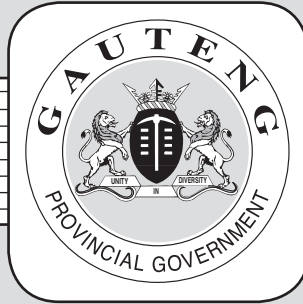


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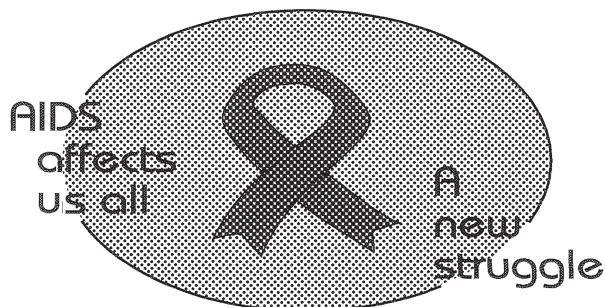
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**GAUTENG PROVINCE**

CO-OPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

**SECTION 47 REPORT**

**CONSOLIDATED ANNUAL MUNICIPAL**

**PERFORMANCE REPORT FOR**

**2013/14 FINANCIAL YEAR**

**CONSOLIDATED BY:**

**MUNICIPAL SERVICE DELIVERY MONITORING AND  
EVALUATION DIRECTORATE**

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## ACRONYMS

ABET:	Adult Basic Education and Training
AG:	Auditor General
AGRISA:	Agri South Africa
AO:	Accounting Officer
BBBEE:	Broad Based Black Economic Empowerment
CDW:	Community Development Workers
CDW:	Community Development Workers
CFO:	Chief Financial Officer
COGTA:	Cooperative Governance and Traditional Affairs
CRDP:	Comprehensive Rural Development Programme
CWP:	Community Works Programme
DAFF:	Department for Agriculture Forestry and Fisheries
DMC:	Debt Management Committee (DMC)
EDSM:	Electricity Demand Side Management
EPWP:	Expanded Public Works Programme
EXCO:	Executive Council
FBS:	Free Basic Services
FMG:	Financial Management Grant
GDARD:	Gauteng Department of Agricultural Rural Development
GDED:	Gauteng Department of Economic Development
GEP:	Gauteng Economic Propeller
GPT:	Gauteng Provincial Treasury
GRAP:	Generally Recognised Accounting Practices
HR:	Human Resource
HRDS:	Human Resources Development Strategy
ICDG:	Integrated City Development Grant
IDP:	Integrated Development Plan
IDT:	Independent Development Trust
IGR:	Intergovernmental Relations
IGRFA:	Intergovernmental Relations Framework Act
INEP:	Integrated National Electrification Programme
ISDG:	Infrastructure Skills Development Grant
KPA:	Key Performance Area
KPI:	Key Performance Indicator
LED:	Local Economic Development
MBRR:	Municipal Budgets and Reporting Regulations
MDG:	Millennium Development Goals
MDMC:	Municipal Disaster Management Centre
MEC:	Member of the Executive Council
MEC:	Member of Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MIG:	Municipal Infrastructure Grant
MM:	Municipal Manager
MPAC:	Municipal Public Accounts Committee
MSA:	Municipal Systems Act
MSAA:	Municipal Systems Act as Amended
MSIG:	Municipal Systems Improvement Grant
NCOP:	National Council of Provinces
NDMC:	National Disaster Management Centre
NDPG:	Neighbourhood Development Partnership Grant
NGO:	Non-Governmental Organisation
NSDP:	National Spatial Development Perspective
NTCF:	National Training Competency Framework

OPCA:	Operation Clean Audit
PDMC:	Provincial Disaster Management Centre
PMS:	Performance Management System
POA:	Programme of Action
PPP:	Public Private Partnerships
PTISG:	Public Transport Infrastructure and Systems Grant
PTNOG:	Public Transport Network Operations Grant
SALGA:	South African Local Government Association
SDBIP:	Service Delivery Budget Implementation Plan
SDF:	Spatial Development Frameworks
SEDA:	Small Enterprise Development Agency
SMME:	Small and Medium Enterprises
SOE:	State Owned Enterprises
STATSSA:	Statistics South Africa
WRDM:	West Rand District Municipality
WSOS:	Water Services Operating Subsidy


## FOREWORD BY THE MEC

---

The 2013/14 financial year marks the mid-term of the 2011 – 2016 term of local government. In the previous terms of local government, solid foundation for a system of democratic and developmental local government was laid, especially in the areas of legislative and policy frameworks and infrastructure and service delivery. The current term of local government further consolidates the local government gains made so far and further advances the realisation of government's vision of 'creating a better life for all' and improving the lives of the citizens of Gauteng.

During the year under review, we continued to pursue our policy objectives of building the capacity of local government and municipalities in the province increased their efforts on basic service delivery, provision of economic opportunities, revenue enhancement to improve financial viability and strengthening of governance structures to promote good democratic governance. The number of households with access to basic services has increased. Municipalities have also made progress in improving their administrative and service delivery systems and plans to achieve the objectives of an effective, democratic and accountable local government.

However, a lot more still needs to be done to realise the ideals of a democratic and developmental local government as set out in our constitution and local government policy and legislative frameworks. Although municipalities have reduced the number of vacancies at senior management levels, vacancies in municipalities remain a challenge. Municipalities also continue to face challenges in addressing ever-expanding infrastructure and service delivery pressures. Spending on capital projects and higher consumer debt also remain key areas of challenges for local government in the province. Going forward, we need to give more attention to effective implementation of the existing policies, programmes and plans to improve the quality of service delivery, revenue enhancement and debt management strategies to strengthen the financial viability and sustainability of our municipalities. We also need to improve and strengthen our mechanisms and platforms for community participation and engagement. The collective effort of all stakeholders, including all spheres of government, communities, business and civil society, is also important in addressing the challenges facing our system of democratic and developmental local government.



.....  
**MR. J. MAMABOLO (MPL)**

**MEC: HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**DATE: 27/05/15**

---

## MESSAGE FROM THE HEAD OF DEPARTMENT

---

In terms of Section 47 of the Municipal Systems Act as Amended (no. 32 of 2000), the Member of the Executive Council responsible for Local Government in a province is mandated to submit a comprehensive report on the performance of municipalities in the province. This report is to be submitted to the National Council of Provinces, the Provincial Legislature and the Minister of Co-operative Governance and Traditional Affairs on an annual basis.

This report provides an analysis of the performance of local government (municipalities) in the Gauteng Province for the 2013/14 municipal financial year. The report highlights achievements by Gauteng municipalities around the five key performance areas of local government including cross cutting issues.

For the year under review, significant progress was made by municipalities in the province in building more effective, accountable and participatory local government and expanding access to basic services and promoting local economic development to create local employment and sustainable livelihoods as well as promoting more active community participation in local government.

However, some municipalities in the province continue to face major challenges. The Gauteng Department of Co-operative Governance and Traditional Affairs will continue to work with its key stakeholders within the system of cooperative governance to support and build the capacity of municipalities to deliver on their constitutional mandate. As agents of change and transformation as well as centres of economic activities, Gauteng municipalities have a critical role to play in building Gauteng as a globally competitive and socially inclusive city region. The support programmes will focus, *among others*, on enhancing and strengthening municipal administrative, financial management and institutional systems as well as good governance and participatory practices for effective service delivery and development impact.



.....  
**MR. B. N. NKONTWANA**  
**HEAD OF DEPARTMENT: CO-OPERATIVE GOVERNANCE AND TRADITIONAL**  
**AFFAIRS**

**DATE: 2015/05/27**

## EXECUTIVE SUMMARY

### **Municipal Transformation and Organisational Development**

This section looks at the annual performance progress made by Gauteng municipalities with regard to the Key Performance Area (KPA) Institutional Transformation and Organisational Development for the 2013/14 financial year. The aim is to showcase Gauteng municipal performance around the transformation of their institutional makeup and also their various efforts around the development of their organisations to meet various targets around human resource development and management in the year under review. This section indicates how municipalities are continuing to enhance their organisational capacity in order to deliver quality services to their communities by making sure that they build very solid administrative institutions. This key performance area focuses on organisational capacity and includes indicators that show progress on how municipalities have organised themselves in terms of building capacity to deliver, compliance with equity targets as well as implementing both the organisational and individual performance management systems.

In the year under review, one hundred and forty-two (142) senior manager positions in Gauteng were approved, one hundred and five (105) were filled and twenty (20) remained vacant meaning that 14% of senior manager positions in Gauteng municipalities were vacant as at the end of the 2013/14 financial year. The six (6) critical manager posts for managers accountable to the municipal manager were filled. The only vacancy was the Chief Financial Officer in the West Rand District Municipality. The rate of vacancies in respect of all approved posts was a challenge precisely in metropolitan municipalities and local municipalities. Municipalities with significant number of vacancies in respect of all approved posts were the Cities of Johannesburg and Tshwane Metropolitan Municipalities, Emfuleni, Westonaria and Randfontein Local Municipality. From an approved one hundred and forty-two (142) senior manager posts in Gauteng municipalities for the 2013/14 financial year, thirty-one (31) positions were filled by women equating to a difference of one hundred and eleven (111) positions and meaning that 22% of senior management positions in Gauteng municipalities were occupied by women. In terms of municipal support around the key performance area, Gauteng municipalities were assisted with the development of medium to long term Human Resource strategies and plans. Hands on support on HR strategies and plans were also offered to five municipalities.

### **Service Delivery and Infrastructure Development**

Municipalities continued to prioritise increased access to the four basic services in both formal and informal areas. There were also efforts to address water and electricity losses. It is expected that municipalities will intensify efforts to reduce these losses in the upcoming financial years given the challenges experienced with ESKOM. On the water sector, municipalities will intensify efforts following the 2015 State of the Nation and State of the Province addresses which expressed a commitment to curbing water losses.

Free basic services were provided to qualifying indigent households. The criteria for qualifying and the free services offered by municipalities' differed across municipalities.

Municipalities recorded an increase in the number of households receiving free basic services.

Despite efforts to increase services, municipalities were still faced with challenges around the delivery of services such as theft and vandalism of infrastructure, ageing infrastructure, water and electricity losses and eradication of informal settlements due to influx of people into the province.

### **Local Economic Development**

Gauteng municipalities played a key role in creating conducive environments for investment through the provision of infrastructure and quality services, rather than only developing programmes for job creation. The City of Tshwane Metropolitan facilitated investment to the value of R2.175 billion value of investment. The City of Johannesburg Metropolitan also facilitated investment to the value of R2.6 billion against the planned annual target of R1.07 billion.

For the year under review, municipalities adopted an approach that was more focused on creating a more supportive and competitive business environment, regeneration of inner city and township areas and research on new sectors with high growth and employment potential. Sedibeng and West Rand District Municipalities played a key role within their districts where a range of stakeholders including other government spheres participated in LED forums. A 42% vacancy rate in LED units was reported by Gauteng municipalities for the 2013/14 financial year. Municipalities are advised to put more effort in ensuring there is required capacity to ensure effective implementation of LED plans.

For the year under review, Gauteng municipalities were able to create a total of one hundred and twenty seven thousand and four hundred and sixty nine (127 469) jobs through EPWP, CWP and various LED initiatives. Fifteen thousand seven hundred and forty (15740) SMMEs were also supported.

### **Municipal Financial Viability and Management**

The fiscal arrangements set out in Chapter 13 of the Constitution provides that local government is *“entitled to an equitable share of revenue raised nationally”* and may also receive additional conditional transfers from national and provincial government through the intergovernmental transfers. In addition, the Constitution also requires that municipalities raise their own revenues through service fees, property rates, surcharges and other taxes, levies and duties.

The recent economic changes have greatly demanded municipalities to achieve more with the little fiscal powers available to them. This has greatly required implementation of a number of strategies for optimal operation, some of these strategies include cost containment measures while still able to respond to the need of the communities living within the jurisdiction of municipalities. The introduction of the Back to Basics approach further requires attention to the basic delivery mandates of municipalities whilst financial viability is still maintained.

The constitutional assignment of powers and functions to local government has a direct bearing on the local government fiscal framework. The local government fiscal framework provides municipalities with revenue sources e.g. service charges that are appropriate to the services they provide to residents within their jurisdiction. It is evident that municipalities are



struggling to collect on service charges and this is substantiated by growing debtor's book and the dependency on intergovernmental transfers. Collection of revenue by municipalities should be prioritised to ensure that municipalities remain financially viable.

### **Good Governance and Traditional Affairs**

To ensure maximum public participation, ward councillors ensured the sitting of ward committees on monthly and quarterly basis. During the 2011\12, 2012\13 and 2013\14 financial years Gauteng ward committees were functioning to a satisfactory level, with 86%, 95% and 88% respectively.

**Deployment of Community Development Workers:** The deployment of CDWs varied over the past three financial years with four hundred and twenty-one (421), four hundred and twenty-four (424) and three hundred and seventy-nine (379) CDWs deployed respectively. The decrease of CDWs during the year under review was mainly due to resignations and deaths. The CDW program participated on campaigns planned by government, private institutions, government agencies and civil society organisations to inform and capacitate communities.

**Intergovernmental Relations (IGR):** According to reports received from municipalities regarding the status of IGR, all IGR in municipalities are functional and municipalities identified areas of support. The department therefore assisted the Sedibeng and Westrand District municipalities in enhancing the efficacy of the district IGR forums. In collaboration with the Office of the Premier, the department hosted the intergovernmental practitioner's forum on a quarterly basis.

**Fraud and Corruption:** Gauteng showed intentions in the fight against fraud and corruption over the past three financial years, evidence of this is the development and implementation of anti-fraud and corruption Plans. Municipalities also have over the year's undertaken fraud and corruption training for officials, ward committee members and for councillors.

The senior traditional leaders, who are chairpersons of the traditional council, held monthly meetings where developmental priorities of traditional communities and administration of traditional council and challenges faced by traditional communities are discussed.

In October 2013 the Municipal Demarcation Board published its decision to re-determine several municipal boundaries in Gauteng which had the following implications: The merger of Randfontein and Westonaria local municipalities into one local municipality, Incorporating Lesedi local municipality into Ekurhuleni metropolitan municipality and the merger of Emfuleni and Midvaal local municipalities into one metropolitan municipality.

## INTRODUCTION

### Background to Municipal Performance Reporting

This report emanates from Section 46 of the Municipal Systems Act as Amended, Number 32 of 2000. Subsection (1) of Section 46 provides that:

*“A municipality must prepare for each financial year a performance report reflecting:*

- a) The performance of the municipality and of each external service provider during that financial year*
- b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year*
- c) Measures taken to improve performance”*

Section 47 of the Act then provides that *“the MEC for local government must annually compile and submit to the provincial legislatures and the Minister responsible for local government, a consolidated report on the performance of municipalities in the province. The report serves as a very important instrument for the legislature to provide oversight in terms of how municipalities have performed”*.

This is also consistent with the constitutional provisions that give provinces a monitoring and supporting role in terms of local government within the context of cooperative governance. In terms of the Act, the report must:

- a) Identify municipalities that under-performed during the year*
- b) Propose remedial action to be taken*
- c) Be published in the Provincial Gazette*

This provides the MEC for local government in a province an oversight role in terms of monitoring and providing a supporting role in relation to municipal performance.

### Purpose of the Report

The main purpose of this report is to account to the Member of the Executive Council (MEC) for Local Government, Gauteng Provincial legislature, National Council of Provinces (NCOP), Minister of Cooperative Governance and Traditional Affairs (COGTA), National Treasury, Auditor-General and to the citizens of South Africa on progress being made by Gauteng municipalities towards achieving the overall goal of “a better life for all” for the 2013/14 Financial Year. Furthermore, the report is a key performance report to communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and also responds to the principles of the Constitution, Batho Pele, the White Paper on Local Government, the Municipal Systems Act and the Municipal Financial Management Act.

### The Assessment Process and the Methodology followed in Compiling the Report

According to the provisions of the Municipal Systems Act as Amended (32 of 2000), municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports in terms of Chapter 6 of the MSAA on performance management systems. These quarterly and mid-year reports should then make

up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council, it must then be submitted to the MEC for Local Government.

After the promulgation of the Municipal Finance Management Act in 2003, National Treasury issued a circular that exempted low and medium-capacity municipalities from submitting Section 46 performance reports (National Treasury MFMA Circular 11: Annual Report Guidelines: 14 January 2005). This exemption was aimed at allowing the low and medium capacity municipalities to gain some capacity to compile the performance report. The exemption period ended in the 2005/06 financial year.

The report has been compiled primarily from the 2013/14 Gauteng Municipal Annual Reports. These reports were presented to their respective municipal councils between January and March 2015. The annual reports were further subjected to an oversight process through Municipal Public Accounts Committees (MPACs) in municipalities, before their adoption. For the financial year under review, all Gauteng municipalities managed to submit their draft and adopted annual reports to the department within the stipulated time. Municipalities compiled their reports using the new annual report template proposed by National Treasury (Circular 63).

In addition, the following documents were used as references for this report:

- **Quarterly monitoring performance information reports** generated by the department from information supplied by municipalities, including initial raw data collected by COGTA on various aspects of municipal performance.
- **Monthly municipal infrastructure** reports of the Municipal Infrastructure Grant (MIG) support unit and backlog data from a variety of sources correlated with data available and collated by the COGTA MIG support unit.
- **Reports from independent sources** (Gauteng Economic Development Agency) including general publications (Municipal IQ) and comments on developments within the local government sphere. These include studies conducted on various aspects of change and delivery in local government.

## Compilation and Structure of the Report

The report will present an analysis and comparison of past and current progress on municipal performance which has been conducted. This is followed by a brief assessment summary which is presented at the end of each Key Performance Area (KPA). A sub-section that relates to the challenges experienced by municipalities in performing in these KPAs will then follow. The interventions by the national and provincial governments, together with other agencies in support of municipalities are presented in the next sub-section. The performance report on each KPA will end with concluding remarks that reflect on the full assessment and evaluation of the reported progress on a national perspective and how this impact on national developmental goals and on service delivery.

This report presents an analysis of the performance information provided in the municipal Section 46 reports. This will be accompanied by a trend analysis of performance over a period of three years which are 2011/12, 2012/13 and 2013/14 financial years. This information is categorised under each of the five Key Performance Areas and cross-cutting

issues. The challenges encountered by municipalities and the interventions carried out by other spheres of government and stakeholders are contained in each KPA analysis. Analysis of municipal performance in this report will be according the below five (5) local governments Key Performance Areas (KPA) of local government:

1. Institutional Transformation and Organisational Development
2. Service Delivery and Infrastructure Development
3. Local Economic Development (LED)
4. Financial Viability and Management
5. Good Governance and Intergovernmental Relations

The report also includes additional sections on Cross Cutting Interventions, Summary of Findings and Recommendations. The approach and format of the report has changed, as the new municipal annual report format proposed and published by National Treasury (Circular 63) has been adopted. This report is a reflection of Gauteng municipal financial and non-financial performance for the 2013/14 financial year. The report covers the following twelve (12) municipalities demarcated within the province:

Metropolitan Municipalities	District Municipalities	Local Municipalities
City of Johannesburg MM	Sedibeng District DM	Midvaal Local Municipality
		Emfuleni Local Municipality
		Lesedi Local Municipality
City of Tshwane MM	West Rand District DM	Mogale City Local Municipality
		Randfontein Local Municipality
		Merafong City Local Municipality
		Westonaria Local Municipality
City of Ekurhuleni MM		

Table 1: Municipalities in the Gauteng Province

## Key Performance Areas of Local Government

### Municipal Transformation and Organisational Development

Analysis in this KPA will be based on the status quo and performance of Gauteng municipalities specifically on how they fared in attempts to transform and strengthen their institutional/organisational outlook to ensure the ultimate purpose of delivering essential services to their community members. One of the aims of this assessment is to also identify key areas that municipalities are currently struggling with that are associated with the strengthening of their institutional outlook and the transformation of their organisations. The intention is for the department to support them by deploying suitable and relevant interventions in the identified problematic areas.

### Service Delivery and Infrastructure Development

Analysis in this KPA will be based on the progress made by Gauteng municipalities around the delivery of the basic or critical services namely: water, sanitation, electricity and refuse removal) primarily to previously disadvantaged communities. This section shall also touch on the maintenance of municipal infrastructure (repairs and resurfaces roads, renovation of public buildings, upgrading of roads and electricity networks). Important to mention is that

municipalities are expected to report achievements against targets set in the SDBIPs which are informed by development plans from its IDPs.

### **Local Economic Development (LED)**

Analysis in this KPA will be based on how Gauteng municipalities fared around the policy commitments for LED against some of their pre-determined targets for the 2013/14 financial year. Paramount to the improvement of the quality of life for community members is the creation of employment opportunities. Employment opportunities are normally associated with a sustainable growing economy, which creates these employment opportunities. Gauteng municipalities therefore promote local economic empowerment through the implementation of programmes such as the Expanded Public Works Programme (EPWP), and the Community Works Programme (CWP).

### **Financial Viability and Management**

Analysis in this KPA will be based on the financial performance of municipalities for the 2013/14 financial year against the projections with regard to municipal budgets and other aspects of financial management and governance. The KPA further looks at issues such as revenue collection, expenditure, debtors, creditors, cash flow management and other finance related issues.

### **Good Governance and Intergovernmental Relations**

Analysis in this KPA will be based on the promotion of an open, ethical, professional and accountable system of local governance by municipalities for the 2013/14 financial year. The analysis will attempt to showcase instances where municipal councils ensured the following; high levels of popular community participation, democratic, transparent and accountable systems of governance as well as the provision of a strategic vision to municipal administration. The analysis will also concentrate on cases where municipal administrations displayed good attempts to translate the strategic political vision of councils into implementable programmes that guarantee the provision of services to communities on a sustainable basis.

### **The Municipal Reporting Process**

Section 46 (1) of the Municipal Systems Act as Amended (MSAA) 32 of 2000, states that:

- (1) *a municipality must prepare for each financial year a performance report reflecting:*
  - (a) *The performance of the municipality and of each external service provider during that financial year; also*
  - (b) *A comparison of the performances referred to paragraph (a) with targets set for and performances in the previous financial year; and*
  - (c) *measures taken to improve performance.*
- (2) An annual performance report must form part of the municipality's annual report in terms of chapter 12 of the Municipal Finance Management Act
  - (a) Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:
    - (1) *Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.*

- (b) Section 129 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:
- (1) The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council:*
- (a) has approved the annual report with or without reservations;*
  - (b) has rejected the annual report; or*
  - (c) has referred the annual report back for revision of those components that can be revised.*

### Section 46 Report Submission Rate per Province

Districts	Names of Municipalities	2011/12		2012/13		2013/14	
		No. of submissions	% of submissions	No. of submissions	% submissions	No. of submissions	% submissions
Metropolitan Municipalities	City Of Johannesburg	2	100%	2	100%	2	100%
	City of Tshwane	2	100%	2	100%	2	100%
	Ekurhuleni Metropolitan Municipality	2	100%	2	100%	2	100%
West Rand District Municipality	West Rand District Municipality	2	100%	2	100%	2	100%
	Westonaria Local Municipality	2	100%	2	100%	2	100%
	Mogale City Local Municipality	2	100%	2	100%	2	100%
	Merafong Local Municipality	2	100%	2	100%	2	100%
	Randfontein Local Municipality	2	100%	2	100%	2	100%
Sedibeng District Municipality	Sedibeng District Municipality	2	100%	2	100%	2	100%
Sedibeng District Municipality	Lesedi Local Municipality	2	100%	2	100%	2	100%
	Midvaal Local Municipality	2	100%	2	100%	2	100%
	Emfuleni Local Municipality	2	100%	2	100%	2	100%
<b>Total</b>		<b>24</b>	<b>100%</b>	<b>24</b>	<b>100%</b>	<b>24</b>	<b>100%</b>

Table 2: Section 46 Report submission rate per province

### Provincial Analysis

It is encouraging that from the 2011/12 financial year to the year under review; all Gauteng municipalities have submitted their draft and adopted annual reports to the Department within the legislated/stipulated timeframes. It is also worth mentioning and encouraging that in the year under review all twelve (12) municipalities managed to compile their reports using the new annual report template (Circular 63) proposed by the National Treasury. Furthermore municipalities such as the Ekurhuleni Metropolitan Municipality have also



aligned their planning and reporting frameworks to be consistent with the outcomes- based approach and this has also influenced the format of the Annual Reports.

## Provincial Reporting Process

Section 47 of the Municipal Systems Act as Amended ( 32 of 2000) stipulates that:

- (1) *The MEC for local government must annually compile and submit to the Provincial Legislatures and the Minister a consolidated report on the performance of municipalities in the province.*
- (2) *The report must:*
  - (a) *identify municipalities that under-performed during the year;*
  - (b) *propose remedial action to be taken; and*
  - (c) *be published in the Provincial Gazette.*
- (3) *The MEC for local government must submit a copy of the report to the National Council of Provinces.*

The reporting compilation process comprised of five (5) phases, as follows:

- Phase 1: Using the previous year's report, template developed by National COGTA, provincial template for collection of information, Circular 11 templates for Section 46 and the guide from the Auditor-General to support municipalities in developing a Section 46 report.
- Phase 2: Collection from different sources. Sources of information were divided into three categories; namely, baseline information, primary and secondary sources of information (The use of the quarterly reports as per the IDP, POA reports, financial statements, A-G report and evidence.
- Phase 3: Information sourced in Phase 1 to develop a report as per the National reporting template.
- Phase 4: Information is categorised according to the five (5) key performance areas (KPA) and cross-cutting issues, identified indicators and focus areas that fell under each KPA. A high-level gap analysis is developed, informed by further data collection to close the gaps. The data is then collated and analysed.
- Phase 5: Characterised by an assessment and evaluation of the municipal performance, using baseline information and information contained in previous year's reports and make comparisons with performance in the year under review. During this phase, report writing also begins.
- Phase 6: Integration of the report into one consolidated report, outlining the overall challenges, interventions, recommendations, giving the outlook for the future and submission of the report to different structures for comment and finally, to the MEC, Legislature, NCOP and gazetting.

## Limitations in Provincial Reporting

**Municipal Reporting Inconsistencies** – The province would like to highlight the difference in statistics (between the 2012/13 and 2013/14 financial years) within key performance areas when municipalities reported their information in the year under review. A finding is that the

reported 2012/13 statistics are different from the reported 2013/14 statistics. As an example under the KPA Institutional Transformation and Organisational Development, the reported statistics for the 2013/14 financial year for employees number, approved posts and vacancies, are different from what municipalities reported in their 2012/13 report for the same focus areas. The implication is that this has a potential to cause confusion or unable the province and the National Department of COGTA's attempts to put together a trend analysis of performance of the different financial years.

The Department would also like to highlight that in the compilation of this report, the Department used the submitted and council approved municipal "draft" annual reports for the 2013/14 financial year, however, the verification of information and statistics was done once the final 2013/14 municipal annual reports were submitted to the Department.

## Provincial Population and Demographics

### Population and households per municipality

As with the previous financial year (2012/13), the report used statistics produced by Statistics South Africa (StatsSA). The table below is an indication of Gauteng municipal population statistics according to the StatsSA Census 2011. The statistics indicate that there was an increase in the provincial population from 3 077 430 residents in 2001 to 3 474 958 residents in 2011. The most highly populated municipality is the City of Johannesburg with 4 434 827 residents, followed by Ekurhuleni Metropolitan Municipality with 3 178 470 residents. The least populated municipality is the Midvaal Local Municipality with 95 301 residents, followed by Lesedi Local Municipality with 99 520 residents. The City of Johannesburg is expected to be the most populated municipality in the province due to its status as the economic hub not only of the province but of the country as well.

Municipality	Population	
	2001	2011
<b>Sedibeng DM</b>	794 088	916 484
Emfuleni LM	657 949	721 663
Midvaal LM	64 271	95 301
Lesedi LM	71 868	99 520
<b>West Rand DM</b>	744 627	820 995
Mogale City LM	295 505	362 422
Randfontein LM	128 842	149 286
Westonaria LM	109 799	111 767
Merafong City LM	210 481	197 520
<b>Ekurhuleni MM</b>	2 481 762	3 178 470
<b>City of Johannesburg MM</b>	3 226 055	4 434 827
<b>City of Tshwane MM</b>	2 142 322	2 921 488
<b>Total</b>	3 077 430	3 474 958

Table 3: Population statistics per municipality<sup>1</sup>

<sup>1</sup>Statistics South Africa (2011) *Census 2011*

### Households per Municipality

The table below is an indication of households per municipality in the Province. The table mostly highlights an increase in the number of households per municipality. This increase can be associated with the issue of inward migration as a result of the promise of socio economic opportunities. Even though this inward migration has contributed to the development of the province, it has also posed challenges partly through the added burden on state-financed services and programmes.

Municipality	Households		Average household size	
	2001	2011	2001	2011
<b>Sedibeng DM</b>	224 966	279 768	3.5	3.3
Emfuleni LM	186 926	220 135	3.5	3.3
Midvaal LM	19 573	29 965	3.1	3.2
Lesedi LM	18 467	29 668	3.7	3.4
<b>West Rand DM</b>	207 793	267 397	3.2	3.1
Mogale City LM	85 194	117 373	3.2	3.1
Randfontein LM	36 165	43 299	3.3	3.4
Westonaria LM	30 098	40 101	3.0	2.8
Merafong City LM	56 336	66 624	3.1	3.0
<b>Ekurhuleni MM</b>	745 576	1 015 465	3.2	3.1
<b>City of Johannesburg MM</b>	1 006 910	1 434 856	3.1	3.1
<b>City of Tshwane MM</b>	606 025	911 536	3.4	3.2

Table 4: Households per Municipality<sup>2</sup>

### Demographic Information per District

The table below is an illustration of Gauteng municipal demographic information per District and Metropolitan Municipality, according to Statistics South Africa's (StatsSA) Census 2011. Worth noting in the table is the high dependency ratio numbers in some of the smaller municipalities in the province, such as Emfuleni Local Municipality and Randfontein Local Municipality. Municipal IQ defines the dependency ratio as *a calculation of the total proportion of the population that is either too young or too old to work, i.e. people younger than 20 and older than 64.3*. These high dependency ratios can be attributed to the little economic opportunities associated with these municipalities as compared to the bigger municipalities with slightly more economic opportunities.

<sup>2</sup>Statistics South Africa, (2011), *Census 2011 Municipal Fact Sheet*

<sup>3</sup>Municipal IQ (2014) Provincial Profile of Municipalities 2014

Municipality	Population	Age structure			Dependency Ratio	Sex Ratio	Population Growth (% p.a)	
		<15	15-64	65 +	Per 100 (15-64)	Male per 100 females		
		2011	2011	2011	2011	2011	1996-2001	2001-2011
<b>Sedibeng DM</b>	916 484	25.4	69.5	5.1	43.8	98.7	2.05	1.43
Emfuleni LM	721 663	25.6	69.5	4.9	43.8	96.7	1.93	0.92
Midvaal LM	95 301	23.2	70.5	6.3	41.9	106.6	3.72	3.94
Lesedi LM	99 520	26.0	68.6	5.4	45.8	106.5	1.64	3.26
<b>West Rand DM</b>	820 995	24.1	71.9	4.0	39.2	109.0	2.43	0.98
Mogale City LM	362 422	23.7	71.7	4.6	39.4	104.2	5.32	2.04
Randfontein LM	149 286	24.9	70.2	4.9	42.4	100.7	3.58	1.47
Westonaria LM	111 767	24.5	73.3	2.2	36.4	120.8	-1.03	0.18
Merafong City LM	197 520	24.1	72.5	3.4	37.9	118.6	0.07	-0.64
<b>Ekurhuleni MM</b>	3 178 470	24.3	71.7	4.0	39.4	105.0	4.05	2.47
<b>City of Johannesburg</b>	4 434 827	23.2	72.7	4.1	37.6	100.7	4.02	3.18
<b>City of Tshwane</b>	2 921 488	23.2	71.9	4.9	39.0	99.0	3.57	3.10

Table 5: Gauteng Demographic information per District and Metropolitan Municipality<sup>4</sup>

<sup>4</sup>Statistics South Africa, (2011), Census 2011 Municipal Fact Sheet

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## ANALYSIS OF MUNICIPAL KEY PERFORMANCE AREAS

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**The analysis of this performance information consists of the following KPA's:**

KPA 1: Municipal Transformation and Organisational Development

KPA 2: Basic Service Delivery

KPA 3: Local Economic Development

KPA 4: Municipal Financial Viability and Management

KPA 5: Good Governance and Public Participation

KPA 6: Cross-Cutting Issues

## KEY PERFORMANCE AREA ONE:

# 1. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

### 1.1 Introduction

This section looks at the annual performance progress made by Gauteng municipalities with regard to the Key Performance Area (KPA) Institutional Transformation and Organisational Development for the 2013/14 financial year. The aim is to showcase Gauteng municipal performance around the transformation of their institutional makeup and also their various efforts around the development of their organisations to meet various targets around human resource development and management. This section aims to indicate how municipalities are continuing to enhance their organisational capacity in order to deliver quality services to their communities by making sure that they build very solid administrative capabilities.

The main focus in this key performance area is the institutional and organisational capacity of municipalities to perform their functions and fulfil their developmental role as stipulated in the Constitution and the White Paper on Local Government. Institutional and organisational reform in local government is the key to sustainable municipalities. Having been allocated separate powers and functions entrenched in the Constitution, municipalities had to organise themselves in preparation to fulfil these functions and powers. Organisational transformation in local government is further explicitly prescribed in Section 51 of the Municipal Systems Act as Amended which provides as follows:

“A municipality must, within its administrative and financial capacity, establish and organise its administration in a manner that would enable the municipality to:-

- a. *be responsive to the needs of the local community;*
- b. *facilitate a culture of public service and accountability amongst its staff;*
- c. *be performance orientated and focussed on the objects of local government set out in section 152 of the Constitution and its developmental duties as required by section 153 of the Constitution;*
- d. *ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality’s integrated development plan;*
- e. *establish clear relationships, and facilitate co-operation, co-ordination and communication, between-*
  - i. *its political structures, political office bearers and its administration;*
  - ii. *its political structures, political office bearers and administration and the local community;*
- f. *organise its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;*
- g. *perform its functions—*
  - i. *through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units; and*
  - ii. *when necessary, on a decentralised basis;*
  - iii. *assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;*

- iv. *hold the municipal manager accountable for the overall performance of the administration;*
- v. *maximise efficiency of communication and decision-making within the administration;*
- vi. *delegate responsibility to the most effective level within the administration;*
- vii. *involve staff in management decisions as far as is practicable; and*
- viii. *provide an equitable, fair, open and non-discriminatory working environment*

This key performance area focuses on organisational capacity and includes indicators that show progress on how municipalities have organised themselves in terms of building capacity to deliver, compliance with equity targets as well as implementing both the organisational and individual performance management systems. Municipal performance in this KPA was assessed in the following focus areas:

1. Implementation of the Performance Management System Framework
2. Filling of Section 56 Manager positions;
3. Employment Equity Plans
4. Human Resource Development Strategies
5. Challenges experienced in municipal institutional transformation and organisational development
6. Interventions by national and provincial government around municipal institutional transformation and organisational development

### 1.2 Implementation of the Performance Management Systems (PMS) Framework

Municipality	Functional PMS Unit?	Adoption of IDP & SDBIP?	PMS Framework developed and adopted?	KPI as part of performance targets?	Section 57 PA signed?	Internal Audit Committee est.?	Appointed PAC?	PMS audited by internal auditor for functionality and legal Compliance?	2012/13 AR Approved?	2012/13 AR submitted to MEC?
Regulation	Sec. 40 MSA	Sec. 25 MSA	Sec. 39 MSA	Sec. 41 MSA	Sec. 57 MSA	Sec. 45 MSA	Sec. 45 MSA	Sec. 38 & 45 MSA	Sec. 46 MSA	Sec. 46 MSA
COJ	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
EMM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
COT	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
West Rand DM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Randfontein LM	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Westonaria LM	Yes	Yes	Yes	Yes	Yes	Yes	IAC also serves as PAC	Yes	Yes	Yes
Mogale City LM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Merafong LM	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Sedibeng DM	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ermfuleni LM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Midvaal LM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lesedi LM	Yes	Yes	Policy only	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 6: Status of Performance Management Systems (Core Components)



### 1.2.1 Provincial Analysis

Section 40 of the Municipal Systems Act stipulates that, “A municipality must establish mechanisms to monitor and review its performance management system (PMS)”. The MSA further provides that a performance management system applied by a municipality in compliance with section 40 must be devised in such a way that it may serve as an early warning indicator of underperformance. Some of the core components of the PM system should include appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality’s development priorities and objectives set out in its integrated development plan (IDP). Additionally, Section 38 (b) and (c) of the MSA articulate that the establishment of a PM system by a municipality must promote a culture of performance management among its political structures, political office barriers, councillors and its administration. The significance for the PM system is to administer the municipality’s affairs in an economical, effective, efficient, and accountable manner.

The above table therefore emanates from the above legislative subsections of the Municipal Systems Act. The table indicates the status of Gauteng municipal PMS as at the end of the of the 2013/14 financial year. Gauteng municipalities have to be commended for complying with Section 40 of the Municipal Systems Act as Amended (MSAA) for institutionalising and making sure that their PMS are functional and that they also encompass the required key components as mentioned in the MSAA. A number of the core components and compliance areas that should accompany a municipality’s PMS can be said to be in place as indicated by the above table. An alarming area was the non-signing of performance agreements by Section 56 managers of the Randfontein Local Municipality as required by the MSAA. The non-signing of performance agreements defies Section 57 subsection 4: (a) and (c) of the MSAA which speaks to performance objectives and targets that must be met by senior municipal officials. Subjection (a) and (c) of the Act also speaks to the time frames within which those performance objectives and targets must be met, as well as the consequences of substandard performance. Based on the above, it is upon the department therefore to devise support measures to municipalities that will assist them with this challenge as this is not the first time it was identified.

### 1.3 Filling of Section 56 Managers Posts

Name of Municipalities	2013/14		
	No of approveds 56 posts	No of filled Section 56 posts	No of Section 56 vacancies
City of Johannesburg MM	20	14	6
Ekurhuleni MM	29	25	4
City of Tshwane MM	16	15	1
West Rand DM	6	5	1
Mogale City LM	11	10	1
Randfontein LM	9	5	4
Merafong City LM	10	9	1
Westonaria LM	7	7	0
Sedibeng DM	6	5	1
Midvaal LM	9	9	0
Lesedi LM	8	7	1
Emfuleni LM	11	9	2
<b>Total</b>	<b>142</b>	<b>120</b>	<b>22</b>

Table 7: Number of approved, filled and vacant Section 56 posts per province

For the year under review, one hundred and forty-two (142) senior manager positions in Gauteng were approved, one hundred and twenty (120) were filled and twenty-two (22) remained vacant. This means that 18% of senior manager positions in Gauteng municipalities were vacant as at the end of the 2013/14 financial year.

### 1.4 Filling of Senior Manager Critical Posts

Critical Posts	Number of posts filled	Number of vacancies	Municipality
Municipal Manager	10	2	<ul style="list-style-type: none"> <li>• Randfontein LM</li> <li>• Merafong LM</li> </ul>
Chief Financial Officer	11	1	<ul style="list-style-type: none"> <li>• West Rand DM</li> </ul>
Engineer/Technical Services	12	0	
Human Resources	12	0	
Communications Manager	12	0	
Town Planner	12	0	
<b>Total</b>	<b>69</b>	<b>3</b>	

Table 8: Filling of Senior Manager Critical Posts

The above table presents the filling of senior manager critical posts in the twelve Gauteng municipalities for the 2013/14 financial year. The Delivery Agreement for Outcome 9: *A Responsive, Accountable, Effective and Efficient Local Government System*, regards the following posts as critical in a municipality: Municipal Manager, Town planner, Chief Financial Officer, Engineer/Technical services, Human Resources and Communications Manager.

As at the end of the 2013/14 financial year, there were three (3) vacant senior manager critical posts in Gauteng municipalities. The vacant posts were as follows:

- Municipal Manager (Randfontein LM);
- Municipal Manager (Merafong City LM); and
- Chief Financial Officer (West Rand District Municipality).

The rest of the senior manager critical posts for managers accountable to municipal managers in Gauteng municipalities were filled.

### 1.5 Provincial Analysis (Overall Vacancies)

Municipality	2012/13	2013/14		
	Employees No.	Approved posts No.	Employees No.	Vacancies
COJ MM	14 352	17 520	12,558	3 214 (26%)
Emfuleni LM	2 819	6292	2745	3 567 (130%)
Randfontein LM	610	848	603	681(113%)
Lesedi LM	558	543	555	19 (3.4%)
Midvaal LM	630	649	637	27 (4%)
West Rand DM	456	509	456	37 (8%)
Sedibeng DM	604	604	597	7 (1%)
Mogale LM	1 514	2 329	1541	788 (51%)
Merafong LM	1 217	1253	512	283 (55%)
Tshwane MM	25 153	20 045	31 197	12 253 (39%)
Ekurhuleni MM	18 193	18 939	16 147	2 792 (17%)
Westonaria LM	393	918	609	309 (50%)

Table 9: Overall Vacancies

### 1.6 Vacancy Rate in Respect of all Approved Posts

The state of municipal vacancies has been one of the contributing factors to poor service delivery in communities, particularly when these vacancies exist in critical areas of service delivery. Gauteng municipalities must be commended for stabilising the number of vacancies at senior management levels and in the filling of the six (6) critical posts. However, as indicated in the table above, the rate of vacancies in respect of all approved posts still remains a thorny challenge especially in the metropolitan municipalities and some local municipalities. Municipalities worth noting in the year under review with significant number of vacancies in respect of all approved posts are the Cities of Johannesburg (3 214) and Tshwane Metropolitan Municipalities (12 253), Emfuleni (3 567), Westonaria (309) and the Randfontein Local Municipalities (681).

## 1.7 Vacancies at Senior Manager Level

Gauteng municipalities have to be commended for ensuring that their vacancies at senior management levels remain below the national standard of 10%. The filling of vacancies at senior management level progressed slightly well, especially with the promulgation of the Local Government Municipal Systems Act as Amended and the Local Government Regulations on the Appointment and Conditions of Employment of Senior Managers. The above pieces of legislation seem to have brought some stability in terms of appointments of senior managers in Gauteng municipalities. For the year under review, one hundred and forty-two (142) senior manager positions in Gauteng were approved, one hundred and five (105) were filled and twenty (20) remained vacant. Furthermore, the six critical manager posts for managers accountable to the municipal manager were also filled. The only vacancy was the Chief Financial Officer in the West Rand District Municipality (WRDM). The appointment process and outcome of the Chief Financial Officer for the West Rand WRDM had irregularities in relation to the provisions as stipulated in the Act and regulations.<sup>5</sup>

## 1.8 Employment Equity

This indicator is solely to determine the targets that the municipalities have either successfully achieved or partly achieved, as stipulated in their employment equity plans approved by the municipal councils. It incorporates the General Key Performance Indicator prescribed by the Minister in terms of Regulation 10 (e) of the Municipal Performance Management Regulations of 2001 which reads as follows: *“Number of people employed from employment equity target groups employed in the three highest levels of management in compliance with the municipality’s employment equity plan”*.

Municipality	Municipalities meeting EE Targets	
	Number of Senior Manager Posts Approved	Women appointed in Senior Management posts
City of Johannesburg MM	20	3
Ekurhuleni MM	29	8
City of Tshwane MM	16	4
West Rand DM	6	2
Mogale City LM	11	3
Randfontein LM	9	1
Merafong City LM	10	3
Westonaria LM	7	2
Sedibeng DM	6	1
Midvaal LM	9	2
Lesedi LM	8	1
Emfuleni LM	11	2
<b>Total</b>	<b>142</b>	<b>32</b>

Table 10: Employment Equity Targets

<sup>5</sup> Municipal Systems Act as Amended Compliance Report: (4<sup>th</sup> Quarter 2013/2014 Municipal Financial Year)

From an approved one hundred and forty-two (142) senior manager posts in Gauteng municipalities for the 2013/14 financial year, thirty-two (32) positions were filled by women. This equates to a difference of one hundred and ten (110) positions. This means that 22% of senior management positions in Gauteng municipalities were occupied by women.

## **1.9 Human Resource Development Strategy**

### **1.9.1 Development and Implementation of specific HR policies and systems per municipality**

The Human Resources Development Strategy (HRDS) of South Africa's key mission is to maximise the potential of our people through knowledge and skills acquisition to improve livelihoods – (HRDS SA 2001). Capacity building at municipalities is crucial in achieving effective service delivery. As such, Human Resource management is aimed at strengthening institutional capacity. This is enshrined in the Section 68 of the Municipal Systems Act as Amended of 2000:

*(1) A municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way, and for this purpose must comply with the Skills Development Act, 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).*

The HRD Strategy consists of five (5) strategic objectives, namely:

1. Improving the foundation for human development;
2. Developing high quality skills that are more responsive to our developmental Needs;
3. Improving and increasing employer participation in lifelong learning;
4. Supporting employment growth through creative innovation and policies; and
5. Ensuring that the four (4) objectives above are linked.

The table below indicates the status with regards to the development and implementation of specific HR policies by municipalities.

### **1.9.2 Skills Development**

This focus area is in response to one of the prescribed key performance indicators in terms of the Municipal Performance Management Regulations of 2001. All municipalities are obliged to report on progress in building skills capacity to deliver according to the developmental mandate.

### **1.9.3 Adoption of Workplace Skills Plans**

Number of local government staff trained during the year under review as compared to 2009/10 and percentage of budget spent in implementing municipalities' Skills Development Plans

### 1.10 Development and Implementation of specific HR Policies and Systems per Municipality

Names of Municipalities	Recruitment and selection policy			Skills Development Plan			EE Plan			HRM and HRD policies		
	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented
Ekurhuleni	Yes	Yes	Partially functional	Yes	Yes		Yes	No	Partially functional	Yes	Yes	Functional
Sedibeng	Yes	Yes	Functionality : Satisfactory	Yes		Functionality: Satisfactory	Yes	Yes	Partially functional	Yes	Yes	Functionality: Satisfactory
Midvaal	Yes	Yes	Functionality : Satisfactory	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Functionality: Satisfactory
Lesedi	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Partially functional
Emfuleni	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Under Review
WRDM	Yes	Yes	Fully implemented	Yes	Yes	Fully implemented	Yes	Yes	Partially functional	Yes		Partially functional
Merafong	Yes	Yes	Fully implemented	Yes		Functionality: Satisfactory	Yes		Functionality: Satisfactory	No	-	-
Mogale City	Yes	Adopted	Partially functional	Yes	Yes	Functionality: Satisfactory	Yes	Yes	Fully implemented	Yes		Functionality: Satisfactory
Randfontein	Yes	Yes	Under Review	Yes		Partially functional	Yes		Partially functional	Yes		Partially functional
Westonaria	Yes	Yes	Reviewed 2013	Yes	Yes	Fully Implemented	Yes	Yes	Fully Implemented	Yes	Yes	Fully Implemented

Table 11: Development and Implementation of specific HR policies and systems per municipality

#### 1.10.1 Provincial Analysis

The above table is an indication of the development and implementation of specific HR policies and systems for Gauteng municipalities in the 2013/14 financial year. The table indicates the almost one hundred percent development, approval and implementation of:

- Recruitment and selection policies
- Skills development plans.
- Employment equity plans
- Human resource management and development strategies.

Gauteng municipalities were assisted with the development of medium to long term Human Resource (HR) strategy and plans. Hands on support on HR strategy and plans were offered to five municipalities: Westonaria, Randfontein, Midvaal, Emfuleni and Sedibeng District Municipalities.

### 1.11 Workplace Skills Plans submitted by Municipalities

Municipalities	2012/13		2013/14	
	Total No of staff approved	No. of staff trained	Total No of staff approved	No. of staff trained
COJ MM	14 352		17 520	
Emfuleni LM	2 819	156	6292	709
Randfontein LM	610	168	848	60
Lesedi LM	558		543	54
Midvaal LM	630	6	649	25
West Rand DM	456	0	509	52
Sedibeng DM	604	47	604	316
Mogale LM	1 514	209	2 329	209
Merafong LM	1 217	52	1253	233
Tshwane MM	25 153	11 054	20 045	9 181
Ekurhuleni MM	18 193	1 112	18 939	1 239
Westonaria LM	393	70	918	0

Table 12: Workplace Skills Plans submitted by municipalities

#### 1.11.1 Provincial Analysis

The success of building a capable workforce in municipalities as in any organisation depends on its investment on its human capital. Given the ever-changing environment that municipal employees work under, a perpetual appetite to acquire more skills and knowledge must always be encouraged and the workforce must be willing to understand municipalities as institutions that provide an opportunity for lifelong learning. The department would like to acknowledge Gauteng municipalities for progress made with regard to the development of their work skills plans. The Department would also like to commend Gauteng municipalities that achieved their targets in relation to skills development and staff training, e.g. Merafong City Local Municipality. Municipalities however need to be encouraged to ensure that training programmes that are embarked upon are related to the critical skills that are required in the municipality.

### 1.12 Challenges experienced in Municipal Transformation and Organisational Development

- There were delays in signing employment contracts and submission of performance agreements to the Department as required by the Municipal Systems Act as Amended.
- In terms of employment equity targets, Gauteng municipalities strive to improve the number of women staff employed from employment equity targets in the three highest levels of management in compliance with their municipality's employment equity plan, the fact that only twenty two (22%) of senior management positions in Gauteng municipalities were occupied by women remains a cause for concern.
- The rate of vacancies in respect of all approved posts still remains a momentous challenge especially in the metropolitan municipalities and some local municipalities.
- In terms of the appointment of municipal senior managers, municipalities struggled to comply with the legislative provisions as directed by the Municipal Systems Act as



amended, Regulations on Appointment and Conditions of Employment of Senior Managers, and the Municipal Regulations on Minimum Competence levels.

- The above challenges were also exacerbated by the fact that for a large part of the 2013/14 financial year, the department struggled to monitor the compliance of municipalities to the Act because of limited capacity by officials in the department and the absence of systems and processes to effectively discharge the function.
- This explains some of the limitations of this report especially the departmental inability to provide information on key focus areas such as disciplinary processes against Section 56 Managers for the year under review.

### **1.13 Interventions by National and Provincial Government**

- Gauteng municipalities were assisted with the development of medium to long term Human Resource (HR) strategy and plans.
- Hands on support on HR strategy and plans were offered to five (5) municipalities: Westonaria, Randfontein, Midvaal, Emfuleni and Sedibeng District Municipalities.
- Randfontein Local Municipality was offered both financial and hands on support regarding PMS automation.
- Westonaria Local Municipality was also offered both financial and hands on support regarding PMS automation.
- Merafong City Local Municipality was supported with PMS enhancement, i.e. development of organisational structure, job evaluation and compilation of job descriptions.
- National Training Competency Framework (NTCF) was rolled out to sixty (60) officials inclusive of councillors as part of capacity development in the areas of finance and oversight.

## KEY PERFORMANCE AREA TWO: 2. BASIC SERVICE DELIVERY

### 2.1 Introduction

This KPA entails the assessment of the ability municipalities to deliver infrastructure and basic services, and also report on the role played by national and provincial departments in the different sectors in the execution of their functions. Local Government works in partnership with the communities to find sustainable ways to meet their needs and improve the quality of lives. As entrenched in the Constitution, the Millennium Development Goals as well as Vision 2014, government has geared itself to achieve targets for universal access to basic services.

Municipalities are at the forefront of attempts to achieve high levels of service delivery. Service delivery has assumed centre stage in South Africa, due to highly publicised events related to wide-spread protests within various communities. This has put even greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery. The role of municipalities is crucial in dealing with many of the challenges that have led to such high levels of discontent. A crucial aspect of this process is the provision of basic services such as water, electricity and sanitation for all communities. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate the backlog in service delivery. The Gauteng Provincial Department of COGTA must ensure that municipalities in the province are fully functional to enable the delivery of infrastructure and municipal services. This chapter attempts to give an indication of the performance of the municipalities during the municipal financial year ending June 2014.

The report will reflect on service delivery trends and progress achieved over a number of years to enable an informed assessment of improvement or underperformance. The analysis will provide information on achievements per targeted services and variance for non-achievement. The Constitution of the Republic of South Africa states that municipalities have the responsibility to ensure that all citizens are provided with services to satisfy their basic needs. The basic or municipal services being referred to are as follows:

- Water provision,
- Sanitation provision;
- Refuse removal (Waste management services); and
- Electricity provision.

## 2.2 Performance of Municipalities on Core Indicators

This section of the report looks at municipal performance based on the following indicators:

- Number of households with access to potable water;
- Number of households with access to sanitation;
- Number of households with access to electricity;
- Number of households with refuse removal (once weekly);
- Number of households with access to free basic water;
- Number of households with access to free basic sanitation;
- Number of households with access to free basic electricity; and
- Number of households with access to free basic refuse-removal.

The report also highlights challenges experienced by municipalities and support interventions by provincial and national government. It makes a reflection on municipal performance for the 2012/13 and 2013/14 financial years, as reported in the 2013/14 municipal annual reports. The table below indicates the number of households with access to the four (4) basic services with minimum service level and above.

Municipalities	Portable water		Sanitation		Electricity		Refuse Removal	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
City of Johannesburg MM	1,146,812	1,420,045	1,169,048	1,434,856	429,288	429,288	-	967,000
City of Tshwane MM	-	-	-	-	-	-	-	-
Ekurhuleni MM	1,011,981	1,014,602	906,616	909,237	400,825	410,825	781,031	723,448
Mogale City LM	101,719	109,419	317,965	110,398	30 960	30 960	81,500	93,488
Randfontein LM	40 459	40 4 59	35 299	35 299	86 598	87 008	-	-
Lesedi LM	44 820	44 600	27059	27 459	55 000	55 000	18 500	223 5452
Midvaal LM	27,103	29,268	23 552	26,040	23 762	12310	15,195	17,531
Westonaria LM	41 731	39 689	25 140	34 766	29980	29995	28643	28643
Merafong LM	98 238	99 704	68 488	67 973	22 743	23 996	30015	30015
Emfuleni LM	221 000	221 000	168 374	168 374	60 607	61 607	188 254	188 527

**Table 13: Municipal provision of potable water with minimum service level and above (source: 2012/13 Municipal Annual Reports)**

### **2.3 Analysis of Municipal Performance for the 2013/14 Financial Year**

It is noted with concern that in some areas, the figures reported under access to basic services in the 2012/13 annual report have changed in the 2013/14 reporting period. In some municipalities such as Westonaria, Mogale, Lesedi and Emfuleni the figures provided are too small or do not add up to the numbers provided in the access to minimum service level and above figures. The City of Tshwane does not report on the number of households which receive services at minimum level and above but on new connections made during the financial year under review. It is reported that between July 2011 and June 2014 the City connected fourteen thousand two hundred and ninety-two (14 292) households with water connections, one thousand nine hundred and ten (1 910) households with a sanitation service and fifty-eight thousand nine hundred and fifty-seven (58 957) households with electricity connections both in formal and informal areas.

### **2.4 Access to Basic Services**

In terms of access to basic services, municipalities continue to prioritise the provision of access to these basic services in formal and informal households. Provision of water in informal settlements is provided at RDP level. With regard to sanitation, municipalities continue to prioritise access to services and compliance with the waste water treatment standards while refuse removal is provided once weekly. The target date for eradication of the bucket system was 2007 but Lesedi and Merafong Local Municipalities have reported the existence of buckets within their jurisdiction. Lesedi Local Municipality reported the existence of fifty-eight (58) buckets while Merafong Local Municipality reported 10) buckets. The number of existing buckets was the same for 2012/13 and 2013/14 financial years. There is no indication of what the municipalities are doing to eradicate the buckets but it is noted under Lesedi's reporting that the municipality could not reach the eradication target due to land invasion and in-migration that is experienced in the province.

### **2.5 Access to Potable Water**

On access to potable water, municipalities are making efforts to reduce water losses. Westonaria reported a 57% rate of water losses and 23% rate of electricity losses. It is believed that a substantial percentage of this is due to illegal connections and losses in the aged reticulation systems. The municipality established a Loss Control section to focus on the trading losses. To reduce losses the City of Johannesburg focused on the replacement of old pipes, pressure reducing valves to reduce pipe bursts and minimum night flow, community awareness and education campaigns. ELM addressed the reduction of water losses through the initiative called Boloka Metsi Project. This project detected and reduced physical water losses in the areas such as Sebokeng and Evaton, through the retrofitting of household plumbing and fixtures. A total of one hundred and five (105) people from the community were employed and visited fifty-five thousand (55 000) households for this. There is also the Knock and Drop Campaign which entails dropping off educational material that the owner can read (thirty-five thousand eight hundred and fifty-nine (35 859) households) on conserving water. The municipality also had a reduction in the bulk water purchases due to the implementation of Water Demand and Conservation Initiatives, which includes the SASOL and GIZ retrofitting project. The SASOL and GIZ project were completed in June 2014 and realised a reduction of 11.4% on the bulk water purchases to the Sebokeng and Evaton supply. The savings on this project is specifically focusing on reducing the

Authorised Unbilled Consumption from flat rate customers which use more than the allocated 20 Kl.

## 2.6 Free Basic Services

Free basic services are provided in varying ways and quantities by municipalities. Emfuleni Local Municipality provided free basic on a monthly basis to all registered indigents in accordance with the ELM policy. Free basic services include 6 kilo litres free water where the place is metered and if not metered, provision in full of the fixed rate charged, free waste removal, free sanitation and 50 Kilo watts of electricity. The number of indigents increased from thirty-nine thousand seven hundred and eighty-four (39784) in 2012/13 to forty-one thousand one hundred and twenty-five (41125) in 2013/14 financial year.

In Lesedi Local Municipality, all indigents received 6 kl of water and 50 kwh electricity free. The subsidy is allocated on the municipal account by giving a credit of an amount equivalent to the total basic charges (basic water BW, basic sewer BS, basic electricity BE, refuse removal RF), 6kl of water services and 50kWh of electricity services of the qualifying households. However, the applicants / the consumers (indigent) are liable for the difference of the consumers' account over and above the mentioned subsidies. The indigent relief applies for a period of one (1) year for pensioners, disabled persons and child/youth headed families and for unemployed and employed the subsidy will be granted for six (6) months and renewal of registration will take place on dates, times and places determined by the Council. Midvaal Local Municipality reported one thousand two hundred and sixty-seven (1 267) registered indigents who benefit from their accrued municipal debt written off, 6Kl of free basic water, free basic sanitation, free refuse collection, 50Kwh of electricity and no assessment rates for the first R500 000 of their property values.

Mogale City Local Municipality provided free 6kl of basic water, 50kw/h of electricity, free sanitation and free refuse removal to benefit its indigent community. Households which earn less than R1 100 per month qualify to register as indigents. In 2013/14, seventy-two thousand seven hundred and sixty-five (72 765) received free water, thirteen thousand six hundred and fifty-three (13 653) received free basic sanitation, and eleven thousand (11 000) received free basic electricity and free refuse removal. It is noted that the number of households in each service areas are not similar; putting into question how the services are distributed and how the indigent register is managed. If services are provided to registered indigents, the expectation is that the number should be equal for the qualifying indigents in all free basic service areas.

Westonaria Local Municipality reported registering two thousand five hundred and fifty (2 550) households as indigents. The municipality has provided 6KL of water and 50kWh of electricity to all indigent consumers to households earning less than R2 300 per month. Merafong Local Municipality provides free basic services to registered indigents, according to Council's Indigent Policy. The service indicated to be offered for free to registered indigents is 6KL of water.

Municipalities provide free basic services in varying ways. The difference is in the qualification criteria to be registered as indigent, the package of free services offered and the renewal period to register as indigent. To register as indigent in Westonaria households have to earn less than R2 300 while in Mogale City a household has to earn less than R1 100. In terms of the package for indigents it would seem some municipalities provide free water only while others provide all the four basic services for free with additional benefits

such as no assessment on property rates for a R500 000 property. Quantifying the number of indigents seems to be a challenge as some municipalities report varying figures of the number of indigents that received services in the year under review.

## 2.7 Challenges Experienced by Municipalities

- The existence of buckets is still reported in Lesedi and Merafong Local Municipality. The number of households with bucket systems is still similar to that reported in the 2012/13 financial year. In the current Annual Report there is no indication of what the municipalities are planning or doing to eradicate the bucket system.
- Municipalities owe Eskom billions of Rands. In Gauteng City of Tshwane, City of Johannesburg, Ekurhuleni and Westonaria are amongst the municipalities that were reported to owe Eskom. This is an indication of the failure by municipalities to manage their debtors' book. Westonaria reported that in winter the municipality exceeded the notified maximum demand which results into the municipality being penalised by Eskom.
- Municipalities are faced with vandalism of various components of the infrastructure which includes theft of electricity cables and equipment at water and sewer pump stations cables that results in electricity supply disruptions.
- Water and electricity losses are reported by municipalities, attributed mainly to illegal electricity connections and ageing infrastructure.
- Municipalities cannot install formal infrastructure in rural areas, especially on private land due to landowners not willing to enter into agreements with the municipality.
- Some municipalities are not reporting accurate/consistent figures on the number of households registered as indigents and benefiting from provision of free basic services.
- Municipalities were faced with an increased service delivery protests, accompanied by damage to property.

## 2.8 Interventions by National and Provincial Government

Eight (8) Engineers were assigned by Municipal Infrastructure Support Agent (MISA) to the following municipalities as follows:

- Two in Randfontein Local Municipality;
- One in Westonaria Local Municipality;
- Two in Merafong City Local municipality;
- One in Lesedi Local Municipality;
- One in Emfuleni Local Municipality; and
- One in Sedibeng District Municipality.

The engineers supported municipalities on programme, project and contract management services, the compilation of tender documentation, tender evaluation reports, business plans for new projects and quality control where deemed necessary. The eight (8) engineers were available in these municipalities for the three quarters of the financial year and the number declined to six (6) in the fourth quarter. Two (2) of the engineers resigned in the fourth quarter of the financial year, however they were replaced with part-time engineers whilst recruitment processes were being undertaken to replace them.

Ten thousand nine hundred and sixty two (10 962) households were connected to electricity with the electricity connections funded by the Department of Energy (DOE) and implemented by the municipalities and Eskom.

The Department (Gauteng COGTA) co-funded the implementation of smart metering in Randfontein, Merafong and Lesedi Local Municipalities. The Department, through the Energy office also monitored the installation of low pressure systems in low cost housing.

Energy audits of two hundred and fifty (250) buildings were successfully completed under the Department of Infrastructure's Green Agenda Program.

Randfontein, Lesedi and Westonaria Local Municipalities, through MISA appointed a service provider to develop electricity loss strategies. These strategies will then be used to assist other municipalities in mitigating electricity losses.

The Department revised a framework for electricity loss strategy after an electricity loss analysis of Gauteng municipalities was completed with recommendations on ways to reduce non-technical losses.

## KEY PERFORMANCE AREA THREE:

### 3. LOCAL ECONOMIC DEVELOPMENT

#### 3.1 Introduction

This is one of the most important KPAs that the national government intended using to push back the frontiers of poverty and build a developmental state. The analysis should provide information on achievements per targeted services, capacity and variance for non-achievement. The reports from the various provinces reveal that each sector within the municipalities supports this function and there are a lot more indicators that reflect positive outcome, some of which are outlined below. However, LED is one of those KPAs that most municipalities push to the back burner and not allocate enough attention, planning and resources to it. It is even worse that most municipalities have not reached a level of appreciating the relevance of the principles of the National Spatial Development Perspective, the importance of developing their Spatial Development Frameworks and LED strategies and linking these with their IDPs and the Provincial Growth and Development Strategies.

LED has been recognised as a critical approach to pursue within the context of empowered municipalities, pro-active actions by local communities, and the need to ensure that development is pro-poor in its focus and outcomes. However, even though LED has been encouraged in South Africa for over sixteen (16) years, it is apparent that it is not without its difficulties. The launch of the National Framework for LED by the National Department of COGTA in August 2006 resulted in its initial implementation.

Local Economic Development (LED) strategies are at the centre of efforts by municipalities to create economic growth and development. It is an absolutely vital tool at the disposal of all municipalities and has the potential to radically improve the lives of all municipal constituents by enabling growth and reducing poverty. However, the strategies associated with LED are not to be viewed as a quick-fix solution to these problems. There are a myriad of potential challenges and obstacles that need to be overcome in implementing such a comprehensive strategy – from local political conditions to the impact of globalisation. In essence, the aim of an effective LED strategy is to reduce the impact of factors that adversely affect local economic growth – such as the rapid increase in urbanisation (which affects all municipalities in some way), as well as global economic ruptures, such as the financial crisis which had a significant impact during the year under review. In order to mitigate these risks, LED requires absolute commitment from the various stakeholders involved in its development and implementation.

An LED strategy forms part of the IDP for each municipality. In many respects, it is the most crucial aspect of an IDP and plays a determining role in the effectiveness of the overall IDP approach. As such, an LED strategy needs to ensure the following:

- Assimilation of socio-economic conditions and needs;
- Establishment of the economic profile of the region;
- Selection of priorities;
- Development of policy thrusts;
- Formulation of strategic interventions;



- Formation of implementation plans;
- Programme and project development that addresses strategic objectives;
- Key performance areas for projects and programmes, including timeframes, targets and reporting mechanisms; and
- Indication of budget prioritisation and allocation to deliver on economic priorities.

LED development is also not a once-off process. Municipal LED strategies need to be continually revised, with comprehensive reviews taking place at least once every five (5) years. In order for this oversight role to be effective, LED forums need to be established. The main reason for establishing such a forum is to expand the scale and scope of LED initiatives, by systematically leveraging support from partners in localities. This will then lead to interactions within local communities, private sector, organised businesses, sector development organisations, educational institutions and other support institutions that are rich in expertise, resources, relational capital and networks. The LED Forum will, in essence, provide the opportunity for regions to achieve enhanced cooperation through the participation of various institutions and contribute towards the economic development of the region in such a way that all parties will benefit.

A District LED Forum needs to meet at least on a quarterly basis, or when required, on a more regular basis. The District Municipality plays an important role in the co-ordination of these meetings and in ensuring proper communication between the various stakeholders. These meetings need to be coordinated according to a set agenda, which will guide the LED Forum meeting. Issues raised and decisions made at the various meetings need to be recorded in order to keep a record of all decisions made regarding economic development in the region. It is also important that implementation of the decisions made in these meetings by the various parties need to be actioned. This implies that an action plan becomes the essential output of an LED forum meeting.

Ultimately, an effective LED strategy has the potential to improve the quality of life of local communities. However, this is dependent upon the genuine prioritisation of the LED by all stakeholders and the active pursuit of its effective implementation. This requires significant levels of coordination between all stakeholders, as well as effective oversight.

The purpose of Local Economic Development (LED) is also to build the capacity of a local area to improve its economic future and the quality of life for all. LED is implemented by a process through which the public sector, private business and non-governmental partners work collectively to create better conditions for economic growth and employment generation. This KPA entails the assessment of the ability of Gauteng municipalities in improving community's quality of life, creating new economic opportunities, fighting poverty and bringing together resources from within and outside the community to address challenges and promote local economic growth in a systematic and organised manner. Strategically planned interventions are a means for strengthening the economic capacity of an area, improving its investment climate and increasing the productivity and competitiveness of local businesses.

The essence of this section is to assess how Gauteng municipalities fared around the LED policy commitments. Municipal LED commitments include the following:

- ✓ Job Creation (EPWP and mixed development projects);
- ✓ Small, Micro and Medium Enterprise (SMME) development;

- ✓ Small business skills development;
- ✓ Local economic growth and development;
- ✓ Promotion of Broad Based Black Economic Empowerment (BBBEE)
- ✓ Local tourism development; and
- ✓ Development of public private partnerships.

### **3.2 Performance of Gauteng Municipalities on LED Core Indicators**

This section looked at the performance of municipalities for the financial year 2013/14 around initiatives that drive their local economies and improve peoples' lives from a local economic front. This assessment manages to give a reflection of LED performance per municipality on specific key focus areas associated with some of the LED commitments identified in municipal growth and development strategies.

Gauteng municipalities' performance is based on the following core indicators:

- LED unit capacity;
- LED Capital Budget;
- Development of LED strategies and plans;
- Functionality of LED Forums;
- Municipal plans in stimulating second economy;
- Number of SMME supported;
- Employment opportunities created through EPWP and PPP;
- Challenges Experienced; and
- Support interventions by National and Provincial Government.

### **3.3 Municipal Capacity on Planning and Implementing LED functions through an Effective LED Unit**

The table below provides an indication of the composition of LED units in Gauteng municipalities. The table highlights an alarming issue regarding LED vacant posts in Gauteng municipalities. For the previous financial year 2012/13 there was a total of four hundred and eighty-eight (488) approved posts, one hundred and ninety nine (199) were vacant. For 2013/14 financial year there are four hundred and eleven (411) approved post and one hundred and seventy one (171) are vacant. In the previous financial year the vacancy rate was at 41% and for the year under review is at 42%. There is one (1) percent increase on vacancies within LED units in Gauteng municipalities. Worth noting is that the total figures on number of post filled for Section 47 report: 2012/13 financial year has changed from three hundred and five (305) to two hundred and eighty nine (289). The reason was that two (2) municipalities rectified the numbers in their section 46 reports. Emfuleni reported that fifteen (15) posts are filled not fourteen as previously reported. City of Tshwane also corrected and indicated that sixty five (65) posts are filled not eighty two (82).

The department is still concerned on the high vacancy rate in LED units for the year under review and the previous financial year. This means that municipalities have not been expediting the filling of posts or appointment of suitable personnel in LED units. The evidence to that is unrealistic targets and non-achievement on planned targets by some municipalities. City of Tshwane MM has high vacancy rate of 72%. Based on the above, the department still needs to devise support measures that will assist municipalities with this challenge, as it was also experienced in the previous financial years.

	No of posts approved	No of filled posts	No of posts approved	No of filled posts	Vacancies	Vacancies (as a % of total post)	No of posts approved	No of filled posts	Vacancies	Vacancies (as a % of total post)
West Rand DM	None	None	7	7	0	0%	4	4	0	0%
Merafong LM	None	8	8	8	0	0%	8	5	3	36%
Randfontein LM	None	None	7	5	2	29%	14	6	8	57%
Mogale	None	13	26	13	13	50%	49	21	28	57%
Westonaria LM	None	1	6	2	4	67%	6	2	4	66%
Sedibeng DM	None	5	5	5	0	0%	5	5	0	0%
Midvaal LM	1	1	1	1	0	0%	1	1	0	0%
Lesedi LM	None	6	6	6	0	0%	7	7	0	0%
Emfuleni LM	None	None	22	15	7	32%	23	15	8	35%
COT	142	71	210	65	145	69%	139	39	100	72%
COJ	None	115	102	95	7	7%	69	63	6	9%
Ekurhuleni	-	-	88	67	21	23%	86	72	14	16%
<b>Total</b>	-	-	488	289	199	41%	411	240	171	42%

Table 14: Composition of LED Units in Municipalities

### 3.4 Municipal Budget Spent on LED Related Activities

Gauteng COGTA takes pride in the progress made by municipalities and is aware of challenges faced by municipalities in reporting under LED as some of the economic plans and ideas did not materialise due to budget constraints. Gauteng municipalities have shown some improvement in implementing plans to stimulate inclusive growth. The challenge experienced is the inadequate budget allocation. LED objectives are not clearly reflected or prioritised in the budget. The table below provides a clear indication in spending pattern of municipalities on LED project.

The department appreciates the efforts of those municipalities who managed to join hands with its partners to develop comprehensive initiatives to raise the range of growth to higher levels regardless of limited budget.

Ekurhuleni MM was commended for implementing the following targets through its 2013/14 approved capital budget:

- Township Enterprise Hubs;
- Trading Stalls;
- Community agricultural project; and
- Thokoza fabrication laboratory

The most significant achievement for Ekurhuleni MM was the creation of forty four thousand and fifty two (44 052) macro jobs and ten thousand four hundred and eighty two (10 482) micro jobs in sectors.

The following are issues highlighted by municipalities related to budget constraints:

- There was no capital budget allocated to economic development unit in Lesedi LM. The budget was mainly directed towards Roads and Infrastructure Development where a large part of investment is derived from the Municipal Infrastructure Grant. However the municipality indicated that the process was underway to align the latter with broader development objectives.

- There was no capital budget allocated for LED unit in Emfuleni LM, Midvaal LM and Westonaria LM for the financial year 2013/14. However Emfuleni LM managed to host different events with the aim of promoting the municipality as the tourism destination as well as attracting tourist.
- During the previous financial year Westonaria LM reported that only a limited budget was allocated to the LED implementation plan. The municipality was commended for developing a pre-feasibility business plan that was submitted for funding assistance regardless of financial constraints. The department concern is that no capital budget was allocated again for the 2013/14 financial year in implementing the LED plans.

Municipalities	2012/13		2013/14	
	Capital Project	Actual Expenditure	Capital Project	Actual Expenditure
West Rand DM	500 000 000	500 000 000	Budget not indicated	
Merafong LM	15 451 adjustment budget 14 378	7 849 000	4 906 000	7 360 000
Randfontein LM	1 400 000	1 400 000	500 000	460 714
Westonaria LM	260 000 adjustment budget to 326 000	378 000 000	0	0
Mogale LM	22 070 000 adjustment budget 28 646 630	24 636 539	2 000 000	0
Sedibeng DM	0	0	Budget not indicated	
Midvaal LM	0	0	0	0
Lesedi LM	0	0	0	0
Emfuleni LM	No budget allocated	0	0	0
City of Tshwane MM	0	0	246 000 000	
City of Johannesburg MM	4 471 000 adjustment budget to 514 000	248000	72 014 000	11 357 000
Ekurhuleni MM	55 038 000 adjustment budget 52 372 000	51 948 000	68 520 000	55 898 000

Table 15: Municipal Capital Expenditure: Economic Development Services

### 3.5 Existence of LED Strategies and Plans

Local Economic Development (LED) strategies are at the centre of efforts by municipalities to create economic growth and development. It is an absolutely vital tool at the disposal of all municipalities and has the potential to radically improve the lives of all municipal constituents by enabling growth and reducing poverty. There are challenges and obstacles that municipalities need to overcome in implementing such a comprehensive strategy – from local political conditions to the impact of globalisation. In essence, the aim of an effective LED strategy is to reduce the impact of factors that adversely affect local economic growth – such as the rapid increase in urbanisation (which affects all municipalities in some way), as well as global economic ruptures, such as the financial crisis which had a significant impact during the year under review. In order to mitigate these risks, LED requires absolute commitment from the various stakeholders involved in its development and implementation.

Municipalities	2012/13		2013/14	
	LED Strategy	Reasons for no strategy in place	LED Strategy	Reasons for no strategy in place
West Rand DM	Yes		Yes	
Merafong LM	Yes		Yes	
Mogale	Yes		Yes	
Randfontein LM	No	No reason provided	No	
Westonaria LM	No	LED Economic development plan was revised. LED strategy will be developed during 2013/14 Financial Year	No	The development of the LED strategy was not prioritised/ included on 2013/14 SDBIP
Sedibeng DM	Yes		Yes	
Midvaal LM	Yes		Yes	
Lesedi LM	No		Yes	
Emfuleni LM	No	The 2012/13 target to develop the LED strategy was not met.	The 2013/14 target to develop the LED strategy was again not achieved.	The service provider was not appointed as planned
City of Tshwane MM	Yes		Yes	
City of Johannesburg MM	Yes		Yes	
Ekurhuleni MM	Yes		Yes	

**Table 16: Status of LED strategies and plans**

The table above provides a picture of which Gauteng municipalities managed to develop LED strategies and plans. In 2013/14 financial years only nine (9) out of twelve (12) municipalities have LED strategies in place. Emfuleni LM failed to meet its planned to develop LED strategies for the under review. In the previous financial year Westonaria and Emfuleni gave an indication that their LED strategies will be developed during 213/14 financial year. Westonaria did not prioritise LED strategy as it was covered on their approved 2013/14 service delivery budget implementation plan. Emfuleni LM only developed the Agricultural strategy in the previous financial year.

During the year under review Lesedi LM has appointed Urban –Eco to compile a comprehensive LED strategy. The municipality is also commended for creating enabling environment for investment by formalising industrial and residential townships. Municipalities are commended for developing Implementation plans for LED strategies. The lacks of the necessary resources are the main challenges facing municipalities in ensuring the plans are fully implemented. Municipalities are still encouraged to ensure the implementation of their plans within their limited resources.

Municipal LED strategies need to be continually revised, with comprehensive reviews taking place at least once every five years. Midvaal LM was commended for adopting the reviewed LED strategy in 2013/14. Through the implementation of the reviewed strategy the municipality was able to facilitate the training of five hundred and seven (507) individuals. Sedibeng DM is also commended for assisting its local municipalities to review their LED strategies.

### 3.6 Functionality of LED Stakeholder Forums

Established LED Forums are fully functional in Gauteng. The evidence to that is benefit derived from these forums as highlighted in this section. The main reason for establishing such a forum is to expand the scale and scope of LED initiatives, by systematically leveraging support from partners in localities. These forums led to interactions within local communities, private sector, organised businesses, sector development organisations, educational institutions and other support institutions that are rich in expertise, resources, relational capital and networks.

In the Gauteng province the stakeholder forums operate within the sphere of organised local government under the auspices of the South African Local Government Association (SALGA), District municipalities and municipal departments where policy and programmatic schedules are determined. Provincial IGR Technical Teams are held on a quarterly basis, which also includes economic planning. Participation of Gauteng Municipalities in the forum promoted integrated planning and budgeting in realising alignment with the district, provincial and national policy directives.

The metros have been much more successful in establishing effective learning networks particularly with the private sector. The value of these networks have been realised during 2013/14 financial year. The LED Forum provided also the opportunity for regions to achieve enhanced cooperation through the participation of various institutions and contributed towards the economic development of the region in such a way that all parties benefited.

The following are the benefits derived from stakeholder forums:

- The LED section of Midvaal played an important role in promoting IGR and developing opportunities for local SMMEs. The section developed a marketing brochure that will be used to attract investors to Midvaal.
- Lesedi LM has established one (1) local economic development forum and it's also functional
- West Rand DM was responsible for the co-ordination of the Comprehensive Rural Development Programme (CRDP). Number projects were identified. Some those projects are Tswelopele Community Food Garden: Feasibility study and business plan, Siyiathuthuka Poultry: Broiler: Feasibility study and business plan and Hekpoort Environmental
- The West Rand DM has received its allocation through GDARD from Department for Agriculture Forestry and Fisheries (DAFF) during 2013 which consists of eight (8) tractors, two (2) trailers and thirty nine (39) implements. The tractors were re-allocated for four constituents' local municipalities who have assisted small and emerging farmers to plough their lands and ensure that food security management. Over fifty (50) farmers from the four (4) local municipalities were assisted and hundred and fifty (150) hectares were ploughed.
- The partnership between West Rand DM and the mining houses has yield good results. A number of projects were established by the different mining houses amongst them are Blybank Agricultural Project, Agriculture Community Sub-acute hospital Business, Development Park.
- The WRDM through its Economic Development sub-directorate unit has received a conditional grant of five hundred thousand (R500 000.00) for the development and installation of a bio-digester at Jabulani Informal settlement in Randfontein Local



Municipality. This bio-digester is aimed at the processing and harvesting of methane and compost as fuel for cooking and heating and forms part of the implementation of the Green IQ strategy

- The construction sector was identified as one area that can boost the economic growth in Sedibeng Region. The DM is commended for developing a construction strategy; identifying potential partners. The framework was also developed to source funding to implement the strategy. In addition the district has further consulted with strategic role players in this industry to consolidate support and input.
- Sedibeng DM has partnered with IDT, AGRISA and Gauteng Division of rural Development to support emerging farmers in the district. The farmers from Lesedi LM were provided training on technical, marketing and other related agricultural skills. Some beneficiaries were allocated farms.
- Sedibeng DM has developed an incentive framework with incentive packages which aimed at providing an enabling environment for growth and development of the Emfuleni, Lesedi and Midvaal LM. The aim was to ensure uniform approach on promotion of investment and growth within the region
- The City of Tshwane is commended for strengthening its economic partnership with Tshwane Business forum and various strategic holders. The aim of the partnership was to share resources and best practices to enable growth and development .The City`s partnership has yield good results like the establishment of Tshwane mining forum, Ga-rankua Eco- furniture project, development of agro processing sector profile and Gauteng Automotive Training Academy.
- The City of Tshwane MM partnership with ABSA Bank and other stakeholders on *Tshepo 10 000* project was a success, where a training of two thousand five hundred (2500) first intake happened in September 2013

### 3.7 Municipal Plans to Stimulate Second Economy

Gauteng municipalities recognise the importance of the second economy. The majority of municipalities included the role of informal economy in their local economic strategies and integrated development planning through direct consultations with all stakeholders. Some municipalities developed local economic development friendly policies and by-laws or guidelines for the informal economy.

The following are the initiatives to promote second economy by Gauteng municipalities:

- During the construction of the Cradle Stone Mall Mogale City negotiated with the contractor to allocate an area for informal traders to service the employees. Twenty seven (27) traders operated their stalls on site.
- Merafong LM has finalised the Carletonville Informal trading with sixty four (64) stalls and this has created one hundred and two (102) jobs.
- Lesedi LM informal trader`s policy was at an advanced stage and will culminate into a bylaw. For the year under review the municipality achieved its planned target by providing twenty (20) informal traders with stalls
- City of Johannesburg informal traders were assisted with trading licences.
- Westonaria LM-one held with informal traders association on municipal operational bylaws.
- Emfuleni LM still support and regulate the informal economy. The LED and tourism section has supported the informal sector through the facilitation of training.

- In alleviating poverty in rural areas the LED section of West Rand DM was also responsible for facilitation of the establishment of business initiatives, rural and agro-industries, co-operatives, cultural initiatives and vibrant local markets.

### 3.8 SMMEs Supported by Gauteng Municipalities

Municipalities	2012/13		2013\14	
	Planned target	Actual	Planned target	Actual
West Rand DM	70	51	0	12
Merafong LM	0	742	0	279
Randfontein LM	0	0	0	0
Westonaria LM	0	0	0	200
Mogale	0	181	8	15
Sedibeng DM	0	0	0	300
Midvaal LM	0	0	0	507
Lesedi LM	20	0	20	20
Emfuleni LM	0	0	0	312
City of Tshwane	0	0	6523	6335
City of Johannesburg	750	3 967	4000	6774
Ekurhuleni	300	300	500	986
<b>Total</b>	<b>1140</b>	<b>5241</b>	<b>11051</b>	<b>15740</b>

Table 17: Number of SMMEs supported

The table above provides a total number of SMMEs supported by Gauteng municipalities for 2012/13 and 2013/14 financial year. The development and support of SMME remains critical to sustained economic growth job creation targets in Gauteng province. Gauteng municipalities have supported five thousand two hundred and forty one (5241) SMMEs in 2012/13 and fifteen thousand and seven hundred and forty in 2013/14. There is additional of four thousand six hundred and eighty nine (4689) SMMEs supported during the year under review against the planned targets.

The following are some of the SMME support initiatives by Gauteng municipalities:

- As part of creating an enabling environment for local businesses and to promote job creation Merafong LM has completed Khutsong South Hive Phase two (2). This development has created an additional twelve industrial hives for local SMMEs to conduct their business. The three industrial hives have created hundred and sixty (160) jobs for the year under review. SMME development programmes were implemented to build capacity in ensuring that local SMMEs are able to sustain their business.
- In ensuring that local SMMEs are utilised by municipalities Merafong LM has uploaded seventeen (17) SMMEs which fully complied with the requirements on its supply chain database.
- City of Johannesburg MM has supported six thousand seven hundred and seventy four (6774) SMMEs against the planned annual target of four thousand (4000). An additional two thousand seven hundred and seventy four (2774) SMMEs were supported. The city has also established six (6) SMME incubators.
- Emfuleni LM has approved historic policy on special efforts to support SMMEs, co-operatives, unemployed people and agriculture. The municipality also facilitated a partnership between Small Enterprise Development Agency and Accelor Mittal regarding a supplier development programme which should benefit local businesses.



- Sedibeng DM has facilitated a number of partnerships (GEP, BBBEE rating agencies, Johannesburg chamber of Commerce and Industry, SEDA, IDT, BHP Billiton and business chambers) that promoted SMMEs within the region. The DM also formed and launched Sedibeng United Business Forum to respond to challenges faced by the business sector in the region.
- Mogale City has entered into an agreement with SEDA to establish two (2) incubators, which will cater SMMEs in the construction and chemical manufacturing sectors. For this project the municipality will spend R3.7 million per annum for a period of three (3) years. Good progress was also reported in the Tourism area where the tourism products from Mogale City were amongst the winners in different categories.

### 3.9 Employment Opportunities through Expanded Public Works Programme (EPWP) and Public Private Partnerships (PPP)

Municipalities	2011/12			2012/13			2013/14		
	EPWP	CWP	LED INITIATIVES	EPWP	CWP	LED INITIATIVES	EPWP	CWP	LED INITIATIVES
West Rand DM	None	None	None	None	None	293	None	None	None
Merafong LM	3,125	2,120	8	1793	2181	603	250	2144	3232
Randfontein LM	2000	None	None	2900	None	60	4500	None	95
Westonaria LM	512	None	400	816	None	936	870	None	500
Mogale LM	564	None	None	1 144	None	None	495		934
Sedibeng DM	2000	None	None	2900	None	None	4500	3000	None
Midvaal LM	60	None	22	93	None	812	297	871	None
Lesedi LM	None	None	None	179	None	774	1794	None	100
Emfuleni LM	None	None	None	164	925	None	None	None	1018
City of Tshwane	19001	None	2658	20 386	None	1505	32420	None	None
City of Johannesburg	30 732	None	None	38601	None	1949	55 082	None	3252
Ekurhuleni	4724	None	None	5220	None	791	10586	None	1529
<b>Total</b>	<b>59593</b>	<b>2120</b>	<b>3088</b>	<b>74 196</b>	<b>3106</b>	<b>7723</b>	<b>110794</b>	<b>6015</b>	<b>10660</b>

Table 18: Number of employment opportunities created in Gauteng Province

Gauteng municipalities are implementing Extended Public Works Programme (EPWP) and Community Works Programmes (CWP) which aims to alleviate poverty by creating work opportunities for unemployed community members. There has been a significant increase in the number of EPWP beneficiaries. Gauteng municipalities have recognised that unemployment is at the heart of poverty. As results municipalities have played an essential role in creating favourable environments for business success and job creation. LED thus is a partnership between local government, business and community interests. Private enterprises, however, depend on favourable local business conditions to achieve prosperity. The purpose of the table above is to demonstrate the extent to which municipalities contributed towards creating jobs through the implementation of capital projects, as well as their own LED initiatives. Municipalities reported on the job opportunities through EPWP, CPW and LED initiatives. The metros are the ones that attempted to report on jobs created through Public Private Partnerships, the progress made is reported under LED initiatives on the table above.

Worth noting is that the total figures for Section 47 report for 2012/13 financial year have changed compared to the table above. The reason was that some municipalities have corrected the previous financial year figures. For the year under review Gauteng municipalities were able to create a total of one hundred and twenty seven thousand and four hundred and sixty nine (127 469) jobs through EPWP, CWP and various LED initiatives.

*The following is progress reported by Gauteng municipalities in creating jobs:*

- Midvaal LM promoted local economic development through the implementation of Expanded Public Works Programme (EPWP) and Community Works Programme (CWP).
- In Mogale City the major boost for local job opportunities in 2013/14 financial year were realised during the construction of Cradle Stone Mall. All companies that were involved in the construction were supplied with local labour by Community Liaison Office. A total of nine hundred and thirty four (934) local people were employed by different companies. Twelve (12) local companies were appointed as sub-contractors and there was also an opportunity for informal traders. Twenty seven (27) informal traders took the opportunity to operate their stalls on site. The municipality ensured that all the traders met the necessary requirements to be able to sell food.
- The mining sector is still dominant to the economy of Merafong LM however there was a decline in both in both production, contribution to GDP and employment.
- Lesedi LM has adopted various policies which are aligned to job creation imperative .Supply chain management policy was fine-tuned to make emphasis on enterprise development through the development of Enterprise policy
- The City of Johannesburg has planned to create fifty thousand (50 000) jobs through EPWP for the year under review. Additional of five thousand and eighty two (5082) jobs were created. A totals of fifty five thousand and eighty two (55082) jobs were created for the year under review.
- During the year under review Westonaria LM was allocated R1 000 000.00 to implement EPWP through the partnership with Public Works. The municipality managed to create (870) eight hundred and seventy EPWP jobs against the planned target of (500) five hundred.
- Two thousand three hundred (2300) youth placement were facilitated by the City of Johannesburg throughout the City and the private sector against the planned target of two thousand (2000).The city also facilitated a R2.6 billion value of investment against the planned annual target of R1.07 billion.
- City of Tshwane also facilitated a total of R2.175 billion value of investment against the planned annual target of R2.5 billion.
- Emfuleni LM planned to create 50 (fifty) jobs and one thousand and twenty four (1024) jobs were created for 2013/14 financial year.

### **3.10 Challenges Experienced**

- Understaffing of LED Units and inadequate budget allocation are still the major challenges faced by municipalities. LED objectives are not clearly reflected or prioritised in the budget.
- Some municipalities are not striving to avail enough resources especially capital budget to enable the LED section to be innovative and successfully implement its planned and budgeted programmes.

- Under-reporting by municipalities still continue to be a challenge that need urgent attention. This is supported by the fact that some municipalities corrected figures of employment opportunities created during the previous financial year.
- Local municipalities do not have required capacity, skills or expertise to develop effective LED plans .This resulted in unrealistic target that were not achieved. The resource to outsource the relevant skill is still a challenge as there was no capital budget allocated to LED in some municipalities.
- Due to the absence of LED strategies in Emfuleni, Randfontein and Westonaria LM the department was unclear as to what municipalities are intend pursuing.
- Westonaria LM planned LED plans were not implemented fully due to financial constraints and lack of established partnerships to realise the LED plan objectives. Emphasis was placed on projects that could be funded from the SLP programmes by the mines; however these projects could not be fully operational due to lack of commitment from the mines.
- Financial support and non-financial support to agricultural support in Sedibeng region still remain a challenge despite numerous initiative by the DM to support this sector
- Concerning issue is on financial sustainability of the SMMEs which results in non-payment of rent and services at Merafong LM.

### **3.11 Support Interventions by National and Provincial Government**

The following are the support intervention by government department. Based on the challenges highlighted above there still a need to enhance support to municipalities on LED:

- Gauteng Department of Agricultural Rural Development (GDARD) have partnered with Sedibeng and Emfuleni on a scheme of leasing tractors and implements to emerging farmers and food garden communities with the aim of ensuring smallholder agricultural entrepreneurs are supported to become fully commercial farmers.
- Gauteng Department of Economic Development (DED) have entered into partnership with Sedibeng DM and Vaal University of Technology to support SMMEs incubation and drive innovation through digital manufacturing with the establishment of a Fabrication Laboratory.
- Department of Economic Development and Department of Agricultural Rural Development (GDARD) have provided financial assistance to Sedibeng agricultural related project
- Sedibeng DM has extended invitation to other spheres of government to support the Sedibeng United Business Forum. Department of Cooperative Governance and Traditional Affairs have also welcomed the relationship.
- The Department needs to improve its support to ensuring that there are quality LED strategies in place.

## KEY PERFORMANCE AREA FOUR:

### 4. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

#### 4.1 Introduction

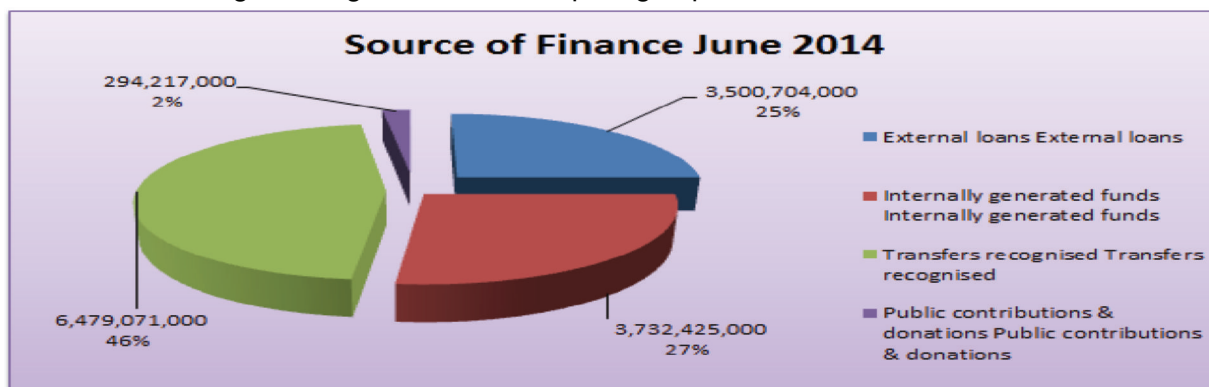
Profound fiscal efficacy, discipline, prudence and monitoring all provide a sound basis for the delivery of all the key and fundamental municipal objectives. It is therefore imperative that municipalities not only purport to portray but embrace an intrinsic and frugal duty to maximise revenue potential while transparently managing public finances as set out in the Municipal Finance Management Act 2003, and the Municipal Property Rates Act 2004 following the proper International Accounting Standards as prescribed in policy and regulation. The guidelines set therein provide for effective accountability, evident financial sustainability and a financial viability conducive to infrastructure investment and service delivery.

The financial performance of municipalities is based on the 2013/14 financial statements.

- Financial viability data is based on the 2013/14 financial statements of the municipalities. Municipal financial statements are not all in the same format, there are instances where it is difficult to compare the same items across municipalities. In cases where ambiguity may exist, please refer the municipality's individual financial statement.
- An attempt is made to ensure that the data tables in this report are for the status as at end June 2010.
- Audited financial statements were requested from municipalities and the statements received are considered audited unless unaudited set was received and it wasn't highlighted as such by the municipality.
- Interpretations of the annual financial statements were made based on the statements received from municipalities.

#### 4.2 Sources of Finance

The total amount budgeted by Gauteng municipalities to finance capital projects amounts to R16.4 billion while R14 billion (85%) of the budget has been collected from various sources for the period under review. During June 2013 capital revenue of R11.7 billion has been collected, recording a 16% growth when comparing to performance for June 2014.



**Graph 1: Sources of funding – YTD Quarter 4 of 2013/14**

The graph above depicts the funding mix of capital projects, intergovernmental transfers amounts to R6.5 billion (46%), Borrowings R3.5 billion (25%), internally generated funds R3.7 billion (27%) and public donations R2.9 billion (2%). Grants accounts to almost 50% of the capital revenue and the picture shows that municipalities will not be able to finance capital projects optimally should conditional grants be taken away by national and provincial governments.

### 4.3 Operating Expenditure

The 2013/14 adjusted operating expenditure budgets for Gauteng municipalities amounts to R91.9 billion and an aggregated actual expenditure as at June 2014 amounts to R87 billion (95%), as compared to June 2013 expenditure of R79 billion (92%), the actual operating expenditure has grown by 9% between the two financial years. The total (operating and capital) expenditure amounts to R101 billion, of which 86% of the money was spent on operations and 14% on capital projects.

The table below indicates spending on operating expenditure budget for 30 June 2013 and 2014:

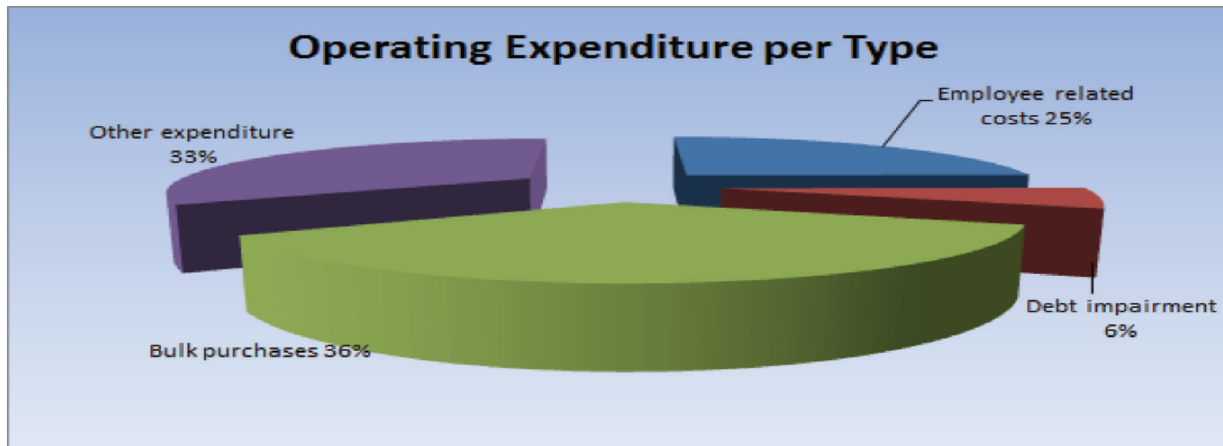
Operating Expenditure - June 2014						
Municipality	2013/14 Adjusted budget	Actual expenditure as at June 2014	% of Actual expenditure as at June 2014	Actual expenditure as at June 2013	% of Actual expenditure as at June 2013	Inc/Dec in Actual Expenditure between June 2014 and 2013
City of Johannesburg MM	34,222,576,000	34,486,530,000	100.77%	30,915,631,000	96.54%	10.35%
Ekurhuleni MM	24,342,715,000	21,681,542,000	89.07%	20,326,563,000	91.66%	6.25%
City of Tshwane MM	21,993,129,000	21,465,683,000	97.60%	19,665,241,000	93.33%	8.39%
West Rand DM	273,431,000	273,453,000	100.01%	213,437,000	81.50%	21.95%
Randfontein LM	939,842,000	714,937,000	76.07%	665,560,000	77.53%	6.91%
Westonaria LM	470,509,000	385,734,000	81.98%	392,738,000	94.65%	-1.82%
Merafong City LM	1,569,657,000	907,605,000	57.82%	986,622,000	82.34%	-8.71%
Mogale City LM	2,186,056,000	1,932,262,000	88.39%	1,809,342,000	89.90%	6.36%
Sedibeng DM	361,769,000	330,736,000	91.42%	323,993,000	92.28%	2.04%
Emfuleni LM	4,354,027,000	3,775,652,000	86.72%	2,856,629,000	67.36%	24.34%
Midvaal LM	736,073,000	689,263,000	93.64%	609,333,000	87.27%	11.60%
Lesedi LM	500,720,000	381,711,000	76.23%	438,735,000	90.25%	-14.94%
<b>Total Operating Expenditure</b>	<b>91,950,504,000</b>	<b>87,025,108,000</b>	<b>94.64%</b>	<b>79,203,824,000</b>	<b>92.32%</b>	<b>8.99%</b>

**Table 19: Operating expenditure performance – Quarter 4 of 2013/14**

As a norm, municipalities are expected to report spent 100% of their budgeted expenditure by the end of the financial year. City of Johannesburg MM and West Rand DM are the only municipalities which recorded 100% performance, followed by City of Tshwane MM with 98% and the rest of the nine (9) municipalities performed below 94% namely; Ekurhuleni MM, Randfontein LM, Westonaria LM, Merafong City LM, Mogale City LM, Sedibeng DM, Emfuleni LM, Midvaal LM and Lesedi LM.

The chart below represents the aggregated operational expenditure percentages as per provincial treasury's publication:





Graph 2: Operating Expenditure per type – Quarter 4 of 2013/14

#### 4.4 Bulk Purchases (Water and Electricity)

Bulk Purchases					
Municipality	2013/14 Appropriation	Actual expenditure as at June 2014	% of Actual expenditure as at June 2014	Actual expenditure as at June 2013	Inc/Dec in Actual Expenditure between June 2014 and 2013
City of Johannesburg MM	11,635,213,000	11,636,543,000	100%	11,037,251,000	5%
Ekurhuleni MM	9,708,163,000	9,325,683,000	96%	8,852,864,000	5%
City of Tshwane MM	7,405,096,000	7,196,280,000	97%	6,845,146,000	5%
West Rand DM	-	-	0%	-	0%
Randfontein LM	314,396,000	294,949,000	94%	310,836,000	-5%
Westonaria LM	169,879,000	169,809,000	100%	180,694,000	-6%
Merafong City LM	324,268,000	302,664,000	93%	332,376,000	-10%
Mogale City LM	691,148,000	626,403,000	91%	610,591,000	3%
Sedibeng DM	-	-	0%	-	0%
Emfuleni LM	1,884,859,000	1,672,280,000	89%	1,566,485,000	6%
Midvaal LM	252,800,000	247,224,000	98%	198,998,000	20%
Lesedi LM	199,273,000	171,578,000	86%	189,543,000	-10%
<b>Total</b>	<b>32,585,095,000</b>	<b>31,643,413,000</b>	<b>97%</b>	<b>30,124,784,000</b>	<b>5%</b>

Table 20: Comparison of Bulk purchases expenditure per municipality for 2012/13 and 2013/14

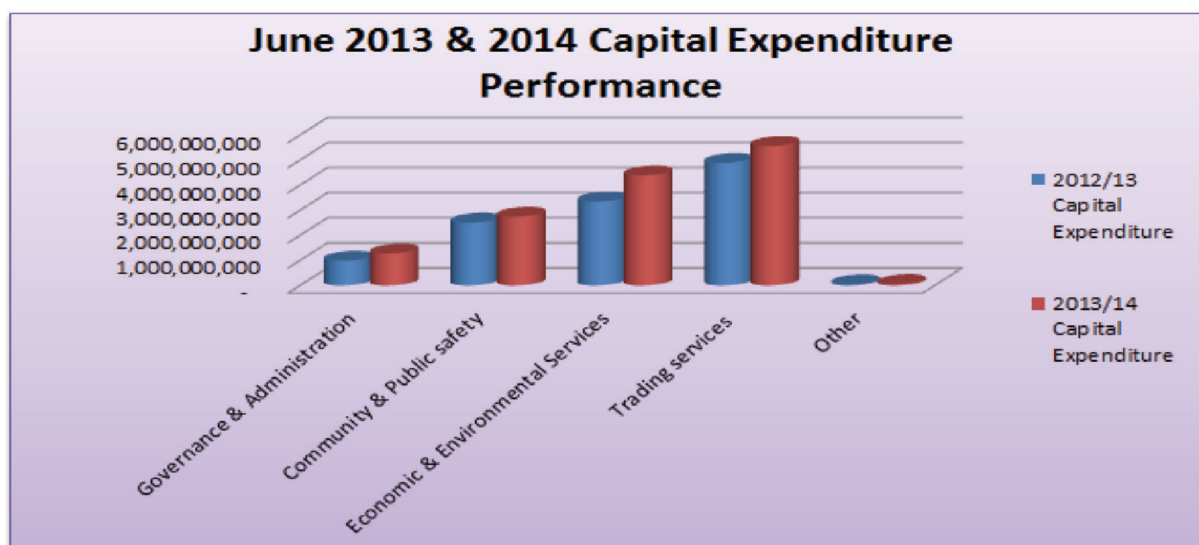
The table above shows that municipalities have spent an aggregated amount of R30.1 billion and R31.6 billion as at June 2013 and June 2014 respectively, this spending result in 97% spent on the bulk purchases budget for the period under review. Furthermore, an aggregated expenditure on bulk purchases increased by 5% between the financial years, however four (4) municipalities recorded a decrease in expenditure levels of 5% for Randfontein LM, 6% for Westonaria LM, 10% for both Merafong City LM and Lesedi LM.

#### 4.5 Capital Budget Expenditure and Sources of Finance

As shown on graph and table below, capital expenditure has grown by 16% between June 2013 and 2014. The aggregated capital spending by all municipalities in Gauteng province amounts to R14 billion (85%) as compared to R11.7 billion (89%) reported for June 2013.

Municipalities’ largest capital spending is on “trading services”, which includes water, electricity, waste water management and waste management accounts for R5.6 billion (34%). The second largest capital expenditure is “economic and environmental services” (Planning and Development, Road Transport and Environmental Protection) amounting to R4.4 billion (27%), followed by “Community and Public Safety” amounting to R2.7 billion (17%), while “Governance and Administration” amounted to R1.2 billion (8%) and “Other” capital projects amounted to R55 million (0%) for the period under review.

The graph below represents an aggregated capital expenditure for the two comparative years, 2012/13 and 2013/14:



**Graph 3: Capital Expenditure Performance for June 2012/13 and 2013/14**

The table below represents an aggregated capital expenditure for the two comparative years, 2012/13 and 2013/14:

Capital Expenditure Budget				
Description	2012/13 Capital Expenditure	2013/14 Capital Expenditure	2013/14 % Capital Expenditure	Growth in Expenditure
Trading services	4,888,089,000	5,559,599,000	34%	12%
Economic & Environmental Services	3,347,658,000	4,382,665,000	27%	24%
Community & Public safety	2,505,957,000	2,733,288,000	17%	8%
Governance & Administration	983,845,000	1,272,059,000	8%	23%
Other	45,761,000	55,956,000	0.0%	18%
<b>Total</b>	<b>11,771,310,000</b>	<b>14,003,567,000</b>	<b>85%</b>	<b>16%</b>

**Table 21: YTD Capital expenditure per municipality – Quarter 4 of 2013/14**

#### 4.6 Creditors Analysis

Section 65(2)(e) of the MFMA requires an Accounting Officer (AO) of a municipality to ensure that all money owing by the municipality be paid within 30 days on receipt of the relevant invoice or statement. A total amount of R11.7 billion is owed by all Gauteng

municipalities for goods and services rendered to municipalities within the province as at June 2014 when compared to R7.7 billion for June 2013.

Although the major percentage of monies owed by the municipalities falls within 0-30 days, the table below shows that there is still non-compliance with compliance with MFMA section 65(2)(e). Five (5) municipalities have consistently complied with the requirement of section 65(2)(e) of the MFMA namely, Ekurhuleni MM, City of Tshwane MM, Sedibeng DM, Midvaal LM and Lesedi LM for the period of June 2013 and 2014. The table below provides a creditors age analysis:

Creditor Age Analysis										
Municipality	June 2014					June 2013				
	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total	0-30 days	31-60 days	61-90 days	Over 90 days	Total
City of Johannesburg MM	3,678,330,000	25,442,000	49,712,000	93,503,000	3,846,987,000	2,793,964,000	305,192,000	5,879,000	55,740,000	3,160,775,000
Ekurhuleni MM	2,170,954,000	-	-	-	2,170,954,000	1,718,332,000	-	-	-	1,718,332,000
City of Tshwane MM	4,807,882,000	-	-	-	4,807,882,000	2,020,659,000	-	-	-	2,020,659,000
West Rand DM	310,000	1	-	477,000	787,001	1,952,000	1,000	6,000	123,000	2,082,000
Randfontein LM	58,936,000	21,650,000	20,239,000	25,217,000	126,042,000	53,444,000	18,567,000	631,000	-12,502,000	60,140,000
Westonaria LM	31,525,000	2,000	52,000	62,293,000	93,872,000	31,481,000	14,373,000	5,836,000	29,313,000	81,003,000
Merafong City LM	356,000	-	18,000	28,000	402,000	26,423,000	3,011,000	8,365,000	4,564,000	42,363,000
Mogale City LM	133,324,000	60,582,000	128,000	2,000	194,036,000	199,557,000	23,087,000	-18,000	-510,000	222,116,000
Sedibeng DM	50,578,000	-	-	-	50,578,000	19,189,000	-	7,045,000	-	26,234,000
Emfuleni LM	354,367,000	3,000	1,000	18,000	354,389,000	335,317,000	26,000	4,000	-	335,347,000
Midvaal LM	35,972,000	-	-	-	35,972,000	35,896,000	-	-	-	35,896,000
Lesedi LM	45,198,000	-	-	-	45,198,000	41,229,000	-	-	-	41,229,000
<b>Total</b>	<b>11,367,732,000</b>	<b>107,679,001</b>	<b>70,150,000</b>	<b>181,538,000</b>	<b>11,727,099,001</b>	<b>7,277,443,000</b>	<b>384,257,000</b>	<b>27,748,000</b>	<b>76,728,000</b>	<b>7,746,176,000</b>
<b>% of amount owed</b>	<b>97%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>100%</b>	<b>94%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>100%</b>

**Table 22: Creditors Age Analysis per municipality – Quarter 4 of 2013/14**

#### 4.7 Debtors Analysis

The table below depicts an aggregated Gauteng municipal consumer debt that amounted to R37.7 billion for the financial year ended 30 June 2013, the debt grew by R3.4 billion (8%) and resulted to R41.1 billion during June 2014. The major growth was experienced during the 90 (ninety) days plus period which increased by 11%.

Debtors Age Analysis			
Period	June 2014	June 2013	Incr/Dec in Debtors
0 - 30 Days	6,674,636,000	6,364,628,000	5%
31 - 60 Days	1,018,718,000	1,642,191,000	-61%
61 - 90 Days	1,258,507,000	1,257,994,000	0%
Over 90 Days	32,167,810,000	28,481,182,000	11%
<b>Total</b>	<b>41,119,671,000</b>	<b>37,745,995,000</b>	<b>8%</b>

**Table 23: Aggregated Gauteng Debtors Age Analysis – Quarter 4 of 2013/14**

The debt coverage ratio indicates that of the 2013/14 billed revenue of R91.1 billion total debt of R41.1 billion (45%) is still to be collected by municipalities through the implementation of their credit control and debt management policies.



During the period under review, City of Tshwane MM is the only municipality in the province to have reported a provision for bad debts amounting to R106.3 million. However, the City has reported a debt write-off amounting to R442 943 105.34 for the period ending June 2014.

West Rand DM, Merafong City LM and Midvaal LM are the only municipalities which reported an aggregated amount of R593.6 million for bad debts written-off through municipal council policy; however none of these municipalities have reported on the amount of provision for bad debts so to establish that how much percentage of bad debts will be written-off against the provision for bad debts.

The table below provides a comparison of debtors' age analysis by customer category for the two (2) financial years, 2012/13 and 2013/14.

Debtors Age Analysis: Customer Group								
Period	Jun-14				Jun-13			
	Organs of State	Commercial	Household	Other	Organs of State	Commercial	Household	Other
0 - 30 Days	132,782,000	2,807,473,000	2,638,935,000	1,095,446,000	168,470,000	2,992,589,000	3,109,771,000	93,797,000
31 - 60 Days	32,767,000	291,659,000	647,014,000	47,279,000	47,307,000	645,450,000	934,058,000	15,396,000
61 - 90 Days	44,847,000	371,012,000	653,891,000	188,956,000	37,956,000	443,505,000	749,643,000	26,891,000
Over 90 Days	732,072,000	5,956,919,000	19,341,978,000	6,136,841,000	627,312,000	7,629,346,000	18,867,126,000	1,357,399,000
<b>Total</b>	<b>942,468,000</b>	<b>9,427,063,000</b>	<b>23,281,818,000</b>	<b>7,468,522,000</b>	<b>881,045,000</b>	<b>11,710,890,000</b>	<b>23,660,598,000</b>	<b>1,493,483,000</b>
<b>% of Debt</b>	<b>2%</b>	<b>23%</b>	<b>57%</b>	<b>18%</b>	<b>2%</b>	<b>31%</b>	<b>63%</b>	<b>4%</b>

**Table 24: Debtors Age Analysis per customer category – Quarter 4 of 2013/14**

It is noted that the total debt amounted to R37.7 billion and R41.1 billion in June 2013 and June 2014 respectively. The table above illustrates the age analysis of amounts owed by various consumer groups, the majority of the total debt is found in "Households" with 63% as at June 2013 and 57% in June 2014. "Commercial" is accounting for 31% and 23% during June 2013 and 2014 respectively. "Other" debt has grown from 4% in June 2013 to 18% in June 2014. "Government" debt has remained at 2% in both financial years and this is due to the implementation of the Government Debt Management strategies by the Department and the Gauteng Provincial Treasury (GPT) to assist municipalities to collect outstanding amounts from provincial departments.

#### 4.8 Cash Management

The MFMA requires a municipality to establish an appropriate and effective cash management and investment policy. In terms of the Municipal Budgets and Reporting Regulations (MBRR) issued under the MFMA in 2009, a negative cash position for 3 (three) consecutive months would likely be an immediate indicator of financial difficulties

experienced by a municipality. A decrease in cash held is another indicator of ineffective and inefficient cash management and if proper measures are not instituted in time, it could affect the going concern of a municipality. Should the above persist, the municipality may be placed under administration in an effort to normalise operations.

The table below provides information on both opening and closing balances for June 2013 and 2014:

Cash Management							
Municipality	June 2014			June 2013			
	Opening balance	Closing balance	Net Inc/(Dec) in cash held	Opening balance	Closing balance	Net Inc/(Dec) in cash held	
City of Johannesburg MM	4,974,257,000	4,966,394,000	-7,863,000	5,204,340,000	4,974,258,000	-230,082,000	
Ekurhuleni MM	4,374,377,000	5,893,180,000	1,518,803,000	4,884,367,000	4,506,169,000	-378,198,000	
City of Tshwane MM	1,676,374,000	1,040,014,000	-636,360,000	1,022,856,000	1,198,665,000	175,809,000	
West Rand DM	33,020,000	42,386,000	9,366,000	46,148,000	71,294,000	25,146,000	
Randfontein LM	48,003,000	58,464,000	10,461,000	24,862,000	7,998,000	-16,864,000	
Westonaria LM	5,328,000	31,280,000	25,952,000	5,318,000	5,328,000	10,000	
Merapong City LM	434,438,000	291,767,000	-142,671,000	82,700,000	101,325,000	18,625,000	
Mogale City LM	67,577,000	96,705,000	29,128,000	157,688,000	67,549,000	-90,139,000	
Sedibeng DM	6,905,000	14,366,000	7,461,000	65,394,000	6,315,000	-59,079,000	
Emfuleni LM	11,600,000	45,204,000	33,604,000	95,836,000	11,600,000	-84,236,000	
Midvaal LM	23,494,000	90,433,000	66,939,000	14,317,000	26,494,000	12,177,000	
Lesedi LM	14,432,000	7,349,000	-7,083,000	1,487,000	850,000	-637,000	
<b>Total</b>	<b>11,669,805,000</b>	<b>12,577,542,000</b>	<b>907,737,000</b>	<b>11,605,313,000</b>	<b>10,977,845,000</b>	<b>-627,468,000</b>	
No. of municipalities with negative cash balances			<b>4</b>				<b>7</b>

**Table 25: Cash balances per municipality – Quarter 4 of 2013/14**

An aggregated closing cash balances of Gauteng municipalities have improved during the period under review from a negative cash balance of R627 million during June 2013 to a positive cash balance of R12 billion. A number of municipalities closing with a negative cash balance have decreased from seven (7) to four (4). It should be noted that these figures are still to be audited by the Auditor-General.

#### 4.9 Councillors in Arrears

Schedule 1, section 12A of the Municipal Systems Act, No. 32 of 2000 requires municipal councillors not to be in arrears for rates and services charges for a period longer than ninety (90) days/ three (3) months. The Department has previously advised municipalities to establish mechanisms, processes and procedures that will assist to monitor the implementation of the abovementioned requirement.

The following table provides information on the outstanding arrears for the period quarter ended 30 June 2014:

<b>Councillors in Arrears</b>		
<b>Municipality</b>	<b>June 2013</b>	<b>June 2014</b>
City of Johannesburg MM	104 681	328,356
Ekurhuleni MM	85 639	820
City of Tshwane MM	138,822	41,375
Mogale City LM	34 137	-
Randfontein LM	55,771	39,913
West Rand DM	-	2,394
Westonaria LM	20,240	15,578
Sedibeng DM	3,024	3,274
Emfuleni LM	338,229	179,729
Merafong City LM	-	-
Midvaal LM	21,086	-
Lesedi LM	85,639	6,240
<b>TOTAL:</b>	<b>884,244</b>	<b>617,679</b>

**Table 26: Councillors in Arrears per municipality – Quarter 4 of 2013/14**

Municipalities have complied with the intervention by the Department by making arrangements and deductions from salaries of defaulting councillors to address this matter. Municipal councillors who default on the arrangements are reported to the Ethics Committee for investigations and further legal actions are taken where necessary.

The table above indicates that the arrears decreased by R266 thousands from R884 thousands in June 2013 to R617 thousands in June 2014. Although there is an aggregated decrease in the debt owed by councillors, City of Johannesburg MM and West Rand DM reported an increase in the debts owed to the municipality. It is important to note that Merafong City LM, Mogale City LM and Midvaal LM have reported to have no amounts in arrears owed by their respective councillors.

#### **4.10 Local Government Conditional Grants**

This particular section of the report reflects financial performance of Gauteng municipalities against allocations made in various grant funding.

All grants to municipalities are published annually in the Division of Revenue Act (DoRA) to enable municipalities to plan appropriately for their coming budget year cycle, and to promote better accountability by ensuring that all national allocations are included in municipal budgets. The publication is further supported by the approved payment schedule highlighting the specific amounts and date to be transferred to each municipality within a specific financial year, it is important to note that the payment schedule is only approved by the National Treasury prior to the start of the municipal financial year i.e. 01 July. Both the allocations and the payment schedule are published for both the national and municipal financial years.

Despite the growing importance of the equitable share grant, which is transferred to municipalities unconditionally, conditional grants are a significant portion of national grants to local government sphere. In particular, conditional grants are used to incorporate national priorities in municipal budgets, promote national norms and standards, address backlogs

and regional disparities in municipal infrastructure, and effect transition by supporting capacity building and restructuring of municipalities.

#### **4.11 Different types of Local Government Grants**

Below is a brief description of the purpose of each grant funding made available to Gauteng municipalities for the 2013/14 financial year, this is accompanied by the relevant National Transferring Officer (NTO) responsible for administering such grant:

Grants administered by the National Treasury:

- Financial Management Grant (FMG): Promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act;
- Infrastructure Skills Development Grant (ISDG): The grant places interns with technical skills in well-capacitated municipalities for two years gaining skills and experience, and transferred to a rural municipality with poor capacity to complete their internship;
- Integrated City Development Grant (ICDG): To provide a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form; and
- Neighbourhood Development Partnership Grant (NDPG): Supports neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods.

Grants administered by the Department of Cooperative Governance and Traditional Affairs:

- Municipal Systems Improvement Grant (MSIG): Provides funding to non-metropolitan municipalities to help them implement their individual local government turnaround strategies; and
- Municipal Infrastructure Grant (MIG): The grant supports government's aim to expand service delivery and alleviate poverty by funding the provision of infrastructure for basic services, roads and social infrastructure for poor households in all non-metropolitan municipalities.

Grant administered by the Department of Transport:

- Public Transport Infrastructure and Systems Grant (PTISG): The grant aims to help cities create new and improve existing public transport and non-motorised transport infrastructure, including the provision of bus rapid transit systems; and
- Public Transport Network Operations Grant (PTNOG): The grant subsidises the operational costs of public transport systems built through the public transport infrastructure grant. Previously, both grants formed part of the public transport infrastructure and systems grant. This grant has been split into separate infrastructure and operational grants to provide more transparency on what is being funded and to provide cities with greater certainty about the levels of operational



funding they can expect to receive to support the new public transport networks they are running.

Grant administered by the Department of Public Works:

- Expanded Public Works Programme Integrated Grant (EPWP): Promotes increased labour intensity in municipalities.

Grants administered by the Department of Energy:

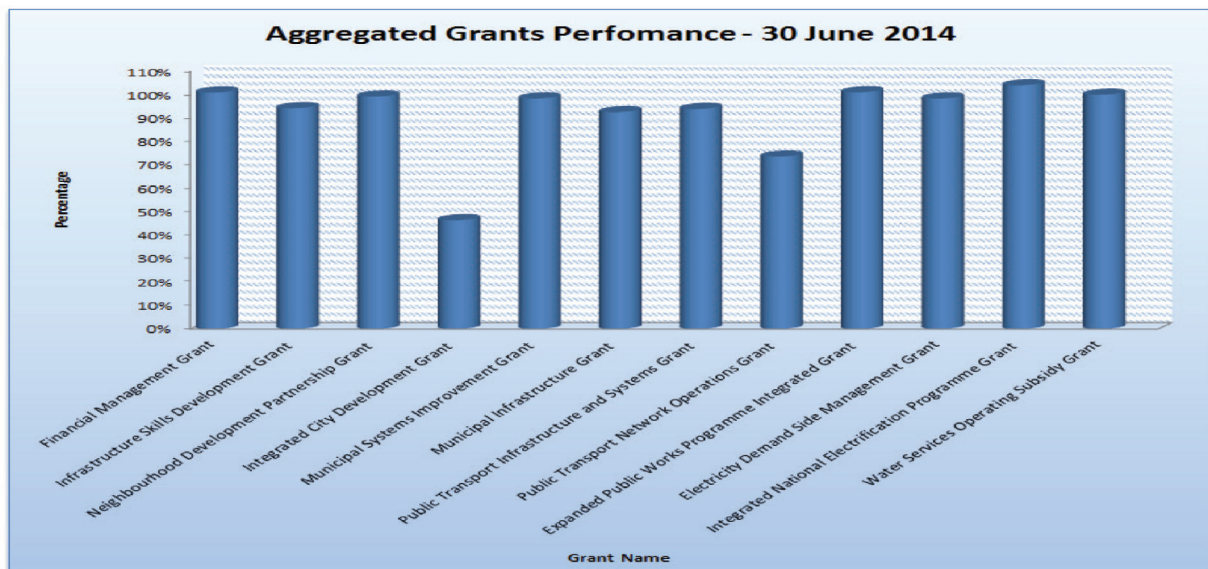
- Electricity Demand Side Management Grant (EDSM): To provide subsidies to municipalities to implement Electricity Demand Side Management in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency; and
- Integrated National Electrification Programme (Municipal) Grant (INEP): Provides capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, clinics and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Grant administered by the Department of Water Affairs:

- Water Services Operating Subsidy Grant: The grant aims to subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government.

#### 4.12 Local Government Grants Performance

The graph below provides an aggregated grant performance of all municipalities in the province for the period ending 30 June 2014 of the 2013/14 municipal financial year:



Graph 4: Aggregate spending per grant – Quarter 4 of 2013/14

The aggregated grant spending by Gauteng municipalities on the twelve (12) transferred grants equates to 94% for the quarter ended 30 June 2014 which is less than 100% performance norm at the end of the financial year. It is in this light that municipalities are required to payback unspent funds to the national revenue account in terms of the Division of Revenue Act. However, prior to the above process, municipalities are provided with an opportunity to submit a motivation to NT highlighting reasons for not spending the grant and to provide proof where funds have been committed to be spent on identified projects in line with the conditions of the grants. The table below illustrates performance per municipality on the National Treasury and the Department of Co-operative Governance grants:

Municipal Grant Performance: 30 June 2014 R'000																		
Municipality	National Treasury Grants									DCoG Grants								
	FMG			ISDG			NDPG			ICDG			MSIG			MIG		
	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%
CoJ MM	1,250	1,250	100%	-	-	-	32,868	36,752	112%	-	-	-	-	-	-	-	-	-
Ekurhuleni MM	1,250	1,118	112%	-	-	-	8,000	6,659	83%	8,808	751	9%	-	-	-	-	-	-
CoTMM	5,000	4,253	118%	-	-	-	199,136	196,605	99%	8,096	7,101	88%	-	-	-	-	-	-
West Rand DM	1,250	1,228	102%	-	-	-	-	-	-	-	-	-	890	890	100%	-	-	-
Sedibeng DM	1,250	1,573	79%	16,205	5,432	34%	-	-	-	-	-	-	890	685	77%	-	-	-
Randfontein LM	1,300	1,644	79%	-	-	-	-	-	-	-	-	-	890	2,166	243%	20,032	19,574	98%
Westonaria LM	1,300	759	171%	3,000	2,094	70%	-	-	-	-	-	-	890	890	100%	75,740	53,171	70%
Merafong City LM	1,550	2,578	60%	-	-	-	-	-	-	-	-	-	890	469	53%	70,410	62,482	89%
Mogale City LM	1,300	1,300	100%	-	-	-	12,000	10,011	83%	-	-	-	890	291	33%	94,096	90,494	96%
Emfuleni LM	1,300	1,303	100%	10,000	20,000	200%	-	-	-	-	-	-	890	709	80%	151,925	152,510	100%
Midvaal LM	1,300	1,300	100%	-	-	-	-	-	-	-	-	-	890	890	100%	28,258	28,258	100%
Lesedi LM	1,300	1,222	106%	-	-	-	-	-	-	-	-	-	890	891	100%	16,000	16,000	100%
<b>Total</b>	<b>19,350</b>	<b>19,528</b>	<b>101%</b>	<b>29,205</b>	<b>27,526</b>	<b>94%</b>	<b>252,004</b>	<b>250,027</b>	<b>99%</b>	<b>16,904</b>	<b>7,852</b>	<b>46%</b>	<b>8,010</b>	<b>7,881</b>	<b>98%</b>	<b>456,461</b>	<b>422,489</b>	<b>93%</b>

**Table 27: Spending per Municipality – Quarter 4 of 2013/14**

- An aggregated expenditure of 94% on ISDG is recognised; however Sedibeng DM spent only 34% and Westonaria LM spent 70% whereas Emfuleni LM's performance exceeded the transferred amount by 100%.
- Ekurhuleni MM and Mogale City LM spent 85% and 83% respectively of the allocated Neighbourhood Development Partnership Grant.
- The ICDG recorded a slow aggregated spending performance of 46% against the R16 million transfers. Ekurhuleni MM spent 9% and City of Tshwane MM 88% of the grant.
- Four (4) municipalities recorded less than 100% expenditure on MSIG with Sedibeng DM spending 77%, Emfuleni LM 80%, Merafong City LM 53% and Mogale City LM 33%.
- Only two (2) municipalities reported slow expenditure on MIG, namely Westonaria LM and Merafong City LM with performance of 70% and 89% respectively.

It should be noted that the over expenditure on various grant allocations represents a usage of municipal own funding to fund projects. The Department together with the Department of Co-operative Governance have put measures in place to monitor spending of the MISG to ensure that performance improves in the next financial year. The table below provides a status update on grants performance per municipality for the Department of Transport, Public Works, Energy and Water Affairs grants:

Municipality	Department of Transport						Public Works			Department of Energy						Water Affairs		
	PTISG			PTNOG			EPWP			EDSM			INEP			WSOS Grant		
	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%	Transfer	Spent	%
CoJ MM	843,766	813,471	96%	268,000	197,149	74%	89,434	83,370	93%	-	-	-	38,000	37,453	99%	-	-	-
Ekurhuleni MM	243,543	180,992	74%	-	-	-	10,405	11,007	106%	15,999	16,000	100%	10,000	10,000	100%	-	-	-
CoT MM	773,761	754,069	97%	-	-	-	29,670	29,670	100%	-	-	-	65,000	64,993	100%	14,000	14,000	100%
West Rand DM	-	-	-	-	-	-	1,000	1,000	100%	-	-	-	-	-	-	-	-	-
Sedibeng DM	-	-	-	-	-	-	1,000	1,196	120%	-	-	-	-	-	-	-	-	-
Randfontein LM	-	-	-	-	-	-	1,000	3,641	364%	5,000	4,821	96%	6,000	9,349	156%	-	-	-
Westonaria LM	-	-	-	-	-	-	1,000	1,998	200%	-	-	-	13,000	25,045	193%	-	-	-
Merafong City LM	-	-	-	-	-	-	1,064	3,056	287%	-	-	-	22,000	14,810	67%	-	-	-
Mogale City LM	-	-	-	-	-	-	1,894	2,277	120%	-	-	-	-	-	-	-	-	-
Emfuleni LM	-	-	-	-	-	-	4,885	4,885	100%	-	-	-	13,000	12,322	95%	-	-	-
Midvaal LM	-	-	-	-	-	-	1,000	1,584	158%	9,000	8,690	97%	-	-	-	-	-	-
Lesedi LM	-	-	-	-	-	-	1,000	1,141	114%	-	-	-	6,000	5,997	100%	-	-	-
<b>Total</b>	<b>1,861,070</b>	<b>1,748,532</b>	<b>94%</b>	<b>268,000</b>	<b>197,149</b>	<b>74%</b>	<b>143,352</b>	<b>144,825</b>	<b>101%</b>	<b>29,999</b>	<b>29,511</b>	<b>98%</b>	<b>173,000</b>	<b>179,969</b>	<b>104%</b>	<b>14,000</b>	<b>14,000</b>	<b>100%</b>

**Table 28: Grant spending per municipality – Quarter 4 of 2013/14**

- All the metropolitan municipalities have not spent their PTISG in full; the aggregated expenditure on the grant is 94%.
- Gauteng municipalities recorded an aggregated 100% performance on the EPWP; however City of Johannesburg MM is the only municipality that did not spend the grant fully recording 93% performance, also 74% on the PTNOG.
- Merafong City LM is the only municipality that reported the lowest expenditure on INEP of 67% against the allocated grant.

#### 4.13 Submission of Annual Financial Statements by Municipalities: Financial Year 2013/14

In terms of section 126(1)(a) the accounting officer of a municipality must prepare the Annual Financial Statements of the municipality and, within two (2) months after the end of the financial year (31 August) to which those statements relate, submit the statements to the Auditor-General for auditing. The financial statements must indicate the financial position, financial performance, cash flow and disclosure on all relevant items as required by GRAP/ GAMAP standards, non-compliance on the compilation of these statements with the generally recognised standards lead to the Auditor-General deferring back those statements. The Act further requires the accounting officer of a municipal entity to submit those statements to the parent municipality for consolidation and submission to the Auditor-

General. The parent municipality must report non-compliance together with the reasons for such non-compliance to the council of the parent municipality, Provincial Treasury and the Auditor-General.

The Auditor-General must audit and report on the accounts, financial statements and financial management of all municipalities and all municipal entities within three months on receipt of those statements as stipulated in the Public Audit Act, 2004, Act. No. 25 of 2004 read in conjunction with section 126 (3) of the MFMA. All municipalities submitted their financial statements timeously for the 2013/14 financial year.

The table below gives an indication of which municipalities submitted their annual financial statements with/without or partial components of the those financial statements submitted to the Auditor-General as required by the accounting standards:

Municipality	Statement of Financial Position	Statement of Financial Performance	Statement of Changes in Net Assets	Cash Flow Statement	Accounting Policies	Notes to the AFS	Schedule of External Loans	Segmental Analysis of PPE	Segmental Analysis of Financial Performance	Actual v/s Budget (Revenue and Expenditure)	Actual v/s Budget (Acquisition of PPE)	Disclosure of Grants and Subsidies	Reasons for possible variances
City of Jo'burg	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No	No
Ekurhuleni	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No	No
Tshwane	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
West Rand	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	No	Yes
Randfontein	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Westonaria	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Merafong	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Mogale	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	No	No
Sedibeng	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	No	Yes
Emfuleni	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Midvaal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Lesedi	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No	No

**Table 29: Submission of Municipal Annual Financial Statements**



#### 4.14 Municipal Audit Opinions for the Financial Year of 2013/14

The table compares the municipalities' audit outcomes for three financial years:

Municipality	Audit opinion 2011/12	Audit opinion 2012/13	Audit opinion 2013/14
City of Johannesburg MM	Qualified	Unqualified	Unqualified
Ekurhuleni MM	Unqualified	Unqualified	Clean
City of Tshwane MM	Unqualified	Unqualified	Unqualified
West Rand DM	Unqualified	Unqualified	Unqualified
Randfontein LM	Qualified	Qualified	Qualified
Westonaria LM	Qualified	Qualified	Outstanding
Merafong City LM	Unqualified	Unqualified	Unqualified
Mogale City LM	Unqualified	Unqualified	Clean
Sedibeng DM	Unqualified	Clean	Clean
Emfuleni LM	Unqualified	Unqualified	Unqualified
Midvaal LM	Unqualified	Unqualified	Clean
Lesedi LM	Unqualified	Unqualified	Unqualified

Table 30: Municipal Audit Opinions for the Financial Year of 2013/14

#### 4.15 Extension of the validity of the general valuation rolls

The City of Johannesburg and City of Tshwane Metropolitan Municipalities requested for the extension on the validity of their general valuation rolls from the MEC in terms of section 32(2) of the Act as their validity of the general valuation rolls was from the 1st July 2008 to 30th June 2012. Their request was approved and their general valuation rolls were extended by a financial year from 1st July 2012 to 30th June 2013. Ekurhuleni Metropolitan Municipality implemented the roll from the 1<sup>st</sup> July 2009 to 30<sup>th</sup> June 2013 and did not apply for the extension of the validity of its general valuation roll. For the City of Tshwane Metropolitan Municipality, the request was informed by the incorporation of the Metsweding District and its local municipalities. The extension of the general valuation roll for the City of Johannesburg Metropolitan Municipality was a result of more change in the market for the properties and compilation of the valuation roll after two (2) years was to enable the municipality to restructure and distribute the cost of the valuation evenly. The MEC also extended the term of office for the Valuation Appeal Board Members to be in line with the extension of the general valuation rolls for the above mentioned municipalities.

Randfontein and Westonaria Local Municipalities requested the extension of the validity of their general valuation rolls for a financial year in terms of section 32(2). The MEC has extended the validity of the general valuation rolls by one financial year (i.e.) 1<sup>st</sup> July 2013 till 30<sup>th</sup> June 2014 for both local municipalities and further extended the term of office for the Valuation Appeal Board Members.

#### **4.16 Submission of the certified general valuation roll implemented 1 July 2013**

Four (4) municipalities that resolved to implement the general valuation rolls on the 1<sup>st</sup> July 2013 i.e. (City of Johannesburg, Ekurhuleni, City of Tshwane and Emfuleni) have submitted their certified general valuation rolls:

For three (3) metropolitan municipalities, the designated municipal valuers submitted the certified general valuation roll on the 31<sup>st</sup> January 2013 and Emfuleni Local Municipality received its certified general valuation roll on the 30<sup>th</sup> January 2013. In terms of the Local Government: Municipal Rates Regulation, 2006, Regulation No. 29304, Chapter 3 3(1) the period for the submission of the certified general valuation roll is five months before the effective date of such a valuation roll. The municipalities mentioned above have complied with the provisions stated above.

#### **4.17 Compilation of the municipal property rates policies**

On a yearly basis, the municipalities are required to review the rates policies and the council of a municipality must adopt a policy that is consistent with the MPRA on levying of rates on rateable properties. Rates policies must accompany the municipality's budget for the relevant financial year for tabling and approval in the municipal council in terms of section 16(2) of the Municipal Finance Management Act (MFMA) read in conjunction with section 3(1) and (2) of the MPRA. Ten municipalities submitted their rates policies to the department for assessment. It has been observed that eight (8) municipalities did not comply with section 4 (2)(bb) of the MPRA by placing their draft rates policies in their official website with the exception of Randfontein Local and Lesedi Local Municipalities. City of Johannesburg Metropolitan and Merafong City Local Municipalities did not comply with section 9(2) of the MPRA on apportioning of the market value in accordance with the use of the property.

#### **4.18 Progress with the implementation of the MPRA**

##### **4.18.1 City of Johannesburg Metropolitan Municipality**

The City of Johannesburg received eighty five thousand (**85 000**) objections of which sixty two thousand (**62 000**) was lodged by the Finance Department in the City. The City opened its objection period for seventy three (**73**) days, notwithstanding, voluminous applications for condonation forwarded to the department requesting the MEC to approve their late filing of their objections. The City closed for the objections in May 2013 and dispatched the Municipal valuer's decisions in different closing dates for appeals. During the time of the dispatching notices there was postal strike which delayed the receiving of the same by the respective property owners. Other property owners claimed that they did not receive the notices.

Two thousand, seven hundred and thirty two (**2 732**) appeals have been lodged. The established Valuation Appeal Board concluded on two hundred and six (**206**) appeals. The City compiled two (**2**) supplementary valuation rolls. The 1<sup>st</sup> supplementary valuation roll had fifty three thousand, five hundred and seventy three (**53 573**) entries, advertised in the local newspapers for two consecutive weeks and

published in the Gazette as stipulated in section 49 of the Act. From the supplementary valuation roll, one thousand, eight hundred and thirty one (**1 831**) objections and considered by the Municipal Valuer. The same was implemented on the 1<sup>st</sup> of August 2013. The 2<sup>nd</sup> supplementary valuation roll was handed to the Municipal Manager of the 1<sup>st</sup> April 2014 with fourteen thousand two hundred and ten (**14 210**) entries and opened for public inspection from the 16<sup>th</sup> May to 13<sup>th</sup> June 2014.

#### **4.18.2 Ekurhuleni Metropolitan Municipality**

Ekurhuleni Metropolitan Municipality received twelve thousand, seven hundred and thirty five (**12 735**) objections from its general valuation roll implemented on the 1<sup>st</sup> July 2013. Objections period was opened from the 3<sup>rd</sup> March 2013 - 17<sup>th</sup> May 2013. The Municipal Valuer dealt with twelve thousand three hundred and eighteen (**12 318**) objections and one hundred and twelve (**112**) will be finalised in June 2014. The municipality appointed Ndlala Mass Valuations Service for maintenance of the valuation roll for the year 2013-2016. Properties in the 1<sup>st</sup> supplementary valuation roll were twenty seven thousand and sixty eight (**27 068**) with three hundred and five (**305**) objections received. There are no outstanding objections emanating from this supplementary.

#### **4.18.3 City of Tshwane Metropolitan Municipality**

The municipality received three thousand four hundred and ninety eight (**3 498**) objections from its general valuation roll implemented on the 1<sup>st</sup> July 2013. The municipality finalised all the objections received. One hundred and fifty (**150**) appeals received and considered by the Valuation Appeal Board from the 12<sup>th</sup> of May 2014 to 25<sup>th</sup> June 2014. Two supplementary valuation rolls were implemented by the City. The 1<sup>st</sup> supplementary valuation roll notices were published in the Provincial Gazette on the 25<sup>th</sup> November 2013 and in the Beeld and Pretoria News on the 25<sup>th</sup> September and 2<sup>nd</sup> October 2013 respectively. The supplementary valuation roll was opened for public inspection with nineteen thousand three hundred and twenty four (**19 324**) entries. The municipality received three (**3**) objections. The 2<sup>nd</sup> supplementary valuation roll was opened for public inspection and advertised in line with section 49 of the Act. Five (**5**) objections were recorded.

#### **4.18.4 Randfontein Local Municipality**

In terms of section 49(1)(a) of the Act, the valuer of a municipality must submit the certified valuation roll to the municipal manager five months before its implementation. The Designated Municipal Valuer for Randfontein Local Municipality submitted the certified general valuation roll on the 20<sup>th</sup> January 2014. The valuation roll consisted of thirty seven thousand one hundred and thirty eight (**37 138**) properties. This actually does not represent the total number of properties in the area of Randfontein jurisdiction as there are three townships that have not yet been proclaimed. In extension 3, 7 and 11 there are RDP houses that the Department of Housing has built but they are not yet proclaimed. The municipality, Department of Housing and the Development Planning need to address the matter as the municipality is losing revenue. The adverts stating that the roll is opened for public inspection were published on the 9<sup>th</sup> and 16<sup>th</sup> February 2014 respectively, in terms of section 49(1) of the Act. The valuation roll was opened for public inspection for a period of

three (3) months as stipulated in the municipality's presentation. The municipality received one hundred and seven objections (107). The last supplementary to conclude the old general valuation roll will be opened for public inspection for a month. The number of entries in this supplementary is one hundred and fourteen (114).

#### **4.18.5 Westonaria Local Municipality**

The general valuation roll was submitted on the 28<sup>th</sup> February 2014 which was not in accordance with the timeframe stipulated for submission (i.e. 31 January 2014) five months before its implementation. The MEC for Cooperative Governance and Traditional Affairs granted the condonation on late submission of the general valuation roll. A letter of non-compliance with the submission of the general valuation roll was submitted to the municipality concerned. The general valuation roll consisted of fifteen thousand, five hundred and twenty nine (15 529) entries. The inspection of the general valuation roll closed on the 25<sup>th</sup> April 2014. The notice for the inspection of the general valuation roll was advertised in the newspapers and published in the gazette in terms of section 49 of the Act. The municipality received one hundred and eighty eight (188) objections. The municipality has submitted the objections to the designated municipal valuer for consideration.

#### **4.18.6 Merafong City Local Municipality**

The general valuation roll for this municipality was open for inspection and objections from 01 March 2012 to 13 April 2012. The municipality received three hundred and seventy one (3 071) objections. Objections and appeals with regard to other properties were disposed of by the Municipal Valuer and considered by the Valuation Appeal Board. The municipality had outstanding appeals originated from the valuation of mines i.e. Anglo Gold Ashanti; Goldfields and Harmony mines, mainly on mine operations valuations. Evidence that was shared was under examination as well as cross examination with regard to the method used for the valuation of these mines. The second sitting was scheduled for the conclusion of this matter by both teams (Municipality and Property rights owners) to the Valuation Appeal Board for consideration from the 2<sup>nd</sup> to 5<sup>th</sup> September 2014. The supplementary valuation No.2 was received on the 12<sup>th</sup> December 2013, published and opened for public inspection from the 24<sup>th</sup> January 2014 to 7<sup>th</sup> March 2014. Six (6) objections were received. No appeals were received.

#### **4.18.7 Mogale City Local Municipality**

The main valuation roll was compiled and submitted to the Municipal Manager on the 31<sup>st</sup> January 2014. This was done in accordance with section 34(d) of the MPRA. The total number of properties in the general valuation roll submitted was sixty six thousand four hundred and twenty seven (**66 427**). The roll was advertised for public inspection on the 18<sup>th</sup> February and the 25<sup>th</sup> February respectively once a week for two consecutive weeks in the following newspapers Daily Sun, Beeld and Krugersdorp News. The period for public inspection was scheduled from the 21<sup>st</sup> February to the 18<sup>th</sup> April 2014. The municipality received one thousand one hundred and seventy seven (**1 177**) objections for the Municipal Valuer's consideration. The Municipal Property Rates Policy for the financial year 2014/2015 was served before the Finance Portfolio Committee in March 2014. The municipality tabled its draft property rates policy before the council and followed the process of public

community participation in line with Chapter 4 of the Municipal System Act prior for adoption by council.

#### 4.18.8 Emfuleni Local Municipality

The municipality has published its certified general valuation roll for public inspection and the general valuation roll was opened for public from 05 February 2014 to 30 May 2014. The municipality received fifty five (55) objections. The municipality arranged with the Municipal Valuer for the submission of those objections on the 13 June 2014. The municipality's Draft Property Rates Policy and the By-laws were presented on 31 March 2014. The Property Rates Policy was tabled on the 31<sup>st</sup> March 2014 in line with the legislation. The inputs were tabled before council for final approval on the 30<sup>th</sup> May 2014. The supplementary valuation roll implemented had one (1) appeal and the Valuation Appeal Board dealt with this appeal on the 23<sup>rd</sup> April 2014. The appellant was successful and the market value was reduced from R3.9m to R3.6m.

#### 4.18.9 Midvaal Local Municipality

The designated Municipal Valuer compiled a supplementary valuation roll and handed the same roll to the Municipal Manager on the 28<sup>th</sup> August 2013. The municipality advertised the supplementary valuation roll and the closing date for the public inspection was on the 7<sup>th</sup> November 2013. The supplementary roll consisted of four-hundred and twenty eight (**428**) entries. Two (2) objections were received which will be considered by the Municipal Valuer.

#### 4.18.10 Lesedi Local Municipality

The certified general valuation roll was handed to a representative in the absence of the Municipal Manager on the 30<sup>th</sup> January 2014. The general valuation roll consisted of twenty six thousand three hundred and forty one (**26 341**) properties. The valuation amount of the rateable properties in the general valuation roll was **R10 981 663 071.00**. This represents an increase in value by 18.6%. It should be noted that in this certified general valuation roll not all properties in the area of Lesedi's jurisdiction are included as they are not yet registered and transferred to the rightful owners. This is a concerning fact as they are still in the municipality's name. In terms of section 49(1) of the Act, the municipal manager must within 21 days of receipt of the roll, publish it in the prescribed form in the *Provincial Gazette*, and once a week for two (2) consecutive weeks advertise in the media, a notice stating that the roll is open for public inspection for a period stated in the notice, which may not be less than thirty (30) days from the date of publication of the last notice and inviting every person who wishes to lodge an objection in respect of any matter in, or omitted from, the roll to do so in the prescribed manner within the stated period. The municipality published the notice in the Gazette and media informing the public on the inspection of the general valuation roll from 1<sup>st</sup> April 2014 to 23<sup>rd</sup> May 2014. The Municipal Manager submitted the objections to the Municipal Valuer for consideration.

#### **4.19 Establishment and appointment of the Valuation Appeal Boards Members**

For the year under review the Department established and appointed members to serve in the Valuation Appeal Board for West Rand District and Sedibeng District in terms of section 58(2) and (3) to assist municipalities to hear and decide on processing of objections and conducting compulsory reviews in order to comply with the provisions of the Act.

#### **4.20 Challenges Experienced in Municipal Financial Viability and Management**

- The decrease in the municipality's capacity to collection revenue coupled with rising consumer debt and escalating tariffs for services is a worrying factor, this negatively exposes the cash position of municipalities.
- The inability to constantly update indigent registers and policies further exposes municipality to the risk of being unable to collect revenue which could have reasonably been collected from residents.
- The high levels of unemployment and poverty posed a challenge to debt collection. This was evident by the high percentage of outstanding debt. Financial support and other strategies are necessary to address the escalation of debt.
- The need to manage electricity distribution during this time of load shedding will require efficient and effective management from all municipalities providing this service, it is also important for municipalities to maintain a high level of transparency during this period. This challenge does not only affect municipalities' ability to improve their revenue base, but also those of businesses within the jurisdiction of municipalities.

#### **4.21 Interventions by National and Provincial Government**

- The Department through the Municipal Finance Support, together with the Department of Gauteng Provincial Treasury established a Government Debt Management Committee (DMC) where municipalities were assisted to collect outstanding debt from governmental institutions.
- Any rigorous strategy to increase the levels of collections in municipalities requires a conscious complementary political support from the municipal leadership. Engagement with both municipalities and departments were conducted by this committee on a quarterly basis to address outstanding accounts by departments.
- Based on the resolution taken in previous engagements, government departments that owed municipalities on rates and service charges will continue to pay municipalities the outstanding amounts as per arrangements, and also settle the current balances to avoid accumulation.
- Various challenges emerged after engagements; however the Debt Management Committee will continue to ensure that all resolutions taken are executed as per the time frames stipulated. This will enable the process to run smoothly towards bringing government accounts up to date.
- At the end of each quarter the departments visit the municipalities and have a working session in this regard. The Debt Management Committee continues to facilitate the process.



## **KEY PERFORMANCE AREA FIVE:**

### **5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

#### **5.1 Introduction**

Good governance according to the democratic principles is achieved through effective public participation. Not only does public participation allow constituents to monitor the governance record of its elected officials, but it also encourages the public to take an active interest in the performance of their municipality and region. It is only through broad public participation that citizens will recognise that their interests are taken to heart – especially the needs of the most vulnerable members of society. This allows all citizens to be heard in determining the political, social and economic priorities through the establishment of a broad societal consensus that includes civil society, government and the private sector. Active ward-based plans and consultative forums are central structures through which public participation and, ultimately, good governance can be achieved.

This necessarily means that municipalities need to be enabled to perform their duties in order to ensure the implementation of good governance practices and public participation. Section 151 of Chapter 7 of the South African Constitution gives each municipality the right to govern the local government affairs of its community on its own initiative, subject to national and provincial legislation. Additionally, the by-laws of municipal councils are legislative acts that are not reviewable in terms of administrative law.

However, community participation alone is not sufficient in ensuring that good governance practices are adopted. Institutional integrity is of equal importance and individual municipalities should ensure that its Finance Committee, Audit Committee, Council and sub-committees are fully functional. This should be done through the adoption of effective by-laws and policies that entrench the effective performance of all aspects of municipal governance. As such, this chapter will analyse various indicators related to good governance and public participation in order to determine the extent to which municipalities in the provinces have succeeded in implementing these strategies.

#### **5.2 Ward Committees**

Ward Committees were established in terms of Chapter 4 of the Municipal Structures Act, 1998. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at local government level. However different municipalities used different approaches to the establishment of Ward Committees leading the COGTA to gazette guidelines for Establishment and Operation of Ward Committees in 2005 to ensure that there was similar understanding within the municipalities on the establishment and functioning of Ward Committees and also to provide a clear framework for the Ward Committee members, ward councillors, metropolitan, district and local municipalities on the formation and functioning of Ward Committees. The legislation did not make provision for the remuneration of ward committee members as a result it is difficult to find dedicated members of the community who are willing to serve without remuneration.

Ensuring maximum public participation, ward councillors ensured the sitting of ward committees on monthly and quarterly basis. It must be noted that some wards in the province have not been sitting due to Ward Councillors not calling meetings. The below table shows the number of ward committee meetings that took place during the financial year under review.

Municipality	Number of ward committee meetings
City of Johannesburg	406
City of Tshwane	101
Ekurhuleni	271
Emfuleni	135
Midvaal	56
Lesedi	33
Mogale	9
Randfontein	66
Westonaria	48

**Table 31: Number of ward committee meetings**

The table below shows progress made by Gauteng municipalities in establishing Ward Committees:

Names of Municipalities	2011/2012			2012/2013			2013/2014		
	No. of established Ward Committees	No. of functional Ward Committees	% of functional Ward Committees	No. of established Ward Committees	No. of functional Ward Committees	% of functional Ward Committees	No. of established Ward Committees	No. of functional Ward Committees	% of functional Ward Committees
COJ MM	109	98	89%	130	127	97%	130	104	80%
COT MM	76	73	96%	105	102	97%	105	100	95%
Ekurhuleni	88	85	96%	101	99	98%	101	98	97%
Emfuleni	43	38	88%	45	41	91%	45	38	84%
Midvaal	9	9	100%	9	9	100%	14	14	100%
Lesedi	11	7	64%	12	11	92%	13	10	77%
Mogale	32	16	50%	34	28	82%	34	27	79%
Randfontein	19	13	68%	22	19	86%	22	22	100%
Merafong	26	16	62%	28	27	96%	28	22	78%
Westonaria	15	12	80%	16	14	87%	16	16	100%
<b>Total</b>	<b>428</b>	<b>367</b>		<b>502</b>	<b>477</b>		<b>508</b>	<b>451</b>	

**Table 32: Establishment of Ward Committees**

### 5.3 Provincial Analysis

During the past three financial years (2011\12, 2012\13 and 2013\14) Gauteng ward committees were functioning to a satisfactory level, with 86%, 95% and 88% respectively. The functionality level increased by 9% between 2011\12 and 2012\13 and experienced a 10% drop during 2013\14 financial year. It must be mentioned that all ward committee members in the province were democratically elected. Street and block committee meetings were revived, ward committees mobilised communities for public meetings, ward committee



policies were developed and approved, codes of conduct for ward committees were signed, and ward committee members were trained in accredited courses (municipal processes and IDP workshops). The ward committees ensured that ward based operational plans are in place to ensure better administration of wards.

#### **5.4 Deployment of Community Development Workers**

The functional responsibility of the CDWP is to promote good governance and develop sustainable communities. The CDW Programme further focus on development work that strengthen the ability of communities to access government services, build their structures and skills so that they are better able to improve on their standard of living and participate in the economic sector.

##### **5.4.1 Objectives of the CDW Program are:**

- To assist with improving service delivery and accessibility of public services.
- To assist with intergovernmental coordination both between the three (3) spheres of government and government line departments.
- To facilitate community development and stronger interaction and partnerships between government and communities and to support participatory democracy

Community Development Workers (CDW) serve as a channel for the provision of integrated information on government services and provide a channel for ensuring that community issues are taken forward at all levels of government. Community Development Workers (CDWs) play an important role in providing linkages between local communities and government services. These workers are defined as civil servants who are passionate about serving their local communities. As such, they have vast grassroots knowledge about local conditions and serve as a valuable resource to make service delivery more effective. Communities, especially in impoverished areas, are often unaware of their basic minimum service rights related to grant applications, service cuts and school enrolments. CDWs play a crucial role in this regard, informing local communities about government services and assisting in the clearing of service delivery backlogs. This means that these workers form an important communication link between government and communities in order to mobilise their communities to become active participants in government programmes.

The table below shows the deployment status of Community Development Workers across Gauteng province:

Municipalities	2011/2012		2012/2013		2013/14	
	No of CDW posts approved	No of CDW's deployed to wards	No of CDW posts approved	No of CDW's deployed to wards	No of CDW posts approved	No of CDW's deployed to wards
City of Johannesburg	None	100	None	100	None	91
City of Tshwane	None	111	None	103	None	94
Ekurhuleni	None	90	None	89	None	84
Mogale City	None	30	None	29	None	28
Randfontein	None	16	None	14	None	14
Lesedi	None	10	None	10	None	11
Midvaal	None	7	None	7	None	6
Westonaria	None	19	None	19	None	19
Merafong	None	21	None	21	None	19
Emfuleni	None	17	None	32	None	32
<b>Total</b>		<b>421</b>		<b>424</b>		<b>379</b>

**Table 33: Deployment of CDWs**

According to the above table, the deployment of CDWs varied over the past three financial years with 421, 424 and 379 CDWs deployed respectively. The decrease of CDWs during the year (2013\14) under review was mainly due to resignations and deaths. The major decrease was mainly in the metropolitan municipalities, with the decrease of 9 CDWs in both CoJ and CoT and a decrease of 5 in Ekurhuleni, while none of local municipalities losing more than one (1) when compared to 2012\13 financial year.

The CDW program participated on campaigns planned by government, private institutions, government agencies and civil society organisations to inform and capacitate communities. The program also supported Ministerial, Mayoral and MECs imbizos. The campaigns supported include among others: Education Month, State of the Province Address, Health Month, Heritage and Tourism Month and 16 Days of No Violence against Women and Children. The table below shows number of activities supported and attended by CDWs.

Activity	Total number of activities supported
Advocacy Initiatives	219
Ward committee meetings	589
Ministerial/Mayoral Izimbizo	41

**Table 34: Activities supported and attended by CDWs**

The CDWs further assisted community members with access to socio-economic development activities and most of the projects supported by CDWs fall within the categories of income generation, social relief and job creation. A total of 3684 community members were assisted to access and benefit from these projects. Communities' needs and concerns were identified and communicate to relevant government departments; this was to ensure that government is accessible and responsive to the needs of citizens. The CDW program therefore referred cases to different departments: Social Development (4424 cases); Basic Services (4071 cases); Home Affairs (2989 cases); Housing (1513 cases) and Agriculture

(1424 cases). Services relating to Labour (458 cases) and Education (390 cases) also featured.

## 5.5 Intergovernmental Relations (IGR)

For the municipalities to succeed in its developmental role, proactive cooperation between all the spheres of government is critical for efficient and effective service delivery. Each sphere of government has a role in the development planning, prioritisation and resource allocation. The Intergovernmental Relations Framework Act (IGRFA) was passed in 2005. The Act provides a framework for the cooperation among the three spheres of government as distinctive, interdependent and interrelated, and it defines the responsibilities and institutional structures to support closer cooperation. The Intergovernmental Relations (IGR) Unit in the Department of Local Government and Housing came as a result of the introduction of legislation initiated and monitored by the Department of Provincial and Local Government with the aim to encourage and enforce cooperative governance amongst the three spheres of government, National, Provincial and Local Government (Municipalities).

## 5.6 Management of Fraud and Corruption

### 5.6.1 Progress on implementation of anti-corruption strategies by municipalities

Municipalities	2011/2012			2012/2013			2013/14		
	Anti-corruption Plan compiled	Have council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Have council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Have council adopted the Anti-corruption Plan	Anti-corruption Plan implemented
CJJ MM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
COT MM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ekurhuleni MM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
WRDM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SDM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 35: 2013/14 Section 46 Reports

Gauteng has shown intentions in the fight against fraud and corruption over the past three financial years, evident to this is the development and implementation of Anti-fraud and corruption Plans. Municipalities also have over the year's undertaken fraud and corruption training for officials, ward committee members and for councillors. Municipalities further continued to attend to fraud cases received. The table below provide anti-corruption cases that municipalities are still to resolve.

### Outstanding Anti-corruption Hotline Cases per municipality

Municipality	2013/14
City of Johannesburg	77
City of Tshwane	52
Ekurhuleni Metro	40
Sedibeng District Municipality	8
West Rand District Municipality	6

Table 36: Outstanding Anti-corruption Hotline Cases

## 5.7 Traditional Leadership

**Traditional Leadership and Governance Framework Act 41 of 2009:** This act provides for the recognition of traditional communities, and the establishment and recognition of traditional councils. It provides a statutory framework for leadership positions within the institutions of traditional leadership, the functions and roles of traditional leaders, removal from office of traditional leaders and the establishment of the commission on traditional leadership dispute and claims.

During the financial year under review the department of COGTA transformed the Amandebele Ndzundza Sokhulumu through ensuring that 60% of the traditional council was selected and 40% of the traditional council elected inline legislative prescripts. Furthermore the traditional council has aligned with legislation by ensuring that 33% of its members are women. The traditional council names were published (Provincial Gazette 90 of 2014) in line with section 5 (8) of the Gauteng Traditional Leadership and Governance Act, 2010 (Act 4 of 2010). The Gauteng Provincial government in partnership with the City of Tshwane inaugurated Inkosi/Kgosi MP Mahlangu on July 2013.

The senior traditional leaders, who are chairpersons of traditional council, have held monthly meetings where developmental priorities of traditional communities and administration of traditional council and challenges faced by traditional communities are discussed. In compliance legislative prescripts (S7 (1)(n)) of Gauteng Traditional leadership and Governance Act, the Traditional Council of Amandebele ba Lebelo and Amandable ka Sokhulumu held their Annual General Meetings. The meeting addressed communities on: annual budget (Income and expenditure), usage of the grant funding and funding received from other sources. It was also a meeting where progress and challenges pertaining to projects or programs-within the traditional council were presented.

## 5.8 Training and development of Traditional Leaders

The Department hosted several training activities for a total of twenty (20) traditional council members and training covered: an induction Programme for Amandebele ka Ndzundza and Amandebele Sokhulumu traditional community, Office administration and reporting, Introduction of IDP was held in collaboration with DBSA, Indigenous law and restoration justice was held in partnership with the National Department of COGTA.

## 5.9 Number of Mayoral Imbizos Held

The principle of public participation holds that those who are affected by a decision have a right to be involved in the decision-making process. Public participation implies that the public's contributions will influence developmental decisions. The national government views public participation as a means of empowerment and as an important element of democratic governance. It is against this background that public participation is encouraged within municipalities.

During the financial year under review Ministers, Mayors and MECs ensured that they engage communities on developmental matters that concern them. Communities were mainly engaged on matters of: Health, Moral Regeneration, Service Delivery, Municipal

budgets, Municipal IDP, Food Gardening and Arts and Culture. This was minister and MECs responsible for different service delivery vehicles and that include to mention a few: Minister of Social Development, Minister of Justice, Deputy Minister of Health, MEC of Health and MEC of Agriculture.

## 5.10 Presidential and Ministerial Imbizos

Municipalities	2011/2012			2012/2013			2013/14		
	No of Imbizo's	Challenges	Resolutions	No of Imbizo's	Challenges	Resolutions	No of Imbizo's	Challenges	Resolutions
City of Johannesburg	1 Mayoral	None	None	1 Mayoral, 4 MEC, 1 Ministerial	CDWs only mobilise the community	None	1 MEC, 1 Ministerial, 1 Premier	CDWs only mobilise the community	None
City of Tshwane	1 MEC	None	None	2 Mayoral, 2 MEC	CDWs only mobilise the community	None	3 Mayoral, 1 MEC	CDWs only mobilise the community	None
Ekurhuleni	7 Mayoral, 3 Presidential, 1 MEC	None	None	5 Mayoral, 5 MECs, 1 Ministerial	CDWs only mobilise the community	None	8 Mayoral, 1 1 Ministerial, Deputy Minister of health, 2 MEC, 1 MMC,	CDWs only mobilise the community	None
Mogale City	1 Presidential	None	None	0	CDWs only mobilise the community	None	1 MEC, 1 Ministerial	CDWs only mobilise the community	None
Randfontein	0	None	None	1 Mayoral,	CDWs only mobilise the community	None	Joint meeting (Minister and MEC)	CDWs only mobilise the community	None
Lesedi	0	None	None	0	CDWs only mobilise the community	None	1 Mayoral	CDWs only mobilise the community	None
Midvaal	0	None	None	0	CDWs only mobilise the community	None	1 MEC	CDWs only mobilise the community	None
Westonaria	0	None	None	1 Mayoral, 2 MECs	CDWs only mobilise the community	None	1 Ministerial and 1 Joint meeting (MECs: health, education and Social development)	CDWs only mobilise the community	None
Merafong	0	None	None	3 Mayoral	CDWs only mobilise the community	None	Not reported	CDWs only mobilise the community	None
Emfuleni	0	None	None	0	CDWs only mobilise the community		4 Premier, 1 Ministerial, 2 MEC, 1 Mayoral	CDWs only mobilise the community	None

Table 37: 2014/15 Section 47 Reports

## FUNCTIONAL AUDIT COMMITTEES: ASSESSMENT OF INTERNAL AUDIT UNITS IN MUNICIPALITIES: FINANCIAL YEAR 2013/14

### 5.11 Assessment of Internal Audit Units in Municipalities

Municipality	Internal Audit unit established Yes/No	Internal Audit Charter approved	Risk based-plan in place	In-House/ Outsourced	Chief Audit Executive (Head of Internal Audit)	Qualifications meet the required criteria
City of Johannesburg MM	Yes	Yes	Yes	In-house	Yes	Yes
Ekurhuleni MM	Yes	Yes	Yes	In-house	Yes	Yes
City of Tshwane MM	Yes	Yes	Yes	In-house	Yes	Yes
West Rand DM	Yes	Yes	Yes	In-house	Manager	Yes
Randfontein	Yes	Yes	Yes	In-house	Manager	Yes
Westonaria LM	Yes	Yes	Yes	Outsourced	No	Yes
Merafong LM	Yes	Yes	Yes	In-house & certain internal audit functions are co-sourced	Acting Manager	Yes
Mogale City LM	Yes	Yes	Yes	In-house	Yes	Yes
Sedibeng DM	Yes	Yes	Yes	Outsourced	Manager	Yes
Emfuleni LM	Yes	Yes	Yes	In-house	Yes	Yes
Midvaal LM	Yes	Yes	Yes	Outsourced	Outsourced	Yes
Lesedi LM	Yes	Yes	Yes	Outsourced	Manager	Yes

Table 38: Internal Audit Units

### 5.12 Internal Audit

For the Internal Audit unit and the Audit Committee to be able to function affectively, their roles and responsibilities need to be clearly outlined in the Charters. The internal audit and audit committee charters must be up-to-date, to be able to know exactly what they have to do and deliver. The internal audit charters and the risk based plans that inform the operation of the internal audit were approved for the financial year of 2013/14 and the Auditor-General is placing little or no reliance on the work done by the municipal internal audit units; therefore municipalities internal audit units and the Auditor-General need to engage in order to align their scope and methodology to that of the Auditor-General with the aim that the Auditor-General can place reliance on the work done by the internal audit units.

### 5.13 Status of the functionality of Gauteng municipalities' Internal Audit Units and Audit Committees

Municipality	Internal Audit Functionality	Audit Committee Functionality
City of Johannesburg MM	Functional	Functional
Ekurhuleni MM	Functional	Functional
City of Tshwane MM	Functional	Functional
West Rand DM	Functional	Functional
Randfontein LM	Functional	Functional
Westonaria LM	Functional	Functional
Merafong City LM	Functional	Functional
Mogale City LM	Functional	Functional
Sedibeng DM	Functional	Functional
Emfuleni LM	Functional	Functional
Lesedi LM	Functional	Functional
Midvaal LM	Functional	Functional

Table 39: Functionality of Gauteng municipal Internal Audit units and Audit Committees.

### 5.14 Audit Committees

For the Audit Committee to be able to function affectively, their roles and responsibilities need to be clearly outlined in the Charters. The charters must be up-to-date, to be able to know exactly what they have to do and deliver, All municipalities have appointed audit committee, all the audit committee charters for the 2013/14 financial year were approved by council and were effectively implemented throughout the financial year; and all municipalities' audit committees and internal audit units are functional in the 2013/14 financial year.

### 5.15 Challenges Experienced

#### Fraud and Corruption:

- The challenge experienced was around the facilitation and implementation of separation of powers (SOP) model in Emfuleni local municipality, engagements were then held to assist the municipality to implement the model.
- The TOR was developed to that effect for the portfolio committee, which was later adopted by council. Important to note though is that the implementation of SOP could still not be realised due to financial constraints.

### 5.16 Support Interventions by National and Provincial Government

In order ensure that IGR structures across the province are fully aligned and functional, monitoring reports were developed for twelve (12) municipalities on the state of IGR in the province, the reports mainly covered: the status of IGR units in specific municipalities, the state of IGR forums and number of IGR forums the municipality participates in and an outline of the IGR activities implemented within the municipality and challenges around the implementation of IGR framework.



According to reports on the status of IGR, all IGR in municipalities are functional and municipalities identified areas of support. The department therefore assisted the Sedibeng district municipality and the Westrand district municipality in enhancing the efficacy of the district IGR forums. In collaboration with the Office of the Premier, the department hosted the intergovernmental practitioners forum on a quarterly basis, the forum brings together IGR practitioners in sector departments and municipalities to provide the province with a mechanism to discuss and harmonise its approach to critical projects, to unblock some of the blockages that may exist in hosting MEC/MMC for a and is a platform of sharing and exchanging ideas and best practises. Resolutions emanating from the MEC/MMC Forum were prepared and implementation monitored, Technical forum established and TOR prepared as per resolution.

Four (4) IGR seminars were convened covering: The IGR programme of action, Decision from PCF and extended EXCO lekgotla, Municipal and sector Department reporting on the implementation of the IGR framework. The fourth IGR practitioner's seminar was held as a summit and discussed best practise across the province including but not limited to the 2010 World Cup as a successful IGR project, the Gautrain and Sedibeng sewer works.

Regarding redetermination of municipal boundaries, the municipal demarcation board held its final round of consultative meetings with municipalities, the meeting could not reach consensus on the proposed boundary changes. Comments from the consultative meetings were prepared and communicated with municipal demarcation board for their consideration. In October 2013 the municipal demarcation board published its decision to re-determine several municipal boundaries in Gauteng which had the following implications:

- The merger of Randfontein and Westonaria local municipalities into one local municipality.
- Incorporating Lesedi local municipality into Ekurhuleni metropolitan municipality
- The merger of Emfuleni and Midvaal local municipalities into one metropolitan municipality

In order to give effect to the above, the Department prepared section 14 (5) Notice published in terms of the Municipal Structures Act, 1998 (Act 117 of 1998) which allows the MEC to make provision for transitional measures to facilitate the disestablishment of the affected municipalities. The notice was consulted to which comments were received, discussed and included where appropriate. The final notice was published on the 31<sup>st</sup> of March 2014, Notice 972 of 2014.

### **5.16.1 Fraud and Corruption**

The department received reports on the state of fraud and corruption cases in the municipalities and reports covered the case reference (SAPS), the nature of the case and its progress, the constraints and whether the case was investigated internally or externally. In addition, the national COGTA issued Circular 31 of 2013 on establishment of database on staff members dismissed for misconduct or who resigned prior finalisation of disciplinary

proceedings upon which workshops were held in Sedibeng District, West Rand District, City of Tshwane, City of Johannesburg and Ekurhuleni municipalities.

#### **5.16.2 Public Participation**

Provincial CoGTA hosted a workshop for the Provincial Public Participation Forum. Participants of the Forum were officials from the national department of CoGTA and municipalities. The purpose of the Forum was to strengthen the functionality and effectiveness of ward committee system through ensuring a uniform approach in the implementation of systems, structures and processes of public participation. The forum is underpinned by the Provincial Public Participation Framework which necessitates the establishment of a Forum consisting of all public participation stakeholders to share knowledge and experiences and to draw best practices amongst team members. The topics deliberated on during the workshop include progress on ward functionality, ward committee stipend, ward operational plans, Public Participation Policies and the role of CDWs in public participation and ward committees in municipalities, The question of separation of powers came out prominently in terms of the role of legislature and the executive in public participation.

## 6. CROSS CUTTING INTERVENTIONS

### 6.1 Introduction

Cross-cutting interventions are specific issues that are not addressed directly by the five (5) key performance areas. The interventions deal with how municipalities should organise themselves and mobilise human and financial support to discharge their mandate as provided in the Constitution of the Republic of South Africa. Progress in municipal performance in this KPA had been assessed in the following five (5) focus areas:

- Integrated development planning;
- Structural Development Frameworks; and
- Disaster management.

This is to be achieved through:

- Capacitating municipalities to deliver quality services to communities;
- Promoting participative, integrated and sustainable communities;
- Ensuring municipal plans reflect national, provincial and local priorities and resources through sound intergovernmental relations;
- Being the first port of call for municipalities for advice and support; and
- Facilitating delivery through sound administration and the engagement of all spheres of government and social partners.

### 6.2 Integrated Development Planning

The White Paper on Local Government envisaged the IDP to be one of the mechanisms to promote and support the process towards developmental local government. The Municipal Systems Act entrenched the integrated development planning process as a legislated requirement for all municipalities to engage in and develop Integrated Development Plans. The IDP is a municipality's 5-year strategic plan that must be reviewed on an annual basis to track progress in implementation of the development programmes and inform future years' development planning. It has become the central pillar for development planning in South Africa, as it seeks to integrate development planning and programmes across all the three spheres of government into one document. During the first years of the implementation of Chapter of the MSAA, many municipalities failed to submit their 5-year IDPs and others submitted very late. However, the main deficiency of the IDP's was the lack of integration and credibility in the strategic plans. COGTA developed a credibility framework and facilitated an intergovernmental IDP engagement process that was intended to improve the submission rate and credibility of IDPs.

Municipalities	2011/2012		2012/2013		2013/14	
	Has municipality reviewed its IDP	Stakeholders who participated	Has municipality reviewed its IDP	Stakeholders who participated	Has municipality reviewed its IDP	Stakeholders who participated
<b>COJ MM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Tshwane MM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Ekurhuleni MM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Sedibeng DM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Lesedi LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Midvaal LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Emfuleni LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>West Rand DM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Westonaria LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities

<b>Merafong LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Randfontein LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Mogale City LM</b>	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities	Yes	Sector Departments and State owned entities
<b>Total</b>	<b>12</b>		<b>12</b>		<b>12</b>	

Table 40: Compliance of municipalities on the analysis, public participation, development, adoption and implementation of the IDP

### 6.3 Linkage between IDP and the Service Delivery Budget Implementation Plan (SDBIP)

Municipalities	2011/2012			2012/2013			2013/14			Reasons
	IDP framework Approved	IDP framework Submitted	IDP aligned to SDBIP	IDP framework Approved	IDP framework Submitted	IDP aligned to SDBIP	IDP framework Approved	IDP framework Submitted	IDP aligned to SDBIP	
<b>Sedibeng DM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Lesedi LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Midvaal LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Emfuleni LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>West Rand DM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Westonaria LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.

<b>Merafong LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Randfontein LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.
<b>Mogale City LM</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Unfunded projects in IDP not reflected in SDBIP.

**Table 41: Linkage between IDP and SDBIP**

### 6.4 Spatial Development Frameworks (SDF's)

The disintegrated nature of development planning confronted the government during its first term into democracy. The situation was compounded by a lack of clear guiding planning principles that support strategic interventions to address the country's skewed spatial settlement patterns. In 2003 government published the guiding principles in the National Spatial Development Perspective (NSDP). As part of the implementation of the NSDP principles, Cabinet approved the intergovernmental planning framework which crystallised the harmonisation and alignment of the NSDP, Provincial Growth and Development Strategies and IDP's.

As provided in the Municipal Systems Act, the IDPs of municipalities must include Spatial Development Frameworks (SDFs). The intergovernmental planning framework thus sets the tone for spatial frameworks of all three (3) spheres to be aligned and be guided by the NSDP principles. Failure by some municipalities to adopt Spatial Development Frameworks had resulted in continuous misdirected public and private sector investment. The development outcome of creating sustainable human settlements cannot be achieved if municipalities fail to create a development environment that is well planned

### 6.5 Development, submission and implementation rate of SDF's

Names of Municipalities	2011/12			2012/13			2013/14		
	SDFs approved	SDFs submitted	SDFs Implemented	SDFs approved	SDFs submitted	SDFs Implemented	SDFs approved	SDFs submitted	SDFs Implemented
<b>COJ MM</b>	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Tshwane MM</b>	Not indicated in IDP	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Ekurhuleni MM</b>	Not indicated in IDP	Yes	Yes	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes
<b>Sedibeng DM</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Lesedi LM</b>	Not indicated in IDP	Yes	Yes	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes
<b>Midvaal LM</b>	Not indicated in IDP	Yes	Yes	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes
<b>Emfuleni LM</b>	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>West Rand DM</b>	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Westonaria LM</b>	Not indicated in IDP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Merafong LM</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Randfontein LM</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Mogale City LM</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 42: Development, submission and implementation rate of SDF's



## 6.6 Disaster Management

The aim of the Disaster Management Act (Act No.57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of government. According to the National Disaster Management Centres (NMDCC) The Disaster Management Act focuses on disaster prevention and risk reduction, mitigation of severity and consequences of disasters, emergency and preparedness, and a rapid and effective response to disasters leading to restoration of normal conditions. In terms of the Sections in the Constitution of the Republic of South Africa that provide for disaster management includes the Intergovernmental Relations Framework Act, 2005 (Act number 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act number 32 of 2000), the Disaster Management Act, 2002 (Act number 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005. These sections provide for:

- the establishment, implementation and maintenance of an integrated rapid and effective disaster response system, post-disaster recovery and rehabilitation;
- the identification, assessment, classification and prioritisation of hazards and vulnerable elements;
- the development, implementation, monitoring and evaluation of disaster risk reduction (prevention, mitigation and preparedness) programmes, projects and measures;
- and the establishment, implementation and maintenance of systems and structures through and across the three (3) spheres of government, the state-owned enterprises (SOEs), the Private Sector, non-governmental organisations (NGOs), communities and individuals.

These policies require the metropolitan and district municipalities to:

- Establish a fully functional disaster management centre;
- Appoint a head of the centre;
- Establish disaster management forums; and
- Finalise disaster management plans.

The NDMC is located within the COGTA. Its main objective is to contribute to the overall resilience of communities and infrastructure to disaster risk, to strengthen the capacity of provinces and municipalities in pre-empting and responding to disasters, as well as ensuring cross-functional disaster management in all spheres of government.

The effects of global warming and climate change are beginning to be felt in South Africa. Managing disasters such as floods, drought, tornadoes, or veld fires requires government and people working together in a coordinated way through a coherent disaster management system. Municipalities for instance, have an important first response role to disasters, and therefore must always be in a position to combat disasters. Disaster management plans must be included in the municipal IDPs. The success of disaster management at the local level is dependent on the capacity and capabilities to combat disaster at national and provincial levels.

### 6.6.1 2013/14 Financial Year State of readiness of municipalities in Gauteng.

Although no comprehensive exercise on the state of readiness of the municipalities responsible for the coordination and management of disasters in Gauteng was conducted by the Provincial Disaster Management Centre (PDMC), the status quo on the major issues that affect a municipal state of readiness was as follows:

KPA	City Of JHB	Ekurhuleni MM	Sedibeng DM	City of Tshwane MM	Westrand DM
KPA 1 Head of the Disaster Management Centre has been appointed by council.	Yes	Yes	Yes	Yes	Yes
KPA 1 The Disaster Management Centre has been established and is fully operational.	No	Yes	No	Yes	Yes
KPA 1 Disaster Management Advisory Forum has been formally constituted and operates effectively	Yes	Yes	Yes	Yes	Yes
KPA 2 Disaster risk assessments have been conducted and progressively integrated into the development planning	Yes	Yes	Yes	Yes	Yes
KPA 3 Disaster Management Plan Developed	Yes	Yes	Yes	Yes	Yes
KPA3 The municipal disaster management framework and plans are revised at least two-yearly	Yes	Yes	Yes	Yes	Yes
KPA 4 Response and recovery plans are reviewed and updated annually	Yes	Yes	Yes	Yes	Yes

**Table 43: State of readiness on National Disaster implementation per Provinces**

### **6.6.2 Challenges**

**The following Generic Challenges exist in DM in Gauteng province:**

- The inopportune placement of the disaster management centres which resulted in the limited ability of the Head of Centres to take decisions as well as effectively execute their mandate.
- The disaster management function is still viewed as a PDMC/Municipal Disaster Management Centre (MDMC) function alone and not as a multi-disciplinary and multi-sectoral function.
- Dedicated Capacity for disaster management in provincial sector departments remains a major challenge. This has resulted in limited participation of sector departments in disaster management activities.
- Disaster management plans have not been developed by provincial sector departments. This has become a challenge for the PDMC and Municipal Disaster Management Centres to ensure effective planning and preparedness.
- There is limited ability of the PDMC and MDMC to make Sector Departments accountable for their disaster management responsibilities, this amongst others factors results from the inopportune placement of the Head of Disaster Management Centres.

### **6.6.3 Recommendations**

#### **Restoration of the Provincial Disaster Management Centre**

Restoring the Provincial Disaster Management centre must be put high on the agenda of the province.

#### **Introducing a different organisational form.**

A different organisational form that will enable the PDMC to function optimally must be considered by the PDMC. In addition to this, the PDMC and municipalities must look carefully into the issue of the placement of Head of Centres.

#### **Compliance to DM Legislation**

Over and above compliance, the Gauteng PDMC must ensure that the MDMC function accordingly in line with legislation. Monitoring and evaluation must be done in line with section 34 of the Disaster Management (DM) Act.

#### **Disaster risk reduction and planning**

Sector Departments in Gauteng have not complied with Section 38 of the DM Act. The focus of the PDMC must be on compliance and ensure that there is investment in disaster risk reduction.

## 7. SUMMARY OF FINDINGS

### 7.1 Municipal Transformation and Organisational Development

- Gauteng municipalities complied with Section 40 of the Municipal Systems Act as Amended (MSAA) by institutionalising and ensuring that their PM Systems (PMS) are functional and that they also encompass the required key components as mentioned in the MSAA. In relation to PMS, an alarming area was the non-signing of performance agreements by Section 56 managers of the Randfontein Local Municipality as required by the MSAA.
- One hundred and forty-two (142) senior manager positions in Gauteng were approved, one hundred and five (105) were filled and twenty (20) remained vacant. This means that 14% of senior manager positions in Gauteng municipalities were vacant as at the end of the 2013/14 financial year.
- The six (6) critical manager posts for managers accountable to the municipal manager were filled in Gauteng municipalities. The only vacancy was the Chief Financial Officer in the West Rand District Municipality (WRDM).
- The rate of vacancies in respect of all approved posts was a challenge especially in metropolitan municipalities and local municipalities. Municipalities with significant number of vacancies in respect of all approved posts are the Cities of Johannesburg and Tshwane Metropolitan Municipalities, Emfuleni, Westonaria and Randfontein Local Municipality.
- From an approved one hundred and forty-two (142) senior manager posts in Gauteng municipalities for the 2013/14 financial year, thirty-one (31) positions were filled by women. This equates to a difference of one hundred and eleven (111) positions. This means that 22% of senior management positions in Gauteng municipalities were occupied by women.
- In terms of HR policies, there was almost one hundred percent development, approval and implementation of:
  - Recruitment and selection policies
  - Skills development plans.
  - Employment equity plans
  - Human resource management and development strategies.
- Gauteng municipalities were assisted with the development of medium to long term Human Resource (HR) strategy and plans. Hands on support on HR strategy and plans were offered to five (5) municipalities.
- Significant progress was made in relation to the development of municipal work skills plans. Municipalities however need to be encouraged to ensure that training programmes that are embarked upon are related to the critical skills that are required in their municipality.

## 7.2 Basic Service Delivery

- This section of the report covered municipal provision of basic services and free basic services for the 2013/14 financial year. As was the case in 2012/13 financial year, municipalities continue to provide services in formal and informal settlements.
- Provision of free basic services continued, with municipalities recording an increase in the number of registered indigent households. Lesedi and Merafong local municipalities still reported the same number of existing buckets as in the 2012/13 financial year.
- Challenges experienced by municipalities include, amongst others, water and electricity losses, vandalism and theft of infrastructure, inability by municipalities to install formal infrastructure in rural areas, especially on private land due to landowners not willing to enter into agreements with the municipalities.
- Municipalities also faced the challenge of increased registered indigents. Depending on how the registration of indigents and supply of services is handled, it may put pressure on the municipalities' financial resources as indigents do not pay for services.

## 7.3 Local Economic Development

- For the year under review Gauteng municipalities were able to create a total of one hundred and twenty seven thousand and four hundred and sixty nine (127 469) jobs through EPWP, CWP and various LED initiatives.
- Fifteen thousand seven hundred and forty (15740) SMMEs were also supported by Gauteng municipalities during 2013/14 financial year.
- Vacancies in municipal LED units increased by 1% compared to the previous financial year. In the 2013/14 financial year, a 42% vacancy rate was reported and during 2012/13 it was 41%.
- Established LED Forums are fully functional in Gauteng province. The evidence to that was the benefit derived from these forums as highlighted in the report.
- The importance of the second economy was recognised by Gauteng municipalities. The majority of municipalities included the role of informal economy in their local economic strategies and integrated development planning through direct consultations with all stakeholders.
- Gauteng municipalities have shown some improvement in implementing LED plans to stimulate inclusive growth regardless of inadequate budget allocation.

## 7.4 Municipal Financial Viability and Management

It is worth noting that there are a number of challenges at local government and the report highlights the following areas as key findings discussed in this report:

- The 97% operational revenue billed on service charges might not be collectable due to the increase in outstanding debt;
- Inaccurate budgeting for employee related costs by some municipalities;

- Inaccurate budgeting and reporting for repairs and maintenance;
- 46% of the capital expenditure budget is funded from grants and 27% from internally generated revenue which might not be fully realised due to the growth in debt for service charges;
- An aggregated closing cash balance has improved from the negative to a positive status between June 2013 and June 2014;
- 97% of creditors are paid within thirty (30) days as required by the MFMA;
- An aggregated outstanding debt has grown by 8%, though debt per consumer type has decreased when comparing the period ended June 2013 to June 2014; and
- The Integrated City Development Grant indicated low spending of 46% when compared to other grants;
- Ekurhuleni Metropolitan Municipality, Sedibeng District Municipality, Mogale City Local Municipality and Midvaal Local Municipality received a clean audit for the financial year under review which is commendable.
- Six (6) municipalities (City of Johannesburg, City of Tshwane, West Rand, Merafong, Emfuleni and Lesedi) maintained their unqualified audit opinions with emphasis of matters for the 2013/14 financial year; which if not adequately addressed will lead to municipalities regressing to negative audit opinions.
- Randfontein LM maintained its status of qualified audit opinion
- The audit opinion for Westonaria Local Municipality was not yet finalised by the Auditor-General as at the end of November 2014 as required by the Municipal Finance Management Act. The Auditor-General has indicated that the reason for the delay is that the municipality had experienced challenges with the asset register.
- Amongst the twelve (12) municipalities, the Auditor-General has finalised the audits of eleven municipalities with the exception of Westonaria LM within the specified timeframe i.e. within three (3) months of the receipt of the financial statements in terms of section 126 (3) (b) of the MFMA. The outcomes of these audits must be submitted to the Accounting Officers and be tabled before the Municipal Council by the Mayor within seven (7) months after the end of a financial year i.e. January of each year.

### **Internal Audit**

- All municipalities within the Gauteng Province have the internal audit charters in place which have been approved by their audit committees.
- To be highlighted that although Midvaal municipality's outsourced internal audit unit is functional, there are no internal staff members available to execute the roles of the internal audit function.
- The internal audit risk based plans that informs the operations of the internal audit unit were approved for the financial year of 2013/14;
- The Auditor-General is placing little or no reliance on the work done by the municipal internal audit units; therefore municipalities internal audit units and the Auditor-General need to engage in order to align their scope and methodology to that of the Auditor-General with the aim that the Auditor-General can place reliance on the work done by the internal audit units

- The Department made an assessment on the effectiveness of **financial audit committees** based on the attendance of the scheduled audit committees meetings, the extent to which the matters are being addressed, the recommendations provided by the committee are implemented by the municipality.

The following observations were also made:

### **Audit Committees**

- All Gauteng Province municipalities have appointed audit committees;
- All the audit committee charters for the 2013/14 financial year were approved by council and were effectively implemented throughout the financial year; and
- Generally, the audit committee should meet at least four times a year as required by section 166 of MFMA, and all the audit committees have met four times in the 2013/14 financial year. Amongst those meetings they have dedicated time to consider the process of annual external audit by AGSA; reviewing the annual financial statements and the annual performance report before submission to the AGSA; the audited annual financial reports, AGSA audit reports the action plans addressing the AGSA findings; including the annual reports. Where significant issues raised during the year, the audit committees called additional meetings.
- Audit committees are important in the municipalities since they are assisting municipal councils with their oversight role, and this they have done by:
  - Discussing problems and issues that may affect the operations of the internal audit i.e. Issues of capacity and the resources in the internal audit units;
  - Reviewing the implementation of the annual internal audit plan and implementation of internal audit recommendations, and where the management of the municipality were not implementing the recommendations, the audit committee has raised those challenges with the accounting officer
- In general, the audit committee for Gauteng in the 2013/14 financial year improved immensely as compared to the previous financial years, which renders these structures effective, and
- More effort can be invested in the audit committee setting the appropriate tone at the top which will guide the internal audit function, and ensures that the council achieves maximum value from the internal audit function.

### **Implementation of the Municipal Property Rates Act**

- The Municipal Managers for most municipalities do not annually table before the councils the statement reflecting the revenue forgone for the previous financial year. The list of all exemptions, rebates and reductions granted on properties by the municipality in terms of section 15(3) of the MPRA must be annually tabled to the council. Non-tabling prevents municipalities to disclose these reductions, exemptions and rebates in the rates policies for transparency and future projections.
- In terms of section 14(2) of the Act, a resolution on levying of rates in a municipality must be promulgated by publishing the resolution in the Provincial Gazette read in conjunction with section 75A of the Municipal Systems Act.
- Municipalities are failing to timeously gazette their resolutions and the resolutions were found not to be in line with the MPRA provisions and their format was not addressing the requirements of the MPRA.



- Compliance with section 45 and 46 of the MPRA that states usages of valuation methods and standards inclusive of market related values which should be basis of general valuations still remains a challenge to Municipal Valuers when performing the valuation function.
- Five (5) municipalities have established the Valuation Units i.e. City of Johannesburg, City of Tshwane; Ekurhuleni Metropolitan; Mogale City and Randfontein Local Municipalities. Other municipalities do not have the valuation units in the municipal structures which pose a challenge on the valuation processes.
- The Department has been receiving numerous requests for application for condonation to submit objections on the property valuations derived by their local authorities, most especially those from the City of Johannesburg Metropolitan Municipality.
- The Department continuously conducts workshop on the implementation of the Act to address compliance and ensuring staff is capacitated and knowledgeable at municipalities to implement MPRA.
- Overall, there is significant improvement on matters of compliance related to the meeting of timeframes in terms of the Act, including where applicable, the fulfilment of previously imposed conditions by the MEC.

### **7.5 Good Governance and Public Participation**

- All IGR in municipalities are functional and the department assisted the Sedibeng district and the Westrand district municipalities to enhance the efficacy of the district IGR forums.
- The functionality level of ward committees increased by 9% between 2011\12 and 2012\13, there was a 10% drop during 2013\14 financial year.
- The deployment of CDWs varied over the past three (3) financial years with four hundred and twenty-one (421), four hundred and twenty four (424) and three hundred and seventy-nine (379) CDWs deployed respectively. The decrease of CDWs during the year (2013\14) under review was mainly due to resignations and deaths. The major decrease was mainly in the metropolitan municipalities, with the decrease of nine (9) CDWs in both the Cities of Johannesburg and Tshwane and a decrease of five (5) in the Ekurhuleni Metropolitan.

## 8. RECOMMENDATIONS

### Municipal Transformation and Organisational Development

- An alarming area was the non-signing of performance agreements by Section 56 managers of the Randfontein Local Municipality as required by the Act. The non-signing of performance agreements defies Section 57 subsection 4: (a) and (c) of the MSAA which speaks to performance objectives and targets that must be met by senior municipal officials. Subjection (a) and (c) of the Act also speaks to the time frames within which those performance objectives and targets must be met, as well as the consequences of substandard performance. Based on the above, it is upon the department therefore to devise support measures to municipalities that will assist them with this challenge as this is not the first time it was identified.
- Municipalities are also advised to comply with legislative provisions as directed by the Municipal Systems Act as amended, Regulations on Appointment and Conditions of Employment of Senior Managers, and the Municipal Regulations on Minimum Competence levels. This will assist and expedite their processes of appointment of municipal managers and managers directly accountable to municipal managers. The Department must also closely monitor municipalities and assist with compliance to the Act and regulations especially on the appointment process (from beginning to end) of municipal managers and managers accountable to municipal managers.
- With the challenges highlighted especially around municipalities' inability to meet their employment equity targets, the Department must also explore measures that will support and assist municipalities in their attempts to employ women staff in the three highest levels of management.
- The rate of vacancies in respect of all approved posts was a momentous challenge for a number of Gauteng municipalities in the year under review. Of concern will be if the vacancies are in areas or portfolios that are critical for service delivery. The Department needs to make a determination of this and therefore support municipalities in filling the vacancies in line with the MSAA and regulations.
- Gauteng municipalities made significant strides around the implementation of their work skills plans. Municipalities however need to be assisted to ensure that their skills development and capacity building programmes are aligned to the developmental priorities of municipalities. The Department also needs to assist municipalities to ensure that their skills development and capacity building programmes are aligned to the required skills in municipalities.
- The Department should also consider commissioning a study based on the review/interrogation of municipal organisational structures. The study should review existing Gauteng municipal organisational structures; recommend an efficient one that other municipalities can use in their quest to deliver critical services.

### Basic Service Delivery

- The Department (Gauteng GOGTA) should support Lesedi and Merafong local municipalities to eradicate the existing bucket system.
- The Department, municipalities and other spheres should work together to educate communities about the negative effects of infrastructure theft and vandalism.
- Municipalities should develop master plans to ensure sustainable delivery of services to their respective communities.

- Municipalities should identify route causes for non-revenue water and electricity, and quantify and develop interventions to reduce such losses.
- Municipalities should also work closely with the Department of Water and Sanitation to accelerate the reduction of water losses through the water leaks programme which was announced during the 2015 State of the Nation and Province addresses.
- Municipalities must develop indigent policies; closely monitor the registration and exit of registered households to ensure that only households that are indigent receive the service. This is vital as the provision of free basic services has a direct impact on municipalities' financial viability, it is therefore vital for municipalities to monitor the implementation closely.
- Intergovernmental relations should be strengthened between the spheres of government to ensure acceleration and completion of the Sedibeng Regional Sewer Scheme.
- Municipalities and other stakeholders must work together to educate communities about the negative effects of infrastructure theft and vandalism.

### **Local Economic Development**

- Municipalities need to prioritise and ensure LED objectives are clearly reflected or prioritised in their budgets.
- The Gauteng Provincial Departments of Economic Development and Cooperative Governance and Traditional Affairs need to further strengthen their support regarding municipal LED initiatives.
- There is further support required by municipalities in reviewing LED strategies and development of implementation plans.
- Gauteng municipalities are encouraged to continue to put more effort in ensuring that their LED forums are functional. As this has provided assistance in the identification and development of economic opportunities which have resulted into viable business for local people.
- The department needs further to conduct a study on different service delivery models, the findings of the study will be used to create an enabling environment to stimulate local economic growth

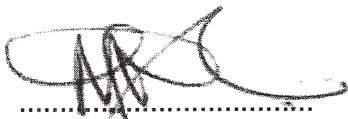
### **Municipal Financial Viability and Management**

- The process to assist municipalities in collecting outstanding debt should be expanded from state departments to other categories of debtors i.e. business and households
- The department should provide continuous and constant support to municipalities on their municipal budget processes
- The Department should strengthen its support to ensure that all Gauteng municipalities receive clean audits
- Municipalities also need to establish their valuations unit structures as this will assist in ensuring that proper valuation process are followed when they conduct their general valuations roll for their respective municipalities.
- The Department should enhance the monitoring of municipalities with the compliance towards the MFMA and MPRA.

- The department should also ensure that internal MPRA and MFMA units are capacitated and have proper organisational structures to ensure effective monitoring on implementation and compliance of these Acts.

### **Good Governance and Public Participation**

- **Development of the Workers Programme:** In order to enhance service delivery in municipalities the department should consider recruiting more development workers as the decrease experienced is likely to destabilise service delivery rate.
- **Deepening Democracy:** there is a need to increase avenues for all people to participate in decision making processes as complaints and petitions submitted to municipalities are mainly service delivery related. The department should therefore consider other mechanisms to ensure public participation other than through ward committees, the use of Arts and Culture, Sports and Recreation programmes to ensure nation building, social cohesion and Public participation has to be considered. The events organised by these programmes (Arts and Culture, Sports and Recreation), should be used to provide feedbacks regarding municipal service delivery processes including on matters such as finalised and implementable IDP plans and progress on related projects. Special and continuous awareness campaigns should be considered as a means to provide feedbacks to communities.
- **Complaints and Petitions Management:** During the financial year under review, municipal quarterly reports revealed that municipalities responded within targeted timeframes to complaints and petitions. However in some instances municipalities would take longer than anticipated to respond due to scarcity of resources. Since most complaints were service delivery related, it is evident that municipalities have to attend to basics and ensure continuous engagement with communities.
- According to the 2013\14 financial year quarterly reports, there were pockets of non-functional governance structures such as ward committees and municipal public accounts committees, these committees would not meet regularly as expected. Progresses regarding the implementation of the resolutions of MPAC committees remain unknown to the department as municipalities remained silent on such issues. It is therefore prudent for department in partnership with municipalities to begin to engage these committees in a more strategic way and that include providing necessary trainings/support to ensure delivery.



.....  
MR. J. MAMABOLO (MPL)

MEC: HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL  
AFFAIRS

DATE: 27/05/15





# IMPORTANT

## Information

### from Government Printing Works

Dear Valued Customers,

Government Printing Works has implemented rules for completing and submitting the electronic Adobe Forms when you, the customer, submits your notice request.

Please take note of these guidelines when completing your form.

#### GPW Business Rules

1. No hand written notices will be accepted for processing, this includes Adobe forms which have been completed by hand.
2. Notices can only be submitted in Adobe electronic form format to the email submission address [submit.egazette@gpw.gov.za](mailto:submit.egazette@gpw.gov.za). This means that any notice submissions not on an Adobe electronic form that are submitted to this mailbox will be **rejected**. National or Provincial gazette notices, where the Z95 or Z95Prov must be an Adobe form but the notice content (body) will be an attachment.
3. Notices brought into GPW by "walk-in" customers on electronic media can only be submitted in Adobe electronic form format. This means that any notice submissions not on an Adobe electronic form that are submitted by the customer on electronic media will be **rejected**. National or Provincial gazette notices, where the Z95 or Z95Prov must be an Adobe form but the notice content (body) will be an attachment.
4. All customers who walk in to GPW that wish to submit a notice that is not on an electronic Adobe form will be routed to the Contact Centre where the customer will be taken through the completion of the form by a GPW representative. Where a customer walks into GPW with a stack of hard copy notices delivered by a messenger on behalf of a newspaper the messenger must be referred back to the sender as the submission does not adhere to the submission rules.
5. All notice submissions that do not comply with point 2 will be charged full price for the notice submission.
6. The current cut-off of all Gazette's remains unchanged for all channels. (Refer to the GPW website for submission deadlines – [www.gpwonline.co.za](http://www.gpwonline.co.za))
7. Incorrectly completed forms and notices submitted in the wrong format will be rejected to the customer to be corrected and resubmitted. Assistance will be available through the Contact Centre should help be required when completing the forms. (012-748 6200 or email [info.egazette@gpw.gov.za](mailto:info.egazette@gpw.gov.za))
8. All re-submissions by customers will be subject to the above cut-off times.
9. All submissions and re-submissions that miss the cut-off will be rejected to the customer to be submitted with a new publication date.
10. Information on forms will be taken as the primary source of the notice to be published. Any instructions that are on the email body or covering letter that contradicts the notice form content will be ignored.

You are therefore advised that effective from **Monday, 18 May 2015** should you not comply with our new rules of engagement, all notice requests will be rejected by our new system.

Furthermore, the fax number **012- 748 6030** will also be **discontinued** from this date and customers will only be able to submit notice requests through the email address [submit.egazette@gpw.gov.za](mailto:submit.egazette@gpw.gov.za).



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