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PROVINCIAL NOTICES • PROVINSIALE KENNISGEWINGS

PROVINCIAL NOTICE 140 OF 2016

# MSA SEC 47 REPORT

CONSOLIDATED PERFORMANCE  
REPORT OF MUNICIPALITIES

## 2014/15



**dlg&hs**

Department:  
Local Government & Human Settlements  
North West Provincial Government  
REPUBLIC OF SOUTH AFRICA

**TOGETHER WE MOVE BOKONE BOPHITIMA FORWARD**

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### Acronyms

<p><b>A</b>                  AFS : Annual Financial Statements                  AGSA : Auditor General of South Africa                  APP : Annual Performance Plan                  AR : Annual Report</p>	<p>EEP : Employment Equity Plan                  EMC : Executive Management Committee                  EMDP : Emerging Management Development Programme                  EXCO : Executive Committee</p>
<p><b>B</b>                  BAS : Basic Accounting System                  BTO : Budget and Treasury Office                  BOC : Budget Oversight Committee                  BBBEE : Broad Based Black Economic Empowerment</p>	<p><b>F</b>                  FBS : Free Basic Services                  FY : Financial Year</p>
<p><b>C</b>                  CDW : Community Development Workers                  CDWP : Community Development Workers Programme                  CBP : Community Based Planning                  CIP : Compulsory Induction Programme                  CWP : Community Work Programme</p>	<p><b>G</b>                  GIS : Government Information Systems                  GRAP : Generally Recognized Accounting Practices</p>
<p><b>D</b>                  DBSA : Development Bank of Southern Africa                  DDG : Deputy Director General                  DCOG (TSU) : Department of Cooperate Governance (Technical Support Unit)                  DGDS : District Growth and Development Strategy                  Dlg&amp;ta : Department of Local Government and Human settlement Affairs                  DM : District Municipality                  DMC : Departmental Management Committee                  DoL : Department of Labour                  DORA : Division of Revenue Act                  DPC : Departmental Procurement Committee                  DPSA : Department of Public Service and Administration                  DPW : Department of Public Works                  DPWRT : Department of Public Works, Roads and                  Transport</p>	<p><b>I</b>                  ICT : Information Communication Technology                  IDP : Integrated Development Planning                  IGR : Inter-Governmental Relations                  IMI : Integrated Municipal Infrastructure                  IMMS : Integrated Municipal Management Information System                  IT : Information Technology                  IWMP : Integrated Waste Management plans</p>
	<p><b>K</b>                  KPA : Key Performance Areas                  KPI : Key Performance Indicator                  KRA : Key Result Area</p>

<p>DrKK : Dr Kenneth Kaunda  DRRSMDM : Dr Ruth Segomotsi Mompoti District Municipality  DSO : Departmental Strategic Objective</p>	<p><b>L</b>  LED : Local Economic Development  LG : Local Government  LGNET : Local Government Network  LG STA : Local Government Sectoral Education and Training Authority  LGTAS : Local Government Turn – Around Strategy  LM : Local Municipality  LUMB : Land Use Management Strategy  LUS : Land Use Scheme</p>
<p><b>E</b>  EAP : Employee Assistance Programme  EAPA : Employee Assistance Professionals Association  ECGA : Economic Cluster on Governance and Administration  EDI : Economic and Infrastructure Development Cluster  EDP : Executive Development Programme  EEA : Employment Equity Act  MMS : Middle Management Service  MOA : Memorandum of Agreement  MoU : Memorandum of Understanding  MPAC : Municipal Performance Audit Committee  MPRA : Municipal Property Rates Act  MPMRES : Municipal Performance, Monitoring, Reporting , Evaluation and Support  MSIG : Municipal System Improvement Grant  MSP : Municipal Services partnerships  MTAS : Municipal Turn-Around Strategy  MTEF : Medium Term Expenditure Framework  MUNIMEC : Municipalities &amp; MEC</p>	<p><b>M</b>  MEC : Members of Executive Council  M&amp;E : Monitoring &amp; Evaluation  MFMA : Municipal Finance Management Act  MIG : Municipal Infrastructure Grant  MINMEC : Minister &amp; MEC  MISA : Municipal Infrastructure Support Agency  MISS : Minimum Information Security Standards  MM : Municipal Manager  PSA : Public Service Act  PSCBC : Public Services Commission Bargaining Council  PSDF : Provincial Spatial Development Framework  PSETA : Public Services Education  PSR : Public service Regulations  PSTF : Public Service Trainers Forum  <b>Q</b>  QPR : Quarterly Performance Report</p>
<p><b>N</b>  NGO : Non-Governmental Organization  NMMDM : Ngaka Modiri Molema District Municipality  NSDP : National Spatial Development</p>	<p><b>S</b>  SALGA : South African Local Government Association  SCM : Supply Chain</p>



<p>Perspective  NSDS : National Spatial Development Strategy  NT : National Treasury  NWPPCC : North West Provincial Coordinating Committee</p> <p><b>O</b>  OD : Organizational Development  OHASA : Occupational Health and Safety Act  OHS : Occupational Health and Safety  OOP : Office of the Premier</p>	<p>Management  SDA : Skills Development Act  SDBIP : Service Delivery Implementation Plan  Budget : Skills Development  SDF : Small Enterprise Agency  Facilitator : School Governing  SEDA : Service Level  Development : Small Medium and Enterprise  SMS : Senior Management Services  SP : Support Programme  SONA : State of the National Address  SOPA : State of the Provincial Address  SWOT : Strengths, Weaknesses, Opportunities and Threats</p>
<p><b>P</b>  PA : Performance Agreement  PAC : Performance Audit Committee  PEC : Provincial Executive Council  PGDS : Provincial Growth and Development Strategy  PHP : Peoples Housing Process  PIG : Provincial Infrastructure Grant  PFMA : Public Finance Management Act  PMDS : Performance Management Development System  PMS : Performance Management System  PMU : Project Management Unit  PPPFA : Preferential Procurement Policy Framework Act</p>	<p><b>T</b>  ToR : Terms of Reference</p> <p><b>U</b>  UMP : Urban Management Programme</p> <p><b>W</b>  WSP : Workplace Skills Plan</p>

## SECTION 1: INTRODUCTION

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### FOREWORD BY THE MEC

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MEC FENNY GAOLAOLWE

The NDP envisions that by 2030 South Africa will have a state that is capable of playing a developmental and transformative role. In broad terms such a state intervenes to support and guide development in such a way that benefits accrue across society (especially the poor). Drawing from the NDP chapter on a Capable and Developmental State, by 2030 we will have a developmental local state that is accountable, focused on citizen's priorities and capable of delivering high-quality services consistently and sustainably through cooperative governance and participatory democracy.

The fifth Administration in the Bokone Bophirima Province adopted the 5 concretes towards the realization of the National Development Plan Vision by 2030. The Province of Bokone Bophirima continue to pride itself with the realization of improvements in our communities through the implementation of Setsokotsanane programme. The Department of Local Government and Human Settlements remains at the centre of Rebranding, Repositioning and Renewing the image of our province as pronounced by the fifth administration.

This is a report on the performance of municipalities in the Bokone Bophirima Province in respect of the 2014/15 Financial year, it has been compiled in accordance with the

provisions of Section 47 of the Local government: Municipal Systems Act (Act 32 of 2000) . It is a consolidated report that is, to a large extent, based on the performance reports prepared by individual municipalities in terms of Section 46 of the Local Government Municipal System Act and submitted to the department. The report further attempts to measure the progress made by local government and human settlement in the Province in the year under review.

Let me report that not all 23 municipalities in the Bokone Bophirima have cooperated with the department in compilation of this report. Out of 23 municipalities only 16 submitted their Annual Reports (Section 121) for 2014/15 financial year. The 5 municipalities that did not submit the reports are: Madibeng LM, Kgetleng Rivier LM, , Tswaing LM, Ramotshere Moiloa LM, , and Mahikeng LM. There has been an increase of submission of Annual reports as compared to 2013/14 financial year.

The Department's priority is to achieve the targets and priorities set out by the Local Government's Outcome 9 and Back to Basics Programme and that the Department as well as Municipalities must strive towards obtaining unqualified audit opinions.

For the year under review, the department has also registered significant progress in terms of implementation of outcome 9 and Back to Basics establishment phase, the highlights are summarized as follows:

- **Back to Basics Pillar 1: Public Participation: Putting People First**

The department believes that the people centred-approach to governance and development is a core part of building developmental state. On average, 70% ward committees in the province are functional . Ratlou LM and Kagisano-Molopo LM have high percentage of ward committee's functionality.

Community Works Programme is implemented in 11 municipalities and it created 15448 work opportunities for the year under review. Community Works Programme continues to support programmes such as: Participants support food security, home based care, school support programme-homework, scholar patrols and sports, waste management & campaigns. The

Community works programme (CWP) is the key initiative to mobilize communities in order to provide regular and predictable work opportunities at local government level.

- **Back to Basics Pillar 2: Creating conditions for decent living**

76% of households have access to a basic level of water and electricity while access to basic level sanitation is at 54%. The Department of Local Government and Human Settlement wishes to acknowledge and congratulate City of Matlosana Local Municipality for their more than 90% households with access to a basic level. Other municipalities are acknowledged for their progress and continuous support will be provided for improvement. The department was able to built 9206 units, 4564 site serviced.

- **Back to Basics Pillar 3: Good Governance**

20 municipalities have submitted 2014/2015 IDP 'Reviews'. Only two municipalities that did not submit their 2014 IDP documents, namely Dr. Kenneth Kaunda District Municipality and Ditsobotla Local Municipality, whereas Bojanala Platinum district municipality submitted its IDP after the process was completed. These are three municipalities that the department could not comment on their IDP documents due to none and late submission.

Department for the year under review had continuously supported priority municipalities on performance management system including development of SDBIPs, Signing of performance agreements, reviewing of PMS Frameworks and monitoring the functionality of Performance Audit Committees and Oversight Committees.

- **Back to Basics Pillar 4: Sound Financial Management**

7 out of 23 Municipalities received a financially unqualified audit outcomes with matters of emphasis viz Bojanala Platinum DM, Dr. Kenneth Kaunda DM, Naledi LM, Ramotshere Moiloa LM, Ratlou LM and Rustenburg LM & Tlokwe City Council LM.

Through continuous support and monitoring, 7 municipalities improved on their audit opinions, namely: Dr Ruth Segomotsi Mompoti DM, Greater Taung LM, Lekwa- Teemane LM AND Maquassi Hills LM from disclaimer in 2013/14 to qualified in 2014/15 financial year; Ramotshere Moiloa LM, Ratlou LM and Rustenburg LM from qualified in 2013/14 to financially unqualified with findings in 2014/15 financial year.

The department will continuously support and monitor municipalities with the process of the development and implementation of AG's action plan, implementation of revenue enhancement strategies, assist struggling municipalities with development of financial recovery plans and implementation thereof and provide support to Municipalities with regard to MPRA issues.

There is a need to ensure that policies and legislation are reviewed and that the various support, monitoring and other interventions by national departments are better coordinated. All municipalities are with inter-governmental planning & budgetary alignment mechanism.

- **Back to Basics Pillar 5: Building Capable Institutions and Administrations**

Overall vacancy rate within the municipalities increased from 23% in 2013/14 to 34% in 2014/15. Ngaka Modiri Molema District is the highest in the Province with high senior management turnover rate. This suggest that there is generally no administrative capacity and capability in Ngaka Modiri Modiri Molema District to assist Councils to deliver on their constitutional obligation of delivering services with the exception of Ramotshere Moiloa Local Municipality.

57% of municipalities are compliant with filling of municipal manager and senior manager posts with Minimum Competency levels.

I am proud to present the Annual Performance Report in respect of municipalities in the North West Province for 2014/15 Financial Year. Although the report indicates areas of definite improvement by municipalities there are also a number of areas where performance has regressed and these areas require urgent intervention.

In conclusion I wish to thank the twenty (16) municipalities submitted the MFMA section 121 reports and municipalities that submitted MSA section 46 to my department. Due to their efforts we are now having MECs annual performance assessment report of the NW Province Municipalities and, in this regard my department is able to identify the support needs of municipalities and undertake the necessary remedial action.



Hon. Galaletsang Fenny Gaolaolwe  
MEC for Local Government & Human Settlements

*15/06/2016*

Date

## EXECUTIVE SUMMARY BY THE DEPUTY DIRECTOR GENERAL



The report presents an analysis conducted and a comparison of past and current progress on municipal performance. This is followed by a brief assessment summary Analysis of Performance and best-Practices Identified.

### PERFORMANCE HIGHLIGHTS

This Annual Performance Report for 2014/15 financial year is in compliance with section 47 of the Local Government Municipal Systems Act. (Act No. 32 of 2000). The report measures the progress made by the Local Government Provincially in meeting its constitutional mandate to, namely:

- (a) To provide a democratic and accountable government for local communities;
- (b) Ensure that services are provided to the community in a sustainable manner;
- (c) Promote social and economic development;
- (d) Promote safe and healthy environment; and
- (e) Encourage the involvement of communities and community organizations in the matters of Local Government [section 152 (1) RSA Constitution 1996]

**The approach** adopted in reporting the municipal performance for the period under review is based on the *Analytical Reporting Template and Guide* ("ARTG") and *Support Monitoring and Intervention Plan* ("SMIP"). A limited number of key indicators have been selected from the ARTG, which allow for a high level overview of the status of performance and resilience of municipalities in a Province, and for interprovincial comparison. The majority of these

indicators are measured annually. The base-line year is equivalent to year 1 of the reporting cycle. Recording three years of indicators allow for municipal performance trend analysis, municipal bench- marking and an assessment of whether government-wide support, monitoring and intervention within municipalities is effective or not. The analysis provided in this guide should draw from key themes and findings as reported in the Analytical Reports compiled per municipality, and may reflect on the same considerations for analysis as are provided for in corresponding sections of the ARTG.

## **SERVICE DELIVERY**

***Municipal Infrastructure Grant (MIG) Expenditure:*** The total budget for all 23 municipalities in the province for 2014/15 amounts to R 1, 519, 850, 000.00 and total spending of MIG amounts to R 1, 521, 157, 311.06 (88%) and which declined as compared to 13/14 which was 93%. MIG Expenditure per district ranges from average 71%-99%.

## **COMMUNITY ENGAGEMENTS**

Ward committees' functionality decreased as compared to the prior years, 70% during the year under review 13/14 at 74%, 12/13 at 64%. 1 ward in Rustenburg LM (ward 38) remains to be not formalised due to the ward been won by an independent individual.

Number of CWP work opportunities created in the province by municipalities are 15448 as compares to financial year 13/14 at 14276.

## **FINANCIAL MANAGEMENT**

**Debtors** Total outstanding debtors in the Bojanala district amounted to R4, 3 billion, of which R3, 5 billion or 81 per cent is owed for more than 90 days. The overall increase indicates that municipalities in the district are not implementing their credit control and debt collection policies effectively. The most contributing municipalities to the outstanding debt are Rustenburg and Madibeng.

Total debtors outstanding in the Ngaka Modiri Molema district amounted to R1, 3 billion, of which R1, 2 billion or 92 percent is owed for more than 90 days. Mafikeng municipality amounted to R723 million or 52 percent which is the highest municipality owed in the district.



Total debtors outstanding in the Dr Ruth Segomotsi Mompati district amounted to R802 million, of which R705million or 88 percent is owed for more than 90 days. Lekwa-Teemane municipality remains the most owed municipality in the district. They currently have outstanding debtors amounting to R359 million or 45percent, The second highest owed municipality is Naledi with total outstanding amount of R235 million or 29percent.

Outstanding debtors amounted to R2, 2 billion for the Dr Kenneth Kaunda district, of which R1, 9 billion or 85 percent is owed for more than 90 days. The City of Matlosana is the municipality with the highest debt outstanding at R1, 4 billion or 64 percent when compared to other municipalities in the district. Maquassi Hills has recorded the second highest amount of outstanding debtors in the district at R589 million or 26 percent.

**Audit Outcomes:** None of the municipalities achieved clean audit. However, there have been improvement in audit opinions. 7 municipalities improved their audit opinions, 2 regressed, while 14 remained unchanged in audit opinions.

## HUMAN RESOURCES MANAGEMENT

The management turnover rate ranges from 0% to 86%. Mahikeng LM is at 86%, Ditsobotla at 83% and having a vacancy in the municipal manager position. Ngaka Modiri Molema District is the highest in the Province with high senior management turnover rate.

There are municipalities that are continuing to maintain 0% management turnover rate from prior years up to the year under review. Viz: Ramotshere Moiloa LM, Naledi LM, Moretele Im Dr Kenneth Kaunda DM and Dr Ruth Segomotsi Mompati DM

## GOVERNANCE

**Audit:** Level of responsiveness of municipalities to the AGSA report ranges from 26.2% to 96%

**IDP:** Only two municipalities that did not submit their 2014 IDP documents, namely Dr. Kenneth Kaunda District Municipality and Ditsobotla Local Municipality, whereas Bojanala Platinum district municipality submitted its IDP after the process was completed.

Only 10 municipality submitted their oversight reports to the department

**Municipal Public Accounts Committee (MPAC):** on average only 63% of established municipal Mpac are. However, 4 of 23 municipalities MPACs are not functional, Viz: Tswaing LM, Maquassi Hills LM, Kgetleng-rivier LM and Ditsobotla LM.

Through the support and monitoring programmes the department is legislated to provide to municipalities, this mandate shall be carried on with the aim of taking "Bokone Bophirima" forward.

Thank you



Mr. EP Motoko  
HEAD OF DEPARTMENT



Date

## FULL REPORT

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Please access the full 2014/15 MEC sec 47 report with the following links:

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