

Presentation of the Exit Report to Select Committee on Cooperative Governance and Traditional Affairs (NCOP)

MEC Mamiki Qabathe
Date: 15 November 2011



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Department of Cooperative Governance and
Traditional Affairs
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**Intervention in Terms of Section 139(b) of the
Constitution of the Republic of South Africa, 1996
(Act No. 108 of 1996) in the following Municipality :**

**Thabo Mofutsanyana District Municipality
(4 November 2009)**

Summary background

A special report on the status quo of municipalities was made available to the MEC for Cooperative Governance, Traditional Affairs and Human Settlements at the beginning of November 2009.

- The report highlighted challenges identified at the district municipality. From the contents of this report, it was evident that:-
 - The municipality ceased to function effectively as a district municipality to render services to its local municipalities;
 - Most of its section 56 posts are vacant.
 - Does not attend to current municipal financial and other administrative challenges experienced at the municipality;



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Summary background cont...

- The council was failing to execute executive obligations due to the failure of the municipality to function properly;
- Conflict existed between the then Municipal Manager and the Chief Financial Officer (CFO) ;and



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Summary background Cont.....

- In relation to various issues that were raised by the Executive Council, the following progress is reported below as part of the exit report:

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Municipal Transformation and Institutional Development

- The annual performance report for 2008/2009 has been finalised and tabled before Council sitting of the 14th May 2010
- The Service Delivery and Budget Implementation Plans for the 2008/2009 and 2009/10 are finalized.
- It is expected that the performance management system will be implemented as soon as the other (4) section 56 managers have been appointed.
- The IDP and Budget Process Plan for the period 2010/11 to 2012/2013 has been developed and adopted during the sitting of the Special Council Meeting



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- The balance on the MIG as at July 2010 was R 2,574 877.43 which will be spent according to the project list below:

Project Name	Budget R	Balance R
Zamani Sewer Reticulation	5 431 543.00	124 000.00
Zamani Oxidation Ponds	7530 569.42	2,500 000.00
Arlington/Leratswana Road	7 199 658.00	0.00

- Road Paving was handed over to the local authority on the 28/04/2010
- Zamani sewer network was completed at the end of July 2010.
- Zamani Oxidation Ponds were completed at 30/08/2010 and the entire MIG fund was spent.



- The post of Manager is not as yet to filled and it is critical to get external support whilst in the process of appointing relevant personnel in this component.
- Department of Trade and Industry (DTI) through its Tourism Enterprise Support Programme (TEP) and Free State Tourism Authority are assisting in the training of the SMME's in the district.
- The Department of Environmental Affairs and Tourism (National and Provincial) are offering support to the District Municipality in order to achieve its legislative mandate.



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- The Municipality is now complying with the provision of section 71 of the MFMA.
- The Draft Budget (Medium Term Revenue and Expenditure Framework) for 2010/2011 has been developed and adopted.
- An action plan to address the issues raised by the Auditor-General for the 2008/2009 financial year has been drawn up and is being currently implemented.
- Through the “Operation Clean Audit Project” implemented by COGTA the municipality managed to get an unqualified report for the financial year 2009/2010.
- COGTA-Provincial and Treasury are managing and supporting a financial recovery plan of the municipality.

- Current procurement / Supply Chain Management (SCM) processes followed by the municipality have been addressed.
- A pilot standard operating process has been developed and rolled out, recommending the correct actions to be taken from initiation of the transaction by SCM department through to payment thereof by finance.

- The Public Participation and the Presidential Liaison Officers have been appointed as from the 1st March 2010.
- Coordination of local Public Participation Officers to establish public participation forum was done. Participation Officer has attended various capacity building workshops.
- The office of the Speaker conducted capacity building workshops for Ward Committees and Community Development Workers in Phumelela Local Municipality.
- Public participation and consultation processes for the IDP and the Budget Plan have been successfully rolled out in all the local municipalities. The IDP Representative Forum was conducted on the 7th May 2010.

- The Public Podbielski Mhlambi Inc is still continuing with legal action against the remaining +/- 7 200 cases.
- 40 of these remaining cases relate to Transnet. 2 of them are registered operations (Transnet Housing and Transnet PX-courier services), and the rest not registered.
- The summons issued by Podbielski Mhlambi Inc were based on the regulations of the Regional Service Council Act. In a similar matter involving Tshwane Metro and Others in the Gauteng High Court these regulations were declared null and void.
- The Attorneys were obliged to amend the summons to be in line with the Gauteng High Court decisions.
- The Defendants (The farmers) objected to the amended summons and took the matter to Court. The Court upheld the objection.

- The Attorneys then applied for leave to appeal against the Court's ruling and this was granted . The appeal will be heard in the Supreme Court of Appeal later this year.
- As at 30 June 2011, Podbielski Mhlambi Inc has submitted bills to the tune of R16 386 428.76 for professional services rendered.
- Since our intervention no legal fees were paid to the Attorneys , except an amount of R4 Million for expenses incurred in Court litigations .
- We are awaiting the outcome of the appeal and will proceed from there.

Progress made on NCOP report's recommendations

The Provincial Executive Council of Free State approved the following recommendations:

- The Administrator fast-tracks the process of appointing section 57 managers .Municipal Manager has been appointed with effect from 1st June 2010 and the manager corporate service and Chief Financial Officer were appointed with effect from 1st August 2010.
- That NCOP will summon the former Municipal Manager of Thabo Mofutsanyana DM, accompanied by MEC Zwane, to appear before it (NCOP) in order to explain and give details on the allegations of maladministration and misappropriation of funds during his term as Municipal Manager .
- That the Premier Honorable ES Magashule will interact with the National Minister Honorable Sicelo Shiceka on this investigation;

Progress made on NCOP report's recommendations

- That independent forensic audit to be conducted by the National Minister, to allow the department to submit the scoping investigation exercise report on both municipalities to the National Minister and NCOP.
- Such scoping exercise has been completed and shared with COGTA-National .
- Encourage Department, SALGA and LGSETA to foster relations between all structures that deals with capacity building in this sector and also ensure that there is a single window of coordination thereby providing political and administrative leadership capacity to assume their rightful responsibility.
- The report has been shared with both institutions and concerted effort is being implemented in supporting both municipality's political and administrative leadership.

Progress made on NCOP report's recommendations

- Encouraged financial support going forward of this municipality by Provincial Treasury.
- No funding was secured from Provincial treasury for this purpose.
- That intervention should continue for a period of 6 months
- The Intervention lasted till 30 September 2010 due to vacancies .

THANK YOU!



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