



Western Cape
Government

BETTER TOGETHER.

DEPARTMENT OF LOCAL GOVERNMENT

EDEN DISTRICT MUNICIPALITY

REGIONAL MONITORING TEAMS

MUNICIPAL GOVERNANCE REPORTS FOR THE PERIOD ENDED JUNE 2012

Table of Contents

Table of Contents.....	2
1. Introduction	3
2. Departmental Diagnostic Report	3
2.1 Municipal Governance	3
2.2 Municipal Communications	4
2.3 Municipal Support.....	5
2.4 Specialised Support.....	7
2.5 Integrated Development Planning	8
2.6 Municipal Infrastructure	9
2.6.1 Funding Allocation, Expenditure & Project Finance	9
2.6.2 Technical Institutional Leadership (Source: Eden District Municipality)	10
2.6.3 Level of Capital Expenditure	10
2.6.4 Repairs and Maintenance (Source: 2010/11 Annual report).....	11
2.7 Service Delivery Integration	12
2.8 Community Development Workers	12
2.9 Disaster Management Risk Reduction	13
2.10 Disaster Management Disaster Operations	14
2.11 Disaster Management Fire Services.....	16

1. Introduction

The key objective of this report is to maintain a central source of information centred on the municipalities' operations across directorates and to make that information readily accessible on an on-going basis.

In addition it should be used as a tool to encourage, facilitate and structure interactions between Directorates on qualitative issues that are related to the municipality.

2. Departmental Diagnostic Report

This section contains the review of the overall municipal governance performance of the Municipality from the Department of Local Governments perspective. Each directorate has provided context to their identified indicators followed by findings and appropriate support or recommendations.

2.1 Municipal Governance

The council seats are distributed as follows: ANC – 13, DA – 17, ICOSA-2, ACDP-2 and COPE – 1. Due to the majority of seats being held by one political party, the Municipality is politically stable.

The Municipality held two (2) Council meetings for the period under review. In terms of section 59(2)(f) of the Local Government: Municipal Systems Act, Act 32 of 2000 a council must review its system of delegations. The municipality is currently in the review process. In relation to the Roles and Responsibilities Framework as envisaged in section 53 of the Municipal Systems Act, the Municipality indicated that a report in this respect will be tabled in Council on 30 July 2012. Municipalities were again asked whether all councillors completed a declaration of interest because even-though it needs to be completed within 60 days of assuming the position there were councillors in the Western Cape that were yet to complete the form. The Municipality reported that all councillors completed a declaration of interest. For the period under review there had been no investigations into breaches of the Code of Conduct.

Ten (10) litigation matters were reported which are insignificant to highlight for purposes of this report, except for the defamation case instituted against the Municipality by the Municipal Manager and CFO of Kannaland Municipality. No allegations of fraud and corruption were reported to the SAPS during the period under review.

Key challenges / Additional information

The dispute between the Senior Managers at Kannaland Municipality and Eden DM does not bode well for intergovernmental relations

Support initiatives

None

2.2 Municipal Communications

The Eden District Municipality has an established and dedicated Communications Unit reporting to the Executive Manager: Strategic Services. The Communications Unit has an Acting Communications Manager who is employed as the IDP Manager of the municipality. The unit comprises of five (5) staff members consisting of one (1) Senior Communication Officer (Level T11, Junior), two (2) Communication Officers (Level T11, Junior), and one (1) Graphic Designer and Photographer (Level T11, Junior) managed by one (1) Manager: Communication (Level T15, Senior Management).

The Municipality currently has a draft Communication Strategy and a Language Policy which was adopted in May 2004 and was last amended in February 2008. The communication budget is decentralized and the unit renders graphic design services to all departments at no cost.

The municipality has consistently been compliant with the submission of the annually Municipal Communication Reporting Template and facilitate and co-ordinated the last District Public Participation and Communication Forum.

Key Challenges / Additional relevant information

Although the municipality has an active and established Communication Unit, there is a need to finalize and adopt formal communication strategy with clear a communication plans aligned to the IDP cycle.

The unresolved suspension of the Communications Manager needs to be attended as a matter of urgency. The IDP Manager is currently acting as Communications Manager and would likely to have adverse effects in the long run.

Support initiatives

The Department will continue to provide support to the Municipality through the District and Provincial Public Participation and Communication Forums, workshops, and via ad hoc requests.

Way forward /Recommendations

There is a need to revise and finalize the draft Communication Strategy and align it with the municipal IDP 2012/13 priorities and initiatives.

Revise and adopt the terms of reference of the District Forum

2.3 Municipal Support

2.3.1 Organisational Design

Following sometime of instability, the Municipal Manager has been re-instated as of 1 July 2011 and will expire on 30 June 2016. The Municipality recently reviewed its macro and micro structure. The positions of the Director: Corporate Services and Director: Strategic Services have been amalgamated into one position namely Department: Support Services. The positions of the CFO and Director: Technical Services have been changed to permanent positions. These newly created positions have not yet been advertised. The position of Director: Community Services has been changed to Director: Management Services.

The new structure of the organisation makes provision for three (3) Sect 57 posts. Two (2) positions are filled and one (1) Section 56 position is vacant.

Employment Contracts and Performance Agreements for the two Section 57 managers have been signed and submitted to the MEC for Local Government.

2.3.2 Performance Management System

The Municipality has a functional Performance Management System in place which has not yet been approved and adopted by Council. The PMS has been fully implemented at organisational and S57 only. All training has not been completed, training delayed due to various circumstances.

2.3.3 Valuation Appeal Boards

Due to the transfer of the District Management Areas to the relevant B Municipalities, the District Municipality no longer has a rates base and therefore a need no longer exists for a Valuation Appeal Board.

2.3.4 Training and Development

In terms of the Skills Development Act of 1998 and SETA's grant regulations regarding monies received by a SETA and related matters, dated 18 July 2005, the municipality must submit a Workplace Skills Plan (WSP) on or before 30 June each year. The

municipality has complied with this requirement and confirmation was received from LGSETA.

The Municipality did not participate in the scheduled information session presented within the district as part of the Phase 3 Training programme for Councillors although Councillors were nominated to attend.

Three (3) officials attended the training programme on "Presiding Officer and Initiator training" that was coordinated for six of the Eden District municipalities. This is a four-day accredited training programme presented by the Nelson Mandela Metropolitan University (NMMU).

Support initiatives provided to the Municipality

A Service Provider was appointed by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) to undertake a Shared Services Status Audit in the Eden District and the key outcomes of this project was to identify what was done well in rolling out shared services the first time, what were the challenges experiences as well as the lessons learnt and how the process will be taken forward in the future. The findings of the audit were presented by the Service Provider to all the Municipal Managers and Shared Services Champions in the Eden District.

The donor funder GIZ re-confirmed support for the role-out of a "Shared Service" in the Eden District. All municipalities within the district, with the exception of George and Mossel Bay municipalities indicated their willingness to participate in Shared Services. The suggested services to be shared are: Planning, HR and legal services.

The Municipality invited a full Municipal Assessment by the Department of Local Government's assessment team with the view to develop a status report and also recommend a number of actions for future consideration and implementation. The status reports with the findings will be presented to the full management team.

Key Findings

The District Municipality is actively leading a process to further roll out Shared Services and the Local Municipalities are eager to embrace and roll out a District Shared Service.

The Municipality is currently playing a leadership role to implement the Shared Services initiative in the district.

The outcomes of the Municipal Assessment will enable the Municipality to adopt a focussed and cost Service Delivery Enhancement Plan for the municipality.

The DMA was transferred to the relevant B Municipality on 01 July 2011.

Recommendations

The Municipality should consider filling all key vacancies, especially in its top structure to ensure on going service delivery.

The Municipality must play a monitoring role with the implementation of the Shared Services initiative in the district by continuously conducting monthly steering committee meetings and monitoring progress made.

2.4 Specialised Support

2.4.1 Formal Section 139 Intervention

The Constitution imposes a duty on Province to intervene in municipalities if it fails to perform an executive obligation; approve a budget or revenue-raising mechanisms or where there is a crisis in the financial affairs. (Purpose would be for Province or other appropriate institution to assume responsibility for the relevant legislation)

The Municipality had no 139 Interventions in the period under review.

2.4.2 Formal Section 106 Investigation

The Municipal Systems Act, 32 of 2000, obliges Province to investigate municipalities if there is reason to believe that maladministration; fraud; corruption or any other serious malpractice is occurring

The Municipality had no 106 investigations in the period under review.

2.4.3 Informal Intervention

The nature of this intervention assists municipalities with lesser intrusive intervention mechanisms that a section 139 intervention thus, a non-assumption of responsibility for obligations by Province, but rather rendering of assistance

The Municipality had no informal interventions in the period under review

2.4.4 Annual Budget

The Municipal Finance Management Act, 56 of 2003, prescribes an annual budget to be approved by 30 June (section 16(1) read together with section 24)

The Annual Budget of the municipality was approved on time.

2.4.5 Annual Financial Statements

The Municipal Finance Management Act, 56 of 2003, prescribes that the Annual Financial Statements of municipalities be submitted by 30 August for audit purposes (section 126(1))

The Annual financial Statements of the municipality were submitted late on 28 September 2011 due to the resignation of the CFO on 26 August 2011. That resulted in the backlog of GRAP 17 implementation.

2.4.6 Stalemate in Council

Stalemate in the Council between political parties which adversely affect decision-making by Council. A Municipality then becomes incapable of executing its executive and or legislative functions due to political contestation, resulting in service delivery failure. The Municipality had no stalemate in the period under review.

2.4.7 Dysfunctional Council or Administration

This is when a municipality is confronted with serious and persistent governance issues.

There was no dysfunctionality of Council or Administration in the period under review.

2.5 Integrated Development Planning

2.5.1 Key Development Priorities identified in IDP

The Eden District municipal IDP identified a number of development priorities for the region. The key priorities relate to issues of education; safety and security; health and infrastructural issues with specific reference to water provision.

In general the level of education in the municipalities of Eden is a concern not only to the Department of Education, but also realised by the District municipality. In this regard the focus on no fee schools should be emphasised in order to ensure extra state support to schools in the low income communities which should ensure better school attendance.

The issue of health and specifically relating to the burden of diseases is a real threat to the labour market and economy of the region. In this regard, the employment of the necessary number of Environmental Health practitioners to monitor issues such as water quality; waste management and environmental pollution management control to minimize the burden of disease within the region are of critical importance.

The District also needs to ensure that effective water demand management strategies be developed for the region. In addition to this, the structural integrity of older dams needs to be managed or dams even needs to be replaced, while the design of infrastructure to augment bulk water supply should take cognisance of the extreme climatic conditions experienced in the district from time to time.

In order to address the above regional development priorities the municipality has included 7 strategic goals in the 2012 approved Integrated Development plan as their key Development priorities for the District over the next 5 years.

- Health and Socially Stable Communities.
- Building of a Capacitated workforce and communities.
- Conduct regional bulk infrastructure Planning, implement projects, roads maintenance & public transport; manage & develop council fixed assets.
- Promoting sustainable environmental management & public safety.
- Promote good governance.
- Ensure financial viability of the District Municipality.
- Grow the District economy.

2.5.2 Municipal response

Lack of human and financial resources to implement projects prevented the finalisation of certain IDP initiatives.

Key Challenges/Additional relevant information

The main challenges currently facing the District municipality relates to the lack of adequate human resources in certain line functions of the municipality, while a shortage of funding for essential regional bulk infrastructural investments and financial constraints seems to be of critical concern.

Support initiatives provided to municipality

During the month of April the Integrated Development Planning Directorate did a comprehensive analysis on the draft Integrated Development Plan of the Eden District municipality. The findings and recommendations of the analysis were discussed at an individual one-on-one engagement with officials of the municipality. This process enabled the municipality to make amendments where necessary and in this way the municipal IDP process was enriched prior to the final approval by Council on 30 May 2012.

In addition, the Directorate hosted a quarterly Provincial IDP Managers Forum on 8 June 2012 to share best practices around Integrated Development Planning under IDP officials in the municipalities.

2.6 Municipal Infrastructure

2.6.1 Funding Allocation, Expenditure & Project Finance

(Source: Eden DM Annual Report 2010/11, Budgets and direct communication)

Many Bulk infrastructure projects were implemented by the DM up to 2010/11 financial year as MIG allocations were received, but projects were either completed or transferred to other Municipalities during the 2011/12 year, e.g. to George Municipality – and no MIG allocations go to the DM.

Current funding allocation originates mostly from Provincial Roads Department for repair and maintenance of Provincial, Districts and Main roads.

The Municipality fulfil the following Technical / Infrastructure Functions:

- Road Agency Function for WC Provincial Department
 - Civil Construction & Rehabilitation, Repairs & Maintenance
 - Mechanical Construction & Rehabilitation, Repairs & Maintenance, e.g. of structural steelwork along roads and bridges
 - Flood and other damage preventions, assessments and repairs
 - Management of Own resources, e.g. labour staff for implementation
 - Management of Road Maintenance Contracts
- Management of Western Cape Provincial Government as well as Eden DM Construction Fleet – mechanical Division
- Public Works functions to improve Labour intensive construction and EPWP
- Public Transport Infrastructure and related Management
 - Planning
- Electricity Department
- Liaising with other Departments for technical maintenance support, licences, etc. – especially:

- o Electricity
- o Public Safety: Emergency Services
- o Environmental Management

Key Findings

No recommendations.

Recommendations

No recommendations.

2.6.2 Technical Institutional Leadership (Source: Eden District Municipality)

The status of Technical posts at the Municipality is as follows:

Post	Filled/Vacant	Comments
Technical Director	Vacant	Executive Manager is acting
Head: Roads & SW – Agency for the WC Provincial Government	Filled	Executive Manager
Manager: Roads, SW	Filled	Technical Maintenance and Mechanical Services Manager
Manager: Technical Planning and Project Management	Filled	Technician Project Manager
Technical Superintendents and Supervisors	All filled	

Key Findings

No discussion

Recommendations

No recommendations

2.6.3 Level of Capital Expenditure

(Source: Provincial Treasury – Budget Support Tables, Quarterly Budget Statement for 2011/12)

Capital Infrastructure Budget and current expenditure is as follows:

	Original Budget (R 000's)	Adjustment Budget (R 000's)	Expenditure Variance (up to May 2012)	(%) variance (up to May 2012)
	19 000	13 870	(12 752)	(91.94)
Trading Services (Total)	4 000	11 490	(10 977)	(95.53)
• Electricity (from National Government, NER for street lighting)	4 000	11 490	(10 977)	(95.53)
• Water	0	0	0	0
• Wastewater	0	0	0	0

Management				
• Waste Management	8 000	0		
Community & Public Safety:				
• Sport & Recreation	700	350	(180)	(51.39)
• Road Transport – new storm water systems	1 300	650	(650)	(100)
• Environmental Protection	8 250	250	(54)	(21.5)

Key Findings

Of the total Capital Budget, R2.38m is sourced from internally generated funds.

The original budget listed an amount of R8m for waste management that would have been borrowed but did not reach the adjustment budget.

Due to the changes and restructuring that the DM is undergoing, analysis of the previous year's expenditures would not supply a realistic picture of the current status quo.

Capital budget for renewal of existing assets is very little and not discussed.

It was stated in the Annual Report of 2010/11: "Eden District Municipality was 90% dependent on grants. Eden has limited own revenue sources and alternative sources need to be identified to remain financial sustainable."

Recommendations

Monitor expenditure.

2.6.4 Repairs and Maintenance (Source: 2010/11 Annual report)

Repairs and maintenance as % of total OPEX of previous year, can be seen in the following table (as reflected in the Annual Financial Statements):

Description	2010/11 (R'000)
Total Operating Expenditure	276 273 268
Repairs & Maintenance	2 849 740
% of total Opex	1.03%

Key Findings

The operating expenditures as percentage of the revenue are as follows:

- 2011 104.8%
- 2010 101.55%
- 2009 91.91%

According to the Annual Financial Statements for 2010/11, the net infrastructure asset carrying value is R 7,841,799m – however the sum of the infrastructure asset opening balance and capital under construction is R92.88m, which supplies an indication of

the assets on which expenditure is applied. The ratio of R&M over this value is 3.1%, which indicates a valuable R&M component on the assets.

The assets were however transferred to other Municipalities and the WC Province.

The Municipality is not creating assets from which to generate income as in the case of a local Municipality, while most funds are spent on repairs and maintenance of assets created by and belonging to others, e.g. PGWC, therefore it is not useful to compare the same expenditure ratios used for other municipalities.

Recommendations

No recommendations

2.7 Service Delivery Integration

2.7.1 Has the district municipality convened quarterly DCF and DCFTech's?

The region convened 2 Municipal Managers Forum (DCFTech) meetings on 13 April and 1 June 2012, respectively, as well as a DCF meeting on 2 May 2012. All municipalities, except Mossel Bay attended the MM Forum meeting on 13 April 2012 and the meeting of 1 June 2012, only Oudtshoorn was absent. All municipalities, except Mossel Bay attended the DCF meeting of 2 May 2012.

The agenda of the district forum meetings is strategic of nature and the following key issues emanated from discussions at the DCFTech meetings of 13 April and 1 June 2012, respectively:

- Waste to Bio Fuel
- Accessibility Analysis – Thusong Service Centres
- Shared Service: provision of infrastructure.

The key issues emanating from discussions at the DCF meeting of 2 May 2012 were the following:

- Integrated Waste Management
- Demarcation
- Upgrading of Integrated Transport Plan (ITP)

2.7.2 Number of case referrals on IGR issues

- Kannaland - Thusong Centre: Status of the planning process
- Knysna - Funding Sources: Development and circulation of a complete list of funding sources in the province to municipalities
- Knysna - Multi-purpose projects vs Thusong Centre: Expansion of one identified mult - purpose site into a Thusong Centre

2.7.3 Number of case referrals resolved

One case referral has been resolved, namely Kannaland Thusong Centre. The remainder of the referrals is still pending.

2.8 Community Development Workers

2.9 Disaster Management Risk Reduction

2.9.1 Does the municipality have a Disaster Management Chapter in the IDP?

The Disaster Management Act and Framework as well as the Municipal Systems Act makes it compulsory to link development with known disaster risks and therefore require the municipal authorities to capture and institute adequate disaster risk reduction measures in their IDPs.

The Eden District Municipality does have a Disaster Management Chapter in their IDP since 2010.

It is recommended that the Eden District Municipality continue functionally implementing and maintaining the Disaster Management Chapter in their IDP.

Key Challenges/Additional relevant information

Key challenges in this aspect are that the municipality needs to champion this process on a senior strategic level and take ownership of this chapter w.r.t maintaining the chapter and rendering it functional in their operational environment.

Support initiatives provided to municipalities

The Eden District Municipality has been supported with the provision of guidelines in the 2010/11 financial year.

2.9.2 Is the Districts disaster risk and vulnerability profile current?

Reviews and updates of risk assessments should be done annually to maintain a credible risk profile. The Eden DM risk assessment is not current as it was completed in 2006. During the 2011/12 FY the PDMC in collaboration with the respective District Municipality and Metro has reviewed all the district/metro level risk assessments in the province as per the criteria listed in the Provincial Disaster Management Framework.

As part of the process the PDMC in collaboration with disaster management stakeholders has developed a best practice risk assessment methodology that will be implemented in the province.

Key Challenges/Additional relevant information

District Municipalities are currently under severe financial pressure and are thus not prioritising the maintenance of their respective risk profiles. Due to the importance of having a current and accurate risk profile, the PDMC has committed to assisting District Municipalities in updating their risk assessments.

Support initiatives provided to municipalities

The PDMC has committed to providing support to the Eden DM during the 2012/13 FY in the updating of the risk assessment of the district. The PDMC has committed R200 000 to the project and will be providing technical and project support during the process.

2.10 Disaster Management Disaster Operations

2.10.1 Does the District/City have a functional Disaster Management Centre

In terms of the Disaster Management Act each District Municipality is required to establish Disaster Management Centre. These centres provide the physical environment where all disaster management activities can be managed in a coordinated and integrated approach.

Key Challenges/Additional relevant information

Eden District Municipality has a fully functional Disaster Management Centre. The Municipality requires assistance in terms of Information Communication and Technology.

Support initiatives provided to municipalities

The Provincial Disaster Management Centre has submitted a business plan for the procurement of an IT system to SITA and to Centre for E-Innovation. It is envisaged to complete the SITA tender processes by the end of the financial year 2012/13. The District should explore alternative ways to compliment the functionality of the Disaster Management Centre to further enhance its capacity. The Provincial Disaster Management Centre is also currently busy with drawing up minimum standards for disaster management centres in the Province.

2.10.2 Does the District/City have an active Disaster Management Advisory Forum that meets regularly?

In terms of the Disaster Management Act, section 51 each District and metropolitan may establish a disaster management advisory forum. However in order for the municipality to coordinate disaster management activities it is imperative that the District establish an advisory forum.

Key Challenges/Additional relevant information

Eden District has an active Advisory forum which meets twice a year. The District also attends the Provincial Disaster Management Advisory Forum which is held on a quarterly basis at the Provincial Disaster Management Centre.

Support initiatives provided to municipalities

The Provincial Disaster Management Centre will provide continuous support to the functionality of the Eden District Municipal Disaster Management Advisory Forum.

2.10.3 Disaster Management Framework which has been approved by its council

In terms of the Disaster Management Act, Section 42 each Metropolitan and each district municipality must establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area.

Key Challenges/Additional relevant information

The Disaster Management Act is under review and all projects under this indicator are put on hold at district municipalities, pending the adoption/formulation of the reviewed/ revised DMA.

Support initiatives provided to municipalities

The Disaster Management Act is currently under review and support initiatives will be provided after the adoption/ formulation of the reviewed/ revised DMA.

2.10.4 Does the District/Metro have relevant contingency plans

In terms of the Disaster Management Act Sections 52 & 53 municipalities must develop disaster management plans which also contain contingency plans and emergency procedures in the event of a disaster.

Key Challenges/Additional relevant information

During the 2010/11 financial year, the Provincial Disaster Management Centre developed a template to assist and guide the municipalities in developing plans.

The Contingency Disaster Management Plans for the Eden District have been reviewed, assessed and updated during the 2011/12 financial year.

Support initiatives provided to municipalities

The Provincial Disaster Management Centre will provide support to the District and local municipalities in updating and reviewing their plans should the need arise during 2012/13.

2.10.5 Does the District/Metro coordinate any major incident/disaster recovery incidents

In terms of ensuring an effective and efficient rapid reconstruction and rehabilitation phase, it is imperative that all municipalities have a response procedure for disaster recovery operations. Should the local municipalities not have the necessary response procedures in place, their first point of coordination would be the applicable District.

Key Challenges/Additional relevant information

Eden District Municipality has implemented all their drought disaster recovery projects. The Provincial Disaster Management Centre has circulated guidelines to all

Districts relevant to the disaster assessment. The June 2011 floods damage assessments and verification are still on-going. The outbreak of the avian influenza in the Southern Cape is still being managed by the Provincial Disaster Management Centre.

Support initiatives provided to municipalities

The Provincial Disaster Management Centre will continue to provide support to Eden relevant to the June 2011 floods as well as the outbreak of avian influenza.

2.11 Disaster Management Fire Services

In terms of section 84 (1) j of The Municipal Structures Act, the district fire service has the responsibility to provide fire fighting to the district municipality as a whole.

2.11.1 Does the municipality have a SANS 10090:2003 fire service?

The Eden District Municipality Fire Service does not comply with the performance criteria of the SANS 10090:2003 Community Protection against fire. This is however not uncommon as the criteria was developed to cater more for fire services in an urban environment. The district however has a well-developed radio infrastructure network covering most of the area of responsibility.

2.11.2 Does the municipality have an operational system which covers the entire municipal area?

The district however has a well-developed radio infrastructure network covering most of the area of responsibility.

2.11.3 Does the municipality have an adequate Hazardous Materials Response system?

The Fire Service has a Hazardous Materials Response capability. Staff members, although not sufficient in numbers to satisfy the "weight of response" criteria of SANS 10090:2003, is generally well trained and equipped. Agreements do exist with neighbouring municipalities that provides for mutual aid in the event of major or significant incidents.