	0.92
	Mier	15 144 442	22 431 724	0.68
	Tsantsabane	55 532 624	90 712 598	0.61
	<b>Total</b>	<b>4 182 034 002</b>	<b>2 528 987 204</b>	<b>4.49</b>

The total net working capital for the year ended June 2014, amounted to R1.7 billion (Current assets less Current liabilities). There were nineteen municipalities who achieved lower than 1:00 in their acid test. These municipalities are Magareng, Gamagara, Kamiesberg, Karoo Hoogland, Khai Ma, Nama Khoi, Pixley Ka Seme, ZF Mgcawu, Richtersveld, Renosterberg, Siyathemba, Thembelihle, Ubuntu, Kheis, Khara Hais, Mier, Kgatelopele, Tsantsabane and Kai Garib.

## Intervention during 2013/14

The financial management grant, under the National Treasury vote, funds the modernisation of financial management, including building in-house municipal capacity to implement multi-year budgeting, linking integrated development plans to budgets, producing quality and timely in-year and annual reports, and generally supporting municipalities in the implementation of the Municipal Finance Management Act. The FMG also pays for the cost of the financial management internship programme e.g. salary costs.

In 2013/14, Northern Cape municipalities received a transfer of R 46.75 million of which an average of 102.7% was spent. Twenty-eight (28) reporting municipalities reported FMG spending separately in their AFS. Two municipalities, Tsantsabane and Namakwa, indicated that they spent more than what was allotted, while underspending was reported by John Taolo Gaetsewe and Khâi-Ma.

**Table 36: Finance Management Grant**

	MUNICIPALITY	ROLL OVER 2012/2013	ALLOCATION 2013/2014	TOTAL EXPENDITURE	% EXPENDITURE
Frances Baard	Dikgatlong	80 144	1 650 000	1 730 144	100%
	Frances Baard	-	1 250 000	1 250 000	100%
	Magareng	(72 407)	1 550 000	1 477 593	100%
	Phokwane	-	1 650 000	1 650 000	100%
	Sol-Plaatje	-	1 550 000	1 550 000	100%
John Taolo Gaetsewe	Gamagara	-	1 550 000	1 550 000	100%
	Ga-Segonyane	-	1 550 000	1 549 017	99%
	Joe Morolong	-	1 550 000	1 550 000	100%
	John Taolo Gaetsewe	480 661	1 250 000	1 546 726	89%
Namakwa	Hantam	-	1 650 000	1 650 000	100%
	Kamiesberg	-	1 650 000	1 650 000	100%
	Karoo Hoogland	-	1 650 000	1 650 000	100%
	Khai-Ma	(26 884)	1 650 000	1 843 938	89%
	Nama Khoi	2 508	1 550 000	1 552 508	100%
	Namakwa	74 944	1 250 000	1 274 715	96%
	Richtersveld	-	1 650 000	1 601 444	97%
Pixley Ka Seme	Emthanjeni	-	1 550 000	1 550 000	100%
	Kareeberg	-	1 650 000	1 650 000	100%
	Pixley Ka Seme	1 363 000	1 250 000	1 124 000	43%
	Renosterberg	-	1 650 000	1 650 000	100%
	Siyancuma	-	1 650 000	1 650 000	100%
	Siyathemba	-	1 650 000	1 650 000	100%
	Thembelihle	-	1 650 000	1 650 000	100%
	Ubuntu	-	1 650 000	1 650 000	100%
	Umsobomvu	-	1 650 000	1 650 000	100%
ZF Mgcawu	!Kheis	-	1 700 000	1 700 000	100%
	//Khara Hais	-	1 550 000	1 550 000	100%
	Kai! Garib	-	1 650 000	1 650 000	100%
	Kgatelopele	-	1 650 000	1 650 000	100%
	Mier	-	1 650 000	1 650 000	100%
	Tsantsabane	-	1 250 000	1 250 000	100%
	ZF Mgcawu	-	1 250 000	1 250 000	100%
<b>Total</b>		<b>1 901 966</b>	<b>49 650 000</b>	<b>50 000 085</b>	<b>101 %</b>

## Audit Outcomes 2013/14 financial year

The Auditor General indicated that 28 municipalities submitted financial statements, which had material findings on the quality of the financial statements. Compared to 2012/13 little progress has been made towards improving the quality of submitted financial statements. It is a concern that AFS submitted for audit, required adjustments as a result of material misstatements identified during the audit process.

Frances Baard improved since the previous year by reporting no material amendments made to the financial statements. ZF Mgcawu managed to sustain its financially unqualified with no matters opinion in 2014.

Eight municipalities received a financially unqualified audit opinion only because corrections were made to the misstatements that the Auditor General had identified during the audit. This is an unsustainable practice to rely on auditors to identify corrections to be made to the financial statements and it places undue pressure on legislated deadlines and increases the audit fees.

Four Municipalities' audit outcomes regressed (Magareng, Emthanjeni, Ubuntu and Richtersveld) and it can be attributed to a lack in political and administrative leadership. The municipalities that received disclaimers have declined from 16 in 2013 to 11 in 2014. This may be an indication that municipalities are gradually getting acquainted with legislation and other key prescripts.

Municipalities that received negative audit opinions on their financial statements tend to be on the list of those that are experiencing financial problems. The below table show a summary of the audit outcomes for the past two years.

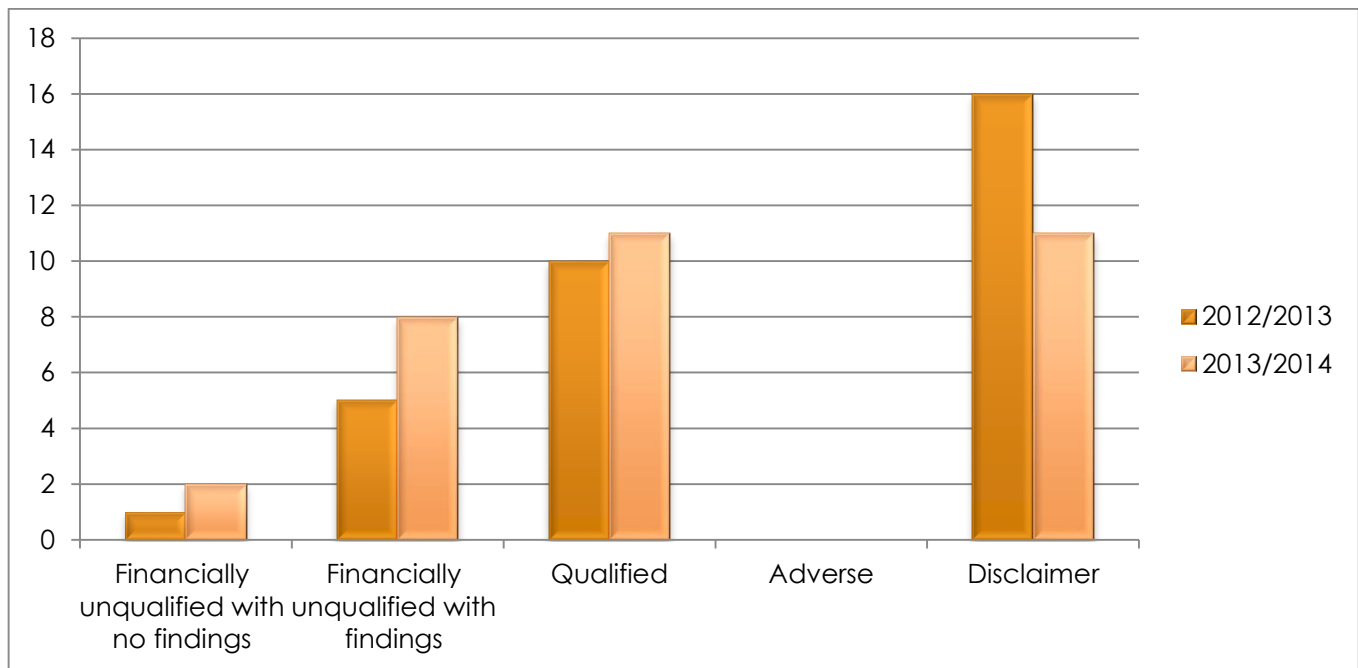
**Table 37: Audit Outcomes**

	Municipality	Audit Opinion 2012/13	Audit Opinion 2013/14	Movement
Frances Baard	<b>Frances Baard District</b>	Financially unqualified with findings	Financially unqualified with no findings	Improvement
	Dikgatlong	Disclaimer	Disclaimer	No improvement
	Magareng	Qualified	Disclaimer	Regression
	Phokwane	Disclaimer	Disclaimer	No improvement
	Sol Plaatje	Qualified	Qualified	Stagnant
John Taolo Gaetsewe	<b>John Taolo Gaetsewe</b>	Qualified	Financially unqualified with findings	Improvement
	Gamagara	Qualified	Qualified	Stagnant
	Ga-Segonyana	Disclaimer	Disclaimer	No improvement
	Joe Morolong	Disclaimer	Qualified	Improvement
Namakwa	<b>Namakwa District</b>	Qualified	Financially unqualified with findings	Improvement
	Hantam	Qualified	Financially unqualified with findings	Improvement
	Kamiesberg	Disclaimer	Disclaimer	No improvement
	Karoo Hoogland	Disclaimer	Disclaimer	Outstanding
	Khai-Ma	Financially unqualified with findings	Financially unqualified with findings	Stagnant
	Nama Khoi	Disclaimer	Qualified	Outstanding
	Richtersveld	Financially unqualified with findings	Qualified	Regression
Pixley Ka Seme	<b>Pixley Ka Seme District</b>	Qualified	Financially unqualified with findings	Improvement
	Emthanjeni	Financially unqualified with findings	Qualified	Regression
	Kareeberg	Qualified	Financially unqualified with findings	Improvement
	Renosterberg	Disclaimer	Disclaimer	Outstanding
	Siyancuma	Disclaimer	Qualification	Improvement
	Siyathemba	Disclaimer	Qualification	Improvement
	Thembelihle	Disclaimer	Disclaimer	No improvement
	Ubuntu	Financially unqualified with findings	Qualified	Regression
	Umsobomvu Municipality	Financially unqualified with findings	Financially unqualified with findings	Stagnant
ZF Mgcawu	<b>ZF Mgcawu District</b>	Financially unqualified with no findings	Financially unqualified with no findings	Improvement
	!Kheis	Disclaimer	Disclaimer	No improvement
	//Khara Hais	Qualified	Financially unqualified with findings	Improvement
	Kai !Garib	Disclaimer	Qualified	Improvement
	Kgatelopele	Disclaimer	Disclaimer	No improvement
	Mier	Disclaimer	Qualified	Improvement
	Tsantsabane	Disclaimer	Disclaimer	No improvement

The AG highlighted six (6) main risk areas that still require close attention namely:

- (i) Supply Chain Management
- (ii) Quality of performance reports
- (iii) Human Resource Management
- (iv) Quality of submitted financial statements
- (v) Information Technology
- (vi) Financial Health

**Graph 2: 2012 /2013 vs. 2013/14 Audit Outcomes**



**Table 38: Assessment of 2013/14 audit action plans of Municipalities**

	Municipality	Action Plan Development	Assessment
Frances Baard	Frances Baard	Yes	The municipality did not provide adequate corrective actions. Progress are reported
	Dikgatlong	Yes	The municipality did not adequately respond on prior year's findings, expenditure and grants.
	Magareng	Yes	The municipality did not provide adequate responses for performance information, supply chain management and information technology.
	Phokwane	Yes	The audit action plan adequately addresses the issues raised by the Auditor General however the municipality did not adequately respond on corrective measures put in place in paying creditors within 30 days, fruitless and wasteful expenditure and dealing with unspent conditional grants.
	Sol Plaatje	Yes	The audit action plan adequately addresses the issues raised by the Auditor General however the municipality should include progress
John Taolo Gaetsewe	John Taolo Gaetsewe	Yes	The municipality did not adequately respond to information technology government frameworks.
	Gamagara	Yes	The audit action plan adequately addresses the issues raised by the Auditor General and have reported progress, against each audit query, on the corrective action taken.
	Ga-Segonyana	Yes	The municipality did not provide responses adequate enough to ensure queries are addressed. The action plan is vague on what will be done and how it will be done.
	Joe Morolong	Yes	The municipality did not provide adequate responses for Property, plant and equipment, receivables, irregular, unauthorised, fruitless and wasteful expenditure, inventory and employee cost. Most of the responses partially address the issues.
Namakwa	Namakwa	Yes	The municipality did not provide corrective actions in response to all the audit queries. Instead the municipality provided the internal control deficiency
	Hantam	Yes	Responses to audit queries are committed. No responses are provided to all the queries. The audit action plan only reflects the finding, accountable person, responsible person, start date and end date. No progress is reported.
	Kamiesberg	Yes	Most of the municipality's audit responses did not adequately address the audit queries raised by the Auditor-General to prevent a recurrence. In particular the responses to the fixed asset register, contingent liabilities, disclosure of budget information, procurement and contract management, financial and were partially addressed.
	Karoo Hoogland	Yes	The audit action plan adequately addresses the issues raised by the Auditor-General
	Khai-Ma	Yes	The audit action plan adequately addresses the issues raised by the Auditor-General however the municipality did not report progress against the action plan.
	Nama Khoi	Yes	Most of the municipality's audit responses did not adequately address the audit queries raised by the Auditor-General to prevent a recurrence. In particular the responses to the

	Municipality	Action Plan Development	Assessment
			limitation of scope of fixed asset register, payables, predetermined objectives, HR management, Receivables, Revenue.
	Richtersveld	Yes	The audit action plan adequately addresses the issues raised by the Auditor-General however the municipality should include progress.
Pixley Ka Seme	Pixley Ka Seme	Yes	Most of the municipality's audit responses partially address the audit queries raised by the Auditor-General to prevent a recurrence.
	Emthanjeni	Yes	Responses to the queries that affect the audit report have been adequately responded to.
	Kareeberg	Yes	The municipality did not provide responses adequate enough to ensure queries are addressed. The responses are vague. The action does not provide detail what will be done, when and by whom.
	Renosterberg	Yes	The audit action plan is not complete. The municipality did not provide responses on all the audit queries except procurement and contract management and these responses are not adequate to address all the issues raised by the AG in this area.
	Siyancuma	Yes	Most of the municipality's audit responses did not adequately address the audit queries raised by the Auditor-General to prevent a recurrence
	Siyathemba	Yes	The audit action plan adequately addresses the issues raised by the Auditor-General however the municipality should include progress.
	Thembelihle	Yes	Non-submission of documentation is prevalent in most of queries. The municipality failed to adequately respond how it will ensure records management system is in place and maintained. The municipality did not address the issue relating to going concern whereby there is significant pressure on the municipality's cash reserves and current liabilities exceed current assets.
	Ubuntu	Not Submitted	
	Umsobomvu	Yes	The municipality partially address audit queries on non-compliance with laws and regulations and predetermined objectives
	ZF Mgcawu	Yes	The municipality did not provide adequate responses. It is evident that the responses were or might have been prepared by the consultants.
ZF Mgcawu	!Kheis	Yes	The audit action plan adequately addresses the issues raised by the Auditor General. The municipality reported progress but not on all findings.
	//Khara Hais	Yes	The audit action plan adequately addresses the issues raised by the Auditor General. The municipality reported progress but not on all findings.
	Kai! Garib	Not Submitted	
	Kgatelopele	Yes	The audit action plan adequately addresses the issues raised by the Auditor General however the municipality should include progress
	Mier	Yes	The municipality did not provide adequate responses. It is evident that the responses were or might have been prepared by the consultants
	Tsantsabane	Yes	The audit action plan includes the prior year's issues and the corrective action to be taken to address prior year's issues. Based on the number of recurring issues, it is evident that prior year's findings have not adequately been attended to. The audit action plan does not adequately respond on how the municipality will address the limitations of scope.

- COGHSTA and Provincial Treasury visited municipalities to assess progress on the implementation of their audit action plans
- COGHSTA provided hands on support on credit control and debt collection policies
- COGHSTA and Provincial Treasury have established a provincial debt collection committee to assist municipalities to collect debt owed to them by government departments
- Provincial Treasury strengthened its support programme to municipalities by regular visit to municipalities, assisted on request from municipalities in compliance with Section 34 of the MFMA, discussed relevant topics at provincial CFO forums, held workshops and circulars to assist municipalities to comply.
- Provinces adopted a new OPCA approach which emphasis more on co-ordination to ensure integrated support to local government.
- The Municipal Finance Improvement Programme (MFMP) is designed to ensure that all disciplines related to the Municipal Finance Management Act are addressed through technical assistance placed at the municipality. Support is directed towards revenue management and collections, and budgeting. The programme transfers skills and experience to municipal officials. Although municipalities received support to address gaps in their budget and treasury offices by identifying critical posts, filling these is a matter that municipal councils must prioritise.
- Renosterberg LM: COGHSTA seconded an Acting Municipal Manager and Provincial Treasury an Acting Chief Financial Officer

- Kgatelopele LM: Assisted with pre-evaluation and evaluation of bids; PT attended bid evaluation meeting; assisted with compilation of tenders for security, land fill and tracker system; assisted CFO with participation process in RT contracts; and assisted municipality with converting draft budget to regulated format.
- Thembelihle LM: PT visited municipality and held open discussion with the MM, CFO and head of SCM. Challenges on audit reports were discussed. Because of these challenges, an intervention plan was compiled. PT then provided mentorship assistance, physical assistance with compiling a database for prospective suppliers; invitation of quotations; compiling bid documents, specification, advertisement of bids; bid closing; evaluation of bids; and writing of submissions to the committees. No benchmarking exercise could be undertaken because the municipality's 2012/13 budget was not available.
- Siyanda DM: PT conducted mentorship and assisting municipalities with the valuation of bids; and training was provided on the revised PPPFA regulations.
- Mier LM: COGHSTA appointed a financial advisor to develop a financial recovery plan for the municipality in terms with Section 136 of the MFMA.

### Interventions during 2013/14

- COGHSTA and Provincial Treasury visited municipalities to assess progress on the implementation of their audit action plans
- COGHSTA provided hands on support on credit control and debt collection policies
- COGHSTA and Provincial Treasury have established a provincial debt collection committee to assist municipalities to collect debt owed to them by government departments
- Provincial Treasury strengthened its support programme to municipalities by regular visit to municipalities, assisted on request from municipalities in compliance with Section 34 of the MFMA, discussed relevant topics at provincial CFO forums, held workshops and circulars to assist municipalities to comply.
- The Municipal Finance Improvement Programme (MFMP) is designed to ensure that all disciplines related to the Municipal Finance Management Act are addressed through technical assistance placed at the municipality. The programme transfers skills and experience to municipal officials. Although municipalities received support to address gaps in their budget and treasury offices by identifying critical posts, filling these is a matter that municipal councils must prioritise. MFMP advisors were appointed in Kamiesberg, Renosterberg, Thembelihle, Umsobomvu
- Renosterberg LM: COGHSTA seconded an Acting Municipal Manager and Provincial Treasury an Acting Chief Financial Officer
- Mier LM: COGHSTA appointed a financial advisor to develop a financial recovery plan for the municipality in terms with Section 136 of the MFMA.
- Provincial Treasury rolled out training in 32 municipalities on the audit action plan template and the implementation thereof.

### Remedial actions

The Auditor General noted that the underlying problem of repeat disclaimers is that municipalities do not implement controls, particularly effective record management. This problem is not confined to the audit of financial statements and similar concerns were raised during the audit of predetermined objectives and compliance. The basic disciplines of obtaining, filing and safekeeping of supporting documents are not institutionalised and the recurrence of this problem indicates a lack of transparency and accountability.

Leadership with good oversight is needed to ensure that people with the relevant skills and experience are appointed when positions become vacant and that the performance of staff is measured in action is taken against non-performance. The Auditor General confirmed the following commitments from provincial leadership undertakings:

- To strengthen the ability to perform oversight by enhancing the capacity of municipal councillors through training and continuous development
- To coordinate efforts of all those charged with responsibilities for cooperative governance
- To focus on initiatives that will improve the quality and credibility of information, human resource capacity and performance management

Whilst these undertakings were already made in the 2013/14 financial period, most of these commitments were not honoured which resulted in the causes of poor audit outcomes remaining unaddressed. The Auditor General maintains that the root causes that require attention include the following:

- Poor performance and transgressions need to have consequences that must be acted upon
- Slow response by political leadership in addressing the root causes of poor audit outcomes needs to be corrected



- Efforts of leadership at both provincial and municipal level need to be focused on addressing the shortcomings in a well-coordinated manner

The Auditor General in his engagements with the leadership and executive of municipalities during March 2014 undertook:

- To appoint consultants and 12 graduates to assist struggling municipalities
- To improve the level of coordination between CoGHSTA and Provincial Treasury
- To up skill staff in the finance departments of municipalities by means of focused training programme, providing content that is practical and focused on assisting staff in the day-to-day activities
- To put in place and implement standard operating procedures for all financial components
- To ensure that oversight departments play a significant role in the development of procedures
- During the analysis of the IDP the following related issues were highlighted which need to be addressed:
  - Financial information is not included in most municipal IDPs
  - Municipalities have problems operating the financial systems
  - District municipal IDPs do not reflect the financial information of their local municipalities
  - Most budgets are not multiyear budgets or over the MTEF
  - No alignment of budget to the IDP, PMS & SDBIP
  - No implementation of credit control policies or by laws
  - Indigent registers need updating
- Provincial Treasury and the municipal finance unit will embark on an intensive hands-on support programme to address the challenges as per the findings
- Municipalities should ensure that the budget preparation process is linked to their IDP, SDBIP and PMS
- The support is intended to ensure that municipalities manage their cash flow, monthly and quarterly reconciliations and reporting must be in compliance with the MFMA, municipal budget and reporting regulations.
- Focus should include:
  - Revenue management: ensuring that municipalities have an effective billing system.
  - Revenue enhancement strategy: revenue collection for rates and taxes.
  - Credit control systems: development of a credit policy, which outlines methods and procedures for debt collection in terms of non-compliance.
  - Investment policy: a guide to all investment activities and the utilization of such investments.



## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### Anti-corruption and Fraud Prevention

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promote whistle blowing of any corrupt activities. It is a key factor in influencing municipalities' success in combating fraud and corruption.

Ethics or Anti-corruption committees should be established in municipalities. The purpose of this committee is to effectively manage ethical risks within municipal organizations as approved by Council in the relevant Fraud Prevention Policy. It is responsible for the detection and prevention of corruption, the responsible management of acceptable ethical standards as well as the assurance of acceptable professional standards within a municipality. COGHSTA supported six (6) municipalities with the development of anti-corruption strategies to the following municipalities, Renosterberg, Thembelihle, Khara Hais, Richtersveld, Kamiesberg, and Karoo Hoogland municipalities.

### Internal Audit and Audit Committees

Section 165 of the MFMA requires that the municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 165 (2) states that the internal audit unit of a municipality must:

- a) Prepare a risk based audit plan and an internal audit program for each financial year;
- b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to –
  - I. Internal audit;
  - II. Internal controls;
  - III. Accounting procedures and practices;
  - IV. Risk and risk management;
  - V. Performance management;
  - VI. Loss control;
  - VII. Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
  - VIII. Perform such other duties as may be assigned to it by the Accounting Officer.

The municipal internal audit is required to provide independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by reporting functionally to the Audit Committee. There were 30 municipalities in the Northern Cape with internal audit units, i.e. shared service or an in-house function. Two (2) municipalities reported not to have an internal audit unit.

The MFMA requires that the municipal council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. It also requires that the council appoint a chairperson who is not a municipal employee. During the period under review, 29 municipalities in the Northern Cape had functional audit committees. Their responsibility is to assist Council members in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the external and internal audit appointments and functions.

According to the Auditor General key reasons why audit committees that were in place performed inadequately was because functions as required by section 166 of the MFMA were inadequate such as:

- the audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation
- the audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information
- the audit committee did not advise the Council on matters relating to compliance with legislation
- the audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation
- the audit committee did not respond to the Council on issues raised in the audit report of the Auditor General
- the audit committee did not meet at least four times a year

**Table 39: Audit committee and internal audit unit at municipalities as at end June 2014**

	<b>Municipality</b>	<b>Audit Committee Section 166 (1) of MFMA</b>	<b>Internal Audit Unit Section 165 (2) of MFMA</b>
Frances Baard	Dikgatlong	Yes, shared service with Frances Baard	Yes, Shared services with Frances Baard
	Frances Baard	Yes	Yes
	Magareng	Yes, shared services with Frances Baard	Yes, Shared services with Frances Baard
	Phokwane	Yes, shared services with Frances Baard	Yes, Shared services with Frances Baard
	Sol Plaatje	Yes	Yes
John Taolo Gaetsewe	Gamagara	Yes, Shared services with John Taolo Gaetsewe	Yes, Shared services with John Taolo Gaetsewe
	Ga-Segonyana	Yes, Shared services with John Taolo Gaetsewe	Yes, Shared services with John Taolo Gaetsewe
	Joe Morolong	Yes, Shared services with John Taolo Gaetsewe	Yes, Shared services with John Taolo Gaetsewe
	JT Gaetsewe	Yes	Yes
Namakwa	Hantam	Yes	Yes, outsourced to Gobodo Consortium
	Kamiesberg	Yes, Shared services with Namakwa	No
	Karoo Hoogland	No	No
	Khai-Ma	No	Yes
	Nama Khoi	Yes	Yes
	Namakwa	Yes	Yes
	Richtersveld	Yes, Shared serviced with Namakwa	Yes
Pixley Ka Seme	Emthanjeni	Yes	Yes, Shared services with Pixley Ka Seme
	Kareeberg	Yes	Yes, Shared services with Pixley Ka Seme
	Pixley Ka Seme	Yes	Yes
	Renosterberg	Yes, Shared services with Pixley Ka Seme	Yes, Shared services with Pixley Ka Seme
	Siyancuma	Yes, Shared services with Pixley Ka Seme	Yes, Shared services with Pixley Ka Seme
	Siyathemba	Yes, Shared services with Pixley Ka Seme	Yes, Shared services with Pixley Ka Seme
	Thembelihle	Information not available	Yes, Shared services with Pixley Ka Seme
	Ubuntu	Yes, Shared services with Pixley Ka Seme	Yes, Shared services with Pixley Ka Seme
	Umsobomvu	Yes	Yes, Shared services with Pixley Ka Seme
ZF Mgcawu	!Kheis	Yes, Shared service with ZF Mgcawu	Yes, Shared services with ZF Mgcawu
	//Khara Hais	Yes	Yes
	Kai! Garib	Yes, Shared services with ZF Mgcawu	Yes, Shared services with ZF Mgcawu
	Kgatelopele	Yes	Yes
	Mier	Yes, Shared services with ZF Mgcawu	Yes, Shared services with ZF Mgcawu
	Tsantsabane	Yes, Shared services with ZF Mgcawu	Yes, Shared services with ZF Mgcawu
	ZF Mgcawu	Yes	Yes
<b>Total</b>		<b>32</b>	<b>32</b>
<b>Yes</b>		<b>29</b>	<b>30</b>

The following issues were raised by the Auditor General pertaining to internal audit:

- There was no risk-based audit plan and internal audit programme prepared for the financial year under review
- Municipalities did not report to the audit committee on the implementation of the internal audit plan
- No advice to the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control
- No advice to the accounting officer or report to the audit committee on matters of compliance with the MFMA, DoRA and other applicable legislation

### Performance management systems

The Auditor General assesses performance management systems annually, and makes statements regarding the status at each municipality that serves as a guideline on what steps to take to improve the specific municipality's PMS.

The following issues are prevalent in most of the municipalities:

- Effective performance systems processes and procedures and the management thereof have not been adequately implemented
- Municipalities did not established a performance management system as required by sec 38 (a) of the MSA

**Table 40: Performance management at municipalities as at the end of June 2014**

	Municipality	Established a Performance Management System Sec 38 (a) of MSA	Performance Audit Committee in Place Municipal Planning and Performance Regulations of 2001
Frances Baard	Dikgatlong	Yes	Shared service from the DM
	Frances Baard	Yes	Yes
	Magareng	Yes	Shared service from the DM
	Phokwane	Yes	Shared service from the DM
	Sol-Plaatje	Yes	Yes
John Taolo Gaetsewe	Gamagara	Yes	Shared service from the DM
	Ga-Segonyana	Yes	Shared service from the DM
	Joe Morolong	Yes	Shared service from the DM
	John Taolo Gaetsewe	Yes	Yes
Namakwa	Hantam	Yes	Yes
	Kamiesberg	Yes, but not implemented	Shared service from the DM
	Karoo Hoogland	No	Yes
	Khai-Ma	No	No
	Nama Khoi	Yes	Yes
	Namakwa	Yes	Yes
	Richtersveld	No	Shared service from the DM
Pixley Ka Seme	Emthanjeni	Yes	Shared service from the DM
	Kareeberg	Information not available	Shared service from the DM
	Pixley Ka Seme	Yes	Yes
	Renosterberg	Information not available	Shared service from the DM
	Siyancuma	Information not available	Shared service from the DM
	Siyathemba	No	Shared service from the DM
	Thembelihle	Information not available	Information not available
	Ubuntu	Information not available	Shared service from the DM
	Umsobomvu	Yes	Shared service from the DM
ZF Mgcawu	!Kheis	No	Support service from the DM
	//Khara Hais	Yes	Yes
	Kai! Garib	Yes	Shared service from the DM
	Kgatelopele	Information not available	Information not available
	Mier	No	Shared service from the DM
	Tsantsabane	Not clear in annual report	Shared service from the DM
	ZF Mgcawu	Yes	Yes
TOTAL		32	32
YES		19	29

Legislation requires that municipalities appoint performance audit committees for the auditing of the performance, however most municipalities make use of the audit committees to perform this function as well. Performance audit committees were in place at 29 municipalities. Nineteen municipalities have established performance management systems and one, i.e. Kamiesberg had one although it was inadequate. Six municipalities indicated that no systems was in place and in the other seven, information was not available.

## Interventions during 2013/14

SALGA conducted the following interventions to strengthen the councils of municipalities as it was evident that councillors had difficulty in analysing and interrogating documents:

- Workshops were conducted for councillors to enhance their oversight responsibility to the Audit committees, internal audit unit and the Municipal Public Accounts Committee.
- Governance and Intergovernmental Relations workshop were conducted
- Upper Limits of Salaries, allowance and benefits workshop were conducted for councillors
- Framework for enhancing public participation and effective functionality of Ward Committees workshop for councillors.
- Council Committee - Separation functions model and international relations workshop
- Training on the roles and responsibilities of councillors and the importance of public participation

## Remedial actions

It was again recommended by the Auditor General that the district municipalities implement effective shared internal audit units and external audit committees to assist local municipalities with proper oversight.

To improve the performance and productivity of staff, the leadership should set the correct tone by implementing sound performance management processes, evaluating and monitoring performance, and consistently demonstrating that poor performance has consequences.

An evaluation is required to determine whether the shared services model is effective and whether the LM gets 'value for money'.

During the analysis of the IDP the following good governance and institutional arrangement related issues were highlighted:

- Public Participation
  - This process is critical in ensuring that all stakeholders are involved and decisions are taken as a collective and ownership to drive the implementation of the plan. Public participation is vital and valuable input from the different sectors is important for accurate planning.
  - Most municipalities do not have a communication strategy. Communication is mostly via council meets the people, ward meetings and steering committee meetings. The level of community interaction was not at a desired level resulting in a lot of unhappiness among communities
  - Districts and local municipalities should adopt a communication strategy to formalize all actions that are currently happening through various structures.
- Institutional Arrangements
  - Some municipalities do not have HR strategies but have plans in place. An HR strategy must be developed and aligned to the IDP and include the following:
    - Organogram
    - Attraction and retention of scarce skills
    - Skills development
    - PMS
    - Succession Plan

The IDP and PMS unit will ensure the development of outstanding plans and alignment to the IDP, SDBIP and PMS. Support to local municipalities should focus on the development of policies, processes for reporting performance, and a plan for preparing monthly, quarterly and annual performance reports. These interventions are also meant at ensuring the functionality of audit committees and report to the MPAC and submit their reports timeously.

## Ward Committees

### Actual performance achieved

Ward committees were established in terms of Chapter 4 of the Municipal Systems Act of 2000 and the Municipal Structures Act of 1998. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at local government level. During the year under review, seven ward committees in Municipalities were not established. COGHSTA played a role in supporting municipalities to establish functional ward committee structures throughout the Province. Out of 186 ward committees established within the province, 175 of ward committees were deemed to be fully functional.

**Table 41: Number of ward committees, payment, policies in place and functionally per municipality**

	MUNICIPALITY	WARDS	ESTABLISHED	OUTSTANDING	WARD OPERATIONAL PLAN IN PLACE	STIPEND PER MONTH
ZF Mgcawu	Kgatelopele	4	4 Functional	0	Yes	R 500
	Tsantsabane	6	6 Functional	0	Yes	R 1 500
	//Khara Hais	14	13 Functional	1	Yes	R 500
	KailGarib	9	9 Functional	0	Yes	R 500
	IKheis	4	4 Functional	0	Yes	NONE
	Mier	4	4 Functional	0	Yes	R 500
John Taolo Gaetsewe	Gamagara	5	5 Functional	0	Yes	R 500
	Ga-Segonyana	13	13 Functional	0	Yes	R 500
	Joe Morolong	13	13 Functional	0	Yes	R 200
Frances Baard	Phokwane	9	9 Functional	0	Yes	R 1 000
	Magareng	5	5 Functional	0	Yes	R 1 000
	Dikgatlong	7	7 Functional	0	Yes	R 1 000
	Sol Plaatje	31	31 Functional	0	Yes	R 1 260
Pixley Ka Seme	Umsobomvu	5	5 No evidence of functionality	0	No	R 1 000
	Renosterberg	4	4 Functional	0	Yes	R 1 000
	Siyathemba	4	4 Functional	0	No	R 1 000
	Siyancuma	6	6 No evidence of functionality	0	No	R 1 000
	Kareeberg	4	4 Functional	0	No	R 1 000
	Ubuntu	4	0 established	4	No	-
	Thembelihle	4	3 Functional	1	Yes	R 500
	Emthanjeni	7	7 Functional	0	Yes	R 500
Namakwa	Kamiesberg	4	4 Functional	0	No	R 500
	Nama Khoi	9	8 Functional	1	No	R 500
	Hantam	5	5 Functional	0	No	R 500
	Khai Ma	4	4 Functional	0	No	R 500
	Richtersveld	4	4 Functional	0	No	R 500
	Karoo Hoogland	5	5 Functional	0	No	R 500
<b>Total</b>		<b>193</b>	<b>186</b>	<b>7</b>		

## Inter-governmental structures

### Intervention during 2013/14

Five (5) District municipalities reported in their annual performance reports on inter-governmental structures:

- John Taolo Gaetsewe:  
Two special meetings was held in the last quarter between the Executive Mayor and management of sector departments in the Municipality  
There was a meeting held between the Members of the Northern Cape Executive Council led by the Premier and municipalities in the District.
- Pixley Ka Seme  
Three communication forum meeting were held  
The established of local communications forums was facilitated in Kareeberg, Ubuntu, Thembelihle and Siyancuma municipalities  
The MPAC convened 2 of the 4 expected quarterly meetings of which the MM and CFO attended

- The Mayoral Committee convened 3 successful council meets the people programmes
- ZF Mgcawu  
Interacted with different forums (Premier's IGR, Provincial Communications forum, SALGA, etc.)
- Namakwa  
No information on IGR
- Frances Baard  
Comprise of several forums but little information on performance thereof

**Table 42: Functionality of Intergovernmental Structures**

DISTRICT	STRUCTURE	FUNCTIONALITY
Frances Baard	Technical	Functional
	Political	Functional
ZF Mgcawu	Technical	Functional
	Political	Functional
Namakwa	Technical	Functional
	Political	Functional
Pixley ka Seme	Technical	Functional
	Political	Functional
John Taolo Gaetsewe	Technical & Political combined	Functional

### Working groups

A resolution was taken at the SALGA National Conference in 2011 to have three additional working groups upon which the PEC resolved to mirror the national working groups at the provincial level with the exclusion of one. The total number of working groups therefore changed from six to eight. Of the eight working groups, three are convened as one working group, each with its own chairperson, due to the target audience being the same councillors and officials. The working groups established at the provincial level were as follows:

- Economic Development and Planning Working Group: IDP, GDS, NSDP; town planning and land use management; tourism; local economic development strategies; ICT (as related to economic development)
- Municipal Finance and Corporate Admin Working Group: Intergovernmental fiscal policies, municipal finance (credit control, revenue generation, municipal finance management), municipal capital projects, and infrastructure investment
- Community Development Working Group: HIV and AIDS awareness; sport and recreation; primary health and municipal health; poverty alleviation; arts and culture; public safety (local crime prevention, disaster management, policing and law enforcement, emergency medical and fire services); youth development programmes; children, elderly, gender mainstreaming and disability
- Municipal Infrastructure and Services Working Group: water and sanitation services; energy and electricity; municipal entities; housing; transport; basic service provision and infrastructure; cemeteries; public works; air pollution, environmental and waste management; and climate change
- Municipal Institutional Development Working Group: HIV and AIDS policy at the workplace; labour relations matters; capacity development; LGSETA and MTI; organisational development (LR implications); restructuring of municipalities; and institutional issues relating to municipal service partnerships
- Governance and Intergovernmental Relations Working Group: constitutional matters; local government legislation; powers and functions of municipalities; traditional leaders; intergovernmental relations policy issues; demarcation issues; elections; municipal bylaws; public participation; roles of elected municipal representatives; research and comparative learning; and legislative matters

Working groups formed a critical component of the SALGA governance structures. They are in effect the bases where ideas, advice, political insight and support are conceptualized, as both officials and political representatives from municipalities constitute it. It also makes policy recommendations to the PEC, monitors the process of policy conceptualization, design and implementation, and effects meaningful participation of working group members in intergovernmental structures as mandated by SALGA.

**Table 43: Attendance of four working group meetings per municipality**

	Municipality	Community development, health & safety	Municipal infrastructure services, climate change & M trading services	Economic development & planning group	Municipal finance working group	Governance & IGR working group	Human resources & labour relations working group	Total
Frances Baard	Frances Baard	4	2	2	2	2	4	16
	Dikgatlong	1	4	3	4	4	2	18
	Magareng	4	2	2	3	4	2	17
	Phokwane	3	2	3	2	0	3	13
	Sol Plaatje	4	4	3	2	4	2	19
John Taolo Gaetsewe	John Taolo Gaetsewe	4	4	2	1	3	2	16
	Gamagara	4	2	4	2	3	4	19
	Ga-Segonyana	2	1	1	2	2	3	11
	Joe Morolong	4	2	2	2	0	1	11
Namakwa	Namakwa	2	0	2	1	0	2	7
	Hantam	1	2	2	0	3	0	8
	Kamiesberg	0	0	0	0	0	1	1
	Karoo Hoogland	0	0	1	0	1	0	2
	Khâi-Ma	1	2	4	3	2	0	12
	Nama Khoi	0	1	2	1	1	0	5
	Richtersveld	1	0	2	2	0	1	6
Pixley Ka Seme	Pixley ka Seme	2	1	2	2	1	1	9
	Emthanjeni	4	3	4	4	4	4	23
	Kareeberg	2	2	0	1	2	0	7
	Renosterberg	0	4	0	3	2	4	13
	Siyancuma	1	2	2	2	4	4	15
	Siyathemba	3	3	2	2	2	2	14
	Thembelihle	2	2	2	1	2	2	11
	Ubuntu	2	2	1	1	3	1	10
	Umsobomvu	3	2	1	1	0	0	7
ZF Mgcawu	ZF Mgcawu	0	4	0	0	2	1	7
	!Kheis	3	2	2	2	2	1	12
	//Khara Hais	0	3	4	1	2	3	13
	Kai !Garib	0	4	4	2	2	2	14
	Kgatelopele	3	4	4	3	4	1	19
	Mier	0	0	0	2	0	1	3
	Tsantsabane	2	2	2	0	2	0	8
TOTAL		62	68	65	54	63	54	366
Average		1.9	2.1	2.0	1.7	2.0	1.7	11.4

The challenges faced over the reporting period were about ensuring consistent and effective participation by councillors and municipal officials from all municipalities. In an attempt to aid the process, SALGA Northern Cape issued a template to all municipalities to submit their deployment list to all SALGA governance structures. Another reason for the ineffectiveness was that during the first half of the reporting period the focus was on induction of councillors post the elections and preparations for the provincial conference.

A general concern raised by municipalities has always been on the number of meetings, the distances that they are required to travel and other activities convened by SALGA that they are expected to attend. Due to these competing activities, councillors and officials often had to prioritize which activities and meetings to attend and to strike a balance in terms of representation.



Some municipalities are too small to have representatives for each working group and therefore areas of interest to the municipality are prioritized. This resulted in municipalities sending different representatives to working groups meetings, causing disjointedness in discussions.

Despite the above-mentioned challenges, some Working Groups managed to overcome and were able to function effectively. Whilst efforts were made to notify working group member of next meeting by issuing the notice of meeting 21 days prior to the next meeting, telephonic follow ups and text message notifications, there was always the challenge of poor attendance of working groups of which the matter was escalated to the SALGA PEC. However, groups would continue to meet even without forming a quorum due to the high level of absenteeism.

Emthanjeni attended most sessions of the working group meetings as detailed in the table above, whilst Kamiesberg only managed to attend 1 out of 24 meetings.

## Traditional Affairs

### Actual performance achieved

In terms of Section 211(1) and 212(2) of Chapter 12 of the Constitution, national legislation must provide for a role for traditional leadership as an institution to deal with issues affecting local communities, also to provide for the establishment of provincial and local Houses of Traditional Leadership.

### Interventions during 2013/14

The support from the Directorate to traditional councils was as follows:

### Remedial actions

Although traditional leaders participated in council meetings, this participation is regarded as 'meaningless' because their roles are advisory only. Traditional leaders also felt that sitting on council meetings compromises them because communities believe that they play a role when in fact it is only advisory. This issue is especially prevalent when communities protest about service delivery. A review of Section 81 of the Local Government Structures Act (1998) is recommended with regards to:

- Participation in decision making
- Number of traditional leader representatives

## Council meetings

Only 20 municipalities reported in their S46 reports and reports from COGHSTA, the number of council meetings (ordinary and special) held during 2013/14. Although others reported attendance by councillors this was in a percentage form and therefore the number of meetings held could not be determined. Whilst the average number of council meetings held was eight per annum it ranged from four in Kareeberg to 35 in Joe Morolong. ***It is worth noting that not all municipalities have reported this information in Section 46 reports as well as to the Department, hence the information presented in the below table is not complete.***

**Table 44: Council meetings**

	Municipality	Council Meetings including special Council meetings	Executive Mayoral Committee	Portfolio Committee
Frances Baard	Frances Baard	12	8	41
	Dikgatlong	17	N	17
	Magareng	No information	No information	No information
	Phokwane	10	4	No information
	Sol-Plaatje	21	18	164
John Taolo Gaetsewe	Gamagara	7	N/A	1
	Ga-Segonyane	No information	No information	No information
	Joe Morolong	35	4	4
	John Taolo Gaetsewe	No information	No information	No information
Namakwa	Hantam	18	N/A	3
	Kamiesberg	8	N/A	16
	Karoo Hoogland	12	N/A	10
	Khai-Ma	7	N/A	3

	Municipality	Council Meetings including special Council meetings	Executive Mayoral Committee	Portfolio Committee
	Nama Khoi	7	8	3
	Namakwa	No information	No information	No information
	Richtersveld	No information	N/A	
Pixley Ka Seme	Emthanjeni	No information	No information	No information
	Kareeberg	4	N/A	15
	Pixley Ka Seme	No information	No information	No information
	Renosterberg	No information	N/A	No information
	Siyancuma	No information	N/A	No information
	Siyathemba	No information	N/A	No information
	Thembelihle	No Information	No information	No information
	Ubuntu	No Information	No information	No information
	Umsobomvu	5	No Information	No information
ZF Mgcawu	!Kheis	8	N/A	13
	//Khara Hais	11	1(Exco)	5
	Kai! Garib	12	N/A	5
	Kgatelopele	8	No information	5
	Mier	7	6	5
	Tsantsabane	11	N/A	10
	ZF Mgcawu	8	12	6
<b>TOTAL</b>		<b>228</b>	<b>60</b>	<b>326</b>

## Remedial actions

Municipalities made recommendations toward improving the functioning of ward committees as follows in their annual performance reports:

- Pixley ka Seme DM recommend that a new approach must be found to better resource and fund the work and activities of ward committees. The DM suggested that it participates in the fora established to develop a funding and resource model for ward committees. Furthermore, the DM needs to develop a programme to assist local municipalities in the capacity building of the ward committees to strengthen the functionality of the ward committees.
- Siyanda DM: In the 2013/14 financial year the ZFM DM would establish a community liaison unit, which will be responsible for ensuring that ward committees are useful conduits for community involvement in local governance and to create opportunities for real power-sharing between municipalities and citizens.
- Emthanjeni LM stated that the poor functioning of ward committees necessitates training workshops and provision of improved support.

## CROSS CUTTING ISSUES

Cross cutting interventions are specific issues that are not addressed directly by the five key performance areas. The interventions deal with how municipalities should organise themselves and mobilise human resources and financial support to discharge their mandate as provided in the Constitution of the Republic of South Africa. Progress in municipal performance in this KPA was assessed in the following three focus areas:

- Integrated Development Planning;
- Disaster Management and climate change
- Spatial Planning and land use management
- Provincial Interventions in municipalities

### Integrated Development Planning

The MSA and Regulations 32 of 2000 indicate that the MEC for Local Government in the Province may, within 30 days of receiving a copy of an IDP or an amendment of the plan, request the relevant municipal council to adjust or amend the plan in accordance with the MEC's proposals. Municipal councils must consider the MEC's proposals within 30 days of receiving the MEC's comments.

COGHSTA annually comments on municipal IDPs in order to indicate areas where municipalities did well and those areas that require improvement. During the 2013/14 IDP finalization process, COGHSTA responded to the afore-mentioned request and analysed draft IDPs during April 2013 and provided detailed feedback accordingly.

Twenty out of the 32 municipalities submitted their draft IDPs. Some municipalities did not submit as their IDPs were not yet approved by council or as a result of the challenges faced. Municipalities that submitted late, were not allowed to present at the engagements as the various KPA teams did not assess their draft IDPs and feedback could not be given. It was evident during the engagements that community participation was lacking in some municipalities and it was doubtful whether the identified needs would be translated into implementable actions.

A pre-analysis was conducted by the IDP provincial support team members on the key performance areas (KPA) prior to giving feedback to the municipalities on their draft IDPs. Municipalities were requested to complete the IDP template and prepare presentations on the six KPAs, highlighting their achievements, challenges, interventions and AG's audit outcomes.

The Northern Cape IDP analysis and engagements took place on from 22 - 25 April 2013. Section 153 of the Constitution states that national and provincial governments, by legislation and other measures must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

Some of the more common issues identified by local municipalities were:

- Support/attendance by provincial and national sector departments for the IDP representative forums
- Support/attendance by provincial and local government departments for the DIGR
- Most municipalities do not have the capacity, human and/or capital, to implement their IDPs
- District municipalities (shared services) support to local municipalities is not effective

**Table 45: Participation of sector departments and municipalities at the IDP assessment sessions**

Name of Organisation	Day 1	Day 2	Day 3	Day 4
COGHSTA	✓	✓	✓	✓
Office of the Premier	✓	✓	✓	✓
Department of Economic Development & Tourism	✓	✓		✓
Department of Education	-	✓	✓	✓
Provincial Treasury	✓	✓	✓	✓
Department of Environment & Nature Conservation	✓	✓	✓	✓
Department of Health	-	✓	✓	✓
Department of Agriculture, Land Reform & Rural Development	✓	✓	✓	✓
Department of Social Development	-	-	-	-
Department of Roads & Public Works	-	-		-
Department of Sports, Arts & Culture	-	-	-	-
Department of Transport, Safety & Liaison	-	-		-

Name of Organisation	Day 1	Day 2	Day 3	Day 4
National COGTA		-	✓	✓
SALGA	✓	✓	✓	✓
Department of Water Affairs	✓	✓	✓	✓
MISA	✓	✓	✓	✓
Department of Rural Development& Land Reform	✓	✓	✓	✓
Department of Tourism (National)	✓	✓	✓	✓
Department of Environmental Affairs ( National)	-		✓	✓
SAPS	-	-	✓	✓
Department of Energy	✓	✓	-	-
Department of Mineral Resources	-	-	-	-
National Department of Human Settlements	-	-	-	-
Pixley Ka Seme DM	✓			
Emthanjeni	✓			
Renosterberg	✓	✓	✓	✓
Ubuntu	✓	✓	✓	✓
Siyancuma	✓	✓	✓	✓
Siyathemba	✓	✓	✓	✓
Umsobomvu	✓			
Kareeberg				
Thembelihle	✓			
Frances Baard DM	-	✓		
Magareng	-	✓		
Dikgatlong	-	-	-	-
Sol Plaatje	-	✓		
Phokwane	-	✓		
John Taolo DM	-	-	-	-
Ga-Segonyana	-	✓		
Gamagara	-	✓		
Joe Morolong	-	✓		
ZF Mgcawu	✓			
Kgatelopele	-	-	✓	
Tsantsabane	-	✓	✓	-
Khara Hais	-	-	✓	-
Kai Garib	-	-	-	✓
!Kheis	-	-		-
Mier Local	-	-	✓	
Namakwa DM	-	-	-	✓
Karoo Hoogland	-	-	-	-
Hantam	-	-	-	✓
Kamiesberg	-	-	-	-
Nama Khoi	-	-	-	-
Richtersveld	-	-	-	-
Khai-Ma	-	-	-	✓

During the analysis of the IDP the following service delivery plan related issues were highlighted:

- Infrastructure development and planning should be captured in the IDP.
- Public private partnerships should be promoted to enhance infrastructure projects and enhance municipal revenue.
- Sanitation and water backlogs should be verified and a plan of action drafted to address these challenges.
- Water demand and water conservation management plans should be in place as it is not properly captured or addressed in the IDPs.
- O&M budget to address ageing infrastructure and future projects.
- Integrated transport plans need to be developed by municipalities where applicable or need reflected as per municipal plan.
- All WSA to meet DWA requirements to ensure safe and sustainable water and sanitation services.

### **Simplified IDP Framework**

As a response to the challenge faced by municipalities, the Department of Cooperative Governance developed the revised IDP framework to address the challenges. The differentiated approach towards municipal financing, planning and support as a strategic intervention to ensure smaller municipalities produce IDPs that focus on the planning for the delivery of critical services.

Thirteen (13) municipalities were targeted as pilot municipalities for the roll out of the revised IDP framework namely the local municipalities of Magareng, Renosterberg, Siyathemba, Mier, !Kheis, Kgatelopele, Tsantsabane, Kamiesberg, Richtersveld, Khâi-Ma, Joe Morolong, Gamagara and Ga-Segonyana.

National COGTA rolled out the Revised IDP Framework in all 5 districts (Namakwa, Siyanda, John Taolo Gaetsewe, Pixley Ka-Seme and Francis Baard) in the Northern Cape Province from the 22-31 July 2013. The purpose of the workshops was to introduce the framework to municipalities outside metros and secondary cities and to:

- Outline the development planning in a municipal context
- Outline roles and responsibilities of spheres of government and stakeholders towards improving municipal sectorial planning and enabling municipalities achieve integrated development through the implementation of IDPs.

### **Disaster management and climate change**

The aim of the Disaster Management Act, 2002 (Act No. 57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of Government. Sections in the Constitution of the Republic of South Africa that provide for disaster management include the Intergovernmental Relations Framework Act, 2005 (Act number 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act number 32 of 2000), the Disaster Management Act, 2002 (Act number 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005. The Northern Cape has not established a Provincial Disaster Management Centre yet. The Provincial Disaster Management Advisory Forum is fully functional and properly constituted and meets on a quarterly basis.

#### **COGHSTA undertook the following monitoring of prevention and mitigation initiatives in the year under review:**

- The development of a Response and Recovery Strategy for the Frances Baard District Municipality.
- Development of summer and Winter Season Contingency Plans for identified hazards/risks.
- Actively participate in the Department of Water Affairs Provincial Disaster Management Plan workshops.
- Actively participate in the Department of Agriculture Provincial Drought Disaster Management Plan workshops.
- Three Working on Fire (WOF) Teams were appointed in the Frances Baard District Municipality.
- Three (3) Fire Protection Associations established/registered in the Province.
- Veld Fire Awareness Campaign in John Taolo Gaetsewe District Municipality area.
- Simulation Exercises in the Namakwa District Municipality area.
- Training of Volunteers in First Aid, Veld Fires Techniques, Disaster Management and Basic Fire Fighting.

In terms of Section 41 (1) (b) of the Disaster Management Act, 2002 (Act No. 57 of 2002) after consultation with Members of the Executive Council the Honourable Premier Sylvia Lucas on 09 December 2013 declared a provincial state of drought disaster in the following three (3) District Municipalities:

1. John Taolo Gaetsewe District Municipality
2. Namakwa District Municipality
3. Frances Baard District Municipality

In terms of Section 23 (1) (b) of the Disaster Management Act, 2002 (Act No. 57 of 2002) the National Disaster Management Centre (NDMC) classified the drought disaster as a provincial state of disaster. A total number of 7927 farmers and 126 700

animals was affected by drought and the estimated cost at R25/LSU/day for 1 month is R72 984 016. The National Treasury approved R50 000 000-00 (fifty million rand) Disaster Grant Allocation for Drought relief in the Northern Cape Province as published in Government Gazette No. 37502 dated 31 March 2014. The fund has been transferred to the Northern Cape Provincial Treasury on 27 March 2014 for the Department of Agriculture and solely for the provision of animal fodder.

In terms of Section 23 (1) (b) of the Disaster Management Act, 2002 (Act No. 57 of 2002) the National Disaster Management Centre (NDMC) classified the Black Frost disaster as a local state of disaster. !Kheis, //Khara Hais and !Kai! Garib Local Municipalities were declared a black forest disaster state.

Veld Fire outbreak during December 2013 in the Nieuwoudtville area where a large amount of grazing land burned and affecting the local farmers. The Northern Cape PDMC supported by the Western Cape PDMC assisted with Aerial support from FFA Aviation Helicopter to extinguish the veld fires at a cost of R500 000-00.

Hantam Local Municipality (Loeriesfontein) area experienced a water crisis during the year under review. The Department of Water Affairs assisted by boring some extra boreholes in the area to increase the water supply to the town. Some of these boreholes became dry again and the Department struggle to repair drilling machinery. The Local Municipality managed to transport drinking water with two (2) 7000-litre Water Tankers from a borehole 18 kilometres outside town. Department of Roads and Public Works also assisted the Local municipality with a 9000 litre Water Tanker to transport water to town.

### **Interventions 2014/15**

- (i) Include Disaster Management Risk Assessment and Mitigation programmes in Municipal IDP's.
- (ii) Fill all vacant posts with qualified and experienced personnel.
- (iii) Efficient budget for Disaster Management at Provincial and Municipal level

### **Spatial planning and land use management**

The annual performance report of CoGHSTA indicates that 11 municipalities had spatial development frameworks (SDF) that were aligned to the provincial SDF and the PGDS.

Twenty-five (25) municipalities were also capacitated in spatial planning issues. The municipalities where this target was not achieved were Mier, Renosterberg, Kareeberg, //Khara Hais, Dikgatlong, Karoo Hoogland and Kai!Garib because these municipalities did not attend the training sessions offered.

There was a delay in the enactment of the spatial planning and land use management bill (SPLUMB) and implementation would only take place in the following year.

With regards to geographic information systems, SPISYS was in phase 5. Other initiatives undertaken included the receipt of new data from the Department of water affairs, completing the database and index for projects, meeting with IDP and housing for SPISYS to establish user requirements, arranging custodians for data, arranging training on SPISYS for various officials, and 33 tested the system.

Regular updates were received from the Surveyor General's office. Spot 5 data was also received. During the analysis of the IDP the following SDF related issues were highlighted:

- District and local municipalities developed SDFs.
- Municipal investment policy to be developed for the districts
- Biodiversity plans should be developed for the districts.
- District municipalities should provide support to their locals and in the implementations of their plans.
- Geographic and population statistics need to be accurate to allow for proper and delivery of services to communities.

### **Provincial Interventions in Municipalities**

Section 136 (2) requires that if the financial problem has been caused by or resulted in a failure by a municipality to comply with an executive obligation in terms of legislation or the Constitution and the conditions for an intervention in terms of Section 139 (1) of the Constitution are met, the provincial executive must promptly decide whether or not to intervene in the municipality with section 26.

Section 136 (4) further provide that if the Municipality, as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments, or admit that it is unable to

meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of Section 139(5) of the Constitution are met, the Provincial Executive must intervene in the municipality in accordance with Section 139.

Section 136 of the MFMA intervention was instituted in Mier Municipality. Provincial Treasury and Coghsta did an assessment into the financial position of the municipality. The outcome of the assessment revealed serious financial problems in the municipality that constitute for a Section 136 intervention. The Department of Coghsta seconded a suitably, qualified person to develop a financial recovery plan and assist the municipality with the implementation of such a plan.

The Constitution of the Republic of South Africa allows for the relevant provincial executive to intervene should a municipality not be able to fulfil an executive obligation in terms of Constitution or legislation.

The manual for the application of Section 139 of the Constitution states: "Provincial government has the duty to take an active interest in ensuring the development of strong local government, capable of fulfilling its constitutional mandate. Provincial government must not only monitor and support local government by legislative or other measures; it must also exercise provincial supervision in terms of section 139 when necessary".

The Northern Cape did not have any municipalities where Section 139 was implemented during the financial year 2013/14.

SALGA provided the following capacity building interventions in municipalities:

- Migration in local government
- Millennium Development Goals and Poverty Alleviation
- Older Persons

SALGA also provided disaster management funding to 35 officials in municipalities.



## RANKING THE PERFORMANCE OF MUNICIPALITIES

In order to rank municipalities performance during the financial year 2013/2014, indicators were selected from each of the KPAs and a scale of 0 to 5 was used; 5 being the highest score and zero scoring lowest or for missing information.

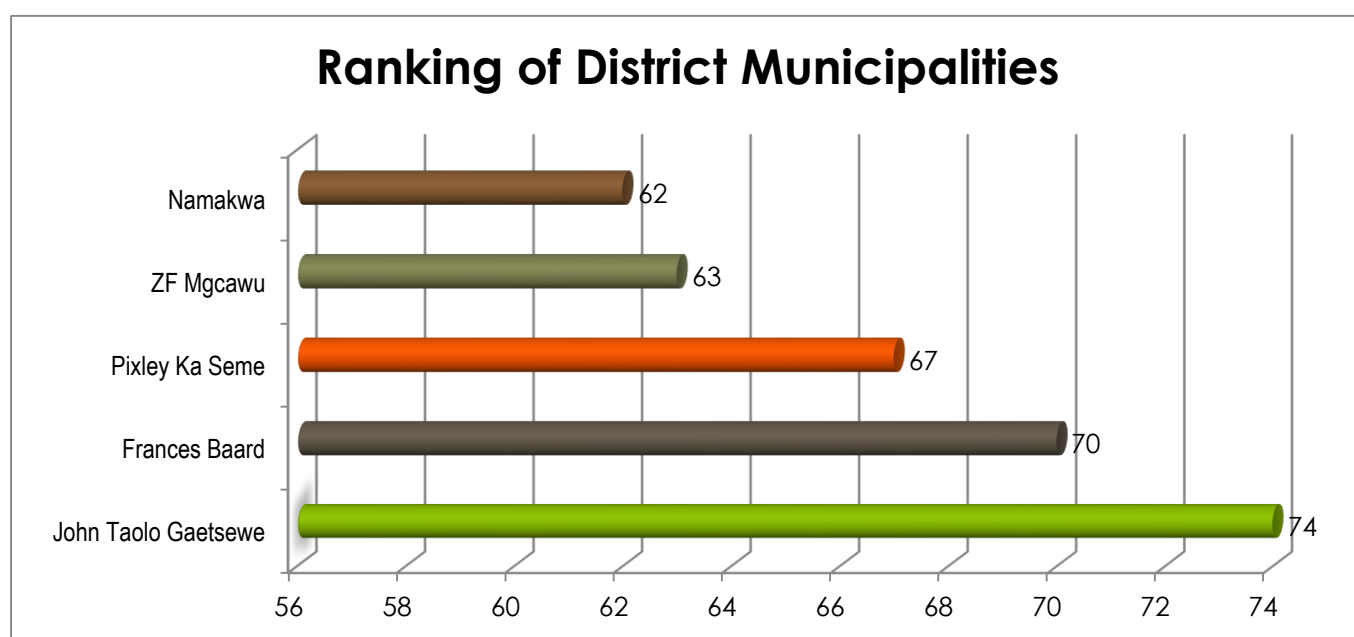
**Table 46: Indicators used to rank municipalities**

KPA	Indicator
S47 and s121	AFS submission by due date
	MFMA s121 tabled
KPA 1 - Organisational development	MM position filled
	CFO position filled
KPA 2 - Basic service delivery	Basic water supply % of HH need
	Basic toilet facility number HH need
	MIG allocation spent
KPA 3 – LED and job creation	LED strategy and implementation plan
	LED forum
	LED investment portfolio
	EPWP allocation spent
KPA 4 - Financial viability	Over/underspending as % of original operating budget
	Grants and subsidies (government) as % of revenue
	Repairs and maintenance as % of expenditure
	Debtors as % own revenue
	AG opinion on financial statements 2012/13
KPA 5 - Good governance	Audit committee in place
	Internal audit unit functioned
	Performance management system established
	Performance audit committee appointed

A high score indicates good performance based on the selected indicators. The maximum score for local municipalities is 100, whilst district municipalities could score a maximum of 85 points since they do not deliver basic services or implement MIG projects (KPA 2).

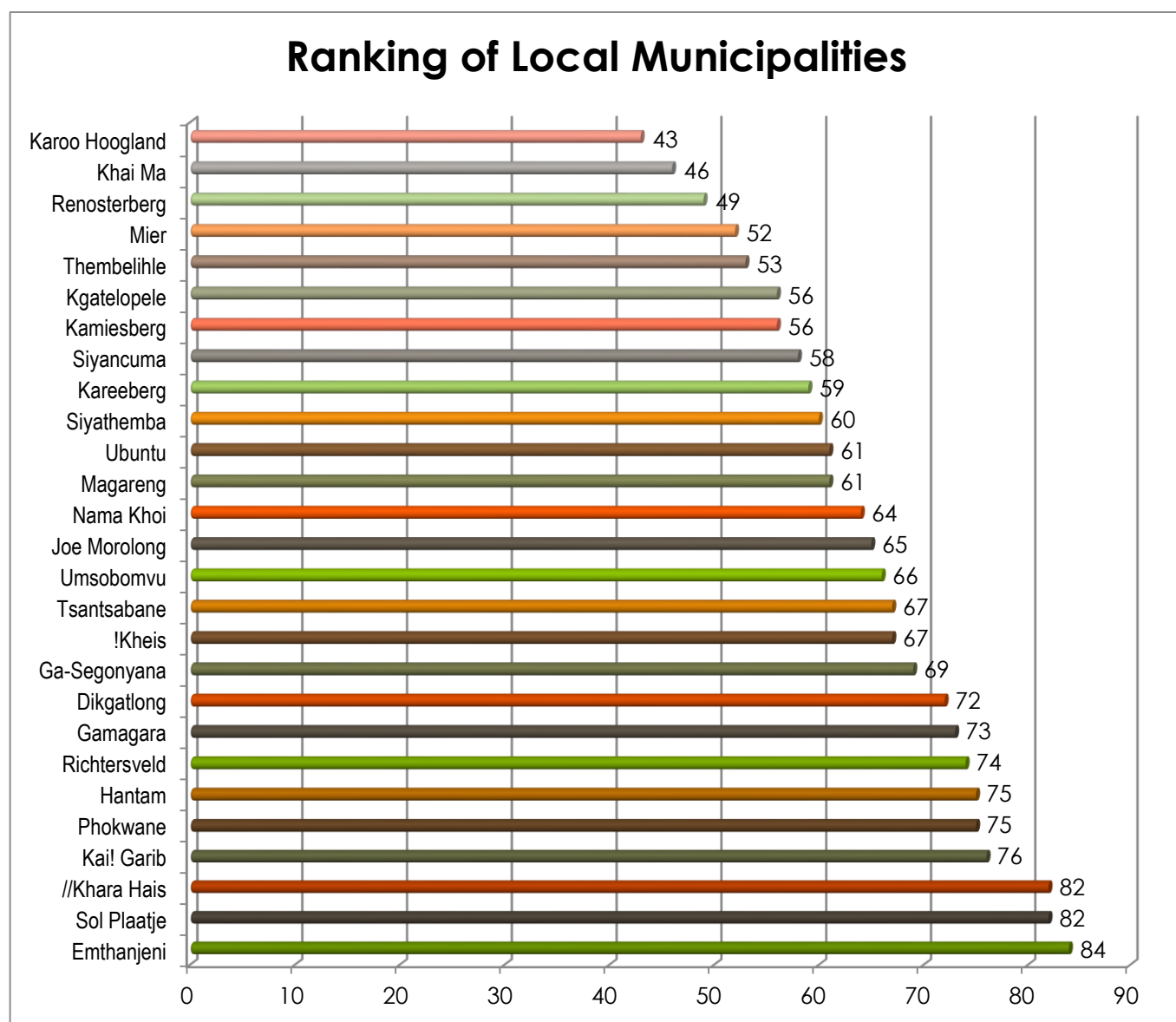
The district municipalities were ranked as follows from highest to lowest scoring: John Taolo Gaetsewe, followed by Frances Baard, Pixley Ka Seme, ZF Mgcawu and Namakwa.

**Graph 3: Ranking of District Municipalities**



Based on this point system, the lowest performing municipality was Karoo Hoogland, followed by Khai Ma, Renosterberg and Mier. The highest performing municipality was Emthanjeni, followed by Sol Plaatje and //Khara Hais, and then by Kai! Garib.

**Graph 4: Ranking of Local Municipalities**



## SOURCE DOCUMENTS

1. Auditor-General General Report 2013/2014
2. Municipal Audit Reports 2013/2014
3. Censuses 2011: Statistics South Africa
4. State of Local Government Finance 2013/2014
5. Department of Human Settlements Database.
6. Department of Local Government Database.
7. Municipal Finance Management Act, Act No. 56 of 2003.
8. Municipal Systems Act, Act No. 32 of 2000.
9. Municipal Annual Reports: 2013/2014.
10. Municipal Annual Financial Statements: 2013/2014.
11. National Government Gazette No. 26511 dated 1 July 2004.
12. National Treasury MFMA database
13. Provincial Treasury Database
14. SALGA database
15. Department of Economic Development database

