No.187 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Tuesday, 24 May 2022

# ANNOUNCEMENTS

none

# TABLINGS

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Co-operative Governance, Traditional Affairs and Human Settlements Portfolio Committee, Hon. K P Diale-Tlabela, tabled the Committee’s Oversight Report on the Detail of the Department of Co-operative Governance and Traditional Affairs Budget Vote 07 of the Gauteng Provincial Appropriation Bill *[G001-2022]* for the 2022/23 FY, as follows:**



**CoGTA and Human Settlements Portfolio Committee**

**Committee Oversight Report on the Department of Cooperative Governance and Traditional Affairs Budget (Vote 7) for the 2022/23 FY**

| **Committee Details** | **Department Details** |
| --- | --- |
| **Name of Committee** | **CoGTA and Human Settlements Portfolio Committee** | **Name of Department** | **Department of CoGTA** |
| **Which Financial Year** | **2022/23 FY** | **Dept. Budget Vote Nr.** |  |
|  |  | **Vote 7** | **MEC Lebohang Maile** |
| **Committee Approvals** |
|  | **Name** | **Signed** | **Date** |
| **Hon. Chairperson** | **Ms. Kedibone Diale-Tlabela** |  | **23 May 2022** |
| **Adoption and Tabling** |
| **Date of Final Adoption by Committee**  | **Scheduled date of House Tabling** |
| **23 May 2022** | **25 May 2022** |

**ACRONYM**

 **AG Auditor General**

**APP Annual Performance Plan**

**CDWs Community Development Workers**

**COGTA Cooperative Governance and Traditional Affairs**

**COVAC Committee Oversight and Accountability**

**CWP Community Workers Programme**

**DDM District Delivery Model**

**DPSA Department of Public Service and Administration**

**EPWP Expanded Public Works Programme**

**FY Financial Year**

**GCR Global City Region**

**GPD Gauteng Planning Division**

 **GPT Gauteng Provincial Treasury**

**GSDF Gauteng Spatial Development Framework**

**ICT Information Communication Technology**

**ICS Improvement in Conditions of Service**

**IGR Inter-governmental Relations**

**IDP Integrated Development Plan**

**MEC Member of the Executive Council**

**MFMA Municipal Finance Management Act**

**MIG Municipal Infrastructure Grant**

**MISA Municipal Infrastructure Support Agency**

**MTEF Medium Term Expenditure Framework**

**NDP National Development Plan**

**OPCA Operation Clean Audit**

**OSD Occupation Specific Dispensation**

**PDMC Provincial Disaster Management Centre**

**PEBA Programme Evaluation and Budget Analysis**

**PFMA Public Finance Management Act**

**PMS Performance Management System**

**PSMO Public Sector Oversight Model**

**SALGA South African Local Government Association**

**SARB South African Reserve Bank**

**SDGs Sustainable Development Goals**

**SOM Sector Oversight Model**

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**CoGTA and Human Settlements Portfolio Committee**

**25 May 2022,**

The Chairperson of the Cooperative Governance and Traditional Affairs and Human Settlements Portfolio Committee, Hon. Kedibone Diale-Tlabela tables the report on Budget Vote 7 of the Provincial Appropriation Bill for the 2022/23 MTEF, as follows:

**1. EXECUTIVE SUMMARY**

The Department reported that budget increased from R592 072 000. 00 in 2021/222 FY to R610 789 000. 00 (3%) in 2022/23 FY.

On goods and services, the Department reported a slight increase from R192 601 000. 00 in the previous year to R198 476 000. 00 (3%) for the year under review.

The Portfolio Committee noted that the budget on conditional grants remained constant at R2 000 000. 00 for the last five years. This is despite the service delivery demand at the municipal level, which continues to widen.

Sedibeng DM, West Rand DM and Metros will be supported with multi-disciplinary technical assistance teams (TAT) to address service delivery challenges.

The Department also reported that it is in the process of procuring services from skilled professionals to assist the Municipalities to conduct audits and the correction of Large Power and Water Users billing data.

The Gauteng Planning Division (GPD) in collaboration with Gauteng Provincial Treasury (GPT) has embarked on the process of assessing provincial sector plans in line with Gauteng Spatial Development Framework (GSDF) 2030 to better plan budgeting synergies across all spheres of government in the province and align projects and initiatives with provincial priorities.

The Department reported that it will partner with organisations that contribute towards realising an increase in voter registration, voter turnout and compliance with electoral procedures as set out by the Act.

The District Development Model (DDM) will be implemented through the Centre of Government (Office of the Premier), Cooperative Governance and Traditional Affairs (COGTA) and GPT) to drive intergovernmental planning, budgeting, implementation and tracking progress.

**2. INTRODUCTION**

The 2022 Medium-Term Expenditure Framework (MTEF) significant on two accounts. First, it is tabled at the half-way mark of the term of office of the Sixth Administration, which has been characterised by the formulation and implementation of the Growing Gauteng Together 2030 (GGT 2030) Roadmap to the Gauteng City Region (GCR) of the future.

It is also in the last full three-year MTEF budget to be tabled in the life of the Sixth Administration and will be taking the Gauteng Provincial Administration to the end of the term. This budget therefore signifies a sense of urgency in consolidating and delivering on the aspirations of the GGT 2030 interventions to realise the goal of building the GCR.

Amongst others, the 2022/23 budget will focus on re-igniting the Gauteng economy to not only tackle the scourge of unemployment, poverty and inequality, but also contribute to the economic recovery and reconstruction plan. It will calibrate social policy to improve education, health and other outcomes. Finally, enhance governance across the GCR to focus on delivering results, improve the quality of life of residents and enhance ethics, integrity and accountability.

**3. PROCESS FOLLOWED**

* On the 12th April 2022, the Office of the Speaker Hon. L Mekgwe referred the Budget Vote 7 of the Provincial Appropriation Billof the Gauteng Department of Cooperative Governance and Traditional Affairs (GDCoGTA) for the 2022/2023 financial year in terms of Rule 153 of the Standing Rules, to the Portfolio Committee of CoGTA and Human Settlements for consideration and reporting.
* On the 29th April 2022, the Committee Researcher presented an analysis on the Budget Vote 7 of the Department of GDCoGTA for 2022/23 financial year. Subsequently, the Committee sent written questions to the Department for response.
* On the 06th May 2022, the Department presented the Budget Vote 7 of the Provincial Appropriation Billof the GDCoGTA for the 2022/23 financial year.
* On the 24th May 2022, the Portfolio Committee deliberated and Adopted on the draft Committee Oversight Report on the Budget Vote 7 of the GDCoGTA for the 2022/23 financial year.

**4. OVERALL ASSESSMENT OF BUDGET VOTE 7**

The Department reported plans to build capacity in Municipalities through strengthening the Institutional Governance, Financial Capability and Service Delivery. The Portfolio Committee noted that these interventions will assist Municipalities that are in financial distress such as Emfuleni, West Rand District and Rand-West City.

The COVID-19 pandemic has exacerbated the revenue generation problems of the Municipalities which had already been experiencing revenue collection challenges even before the pandemic. Financial viability of the Gauteng Municipalities has been cited as a priority to address ineffective revenue strategies and low revenue collection. This comprises effective implementation of the Operation Clean Audit Provincial Coordinating Committee to ensure that Municipalities obtain clean audit outcomes.

In terms of development and planning, the Department (in collaboration with the Gauteng Planning Division (GPD) and Gauteng Provincial Treasury (GPT) made a commitment to initiate the process of assessing provincial sector plans in line with the Gauteng Spatial Development Framework (GSDF) 2030 to better plan budgeting synergy across all government spheres. The Department also emphasised that there needs to be greater alignment between municipal and provincial plans and strategies, in line with the District Delivery Model (DDM).

Service delivery interventions include improvement of access to water, sanitation, electricity, housing and roads in deprived areas, including completing the urban renewal projects. This will be done through Municipalities being supported with technical skills capacity through Municipal Infrastructure Support Agency (MISA)/ CoGTA/ Multidisciplinary Teams of Experts in engineering and Town Planning. The needs of Municipalities will be assessed, and experts deployed. This is a multi-year project.

The Portfolio Committee of COGTA will play a meaningful oversight responsibility to keep the Executive in check during the implementation of the mentioned targets for 2021/22 FY.

**5. POLICIES AND STRATEGIES**

This section provides an overview on how the Gauteng Department of Cooperative Governance and Traditional Affairs’ programmes and sub-programmes as interpreted into planned activities and outputs will be responding to various strategies and policies during the 2022/23 FY.

The Portfolio Committee noted that in addition to the application of the SOM tools while reporting on the 2022/23 FY Budget Vote 7, the following Policy and Strategic documents were also considered:

* The State of the Nation Address (SONA) by the President of the Republic of South Africa, Hon. Cyril Ramaphosa, February 2022,
* The State of the Province Address (SOPA) by the Gauteng Premier Hon. David Makhura, February 2022,
* Budget Speech 2022, Finance Minister, Hon. Enoch Godongwane,
* Gauteng Finance Member of Executive Council (MEC) Budget Speech, Hon. Nomantu Nkomo-Ralehoko, 2022,
* The National Development Plan (NDP) (2030): Our Future-Make it Work,
* Gauteng Department of Cooperative Governance and Traditional Affairs’ Annual Performance Plan (APP) (2022-2023),
* Gauteng Province Estimates of Provincial Revenue and Expenditure, 2022,
* Gauteng Province: Socio-Economic Review and Outlook, 2022.

**Linkages between the Objectives of the NDP, the National and Provincial Priorities as well as Departmental Plans**

In his state of the Nation Address (SONA), his excellency Honourable President Ramaphosa reiterated that there are concerted efforts to strengthen the local government infrastructure and accelerate service delivery through the District Development Model. The Model brings all three spheres of government to focus on key priorities and implementation of critical high impact projects.

He went further to mention that working with both public and private sector partners, government is implementing a range of measures to support municipalities to address inadequate and inconsistent service delivery in areas such as water provision, infrastructure build and maintenance. The government is focusing on the appointment of properly qualified officials at a local level to ensure effective management and provision of services .

The Gauteng Premier, Hon. Makhura stressed the same sentiments as the President, in that the pandemic has also enabled the province to strengthen seamless coordination and collaboration within the integrated Gauteng City Region and it has made the rollout of the District Development Model more practical and urgent. The matter of great concern is that the financial position of many municipalities deteriorated during COVID-19 due to the loss of over R8.75 billion in revenue between April and July 2020 in municipalities.

The loss had negative implications for service delivery and affected the resilience of municipalities. This resulted in a decline in spending on Capex projects by 42% and a decline in cash collection due to suspended credit control measures. Several municipalities struggled to pay their creditors such as Eskom and Rand Water.

The government pledges to work with all municipalities in the province to improve their financial viability which was impacted by the national lockdown. There is an established Multi-Disciplinary Team of Revenue Experts as part of the Debt Management Committee (DMC) to help struggling municipalities to develop an Integrated Revenue Enhancement and Debtors Management Plan and to ensure accurate billing. As a result of the work of this committee, an amount of R1.62 billion was paid by the provincial government to municipalities between April 2020 and the end of December 2020 .

Another area of great concern is Emfuleni municipality, which was placed under partial administration in 2018, continues to experience serious challenges which are negatively affecting its capabilities to provide uninterrupted services to residents. Several interventions are being implemented by national government and State-Owned Entities to address service delivery and governance challenges .

The local government equitable share is set to increase to 9.7 per cent of the Division of Revenue in 2023/24, according to the Finance Minister, Honourable Mboweni. It has been highlighted that financial governance remains a challenge for many municipalities. Therefore, the Municipal Systems Improvement Grant is extended for the rollout of the District Development Model. There is a need for strong collaboration and partnerships between municipal councils, labour, communities and the private sector around the principles of shared risk and shared reward. Further, there needs to be a transition to smart local government and innovation. At the same time, well-functioning municipalities require that residents pay for services rendered .

**6. EXPENDITURE AND ESTIMATES OF BUDGET VOTE 7: 2022/23 MTEF**

This section deals with budget allocation of the Department during the 2022/23 FY as well as the projected budget allocation over the MTEF period.

**Summary of Receipts**

The budget variance study tool shows that the allocation of the Department as from 2021/22 FY to 2022/23 FY increased from R590 035 000. 00 to R608 683 000. 00 (3%). Conditional grants in the same financial year have increased with a slight 3% (R69 000. 00). However, the total appropriation of the budget will decrease 5% in 2023/34 FY and is projected to increase to R596 066 000. 00 (3%) in the final year of the provincial administration.

In terms of **needs budget vs available budget,** conditional grants allocation (R2 106 000. 00) is insufficient to support the municipal existing and new bulk infrastructure and to create a spatially integrated Cities and transformed communities in category B municipalities i.e., Emfuleni, Lesedi, Midvaal, Rand-West City, Merafong and Mogale.

**This impedes on the COGTA’s ability to support and build institutional capacity in municipalities. The allocated resources remain inadequate for state capacity at the provincial level to ensure that municipalities are financially viable to deliver services.**

**Conditional grants allocation in Gauteng has increased from R24 968 000 000. 00 in 2021/22 FY to R26 503 000 000. 00 for the year under review. the Gauteng COGTA is one of the departments that is allocated the least amount in terms of conditional grants, although the department has a massive constitutional obligation to ensure municipal performance.[[1]](#footnote-1)**

**Percentage share per programme: 2021/22 FY**

The Portfolio Committee noted that in relation to programme payments and estimates, **programme one’s (Administration)** budget has been increased from R156 792 000. 00 in 2021/22 FY to R163 198 000. 00 in 2022/23 FY (4%). **Programme two (local governance)** experienced a budget reduction of R289 310 000. 00 in 2022/23 FY from R292 494 000. 00 in the previous FY. Under **Development and planning (programme three)** the budget increased from R127 856 000. 00 during the previous year to R137 933 000. 00 in the year under review. Finally, there was another budget increase under **programme four (Traditional institutional development)** of R20 348 000. 00 in 2022/23 FY from R14 930 000. 00 in 2021/22 FY.

**7. PAYMENTS AND ESTIMATES ON PROGRAMMES: 2019/20 – 2023/24 MTEF**

The Portfolio Committee noted the following on the budget allocation per programme from the 2018/19 FY to 2022/23 MTEF period *(as shown by the application of the Budget Variance Study Tool):*

**PROGRAMME 1 - ADMINISTRATION**

Administration Programme carries out its mandate through two sub-programmes i.e., the Office of the MEC and Cooperative Services sub-programmes.

The Portfolio Committee noted that the **Office of the MEC** has encountered a budget reduction from R4 235 000. 00 in 2021/22 FY to R4 132 000. 00 for 2022/23 FY. **Corporate Services** being the major business function from the office of the MEC seen an allocation increase of 4% (R159 066 000. 00) from R152 557 000. 00 in the previous year. Over the MTEF period, the budget allocation will be reduced by over 5% of the current appropriation.

The Department reported that the allocation will fund the Civic Awareness and Voter Education Campaign for the coming 2024 national and provincial elections, payment of probity auditors for open tender process. This includes data communication, staff bursaries, software licence fees, legal fees, leasing of storage facilities, fleet services, audit fees, training, security and cleaning services and provision of tools of trade for department employees.

**REPORTING ON SERVICE DELIVERY MEASURES 2022/23 FY**

**The Department reported that 30% of the organizational structure will be implemented in line with the revised strategy.**

In order to exercise its constitutional obligation, the Department needs a properly aligned organizational structure with key performance areas. Deloitte’s data shows that business strategy should translate into an optimal structure with clear roles and responsibilities; helps design optimal work, worker and networks of teams; defines business performance KPIs, supported by governance.[[2]](#footnote-2)

**The Department highlights that 40% of Employment Equity target will be reached for women in Senior Management Services (SMS) positions.**

With the Department’s policy on recruiting women for SMS, the target should be achieved to address gender disparities. It should be noted that the Department attained just over 30% for the mentioned outputs in the previous financial year.

**The Department reports that 1, 4% of Employment Equity is targeted for people with disabilities.**

One of the challenges confronting the Department from realising this target is lack of applications from people living with disabilities. The Department should be encouraged to broaden the scope of the recruitment process and partner with strategic organisations representing people with disabilities to attract suitably qualified candidates.

**The Department commits that 100% of invoices are to be paid in 15 days.**

The Portfolio Committee comments the Department’s commitment to pay invoices within 15 days as this initiative assists small medium and micro enterprises to flourish and expand in the business community. The inception of the township economic development bill[[3]](#footnote-3) should also be an instrument used to support local economic development.

**The Department outlines that 30% of procurement is earmarked for women owned companies.**

It’s a great initiative aimed at expanding economic opportunities for women. The private sector, civil society and women’s organisations, businesswomen and government have partnered to form the Women Economic Assembly (WECONA), an initiative to facilitate the participation of women-owned businesses in core areas of the economy, says the Presidency.[[4]](#footnote-4)

Recognising that women-owned businesses still account for 1% of public procurement, while Agenda 2063 of the AU calls for this allocation to be at least 25%, the Women Economic Assembly sets out to contribute substantially to easing the plight of vulnerable sectors of our economy.[[5]](#footnote-5)

**Finally, the Department shares that one (1) capacity building initiatives will be conducted**

The Department’s constitutional mandate through section 154 mandates this sphere of government to support and build capacity of Municipalities to deliver basic services. However, the Portfolio Committee noted that these interventions are still not adequate because the Department deploys experts of distinct disciplines such as engineering, finance, legal and supply chain management to strengthen the capacity of municipalities.

Once the experts have fulfilled their obligations and functions, the Gauteng Municipalities (particularly category B and C) would struggle to perform key responsibilities without such intervention and be drawn back into the state of disarray.

The Local Government: Municipal Systems Act Section 56(b) should be implemented to ensure that the appointment of senior managers have the relevant skills and expertise to perform the duties associated with the post in question (finance, engineering, legal and supply chain management).

**PROGRAMME 2 –LOCAL GOVERNANCE**

This programme seeks to strengthen the developmental state by enhancing participatory governance and institutional stability as well as building the capacity and capability of local government to achieve its constitutional mandate. Further, this programme aims to promote and facilitate viable and sustainable local governance in conjunction with Pillar 4: transformation of the state and governance

**Programme 2 is regarded as the Core Business service delivery outputs that carries out the implementation of the key mandate for COGTA*.*** The Department highlighted that Local governance (programme two) is regarded as the core business service delivery output that carries out the implementation of the key mandate for COGTA. The Department reported a slight budget decrease from R292 494 000. 00 in 2021/22 FY to R289 310 000. 00 for 2022/23 FY.

**REPORTING ON SERVICE DELIVERY MEASURES 2022/23 FY**

**Number of research studies (three) produced on key local policy issues.**

South Africa’s local government is very dynamic and changing. Local government is a highly contested and legislated terrain; therefore, it requires high level of innovation and strategic approach to enhance service delivery. Research studies should focus on policy development for local government that translates good governance practices of municipalities.

**Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF 2019 – 2024, Priority 1).**

Anti-corruption measures should focus on fighting fraud and corruption, maladministration, embezzlement as well as non-compliance of supply chain management processes.

**Number of municipalities supported on ethics and integrity management.**

Public service is public trust; citizens expect fairness and management of public property; fair and reliable public services inspire trust; and public service ethics underpin public trust and are keystone for good governance (Institute of Directors Southern Africa, 2016).

**The Department highlights that thirty (30) WBWR Civic awareness programmes on the fight against COVID-19 will be implemented in provincial regions.**

Spreading the awareness against the scourge of COVID-19 in various communities in Gauteng will have a positive impact in terms of precautionary measures to contain the pandemic. Most significantly, the government should stress the importance of vaccinations.

**The Department indicates that a total number of sixteen (16) of Voter Education Stakeholder engagement sessions are to be implemented in provincial regions.**

The general voter turnout has declined significantly from 89.3% in 1999 to 65.34% in 2019. This is not a good thing in a participatory democracy and must be addressed urgently. The Independent Electoral Commission (IEC) together with its stakeholders must devise strategies to boost the declining voter turnout and ensure that the country’s democracy develops on a sustainable basis (Parliament, 2020).

**On the basis of capacity to implement the simplified revenue plans, the Department has essentially targeted three (3) municipalities (Lesedi, Midvaal and Emfuleni).**

This target output is essential hence it aims to address poor revenue collection affecting Gauteng municipalities. Lack of revenue management has a direct effect on service delivery of municipal infrastructure such as water, sanitation, refuse removal and electricity.

This situation is likely to increase levels of indebtedness and default on payments for municipal services. The deteriorating revenue collection rates limit the ability of the municipalities to provide essential services and also constrains their capacity to expand investment necessary for economic and social development[[6]](#footnote-6).

**The Department reports that three (3) municipalities, i.e., Mogale, Rand-West and Merafong are to be provided with capacity to undertake audit and data enrichment of Large power and Water Users.**

Over the years, the Gauteng municipalities have been confronted with inaccurate billing system that fuelled apathy from the consumers. According to the Inter-dependent priority study, building institutional and administrative capacity should entail that municipalities must be supported to bill large power users while also being provided with infrastructure support which will assist in the provision of meters that will ensure that correct bills are generated.

**The Department reports that five (5) municipalities are earmarked for the deployment of revenue experts to develop and implement an Integrated Revenue Enhancement and Debtors Management Plan.**

Essentially, this will enhance expenditure management at the local level to ensure that revenue collection is done accordingly. Municipalities should collect all outstanding arrear debts; encourage timely payment of amounts owing; foster a culture of payment through creative interventions at household levels; and maximise revenue collection by establishing a single revenue management and customer interface value chain (Local Government Municipal Systems Act, 2000).

**In the quest to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1), the Department targeted three (3) municipalities such as Lesedi, Midvaal and Emfuleni.**

The AGSA has highlighted an escalating trend in UIFW expenditure in municipalities over recent years, evident in audit opinions and summarised in the annual general reports on local government. Once the project is implemented, it should result in improved internal controls and overall management of UIFW expenditure.

**In relation to the number (two) of Operation Clean Audit (OPCA) Provincial Coordinating Committee (PCC) convened to provide advisory support to municipalities on the implementation of audit response plans.**

Such project is quite significant precisely because Gauteng municipalities have improved in terms of the audit outcomes. For instance, it has been reported that there was no municipality that received a qualified audit opinion or a disclaimer. This target ensures that expenditure management is adhered to through MFMA.

**It has been highlighted that the Department will provide capacity building to municipalities (Linked to MTSF 2019-2024, Priority 1, B2B Pillar 5).**

Capacity building is one of the significant pillars of the B2B that aims to provide essential skills such as finance, leadership and critical skills to councillors. It remains key hence it empowers municipal officials with the necessary tools to perform their responsibilities. Building institutional and administrative capacity at the local level intends to address skills deficit which is quite prevalent in municipalities.

**The Department pledges to support municipalities with the Organizational Structures and Institutional Review.**

It can be argued that this aims to align skills with the Organizational Structures to enable the municipality to fulfil its constitutional obligation to deliver basic services. With the right organizational structure in place, the Gauteng municipalities are going to be in better position to resolve skills mismatch and competency gap.

**The Department states that Gauteng municipalities (eleven) will be supported to fill Section 54A and 56 and other critical technical positions within 6 months of being vacant.**

This will address competency gap occurring in Gauteng municipalities. The filling of critical vacancies, especially Municipal Managers and Senior Managers will ensure that the key service delivery outputs are achieved. The appointment of senior managers will ensure leadership stability in municipalities.

*-“Section 54A of the Local Government: Municipal Systems Act, 2000, provides for the appointment of municipal managers and acting municipal managers”.*

*- “Section 57(6) of the Local Government: Municipal Systems Act, 2000, provides that the employment contract for a municipal manager must be for a fixed term of employment up a to maximum of five years, not exceeding a period ending one year after the election of the next council of the municipality”.*

**The Department reports that Gauteng municipalities will be supported to institutionalise the performance management system (PMS) (Linked to MTSF).**

Performance management systems are vitally crucial to ensure municipal performance in relation to service delivery. The implementation of PMS for municipal Senior Managers will enhance municipalities’ basic service delivery and infrastructure, municipal institutional development and transformation, local economic development, municipal financial viability and management.

**In terms of ensuring compliance with MSA Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1), eleven municipalities are targeted.**

As mentioned earlier on, the appointment of Senior Managers as per the MSA Regulations should result in the recruitment of highly skilled personnel and therefore strengthen capacity across municipalities.

**It has been indicated that the Department will produce four municipal performance reports against the key performance areas of Local Government.**

**The Department plans to develop one annual municipal performance reports compiled as per section 47 of the Municipal Systems Act.**

**It is highlighted that four compliance reports in terms of Municipal Finance Management Act, Municipal Property Rates Amendment Act, Municipal Systems Act and Remuneration of Public Office Bearers Act will be produced.**

**The Department reported that nine municipalities will be guided to comply with the MPRA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4).**

**In sum, the Department cites that one reports on the issues raised by the Auditor General in audit reports in terms of section 131 of the MFMA is to be initiated.**

Municipal performance reports on key performance areas are meant to identify bottlenecks and areas of improvement at the local sphere of government. This includes submission of accurate annual financial statements (AFS) as well as the annual municipal audit outcomes.

Furthermore, monitoring and evaluation needs to be applied in order to ascertain the achievement of bulk municipal infrastructure project and Gauteng City Region.

**PROGRAMME 3 - DEVELOPMENT AND PLANNING**

This programme seeks to coordinate, facilitate and promote integrated development and planning in Municipalities to ensure that varieties of services are delivered in an integrated and sustainable manner.[[7]](#footnote-7)

The Department reported that the 2022/23 FY budget for Development and Planning Programme is R137 933 000. 00. This has marked a slight increase from R127 856 000. 00 for the previous FY.

**Land Use Management sub programme** received an allocated amount of R8 188 000. 00 in 2022/23 FY, in comparison with R11 543 000 of 2021/22 FY, a significant drop of 41%.

**Municipal Infrastructure sub programme** experienced a budget increase from R30 159 000. 00 in the previous years to R38 505 000. 00 (22%) for 2022/23 FY. Same as **IDP Coordination sub programme** that saw its budget being slightly increased from R20 766 000. 00 in 2021/22 FY to R22 927 000. 00 (9%) in the year under review. **Disaster Management sub programme** has a minimal budget rise from R65 388 000. 00 during the previous year to R68 313 000. 00 (4%) in 2022/23 FY.

**REPORT ON SERVICE DELIVERY MEASURES 2022/23 FY**

**The Department indicates that it will finalise the Gauteng Spatial Development Frameworks.**

The finalisation of the Gauteng Spatial Development Framework 2030 should confront the sprawling racially, economically and functionally separated settlement pattern that is environmentally wasteful, stretching from Pretoria in the north via Johannesburg to Vereeniging in the south. The proposed framework should also locate housing development closer to economic regions to easy accessibility.

**The Department reports that six business cases will be assessed for level of compliance to statutory Town Planning legislation.**

A total number of eight (8) of metropolitan, district and local municipal capital projects in SDBIPs spatially are to be referenced, the Department highlights.

* **It is worth noting that service delivery of municipal infrastructure is measured on the premise of IDP implementation, in accordance with MFMA (Act 56 of 2003). Together with the B2B tracking tool, the Department should identify the red flags beforehand, especially in financially distressed municipalities.**

It has been cited that one (1) Land Use Audits will be conducted for local municipalities within Sedibeng District and West Rand Districts.

**Once the land use audits have been conducted, the Portfolio Committee should strengthen its checks and balances to ascertain the following:**

* Framework for the monitoring, coordination and review of the spatial planning and land use management system,
* Framework for policies, principles, norms and standards for spatial development planning and land use management,
* To address past spatial and regulatory imbalances,
* To promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications, and
* To provide for the establishment, functions and operations of Municipal Planning Tribunals.

**The Department outlines that 20 000 work opportunities will be created through Community Work Programme (CWP) (MTSF 2019-2024, Priority 2).**

This initiative is crucial in ensuring that unemployed young people are exposed to job opportunities to learn and develop certain skills required by the market. The Portfolio Committee should monitor progress during the implementation of such a programme.

**The Department targeted nine municipalities with legally compliant and responsive IDPs.**

As part of fulfilling section 154 of the Constitution, the Department should ensure that municipal IDPs are supported to respond to the basic and service delivery needs of the community. In terms of Section 35(1) of the MSA an IDP is adopted by the council of a municipality. It is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality.

IDP is a legislative requirement, it has legal status and supersedes all other plans that guide development at local government level. Municipalities should adopt their IDPs by end of May 2022.

**The Department indicates that two District/Metro will be supported to develop One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements, and local government).**

The Portfolio Committee noted that this is prudent to better plan budgeting synergies across all spheres of government in the province and align projects/initiatives with provincial priorities. Budget alignment and planning within the three spheres of government (including departments and entities) are exposed to silo planning that leads to lack of communication and co-ordination. The DDM has been introduced to ensure that government planning is aligned with all relevant stakeholders (as well as the affected parties).

**The Department is planning to develop one Capital Expenditure Framework (CEF).**

The Department noted poor spending in terms of the municipal Capital Expenditure (CAPEX) over the past years. Municipalities should improve on CAPEX to ensure that municipal infrastructure is effectively delivered. However, municipalities are exposed to poor integrated planning with National and Provincial.

Since the Department has introduced the provision for institutionalisation of integrated planning through the Integrated Framework Act, it should be welcomed as a positive initiative by the Portfolio Committee. Further to this, the development of the long-term Gauteng City Region (GCR) Integrated Urban Development Framework and Capital Expenditure Framework is a good programme that will see proper alignment of municipal infrastructure and spending.

**The Department indicates that nine municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5).**

Through its municipal infrastructure sub-programme, the Department monitors the Municipal Infrastructure Grants (MIGs) expenditure by the municipalities under category B and C.

**In relation to monitor the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2), the Department targeted nine (9) municipalities.**

The implementation of indigent policies is vitally important for poverty alleviation in disadvantaged communities of Gauteng. This is centred on the provision of basic services such as water, electricity and refuse removal. Municipalities are required to be legally compliant with the introduction of indigent policies.

**Two (2) Districts (Sedibeng and West Rand) will be monitored on the spending of National Grants.**

This will enhance accountability and answerability on project implementation throughout the municipal year.

**The Department highlights that nine (9) municipalities will be supported with Technical Skills capacity through MISA/ COGTA/ Multidisciplinary team of experts in engineering and town planning.**

Emanating from pillar four of the B2B, building institutional and administrative capacity in municipalities will see the realisation of project implementation.

**The Department indicates that nine (9) municipalities are to be monitored on implementation of adaptive measures to climate change in water supply infrastructure and use.**

This is part of renewable energy initiatives implemented as part of a process of promoting the green agenda within the province, with initiatives to include implementation of water harvesting tanks.

**The Department states that nine municipalities are targeted for the implementation on the water security interventions.**

Gauteng municipalities have been losing water for years. For instance, the Department did not realise the target of reducing water losses by 15% in 2021, with Metros being the most affected.

A total number of three hundred and six (306) Large Power Users and commercial customers Meters will be replaced in Merafong LM.

**Also, a total number of one thousand and five hundred (1500) large power users will be billed in Emfuleni.**

-it is reported that the Department will procure services from skilled professionals to assist the municipality with implementation of online metering system. Electricity losses contribute significantly to lost revenue for the municipality and is threatening its viability. Online metering will remove the human interface, and thus increase the reliability and integrity of metering data.

**The Department outlines that level three (3) of disaster management plans is earmarked for the year under review. The Department further reports that five (5) municipalities will be supported to maintain functional Disaster Management Centres. The Department shares that four (4) municipalities are targeted for Fire Brigade Services.**

-It should be noted that the functionality of the municipal disaster management centres is essential to mitigate both natural/man-made disasters. Since Gauteng is now exposed to disasters such as water, pollution, floods, to mention but a few, the functioning of the municipal centres is imperative for disaster risk management. Part of the disaster risk strategy lies in mitigating fire outbreak in informal settlements.

**In respect of monitoring the implementation of GBVF responsive programmes, three (3) municipalities are targeted.**

**Six (6) municipalities will be supported to promote participation in community based local governance processes (Priority 1: Capable, Ethical and Developmental State) (Priority 6 MTEF indicatory: Social Cohesion and Safer Communities).**

Consultation should help municipalities to make better decisions.

Community participation assists the different stakeholders to better understand and support the decisions around trade-offs and prioritization that municipalities must make.

It improves the inter-departmental and intergovernmental co-operation that is so essential for effective service delivery.

**PROGRAMME 4- TRADITIONAL INSTITUTIONAL DEVELOPMENT**

This programme seeks to promote and facilitate viable and sustainable traditional institutions and to support and enhance the capacity of traditional authorities as well as local governance institutions in line with Pillar 4: Transformation of state and governance.

The Portfolio Committee noted that the **Traditional Institutional Development programme** has seen its budget increased from R14 930 000. 00 in 2021/22 FY to R20 348 000. 00 in 2022/23 FY. It’s an increase of 4% that will enable the Department to support the traditional authorities. The Gauteng Department of COGTA has a constitutional mandate to support the house of traditional leaders.

In terms of sub-programmes allocations, **Traditional Institutional Administration** was allocated R7 114 000. 00 in 2021/22 FY to R10 549 000. 00 in 2022/23 FY. Whereas **Traditional Resource Administration,** encountered a slight budget increase from R6 568 000. 00 in 2021/22 FY to R7 439 000. 00 in 2022/23 FY. **Rural Development Facilitation** is allocated R553 000. 00 in 2022/23 FY. **Traditional Land Administration** has a budget of R1 807 000. 00 for the year under review from R1 198 000. 00 in the previous financial year.

**REPORTING ON SERVICE DELIVERY MEASURES 2022/23 FY**

**As guided by its constitutional mandate, the Department will support two Traditional Councils to perform their functions.**

These functions includes capacity building, adequate support of cultural/traditional events commemoration, develop management system for effective administration of traditional land as well as prepare and submit the annual financial records.

**The Department reports that 100% of Traditional Leadership succession claims/ disputes received will be processed.**

The Portfolio Committee through its oversight visits in Tshwane found that land disputes are an impediment to community development and there is a strong need for a concerted effort to address the land ownership phenomenon. Land ownership battles delay development and service delivery in the affected jurisdictions.

**The Department highlights that it will conduct one (1) anti GBVF campaigns for traditional leadership (Pillar 2: Prevention and Restoration of Social Fabric of the NSP).**

This should raise awareness against the scourge of gender-based violence in various communities and necessary programmes be championed to assist the victims.

**SUMMARY OF PAYMENTS & ESTIMATES BY ECONOMIC CLASSIFICATION: 2018/19 – 2022/23 MTEF**

The Portfolio Committee noted that on **Current Payments,** the budget is increased from R553 250 000. 00 in 2021/22 FY to R578 964 000. 00 for 2022/23 FY. **Compensation of employees** has been granted the lion’s share of this budget which amounted to R380 488 000. 00 (62%) for the year under review from R360 649 000. 00 in the previous FY. **Goods and services** have seen a budget increase of R198 476 000. 00 in 2022/23 FY from R192 601 000. 00 during the 2021/22 FY.

In terms of **transfers and subsidies (Municipalities),** the Department has allocated R24 606 000. 00 in 2022/23 FY as compared with R25 037 000. 00 in the last FY. Under Households (HH), the Department allocated R1 027 000. 00 for the year under review, in contrast with 2021/22 FY of R2 274 000. 00.

On **payments for capital assets,** the budget allocation has been significantly decreased from R11 511 000. 00 during the 2022/23 FY to R6 192 000. 00 in 2021/22 FY. The Portfolio Committee noted that the allocation will only cater for **machinery and equipment.**

**TRANSFERS FOR CATEGORY B & C MUNICIPALITIES: 2018/19-2022/23 MTEF**

The Portfolio Committee noted that the Department allocated R24 606 000. 00 for the year under review, which is shared amongst **category B and category C municipalities.[[8]](#footnote-8)** However, the budget was reduced by 2% in 2022/23 FY.

Category B municipalities received the major share of the transfers of R22 156 000. 00 (90%), whereas category C municipalities have been awarded the least allocation of R2 450 000. 00 (10%).

The Department highlights that an allocated amount will be utilised to improve fire and rescue services response capabilities, the Expanded Public Works Programme (EPWP) and performance management system. However, the allocation lack detail in terms of the specific service delivery programmes that are earmarked for category B and C municipalities.

**The application of “Needs Budget vs Availability Budget” is as follows:**

Despite economic estimates for the regions in Gauteng pointing to a recovery in 2021 and 2022, the emergence of new COVID-19 variants could extend the pandemic and cause economic disruptions. Vaccination hesitancy and other domestic-related challenges such as chronic power outages affecting most of the sectors of the economy could also constrain economic activity.

This is the case for the region’s leading sectors such as manufacturing in both Ekurhuleni and Sedibeng, and mining in the West Rand. Mining still constitutes the highest contribution in the West Rand, even though the contributions have declined. The pandemic has brought forth many socio-economic challenges that the country and its regions must prioritise. This includes the level of inequality, the number of people living in poverty, and the increasing number of unemployed people.

**In relation to labour market overview, Sedibeng District Municipalities has an unemployment figure of 49%. Of these numbers, Emfuleni municipality has the highest unemployment rate of 53%, followed by Lesedi at 44% and Midvaal at 30% being the last one.**

**West Rand District Municipalities’ labour market overview for the same period highlighted above was recorded at 39%. Rand-West City consists of the high unemployment rate of 53%, followed by Mogale City at 41% and finally Merafong City with 15%.However, the Portfolio Committee noted with that delivery of services to date compared to the actual need; budget constraints and allied financial problems (e.g. conditional grants) and other problems (e.g. huge unemployment rate in District municipalities) makes this target a needs budget.**

**PERSONNEL NUMBER OF THE GAUTENG DEPARTMENT OF COGTA**

The Portfolio Committee noted that the number of personnel under **Administration** was 146 in 2021/22 FY and 167 for the year under consideration (an increase of 21 personnel). The Department further reports an increase on the personnel number for **Local Governance programme** from 439 in the previous financial year to 460 in 2022/23 FY. It should be noted that programme two reported the highest additional number of personnel. **Development and Planning** had 72 personnel numbers in 2021/22 FY and increased to 85 for 2022/23 FY. On **Traditional Institutional Development,** the personnel number was 11 during the previous year and has risen to 13 for the year under review.

Above all, the Gauteng Department of COGTA increased the personnel numbers from 668 in 2021/22 FY to 725 in 2022/23, which reflects an additional number of 57 for the new employees.

**8. TRANSVERSAL/CROSS-CUTTING ISSUES**

The Portfolio Committee noted that in terms of job creation, the Department commits that 20 000 of work opportunities will be initiated through Community Work Programme (CWP) (MTSF 2019-2024, Priority 2). **The Department’s commitment to create employment opportunities is positive in addressing the widening gap of inequality, which ultimately result in poverty. Creating these opportunities is also significant for skills development for young people.**

The Department commits to monitor the implementation of GBVF responsive programmes in three municipalities. **GBVF responsive programmes should tackle the scourge of violence against women and children. Undoubtedly, gender-based violence has become one of the social issues affecting the country’s social fabric. The introduction of responsive programmes should aim to resolve the root causes of violence against women and children.**

**9. CONCLUSION**

The Portfolio Committee noted that The 2022/23 FY budget of the Gauteng Department of COGTA should ensure that support to the municipalities leaves an indelible footprint on municipal performance, expenditure management, revenue collection, IDP implementation, skills and development (through performance management systems), to mention but a few. Whilst national and provincial governments have broadly used several policy and legislative instruments to provide support to the respective municipalities in each province in the spirit of cooperative government, such support has not been consistent, as it varied from one municipality to another.

The implementation of support provisions is contained in sections 154(1) and 155(6) of the Constitution of the Republic of South Africa, 1996. Together, these provisions place an obligation on national and provincial governments (Gauteng COGTA) (through legislation and other measures) to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions[[9]](#footnote-9).

In order to ensure that local government works for citizens where participatory democracy and effective governance fosters economic development, financial viability, sustainability and a better life for all, the Department should utilise the allocated resources to realise efficient service delivery. This includes the realisation of Gauteng City Region (GCR) (Smart Cities) Integrated Urban Development Framework, while enhancing the capacity of the institution of Traditional Leaders. The Portfolio Committee should welcome the Budget (Vote 7) of the Gauteng Department of COGTA for the 2022/23 FY; and should consider the oversight findings, concerns, recommendations and questions emanated from the analysis.

**10. STAKEHOLDER SUBMISSIONS**

The Portfolio Committee had invited Stakeholders through the GPL Public Participation Unit, however, on the day of the meeting there were no stakeholders available. This therefore implies that there Portfolio Committee could not record written or oral submissions from the Stakeholders.

**11. PORTFOLIO COMMITTEE CONCERNS**

The following are the Portfolio Committee concerns on the Budget of the Gauteng Department of Cooperative Governance and Traditional Affairs: 2022/23 MTEF:

**11.1** Programme 2 (Local Governance) budget has been reduced from R292 494 000.00 in 2021/22 FY to R289 310 000.00 in 2022/23FY.

**11.2** Emfuleni Municipality which was placed under administration since 2018 continues to experience serious challenges that negatively impacts on the provision of services.

**11.3** The lack of application from people living with disabilities, prevents the Department to realise the Employment Equity target.

**11.4** Whether the interventions of assigning experts into Municipalities (in particular category B and C) bears fruits because once the experts have fulfilled their obligations and functions, Municipalities would struggle to perform key responsibilities without such intervention .

**11.5** The general voter turnout that has declined significantly from 89.3% in 1999 to 65.34% in 2019.

**11.6** Only 3 Municipalities (Lesedi, Midvaal and Emfuleni) will be capacitated to address poor revenue collection.

**11.7** Only 3 Municipalities (Mogale, Rand-West and Merafong) will be provided with capacity to undertake audit data enrichment of large power and Water Users**.**

**11.8** The decline of expenditure management at local level to ensure that revenue collection is done accordingly.

**11.9** Disaster management sub programme has a minimal budget rise from R65 388 000.00 in the previous year to R68 313 000.00 (4%) in 2022/23 FY.

**12. PROPOSED PORTFOLIO COMMITTEE RECOMMENDATIONS**

The Department should provide responses to the following as raised by **30 June 2022**:

**12.1** The Portfolio Committee urges the Department to allocate adequate budget on Programme 2 in order to perform meaningful in supporting particularly struggling Municipalities in the Province. The decrease of allocation of revenue on Programme 2, which is regarded as core business service delivery output that carries the key mandate of CoGTA will hinder the Department’s desired output.

**12.2** The Department should provide the Portfolio Committee with a comprehensive report on the status of Emfuleni Municipality since 2018.

**12.3** The Department should broaden the scope of recruitment process and partner with strategic organisations representing people with disabilities to attract suitable qualified candidates and meet the target of recruiting 1.45% of Employment Equity.

**12.4** The Department should ensure that experts transfers skills to Municipalities and that the Local Government Section 56(b) is applied to ensure that the appointment of Senior Management have the relevant skills and expertise to perform the duties associated with the post applied for, be it finance, engineering, legal and or supply chain management.

**12.5** The Department and the Independent Electoral Commission(IEC) should devise strategies to boost the declining voter turnout and ensure that the country’s democracy develops on a sustainable basis. .

**12.6** The Department should ensure that not only 3 Municipalities, but all Gauteng Municipalities are capacitated to address poor revenue collection.

**12.7** The Department should ensure that all Gauteng Municipalities are adequately capacitated to bill large power users whilst also providing infrastructure support which will assist in the provision of meters that will ensure that correct bills are generated.

**12.8** The Department should ensure that Municipalities foster a culture of payment through creative interventions at household levels and maximise revenue collection by establishing a single management and customer interface value chain.

**12.09** . Noting that Global warming has caused destruction in parts of South Africa, the Department should ensure that Disaster Management sub programme is fully functional and adequately resourced financially and otherwise in order to prepare for eventualities that may arise.

**13. ACKNOWLEDGEMENTS**

The Chairperson, Hon. K Diale-Tlabela, wishes to thank the Honourable MEC Mr. L Maile, the Acting HOD, Ms I Mokate together with her team from the Gauteng Department of Cooperative Governance and Traditional Affairs for their cooperation and participation in Portfolio Committee activities.

The Chairperson further wishes to acknowledge and express her gratitude to the Honourable Members of the Portfolio Committee on CoGTA and Human Settlements Mr. D Malema; MR. G Schneemann; Ms. B Mncube; Mr. S. T. Msimanga; Mr. M. Cirota; Mr. B Dlamini; MR. M. Ledwaba; Ms. G. K. Tong; Ms. A. De Lange; and Mr. D. K. Adams.

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**14. ADOPTION OF THE REPORT**

In terms of Rule 117 (2)(c) read with Rule 164, the Portfolio Committee on Cooperative Governance and Traditional Affairs and Human Settlements tables its Oversight Report on the Budget Vote 7 of the Gauteng Department of Cooperative Governance and Traditional Affairs (GDCoGTA) for the 2022/23 FY for adoption by the house, taking into consideration the concerns and proposed recommendations made in this report.

1. Budget Booklet| 2022| Gauteng Provincial Treasury [↑](#footnote-ref-1)
2. <https://www2.deloitte.com/global/en/pages/human-capital/articles/gx-unlocking-the-flexible-organization.html>. [↑](#footnote-ref-2)
3. It is a progressive bill to set up better procurement rules that allow government and contractors to buy from large groups of township-based firms. It is a progressive bill to deploy a dedicated financing mechanism to establish a small and medium enterprises fund to provide wholesale and blended finance to intermediaries that can de-risk lending to township-based firms. [↑](#footnote-ref-3)
4. <https://www.gov.za/af/speeches/presidency-women-economic-assembly-1-oct-2021-0000>. [↑](#footnote-ref-4)
5. African Union Agenda 2063. [↑](#footnote-ref-5)
6. Department of Planning, Monitoring & Evaluation. (2020). The Impact of COVID-19 on South African Municipalities. Survey Results. Pretoria, South Africa. [↑](#footnote-ref-6)
7. Gauteng Provincial Government, Estimates of Provincial Revenue and Expenditure 2015, page 254 [↑](#footnote-ref-7)
8. **As directed by the Constitution, the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) contains criteria for determining when an area must have a category-A municipality (metropolitan municipalities) and when municipalities fall into categories B (local municipalities) or C (district municipalities).** [↑](#footnote-ref-8)
9. <https://www.parliament.gov.za/storage/app/media/Pages/2020/october/20-10-2020_National_Council_of_Provinces_Provincial_Week_2020/docs/Section_154_Support_to_Local_Government.pdf>. [↑](#footnote-ref-9)