



WHEN THE SUN RISES  
WE WORK HARD TO DELIVER

# NCOP MEC's OVERVIEW

## PRESENTATION ON GOVAN MBEKI LM



co-operative governance  
& traditional affairs  
MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA



## PURPOSE

To present to state of Govan Mbeki Local Municipality.

**PILLAR 1:  
PUTTING PEOPLE FIRST**

## Ward Committees

MUNICIPALITY	NUMBER OF WARDS	WARD COMMITTEES ESTABLISHED	NUMBER OF WARD COMMITTEES THAT ARE FUNCTIONAL	NUMBER OF WARD COMMITTEES THAT ARE NONE FUNCTIONAL
GOVAN MBEKI LM	32	32	26	06

## Community Development Worker (CDW)

MUNICIPALITY	NUMBER OF CDW APPOINTED	NUMBER OF CDW VACANCIES	NUMBER OF PROTEST
GOVAN MBEKI LM	22	13	02

## Operation Vuka Sisebente (OVS) War Rooms

MUNICIPALITY	NO OF ESTABLISHED WAR ROOMS	FUNCTIONAL WAR ROOMS	NON FUNCTIONAL WAR ROOMS
GOVAN MBEKI LM	19	20	07

# PUBLIC PARTICIPATION

## ANALYSIS

- The Municipality doesn't have an engagement programme with communities
- The municipality does not have a public participation policy.
- There is no working relationship between CDWs and the Municipality
- Over the past three years, the municipality has been marred by violent protests due to its poor public participation programmes that have failed to engage communities regarding service delivery demands.

**PILLAR: 2**  
**BASIC SERVICES**

# ACCESS TO BASIC SERVICES

Name of Municipality	Total number of HH				
		Households with Access to water	Percentage with access	No Households without access	HPercentage without access
<b>WATER</b>	108 894	107 191	98.4%	1703	1.6%
<b>SANITATION</b>	108 894	108 168	99.3%	726	0.7%
<b>REFUSE REMOVAL</b>	108 894	81 150	74.5%	27 744	25.5%
<b>ELECTRICITY</b>	108 894	102 752	94.4%	6 142	5.6%

# ACCESS TO BASIC SERVICES

## ANALYSIS

- The MIG allocation for the financial year 2019/20, was R57m and R53m (94%) was spent by end of June 2020.
- The municipal MIG Allocation for 2020/21 FY was R57m and R3 487 000 (6,07% )has been spent as of end September 2020.
- The municipality has an electricity license to distribute electricity to its consumers. The municipality has a total of 6 points of delivery from Eskom totalling 140MVA. This capacity is often exceeded to 164MVA during peak demands leading to power disruptions and Eskom penalties. (refer to the MISA report for project specific details)
- All the areas in Govan Mbeki Municipality receive a once a week refuse removal services. Only the farms and other formal areas like Terra Nova does not have access to refuse removal services. All 8 landfill sites are licensed, 4 operational and 4 non operational.
- The Municipality has an approved Housing Sector Plan, the Municipality has also undergone the process of formulating Informal Settlement Upgrading Strategy (National Upgrading Support Program) and has identified portions of land in terms of Spatial Development Plan. Among the land that were identified, there were private land, state own land and GMM land.



# ACCESS TO BASIC SERVICES

## **ANALYSIS..cont**

- Highest concern in the municipality is the poor management of sewer leakages and spillages. The insufficient process controllers and lack of operations and maintenance of waste water treatment plants contribute to the problem of sewer spillages.
- Govan Mbeki has breached contracts that it has entered into with Eskom, Rand Water and Sasol (which was recently servicing the maintenance of waste water treatment plants to minimize and eliminate sewer spillages at minimal costs by its Synfuel engineers)
- Inability to address Eskom, Rand Water and SASOL debts.
- Lack of appropriate skills and technical capacity to efficiently and effectively run the technical services department.

# **SEWER SPILLAGES INTERVENTION**

# PROGRESS ON GOVAN MBEKI

KEY DELIVERY ISSUE	CHALLENGES	INTERVENTIONS/ PROGRESS
<p>Sanitation:</p> <ul style="list-style-type: none"> <li>❑ 2016 figures: 99.3% (726) HH with access to sanitation and 0.7% (726) HH without access.</li> <li>❑ Wards with households without access: 1, 3, 15 to 18, 22 to 23 and 27</li> </ul>	<ul style="list-style-type: none"> <li>❑ Ward 16 Informal settlements with approx 200 households with no sanitation.</li> <li>❑ All towns and villages are generally affected by the sewer network challenges.</li> <li>❑ The municipality has been battling with sewer spillages for the past 10 years in Embalenhle</li> </ul>	<ul style="list-style-type: none"> <li>❑ Phase 1 of the Conversion of VIP toilets to waterborne in Emzinoni X 5, to 7, 9 to 10 in wards 22, 23 and 27 completed and benefited 649 households.</li> <li>❑ Construction of Sanitation Infrastructure for Kinross Ext 25 completed and benefitted 957 households</li> <li>❑ Refurbishment of Leandra WWTW completed</li> <li>❑ Upgrading of Lebohang/Leandra, Betha/Emzinoni WWTW and sewer pump stations is under implementation</li> <li>❑ Refurbishment and Upgrading of Kinross WWTW and sewer pump stations</li> <li>❑ Construction of WWTW in Charl Cilliers is under implementation</li> </ul>



# PROGRESS ON GOVAN MBEKI

CHALLENGES	INTERVENTIONS/ PROGRESS
<ul style="list-style-type: none"><li>❑ Sewer spillages in most wards and towns of the municipality</li></ul>	<ul style="list-style-type: none"><li>❑ The Provincial Government had allocated more than R 108 million for eMbalenhle Extensions 10; 16; 18; 19; 21 and 22 Zone 4, The aim of the project is to rehabilitate the existing sewer reticulation infrastructure in the above mentioned extensions.</li><li>❑ The province also allocated R27 million for addressing urgent sewer spillage challenges in Leandra which includes clearing repair of blocked sewer lines and manholes etc</li><li>❑ The above projects are under implementation through the Department of Human Settlement.</li><li>❑ Details on progress for eMbalenhle Extensions 10; 16; 18; 19; 21 and 22 Zone 4 are summarized on the following slides</li></ul>

CHALLENGES	INTERVENTION
<ul style="list-style-type: none"> <li>The growing settlements and slow pace in upgrading the Pump Stations and Treatment Plants was yet another major contributor to the current challenges.</li> </ul>	<p>Continue to accelerate and closely monitoring of all sanitation projects amounting to R92 million (R83, 1 m contributed from the Province and R9,7 m contributed by SASOL) that are currently underway to address the sewer spillages in various areas.</p>
<ul style="list-style-type: none"> <li>Vandalism and illegal connection of electricity in the Pump stations have had a major contribution in the collapse of operations and failures.</li> </ul>	<p>Community awareness and education programmes against vandalism</p>
<ul style="list-style-type: none"> <li>Slow and reluctant maintenance operations by the Municipality where breakages and electricity outages were reported</li> </ul>	<p>Provide on-going support to the Municipality to ensure that both electrical and mechanical failures for the majority the pumps are attended to.</p>
<ul style="list-style-type: none"> <li>Total collapse of manholes and overloaded outfall lines in Govan Mbeki Local Municipality were just amongst issues that had affected the sewer system</li> </ul>	<p>The Municipality should continue to vacuum and jet-blow all blocked lines as a temporary measure until permanent refurbishment has been done.</p>
<ul style="list-style-type: none"> <li>For example in the Leandra Township, households have constructed their houses on the sewer servitudes leading to total collapse of the sewers. Spillages were streaming in houses as a result or flushed backwards in their toilets and drainage systems.</li> </ul>	<p>Development of a routine maintenance plans for all sewer networks in the municipality through MISA.</p>
<ul style="list-style-type: none"> <li>Delays in finalising the appointment of service providers for MIG projects on time. This has led the municipality not being able to spend fully the allocated MIG budget for the past 2 consecutive years</li> </ul>	<p>Held working sessions with the municipality and assisted with development of procurement plan which was monitored on a weekly basis to ensure adherence on agreed upon timeframes.</p>

<b>CHALLENGES</b>	<b>INTERVENTION</b>
<ul style="list-style-type: none"><li>• High debt on Eskom and Rand Water.</li></ul>	Ongoing engagements with both MEC's for COGTA and Treasury on monitoring the adherence of payment plans
<ul style="list-style-type: none"><li>• Exceeding of Notified Maximum Demand (NMD) on electricity leading to power outages and load shedding</li></ul>	Gert Sibande District is supporting the municipality on the management of Electricity distributions and replacement of ageing infrastructure.

# **LOCAL ECONOMIC DEVELOPMENT**

## CHALLENGES

Lack of effective LED Strategy to respond to unemployment, poverty and inequality especially among young people. Unemployment rate of 25.5% in 2019 (Stats SA). Even though Govan Mbeki LM had the 5<sup>th</sup> lowest unemployment rate relative to other Municipalities in the Province, the unemployment rate was 30.5% for females, 21.8% for males and a staggering 63.8% for female youth while the overall youth unemployment rate was 52.9%

## INTERVENTION

- ❑ COGTA and DEDET currently assisting the Municipality to develop and implement an effective LED Strategy through the District Development Model. The strategy shall bring together all stakeholders to formulate a shared vision of jointly stimulating the economy and create employment opportunities for locals in particular the youth. A District Economic Recovery Plan shall be helpful to the Municipality on identifying and implementing short to medium term initiatives that could change the current economic landscape post Covid-19.
- ❑ Workshops for SMMEs and Cooperatives to help with application for funding through TREP (Township and Rural Enterprise Programme held on the 6<sup>th</sup> October 2020 at Leandra Hall, Embalenhle and Bethal.
- ❑ LED Projects like the Industrial Park, reviving the Bethal Potato Festival, the proposed Logistics and Warehousing Project including Social Labor Plan Projects from SASOL and the Mining Houses such as Shanduka Coal, Pan African Resources should all be implemented and responsive to the needs of the citizens of the Municipality.
- ❑ COGTA continues to provide a safety net for the most poverty stricken wards through the Community Works Programme which currently employs 1118 participants



CHALLENGES	INTERVENTION
<p>Minimal implementation of LED Strategy due to lack of funding and the inability of the municipality to initiate and establish partnerships with the private sector. Anchor LED projects identified by the Strategy such as the Industrial Cluster Hub have not been fully implemented</p>	<ul style="list-style-type: none"> <li data-bbox="877 161 1899 425">❑ COGTA, DEDT and the District working on establishing a District Business Forum with the primary aim of packaging and mobilizing resources from big business within the area and externally for the implementation of LED initiatives and projects identified previously but never implemented</li> <li data-bbox="877 472 1899 646">❑ Prospects of establishing a District LED Agency whose role shall be to identify package and lure investment into the region are also being explored to respond to implementation challenges</li> </ul>
<p>LED Stakeholder Forum in place but not impact oriented</p>	
<p>Low Business confidence resulting in minimal participation of private sector in LED and lack of investment . For example, failure by the municipality to settle its debt (over R10 mil.) with SASOL for the treatment of sewer in Secunda since 2017 thereby affecting relations. SASOL went as far as obtaining a court order against the municipality demanding payment</p>	<ul style="list-style-type: none"> <li data-bbox="877 668 1899 975">❑ Improvement in governance, red tape reduction, payment of services, turnaround time on approvals, tax rebates/incentives for business and regular interactions with the business sector to establish and respond promptly to needs shall be part of the effective LED Strategy and business trust and confidence to be reignited</li> </ul>
<p>Business production affected by failure to honor Eskom debt resulting in Eskom being unable to increase the notified maximum demand (NMD) in areas where it has been exceeded.</p>	<ul style="list-style-type: none"> <li data-bbox="877 1086 1899 1172">❑ MoU between Municipality and the District signed to help pay the Eskom debt.</li> </ul>

# **SPATIAL PLANNING AND LAND USE MANAGEMENT**

# SPATIAL PLANNING AND LAND USE MANAGEMENT

## CHALLENGES OF SPLUMA IMPLEMENTATION BY MUNICIPALITIES

FOCUS AREA	CHALLENGES	INTERVENTIONS
Spatial planning – spatial development framework (SDF)	<ul style="list-style-type: none"> <li>✓ The SDF is outdated and must be reviewed to align to SPLUMA</li> <li>✓ Poor linkage between urban and rural areas to facilitate economic development</li> <li>✓ Poor alignment of authorization for competing land uses</li> <li>✓ Poor rehabilitation of previously mined land within the municipality</li> </ul>	<ul style="list-style-type: none"> <li>❑ The municipal SDF must be reviewed by 202.</li> <li>❑ The exploitation of the competitive advantages of the agricultural sector incorporating and Agriculture Hub in Bethal supporting the comprehensive Rural Development programme.</li> <li>❑ The municipality should minimise spatial conflicts between mining activities, agriculture and biodiversity.</li> <li>❑ The phasing of renewable energy options, which includes concentrated solar power, wind and natural gas, reducing dependence on coal resources.</li> </ul>

# SPATIAL PLANNING AND LAND USE MANAGEMENT

## CHALLENGES OF SPLUMA IMPLEMENTATION BY MUNICIPALITIES

FOCUS AREA	CHALLENGES	INTERVENTIONS
Land use management	<ul style="list-style-type: none"><li>✓ Delays in finalizing land use scheme</li><li>✓ Poor reporting on land invasion.</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> The public participation process must be concluded in order to finalise the draft LUS.</li><li><input type="checkbox"/> The municipality to improve on monitoring and reporting of land invasion.</li><li><input type="checkbox"/> Policy on land invasion under development must be expedited and to include pro-active measures.</li></ul>

**PILLAR 3:  
GOOD GOVERNANCE**

## GOVAN MBEKI

STRUCTURAL ARRANGEMENTS	STATUS QUO	FUNCTIONALITY
Council sittings	Council is sitting as per the legislation	Council is functional
Mayoral Committee	Composed of 5MMC's plus the Executive Mayor	Meetings are held but not as frequent as they should
Section 80 committees	6 Section 80 Committees established namely Community services; Corporate services; Technical services; Planning & Development; Finance as well as Special Projects	Meet monthly before Mayoral Committee
Section 79 committees	6 Section 79 established namely Community services; Corporate services; Technical services; Planning & Development; Finance as well as Special Projects	Some Section 79 Committees struggling to sit
Municipal Troika	Relationship is cordial and they meet frequently	Meet when there are issues to be discussed on governance and service delivery despite the infighting experienced



# GOOD GOVERNANCE

## Analysis

- No clear system of delegation and separation of powers and authority between the Administrative and Political components. Workshops will be conducted on the roles and responsibilities of councillors
- Serious concerns regarding the political interference with the operations of the administration
- Code of Conduct for both councillors and officials not strictly adhered to and implemented. The office of the speaker must ensure that the code of conduct for councillors is fully implemented and the MM must ensure that there is consequence management for any wrong doing by officials.
- Both the MM and CFO are currently on suspension as consequence of non-submission of the 2018/19 AFS . The municipality must ensure that there disciplinary processes are finalised within the legislated time frame.



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# **PILLAR 4: FINANCIAL MANAGEMENT**



## Audit outcomes over the past five financial years

Municipality	2013/14	2014/15	2015/16	2016/17	2017/18	Status/ Comment
Govan Mbeki LM	Unqualified	Unqualified	Unqualified	Unqualified	Disclaimer	Regressed

The municipality received an unqualified audit opinion in the past 4 years in succession and regressed to a disclaimer in 2017/18 financial year.

**2019/19 Audit  
Pending**

Appointed consultants to assist with the preparation of the annual financial statements as well as the correction of the prior year's figures due to the disclaimer that the municipality received in the previous year. After a substantial amount of work had been performed, the consultants and the municipality did not fully agree on the scope of the engagement, with the result that the dispute was resolved by the court. Once the contract was terminated, the adjusted financial statements were reviewed by the municipality and upon discovering errors, they appointed a second consulting firm to finalize and correct the financial statements. This partly contributed to the late submission of the annual financial statements for auditing.

The Municipality has subsequently submitted the AFS by the end of February 2020 and the audit will be done concurrently with the 2019/20 audit .

The audit could not continue due to COVID 19

# ESKOM ARREARS AS AT 31 July 2020

<b>Current</b>	R118 537 253
<b>16-30 days</b>	70
<b>31-60 days</b>	75 977 923
<b>61-90 days</b>	56 430 543
<b>91-120 days</b>	1 845 400 427
<b>Total</b>	2 096 346 216

- **Govan Mbeki Local Municipality owes Eskom R 2 096 346 216 billion as at the end of July 2020.**
- This is a clear indication that municipality is not adhering to its payment arrangements with Eskom and this have a negative impact on their financial viability and might further spark service delivery protests if Eskom cuts electricity supply within a municipality as part of their credit control measures.

CHALLENGES	INTERVENTION
The municipality has budgeted 0% for Operations and maintenance which is below 8%.	Municipality must prioritise spending the operational budget on revenue generating activities.
Low capital spending due to due to Supply Chain Management inefficiencies and low revenue collection. The municipality has spent less than 52% of their capital budget	Municipality improve capital spending by implementing the approved SDBIP
Incorrect billing of government debts	Municipality to ensure that Government is billed correctly to enable payment of accounts by Departments.
The municipality has a poor collection rate, resulting in an increasing debtors book.	Municipality to prioritise collection of Business debt in order to maximise revenue and Implement credit control policies and by-laws to collect revenue from households
Escalation of bulk accounts (Water and Eskom). The municipality has an escalating debt R 2 billion to ESKOM, this is a clear indication that municipalities are not adhering to their payment arrangements with Eskom and this have a negative impact on their financial viability and might further spark service delivery protests if Eskom cuts electricity supply within a municipality as part of their credit control measures	Municipality must honour Eskom and Water Boards payment plans as agreed.  During the district wide engagements with the Municipality it was resolved that the Municipality honour its current account with immediate effect .
Failure by the municipality to implement revenue enhancement strategies and credit control policies which resulted in negative/low cash flow balances and Escalation of debtors book	Municipality should institutionalise revenue enhancement.
Escalating debt book	The municipality must intensify the implementation of revenue enhancement strategy.

# FINANCIAL RECOVERY PLANS

## GOVAN MBEKI LOCAL MUNICIPALITY

- Engagements completed with municipality on detail assessment of status and root causes identified for challenges;
- Detail status and root causes used to develop draft recovery plan;
- Engagements done with management;
- Engagements with labour and top creditors still not completed as creditors did not respond on written invites by the municipality for consultation process;
- Draft Plan published on municipal website and one Local newspaper on 22 March 2019 requesting further inputs from all stakeholders;
- Received inputs were incorporated into final draft FRP;
- Final draft submitted to National Treasury Financial Recovery Service Unit who assessed and after some inputs submitted to MEC for approval;
- MEC approved the plan end of August 2019;
- To date the following has been achieved on the Financial Recovery Plan:



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# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Five: Improved Financial Planning/ Budgeting and Management (Including Cash Flow Management)

Total Activities	Fully implemented	Partially implemented	Started	Not yet started
59	15	21	20	3

Problem Statement/ Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Revenue management	Conduct data cleaning exercise	A fraction of data cleansing was conducted on a proportion of population	Funding for a full scale desktop and physical data cleansing	30 June 2021	Outsource the project	CoGTA DBSA
	Reconciliation of the valuation roll, to the GIS, Deeds Register and financial system	Valuation Roll process finalized with the new roll implemented	System integration between Financial System, Deeds and GIS	30 June 2021	Internal	Provincial Treasury CoGTA District
	Repair and replace faulty meters	The repair and replacement of faulty meters is ongoing and done in terms of the availability of meters	Procurement of sufficient meters as stock items.	01 December 2020	Funding	Internal

# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Five: Improved Financial Planning/ Budgeting and Management (Including Cash Flow Management)

Total Activities	Fully implemented	Partially implemented	Started	Not yet started
59	15	21	20	3

Problem Statement/ Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Revenue management - Electricity	Audit the zero and low sales pre-paid meters and if tampered, disconnect, charge reconnection fee and impose fines	Zero and low pre-paid meters list system generated	Changed meters and Supply Group Codes	30 June 2021	Internal	CoGTA DBSA
	Convert defaulting conventional meter customers into pre-paid meters	None	Phase out conventional meters for households	30 June 2021	Outsourcing	CoGTA DBSA
Collection	Development and implementation of Debt collection strategy with external debt collectors appointed on a commission basis only.	Litigation on the NICS matter as the former debt collector.	Appoint a debt collector for assisting with collection on accounts over 120 days in terms of age analysis  Analysis on the debt book and write off the uncollectable debts	31 January 2021  30 August 2020	Outsourcing  Internal	N/A

# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Five: Improved Financial Planning/ Budgeting and Management (Including Cash Flow Management)

Total Activities	Fully implemented	Partially implemented	Started	Not yet started
59	15	21	20	3

Problem Statement/ Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Asset Management	Conduct an audit of all assets and optimize and/or sell or investigate alternative asset management options	Tender advertised for the conduct of land audit as an asset	<p>Take stock of all disposed land and ensure collection of revenue.</p> <p>Withdraw all unpaid land</p> <p>Develop a register of all properties within GMM</p>	31 December 2020	Outsourced	Internal

# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Six: Restructuring of the Budget

Total Activities	Fully implemented	Partially implemented	Started	Not yet started
20	17	0	3	0

Problem Statement/ Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Restructuring the budget	Developing a Long-Term Financial Plan (10 - 15 years) which will link to the long-term vision of the municipality.	Council approved the MTREF for the 2020/21 and the two outer years.	Link the development of the long term financial plan with the new council term in 2021	December 2021	N/A	Provincial Treasury CoGTA
	Review all electricity and water services provision arrangements and discussion with the providers to ensure adequate written agreements/contracts addressing funding matters, and this should be done annually;	No agreement has been entered into yet with either Eskom or Rand Water.  An amount of R10 million is paid weekly to Eskom as per the resolution	A proposed repayment plan was submitted to Eskom and pending council resolution	31 December 2020	Internal	CoGTA Provincial Treasury GSDM Eskom



# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Seven: Improve Cash Flow Management

Total Activities	Fully implemented	Partially implemented	Started	Not yet started
17	10	2	2	3

Problem Statement / Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Manage financial commitments and Cash flow.	Review long-term debt and restructure where economic benefits can be attained.	<p>The Municipality is focusing on short term and medium term commitments due to the current financial position</p> <p>As recommended by the FRP, meetings were arranged with the top 10 creditors</p>	Improve revenue through revenue activities as per strategy 5	Effective and immediate	N/A	Provincial Treasury

# ACHIEVEMENTS, CHALLENGE AND REMEDIAL ON FRP

## Strategy Seven: Improve Cash Flow Management

Total Activities	Fully implemented	Partially implemented	Started	Not yet started		
17	10	2	2	3		
Problem Statement / Challenge	Planned activity	Progress to date	Proposed future intervention	Action Date	Additional Resources/ Budget needed	Support Sources
Manage financial commitments and Cash flow.	Draft repayment plans for liabilities, engage with creditors and enter into realistic payment arrangements with creditors (e.g Eskom, DWS, etc) and manage payments in accordance with revised agreements.	No agreement entered into to date	Engagement with the DCSSL to finalize the write-off for the debt to DCSSL in order to reduce the creditors debt	30 October 2020	N/A	COGTA

## ESKOM DEBT AND PAYMENTS

- The municipality owes Eskom a total amount of R 2 004 633 058.00 as of 30 June 2020
- An amount of R38 721 621.00 was paid in June 2020
- A draft repayment plan has been developed and it is subject for discussion administratively prior to tabling to council for approval
- Ring fencing for the Electricity revenue for Bethal/eMzinoni will be done as per the council resolution on appointment of Gert Sibande District Municipality as the implementing agency for electricity management for Bethal/eMzinoni.
- Currently, the municipality is unable to fully service its current account with Eskom.

# FINANCIAL MANAGEMENT

## Analysis

- The financial status of Govan Mbeki is deteriorating on a monthly basis.
- The municipality must focus on debtors and creditors management capability
- The municipality must focus on revenue enhancement
- The capacity of BTO in the municipality must be strengthened
- There must be a concerted effort to eliminate UITW and the recovery of financial losses
- All transactions of the municipality must be strictly processed within the systems of mSCOA
- The municipality must look at sourcing external financing where possible to bridge required capital finances to accelerate infrastructure and service delivery.

**PILLAR 5:  
INSTITUTIONAL CAPACITY  
AND ADMINISTRATIVE  
CAPABILITY**

Performance indicators	Progress made
Municipal organisational structure	<ul style="list-style-type: none"> <li>The organisational structure was approved on <b>09/01/2015</b>.</li> <li>The municipal organogram complies with Section 4(2) of the Regulations that deals with the Appointment and Conditions of employment for Senior Managers</li> <li>There are <b>2139</b> posts, <b>1209</b> are filled and 930 are vacant.</li> <li>Number of Males <b>760</b>, Females <b>449</b>, Youth <b>164</b>, Disability <b>17</b></li> </ul>
<b>Filling of top six posts:</b> Municipal Manager, CFO, Corporate Services, Technical Services, Community Services and Development & Planning	<ul style="list-style-type: none"> <li><b>Number of posts</b> : 6.</li> <li><b>Posts Filled:</b> MM, CFO Director Community Services , Director Development &amp; Planning, Director Technical Services and Director Corporate Services</li> <li><b>Vacant posts:</b> None</li> </ul>
Organisational Performance Management System	<ul style="list-style-type: none"> <li>The municipality has an organisational performance management system in place.</li> </ul>



## DISCIPLINARY CASES/SUSPENSION FOR S54 (A) AND S56

Municipality	Designation	Reason for suspension	Type of Misconduct (e.g Fraud, Theft)	Date of suspension	Status quo
Govan Mbeki	Municipal Manager	Precautionary suspension	Financial Mismanagement and maladministration	03 September 2020	Investigations conducted
Govan Mbeki	Chief Financial Officer	Financial Misconduct	Financial Misconduct	09 October 2020	Disciplinary hearing not yet started.

CHALLENGES	REMEDIAL ACTIONS
<p>The municipal organizational structure was last approved on 09/01/2015 prior to the current administration which has come into Office in 2016. This therefore means that the municipal organizational structure is not in line with the current Integrated Development Program (IDP)</p>	<p>The municipality needs to review their organizational structure and align it with the IDP.</p>
<p>Municipality has not cascaded its Performance Management System to lower levels.</p> <p>Limited resources (human and financial) in the PMS Unit to perform their functions in the municipalities</p>	<p>Cascading of performance management to staff below senior managers.</p> <p>Municipalities to allocate budget and establish fully fledged units to deal with PMS.</p>
<p>Ineffective monitoring of staff at regional service centres on service delivery for other Key Performance Areas to be performed by Regional Managers</p>	<p>Municipal Manager must advise senior managers accountable to him to sub-delegate monitoring responsibilities to Regional Managers.</p>





# BUILDING CAPABLE INSTITUTIONS

## ANALYSIS

- Interference in administration has resulted in skills drainage as some valuable officials have either opted to resign or have been rendered redundant within the administration. The municipality must address the issue of interference in the administration
- No effective time-and-attendance management system for employees resulting in the Municipality incurring high expenditure on overtime payment. The municipal manager must but in place corrective measures
- Slow pace in finalising job descriptions for the majority of employees. SALGA and the Gert Sibande District to fast track the issues finalising job descriptions.
- Insufficient operational budget to address the current vacancy rate of 42% in order to fill critical vacancies particularly in the Energy, Water and Sanitation, Roads and Storm-water, Internal Audit and Risk sections. The municipality must review tis organogram to respond the service delivery challenges in the municipality
- Insufficient budget for training and reskilling of personnel in critical areas. The Work Skills Plan of the municipality must respond to these challenges and LGSETA must also assist.



## CONCLUSION

- The municipality's escalating Eskom debt continues to be a matter of great concern. The municipality is currently owing Eskom more than 2 billion. The department has intervened to resolve the matter.
- The municipality does not have a public participation strategy in place and this has affected its public participation
- The municipality has recently filled the vacant position for the Technical Director. Despite having the Technical Director, the municipality has not been able to demonstrate sufficient capability to implement MIG and manage projects on their own.
- Delays in finalising the appointment of service providers for MIG projects on time. This has led the municipality being unable to fully spend the allocated MIG budget for the past 2 consecutive years.
- The municipality has been battling with sewer spillages for the past 10 years in Embalenhle
- There are factional infightings and council is not united, solid and sound on the direction of service delivery
- The non functioning of MPACs, Disciplinary Board, S79 Disciplinary Committee of Council to probe and act spontaneously on allegations of wrong doing by councillors and officials adds to the concern on the functionality crisis.
- Allegations of fraud, corruption and maladministration that still continue beyond S106 investigation report makes it an urgent need for the implementation of an intervention in terms of Section 139 (1)(b) of the Constitution of the Republic of South Africa, 1996.
- There is an increase in the irregular, unauthorised, fruitless and wasteful expenditure with no consequence management.
- Insufficient skills and expertise coupled with malicious interference in administration is of great concern
- The staff morale has hit bottom levels due to rampant fraud and corruption that is not met with concomitant action and law enforcement
- The MM and CFO are currently on suspension as consequence of non-submission of the 2018/19 AFS. The municipality must begin and complete the disciplinary process with the legislated time frame.



## CONCLUSION

- At its meeting on 30 October 2019, the Executive Council resolved to institute an investigation in terms of S106(1)(b) of the Local Government : Municipal Systems Act, 2000 in Govan Mbeki Local Municipality.
- The S106 has further confirmed instances of fraud, corruption, maladministration and political interference with governance and normal operations of administration with indications of serious violations of the local government legislation. Some councillors and officials are implicated in acts of gross wrong doing.
- The municipality must accelerate the implementation of the FRP and submit regular reports to PT. The municipal council must monitor this closely because failure to implement the FRP can have dire consequences on the municipality such as the invoking of section 139(5)(b) of the Constitution, read with section 146(3)(a) of the Municipal Finance Management Act, 2003.
- The department is in the process of making a submission to the Executive Council to place the municipality under administration in terms of Section 139 (1)(b) of the Constitution of the Republic of South Africa, 1996.



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