



**OVERSIGHT REPORT ON
2009/10 ANNUAL REPORT**

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS:

Councillor P B Lonake (Chairperson)
Councillor N R Captain
Councillor L J de Villiers
Councillor T B Mafana
Councillor N S Magopeni
Councillor Z G Makasi
Councillor B Naran
Councillor Z J Seale
Councillor B B Sibengile
Councillor T J Siwisa
Councillor E C Trent
Councillor B C Williams
Councillor R V Williams

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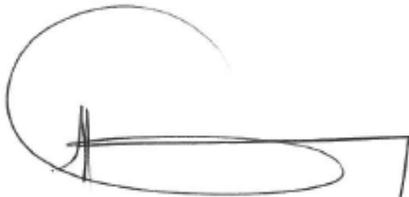
FOREWORD BY THE CHAIRPERSON

Good local governance is underpinned by accountability, transparency and service delivery and must be reflected and demonstrated in the Annual Report produced by the Municipality. The Annual Report reflects the Municipality's financial and non-financial performance. The multi-party Municipal Public Accounts Committee was appointed by Council to analyse the annual report and make recommendations on the Municipality's performance. A key element of the Oversight Process is public participation and public involvement. Four Municipal Public Accounts Committee meetings were held for the review of the 2009/10 Annual Report, which the public could attend as observers (due notification of the schedule of meetings was published in the press and on the municipal website). In addition, copies of the Draft 2009/10 Annual Report were made available for inspection at all municipal offices, libraries and customer care centres.

I am proud to present to you this fifth Oversight Report on the Annual Report for the 2009/10 financial year, which is the first report produced by the newly constituted multi-party Municipal Public Accounts Committee. The Committee has noted improvement in certain performance areas, but also unsatisfactory performance in others. Furthermore, the Committee wishes to express the view that, in some instances, the actual performance information provided was inadequate.

The areas of concern raised by the Auditor-General and the Committee itself are reflected in this report. An unfortunate trend was the repeated cancellation and/or postponement of the meetings scheduled for this Committee. I would also like to express the frustration of the Committee at the late or non-submission of reports and information by some Executive Directors and the Municipal Manager, and failure by the Municipal Manager to take action against the offending directorates, which resulted in unnecessary delays and hampered the work of the Committee.

Finally, I would like to commend my fellow Municipal Public Accounts Committee members for their hard work and commitment. I would also like to thank officials for their support in the Oversight Process. A special word of thanks must go to the Office of the Auditor-General and the Audit Committee for their valuable input in the Annual Report and oversight processes. Finally, I would like to express my appreciation to the previous Chairperson and Committee for laying a sound foundation for the proceedings of this Committee.

A handwritten signature in black ink, appearing to be 'P B Lonake', written over a faint, large, stylized letter 'S' or 'L' that serves as a background or watermark.

COUNCILLOR P B LONAKE

CHAIRPERSON

1. BACKGROUND

Legally, the Municipality is compelled to prepare an annual report reflecting its service delivery performance, as well as its financial and non-financial performance. The requirements for an annual report are contained in the Municipal Systems Act (MSA) Section 46 and the Municipal Finance Management Act (MFMA) Section 121. In addition, Circular 11 issued by National Treasury (NT) and the Annual Report Customised Template and Guidelines provided by the Provincial Department of Local Government and Traditional Affairs provide guidance to municipalities on compliance with the above legislation.

A municipal annual report includes the following major elements:

- *Annual performance report*, comparing the year's performance with the performance objectives established in the IDP, Budget and Service Delivery and Budget Implementation Plans (SDBIPs);
- *Annual financial statements (AFS), Auditor-General's (AG) Audit Report on the AFS and management's responses* to address the AG's audit findings;
- Other *disclosures*, as required by the MFMA in Sections 121, 123, 124 and 125 (e.g. Councillor and top management compensation, grants, bank accounts and investment information).

The MFMA directs the annual report to be completed and tabled in Council by 31 January for the financial year ended the previous 30 June. Council must then review the annual report and adopt an oversight report containing its comments within 60 days.

MFMA Section 129 (1) and National Treasury's (NT) Circular 32 direct and guide the oversight process and the preparation of the oversight report. Circular 32 recommends that Council establish an Oversight Committee to prepare the oversight report, in order to provide all Councillors with a more

detailed and comprehensive analysis of the annual report than would have been practical otherwise. This assists Council in providing better oversight over municipal performance.

The 2009/10 Annual Report was tabled in Council on 25 January 2011, on schedule.

2. PROCESS FOLLOWED BY COUNCIL

On 25 January 2011, Council referred the 2009/10 Annual Report to the multi-party Municipal Public Accounts Committee, which performs the function of an Oversight Committee. The Committee consists of members from the ANC, DA and minority parties. The Committee is made up as follows:

- African National Congress – 9 members
- Democratic Alliance – 3 members
- Minority parties – 1 member

Other Councillors who were not members of the Municipal Public Accounts Committee attended its meetings from time to time, as did members of the public and the media.

The Committee based its work on the following documents:

- 2009/10 Annual Report
- 2009/10 Service Delivery and Budget Implementation Plan (SDBIP), incorporated in the annual report
- 2008/09 Oversight Committee Report
- MFMA
- NT's Circular 32 – The Oversight Report
- NT's Circular 11 – The Annual Report

The Committee values community participation in the oversight process, and in this regard, the following initiatives were made:

- An invitation to the public to make comments on the Annual Report and the schedule of the 2009/10 Annual Report Municipal Public Accounts Committee meetings were advertised in the local printed media, respectively on 31 January 2011 (*The Herald* and *Die Burger*) and on 7 February 2011 (*The Herald* and *Die Burger*) and posted on the municipal website.
- The meetings of the Municipal Public Accounts Committee were open to the public and the media.
- The Office of the Auditor-General and the Audit Committee were invited to participate in all Municipal Public Accounts Committee meetings.

3. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations of the Municipal Public Accounts Committee are in two sections, as reflected below:

- **Compliance issues** – this section contains the Committee’s comments on whether the 2009/10 Annual Report included the items required by the MFMA and followed the guidance provided by NT’s Circular 32.
- **Other Annual Report issues** – this section contains the Committee’s substantive comments on the Annual Report and other issues raised by the Committee.

3.1 Compliance Issues

As documented below, the Annual Report complied with the Municipal Systems Act, Municipal Finance Management Act (MFMA) requirements, National Treasury guidance on the content of an annual report, as well as the

Customised Template and Guidelines for Annual Reports provided by the Provincial Government.

3.1.1 MFMA requirements included in the tabled Annual Report

- Headings and content recommended by Circular 11.
- Annual Financial Statements.
- Auditor-General's Audit Report.
- Performance report – Performance statistics and narratives are included, as required.
- Report of the Audit Committee.
- Conditional grants and assessment of compliance.
- Allocations to other organisations.
- Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts are outstanding at year-end.
- Each bank account (name, type, balances).
- Summary of all investments.
- Information on backlogs.
- Material irregular, fruitless or wasteful expenditure and whether recoverable.
- Salaries, allowances and benefits for each political office-bearer and top management official.
- Arrears owed by each NMBMM Councillor.
- Comparative performance information – Actual performance compared to the 2009/10 performance objectives, as well as performance information of the previous year.
- Analysis of arrears.
- Auditor-General's report on Performance Management System.
- Entity reports, for each entity.

3.2 Matters of concern noted by the Municipal Public Accounts Committee

The Municipal Public Accounts Committee noted the following concerns highlighted in the Audit Report of the Auditor-General in respect of the 2009/10 financial year:

- 3.2.1 Significant uncertainties – high number of lawsuits against the Municipality to the value of R73,8 million.
- 3.2.2 Fruitless and wasteful / Irregular expenditure to the value of R4 million and R23,3 million respectively.
- 3.2.3 Material losses – water loss amounting to R145,5 million, due to lack of repair of water leakages and communal standpipes left running for long periods of time.
- 3.2.4 Financial position of the Municipality.
- 3.2.5 Inadequate content of Municipal entity's Business Plan.
- 3.2.6 Payment of performance bonuses of MBDA officials without following the legislated procedures.
- 3.2.7 Non-adherence to the set timelines in respect of audit of performance information.
- 3.2.8 Reasons for major variances between planned and actual reported targets were not always supported by adequate and reliable corroborating evidence.
- 3.2.9 The accounting officer did not adhere to his statutory responsibilities in respect of the submission of the draft SDBIP and performance agreements to the Executive Mayor.
- 3.2.10 Monthly budget to actual reports of MBDA were not submitted in a timely manner.
- 3.2.11 Lack of effective oversight of compliance with laws and regulations.

- 3.2.12 Management's comment stating that the AG's finding is noted is inadequate if not accompanied by a proper explanation of the causes and remedial action.
- 3.2.13 Abnormally high number of deviations from the normal procurement procedures and the Supply Chain Management Policy.
- 3.2.14 Irregularities around supply chain and tender processes and appointment of incompetent Committee members who do not meet the MFMA criteria by the Acting Municipal Manager.
- 3.2.15 Non-recovery of funds from officials involved in fruitless and wasteful expenditure.
- 3.2.16 Absence of a Public Participation Policy/Strategy in the institution.
- 3.2.17 The prevailing crisis drought conditions.
- 3.2.18 Inadequate anti-fraud and anti-corruption strategies, policies and plans and implementation thereof.
- 3.2.19 Absence of a disclosure register in which officials can declare their business interests.
- 3.2.20 Lack of progress with the roll-out of the Integrated Public Transport System and the buses standing idle.
- 3.2.21 High pollution levels of the rivers in the Metro (such as Swartkops, Baakens and Chatty).
- 3.2.22 Incomplete local spatial development plans, especially for Uitenhage.
- 3.2.23 Non-achievement of the following targets:
- Housing
 - Connection of water and sanitation
 - High percentage of non-revenue water
 - Failure to finalise the development of the Local Economic Development Strategy and its alignment to the Industrial Development Strategy
 - Failure to develop a strategy and plan for agriculture and tourism development

- Non-attainment of events management and tourism targets
- Non-functionality of the Executive Mayor's Economic Advisory Panel
- Failure to meet targets on youth, co-operatives and entrepreneurship support programmes
- Loss of Blue Flag Status of beaches.
- Non-implementation of Sports Development Programme
- General non-attainment of economic growth and development targets

3.2.24 Fruitless, irregular and wasteful expenditure and non-recovery thereof.

3.2.25 No performance appraisals conducted for Section 57 employees.

3.2.26 Irregularities in the beneficiary management process.

3.3 Areas of amendment to the 2009/10 Annual Report

The Municipal Public Accounts Committee recommended that the wording of the 2009/10 Annual Report be amended as follows:

- (a) Inserting the quality of water supplied as an achievement as well as changing the reference to new water connections to read: "Number of new water connections to formal houses".
- (b) Rewording the section on wind turbines to read: "Implementing renewable energy projects through solar heating, and planning wind turbine and methane gas projects."
- (c) Adding the following challenges to the existing list:
 - The financial crisis and the increasing debt owed and declining rates collection challenge
 - Decline in productivity and revenue in the Traffic and Licensing Services Sub-directorate
 - Inadequate progress with the installation of the new billing system

- Use of the bucket system (22 500), which do not meet the basic sanitation standards
 - The problem of poor management and administration in the Municipality
 - Weak internal controls, leading to corruption and fruitless and wasteful expenditure
 - Political instability and political interference in the functioning of the Municipality
 - Lack of funding for drought relief
- (d) Inserting the word “formal” in the section on electricity to read: “Altogether 97% of formal households now have access to electricity.”
- (e) Inserting the words “except smallholdings and certain farms” in the section on refuse removal to read: “% of formal households in urban and peri-urban areas, except smallholdings and certain farms, with access to kerbside waste collection service”
- (f) Change the wording “lack of capacity” to “lack of staff” as the reason provided for lack of progress made with the development and implementation of a Knowledge Management Strategy.
- (g) Clearly state the target group as well as provide additional information in the explanation of variance with regard to the number of persons trained/yet to be trained.
- (h) Amendment of entries to reflect the proper name of the programme: “Municipal Management Development Programme” and baseline entry to read: “Uptake of 15, i.e. 9 officials and 6 Councillors”.
- (i) Adding a brief summary on the progress made with regard to the implementation of a Labour Relations Strategy.
- (j) Adding a brief summary on the challenges experienced in the implementation of the institution’s Performance Management System.
- (k) Amendment on section on roll-out of solar heating to crèches to include information that it was a pilot project targeting crèches in Motherwell only.
- (l) Amending the section on number of municipal health care facilities constructed to reflect that, due to budget cuts, no funding was available

for a clinic in the Zanemvula area, and removal of reference to Rocklands Clinic.

- (m) Provision of brief details of work done on upgrading and maintenance of cemeteries, including phases completed.

3.4 Recommendations

The Municipal Public Accounts Committee recommends the following:

3.4.1 Auditor-General's Report

- (a) Claims and litigation against the Municipality
- (i) Delictual claims
- Prioritisation of maintenance in the 2011/12 IDP and Budget and regular inspections of municipal infrastructure e.g. potholes, uneven surfaces, illegal electricity connections, playgrounds.
 - Erection, with immediate effect, of clear warning signage by the Municipality and contractors in areas of disrepair/construction and undertaking of regular inspections.
 - Development of an Integrated Customer Care System that allows for logging of complaints and timeous reporting of incidents with effect from September 2011.
- (ii) Breach of contracts
- Proper monitoring of Service Providers by Project Managers.
 - Timeous reporting of defaulters to Legal Services and Supply Chain Management by Directorates to enable timeous intervention.
 - Development of an electronic Contract Management System by December 2011.

(iii) Statutory and regulatory non-compliance by Directorates

Timeous receipt of investigation reports from relevant Directorates e.g. the non-reporting for two months to Legal Services of an accident involving a Mercedes Benz.

(iv) Non-compliance with by-laws and relevant legislation

- Adoption of the By-law Enforcement Policy and Strategy by Council by July 2011.
- Report to Council by the Municipal Manager on disciplinary action taken against officials who ignore legislation and by-laws, resulting in litigation, e.g. illegally erected advertising gantries, by 31 March 2011.

(v) Labour disputes

- Development and implementation of a Labour Relations Strategy and submission to Council by 31 May 2011 (numerous disputes can be avoided by timeous intervention).

(vi) Supply Chain Management

- Disciplinary action to be taken against officials who do not adhere to the Supply Chain Management Policy, leading to litigations/claims (e.g. Vodacom, Security contract, Advertising contract, etc.) and a report to be submitted to Council by the Municipal Manager by 31 May 2011.
- Review of the Supply Chain structures (Specifications, Evaluation and Adjudication) and assess the competencies of staff in those structures against the MFMA competency requirements and remove officials who do not meet the requirements and cause unnecessary litigation due to improper decisions made in the structures by July 2011.
- The Municipal Manager must develop and submit a comprehensive report to Council by 31 March 2011 on the competency and qualification

requirements for people to serve on the Supply Chain Committees and whether existing office holders meet these requirements.

- The Municipal Public Accounts Committee recommends that the Municipal Manager submit a comprehensive report to Council by 31 March 2011 on what disciplinary action was taken against officials who had in the past ignored Municipal by-laws and relevant legislation in the implementation of procurement processes.
- Appointment of independent panel of observers for Supply Chain Management Committees to ensure transparency, accountability and fairness by July 2011.
- Development of a disclosure register for officials with business interests by 30 April 2011 and submission of disclosure report to Council bi-annually.
- Conduct an independent audit and merit assessment of deviations in respect of the 2009/10 and 2010/11 financial years through a Council appointed forensic body to determine legislative compliance (MFMA) and submit a report thereon to Council by June 2011 and that officials responsible for approval of deviations (other than those provided for in terms of the MFMA and Supply Chain Management Policy) henceforth be held liable and accountable.

(b) Fruitless and wasteful expenditure

The Municipal Manager must submit a report to Council by 31 March 2011 on the progress made in the recovery of fruitless and wasteful expenditure from Councillors and/or municipal officials as well as the disciplinary action taken against them.

(c) Material losses – water losses

The Municipal Public Accounts Committee recommends that a standard item be included in the report of the Executive Director: Infrastructure and Engineering to the Infrastructure and Engineering Standing Committee by

31 May 2011, setting out statistics about water losses due to leaks and repairs that were reported. Furthermore, the Committee resolved that a report presenting comparisons of water losses in other metropolitan areas be submitted by the Executive Director: Infrastructure and Engineering to the Standing Committee, Mayoral Committee and Council by 31 May 2011.

(d) Financial sustainability

The Municipal Public Accounts Committee recommends that the latest Financial Recovery Plan be submitted to the Council meeting of 31 March 2011 by the Chief Financial Officer.

(e) MBDA

(i) The Municipal Public Accounts Committee recommends that MBDA's key performance indicators and targets as reflected in its business plan be aligned with the Municipality's IDP, SDBIP and Budget by 31 May 2011.

(ii) The Municipal Public Accounts Committee recommends that the MBDA submits all statutory reports within legislated timelines.

(iii) The Municipal Public Accounts Committee recommends that the performance bonuses paid to MBDA officials be ratified by Council and that the entity be subject to the Municipality's performance management system, including on matters pertaining to performance appraisals and payment of bonuses.

3.4.2 Institutional Transformation and Organisational Development

3.4.2.1 Employee performance management roll-out

The Municipal Public Accounts Committee recommends that the Municipal Manager submit an action plan with timeframes for the full implementation of

a performance management system to all levels of employees to the Committee, prior to such strategy being submitted to Council by 31 May 2011.

3.4.2.2 Institutional transformation and organisational development: Performance highlights, challenges and remedial action

The Municipal Public Accounts Committee recommends that the Municipal Manager submit a report (on what will be done, litigations, the likely outcome, cost of litigation and recommendations) to Council by 31 May 2011 on the backlogs in respect of performance appraisals of Executive Directors.

3.4.2.3 Audit of performance information

- (a) The Municipal Public Accounts Committee recommends that the audit of performance information be performed on a quarterly basis.
- (b) The Municipal Public Accounts Committee recommends that the Municipal Manager submits a report to the Mayoral Committee and Council by 30 June 2011 on non-adherence by Executive Directors to performance reporting timelines and requirements and the disciplinary action taken against them.

3.4.2.4 Submission of Draft SDBIP and Performance Agreements

The Municipal Public Accounts Committee recommends that the Municipal Manager submit the draft SDBIP and Performance Agreements to the Executive Mayor within 14 days after the adoption of the IDP and Budget.

3.4.3 Basic Service Delivery and Infrastructure Development

3.4.3.1 Human Settlements

- (a) The Municipal Public Accounts Committee recommends that more actions be taken by the Speaker to ensure the close cooperation of

Ward Councillors in helping to facilitate public participation in respect of local spatial development frameworks and that timeframes for finalising such frameworks be set and included in the 2011/12 IDP and SDBIP.

- (b) The Municipal Public Accounts Committee recommends that the Municipal Manager and Acting Executive Director: Human Settlements submit a report to Council by 31 March 2011 on irregularities in housing beneficiary management in the housing delivery process e.g. misallocation of houses, alleged corruption, etc. as well as the non-functionality of the Dispute Resolution Committee.

3.4.3.2 Infrastructure and Engineering

- (a) The Municipal Public Accounts Committee recommends that a progress report be submitted to Council by 31 May 2011 with specific details about the implementation of the Integrated Public Transport System in Nelson Mandela Bay, reasons for delays and recommended interventions, also stating when the unused buses that were bought for the 2010 FIFA World Cup would be utilised.
- (b) The Municipal Public Accounts Committee recommends that a report be submitted to Council by the Executive Director: Infrastructure and Engineering by 31 May 2011 on non-revenue water (reasons and interventions).
- (c) The Municipal Public Accounts Committee recommends that a progress report be submitted to Council by the Executive Director: Infrastructure and Engineering by 31 May 2011 on the implementation of the drought relief programme, including the R1,6 billion requested and the amount received, prioritisation and steps to be taken to narrow the funding gap.
- (d) The Municipal Public Accounts Committee recommends that a report be submitted to Council by the Executive Director: Infrastructure and

Engineering by 31 May 2011 containing a comprehensive plan to eradicate the bucket system, thereby ensuring that a minimum basic sanitation service is rendered to the communities of Nelson Mandela Bay.

3.4.3.3 Public Health

- (a) The Municipal Public Accounts Committee recommends that the Executive Director: Public Health submit a report to Council by 31 May 2011 on the state of pollution of rivers in the Metro (Swartkops, Baakens and Chatty), the interventions/corrective measures and the interaction with and responses from the other spheres of government.
- (b) The Municipal Public Accounts Committee recommends that the Municipal Manager submit a progress report to Council on the implementation of the integrated HIV and AIDS Plan, covering achievements and failures as well as interventions. The report should also cover the reasons for the poor administrative management of this function and the lack of responsibility and accountability by the Assistant Director: HIV and AIDS, who frequently changes reporting lines without following due institutional procedures on amendments of the organogram and reporting lines.

3.4.3.4 Safety and Security

The Municipal Public Accounts Committee recommends that the Municipal Manager and the Executive Director: Safety and Security should institute and investigation on the productivity of the Traffic Fine Collections Division, reasons for the poor performance as well as a benchmarking with other Metro's and internationally.

3.4.4 Financial sustainability and viability (Supply Chain Management)

- (a) The Municipal Public Accounts Committee recommends that the Chief Financial Officer ensure that the Supply Chain Management Sub-directorate adhere strictly to the Supply Chain Management Policy, implement the Blacklisting provisions in respect of non-performing contractors, keep a register of blacklisted companies and submit a report thereon to Council by 31 May 2011 and thereafter annually.
- (b) The Municipal Public Accounts Committee recommends that the Chief Financial Officer submit a report on the decline in the revenue collection rate, as well as identified current funding gaps in service delivery and interventions, to Council by 31 March 2011.

3.4.5 Good Governance and Public Participation

3.4.5.1 Constituency Services

The Municipal Public Accounts Committee recommends that a Public Participation Strategy/Policy and implementation plan be submitted to Council by 31 May 2011.

4. COUNCIL RESOLUTIONS

4.1 Council, having fully considered the NMBMM's 2009/10 Annual Report, resolves that:

- the Oversight Report be adopted;
- the Annual Report be approved with reservations, comments and recommendations as included in the Oversight Report;

- the recommendations of the Municipal Public Accounts Committee reflected in Section 3.4 be adopted and that the implementation progress be reported on.
- The Annual Report be amended as reflected in Section 3.3 of the Oversight Report.

4.2 Council, having fully considered the MBDA's annual report included in the NMBMM's 2009/10 Annual Report, resolves that:

- the MBDA Annual Report be approved with reservations.

ANNEXURES

ANNEXURE "A" : MINUTES OF EACH OVERSIGHT COMMITTEE MEETING

**MINUTES OF PROCEEDINGS OF ANNUAL REPORT OVERSIGHT
COMMITTEE**

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

(Meeting held on 1 February 2011)

MEMBERS: Councillor P B Lonake (Chairperson)
Councillor N R Captain
Councillor L J de Villiers
Councillor Z G Makasi (09:50)
Councillor B Naran
Councillor B B Sibengile
Councillor T J Siwisa
Councillor E C Trent
Councillor B C Williams
Councillor R V Williams

ALSO PRESENT: Councillor T M Herbst

Acting Municipal Manager
Chief Operating Officer
Chief Financial Officer
Executive Director: Economic Development and
Recreational Services
Executive Director: Public Health
Acting Executive Director: Safety and Security
(Mr S Brown)
Acting Executive Director: Human Settlements
(Mr K Naicker)
Director: Integrated Development Plan Office
(Dr S Vatala)
Director: Office of the Speaker (Mr N Mqulwana)
Director: Corporate Administration and Support Services
(Mr S Javu)
Director: Distribution: Electricity and Energy (Mr R Harris)

Director: PSR (Ms L Nkanjeni)
 Chief Risk Officer: Office of the COO (Mr I Mugumo)
 Head: Research Unit: Office of the Chief Whip
 (Mr G Ngqondi)
 Assistant Director: Legal Services (Adv. M Tshamase)
 Assistant Director: Policy and Research (Ms S Claasen)
 Assistant Director: Committee Services (Mr J Sigonyela)
 Assistant Director: Infrastructure and Engineering
 (Mr B Mortimer)
 Support Services Officer: Public Health (Ms U Smith)
 Administrative Officer: Corporate Services
 (Ms J Makamandela)
 Financial Officer: Human Settlements (Ms C Smit)
 Chief Financial Officer: MBDA (Mr A Daya)
 Committee Administrator (Ms A Craighead)
 Committee Secretary (Ms S Joubert)

Mr C J van Dyk (Senior Manager: Office of the
 Auditor-General)
 Ms N Lee (Acting Senior Manager: Office of the
 Auditor-General)

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT

It was reported that leave of absence had been submitted by Councillor Z J Seale.

It was also reported that an apology for non-attendance of this meeting of the Committee was received from Councillor T B Mafana, who had to attend an Elections Task Team meeting of Council.

Apologies were also submitted in respect of the Executive Director: Infrastructure and Engineering, who was on leave, the Executive Director: Corporate Services, who also was on leave, and the Acting Executive Director: Electricity and Energy, who was out of town on Council business.

The Committee requested that the Acting Municipal Manager follow up with Executive Directors that non-attendance of meetings of this Committee was not acceptable.

RESOLVED:

That leave of absence from this meeting be granted to Councillors T B Mafana and Z J Seale.

(Note by Secretariat: After the meeting, the Chairperson found a message from Councillor N S Magopeni in which she apologised for not being able to attend the meeting.)

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000) AND BY OFFICIALS

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

REPORT BY EXECUTIVE DIRECTOR: CORPORATE SERVICES

25. 2009/10 ANNUAL REPORT: MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (3/2/9/1) (Agenda p. 1)

NOTED

26. 2009/10 ANNUAL REPORT OF THE NELSON MANDELA BAY MUNICIPALITY (3/2/9/1) (Agenda p. 1)

The Committee agreed that the Auditor-General's Report for 2009/10 as well as the Responses thereto, as contained in the Council's agenda dated 25 January 2011, (Annexures "B" and "E" respectively) be considered at this meeting of the Committee.

It was proposed and agreed that the Annual Report be considered at the meeting scheduled for 8 February 2011, and the balance of the reports at the remaining meetings scheduled for the Annual Report.

RESOLVED:

That the Annual Report be considered by this Committee at its meeting scheduled for 8 February 2011.

27. AUDITOR-GENERAL'S REPORT FOR 2009/10 AND RESPONSES THERETO (5/20/2/6/1) (3/2/9/3) (Agenda p. 1 and Council's agenda dated 25 January 2011, pp. 234 – 246 and pp. 734 - 738)

27.1 (Para 9) Significant uncertainties

The Committee stated that the number of lawsuits, to the value of R73,8 million, in which the Municipality was the defendant seemed abnormally high and the view was expressed that it pointed to poor administration.

It was also stated that it was unacceptable for the administration to merely state in its response thereto that the point in the audit report regarding this matter was “noted”. It was felt that an action plan was required to resolve the matter.

RESOLVED:

That the Legal Services Division provide a report to the Committee, setting out:

- (i) what was being done to expedite the finalisation of the lawsuits;
- (ii) the major causes of the Council being involved in so many lawsuits and the delay in finalising them;
- (iii) what steps would be taken to reduce the Municipality’s risk of litigation;
- (v) a clear action plan with tight timeframes to deal with the outstanding issues and in order for progress to be monitored.

27.2 (Para 10 and 11) Fruitless and wasteful expenditure / Irregular expenditure

Concern was expressed at the fruitless and wasteful expenditure amounting to R4 million and the irregular expenditure amounting to R23,3 million, and the fact that these points were only noted by the administration in its response thereto, with no mention being made of possible steps to recover at least some of the funds.

It was stated that 219 tenders in respect of which there were deviations from the normal procurement process of the Supply Chain Management Policy was an inordinately high number, and it was confirmed by the representative of the Auditor-General’s office at the meeting that it was not the norm for municipalities in general. It was stated that more detail regarding the reasons for the deviations should be given to enable the Committee to perform its oversight role properly.

The Committee stated that it was concerned about the slowness of investigations and the lack of recovery of funds, and the seeming lack of planning and poor management.

RESOLVED:

- (a) That an Action Plan setting out steps to be taken to eliminate fruitless and wasteful expenditure and to speed up investigations and recovery, be submitted to the Committee.
- (b) That details of the cases of fruitless and wasteful expenditure incurred as per paragraph 10 (Council agenda p. 237) be submitted to the Committee, together with the reports on the circumstances thereof to enable it to monitor the outcome of the investigations and recovery of funds, where appropriate.

- (c) That in respect of goods procured by way of deviations from the normal procurement process of the Supply Chain Management Policy, the Acting Municipal Manager make a concerted effort to reduce the number of deviations approved and ensure that more comprehensive details of reasons therefor are given in reports to the Committee.

(Councillor Makasi entered the meeting at 09:50.)

27.3 (Para 12) Material losses

In response to the water loss amounting to R145,5 million suffered, several Councillors stated that it had come to their attention that there were water leaks in the Municipality which had existed over a long period, and had been reported, but never repaired. In order to monitor water losses more closely, the Committee

RESOLVED:

- (a) That a standard item be henceforth included in the Report by the Executive Director : Infrastructure and Engineering to the Infrastructure, Engineering and Energy Committee, setting out statistics about water losses due to leaks and repairs to leaks that were reported.
- (b) That a report setting out comparisons of water losses in other metropolitan areas be submitted by the Executive Director: Infrastructure and Engineering to the Committee.

27.4 (Para 13) Financial sustainability

The Committee discussed Note 46 to the Financial Statements (agenda p. 672) in respect of the Municipality's financial sustainability, during which the following points were raised.

- The cost mentioned in respect of the investigation against, and the settlement with, the previous Municipal Manager did not cover all the expenditure that was incurred regarding this matter.
- The notes state that the Municipality was now able to sustain its creditors' payment, but this was regarded as misleading, as some building contractors were still not being paid.
- It was admitted that strategies were introduced in respect of the drought to help address the situation, but it was stated that it was not yet known how effective they were. A statement regarding the risk attached to the NMBM not receiving the drought funding was required.

- Dismay was expressed at the fact that the division of the payment for the 2010 FIFA World Cup Stadium between the three spheres of government was based only on an understanding, and not formalised in a signed contract. One view was expressed that that amounted to “negligence of the worst kind”. In respect of the additional R261 million that the NMBM also contributed, it was asked what percentage of the agreed 10% share of the cost was represented by that amount. Another question raised was whether Council had made any effort at a political level to negotiate a more favourable payment from National and Provincial government in respect of what it had promised to pay towards the cost of the stadium.

RESOLVED:

- (a) That the latest Financial Recovery Plan be submitted to Council as a matter of urgency by the Chief Financial Officer.
- (b) That a contingency funding plan be investigated and submitted to the Committee on the risk attached to the R1,6 billion drought relief application to National Government not being paid, or only being paid in part.
- (c) That the Chief Financial Officer submit a summary of the existing reports on all the amounts spent on the 2010 FIFA World Cup event (Capital and Operating) to the Committee.

(A tea break of twenty minutes was taken at this stage, and the meeting resumed at 11:15.)

27.5 (Para 18) Non-compliance with regulatory and reporting requirements : Inadequate content of Municipal entity’s Business Plan

It was stated that there was a contradiction between the statement in the Auditor-General’s report (agenda p. 238) that specific performance indicators for the Madiba Bay Development Agency (MBDA) had not been set and the statement by the administration in its response that the MBDA’s 2009/10 annual report did reflect specific key performance indicators (agenda p. 736).

The question was raised on the basis on which the performance bonuses for the senior management of MBDA were paid, in the absence of key performance indicators. The Committee also enquired who served on the MBDA’s Board of Directors.

It was also noted that no apology had been received for the absence of the Chief Executive Officer of the MBDA at this meeting.

The Acting Municipal Manager stated that he and the MBDA Chief Executive Officer had discussed key performance indicators for the MBDA, and that financial reports were submitted by the entity to his office. The Chief Operating Officer also stated that the MBDA was included in the Integrated Development Plan of the Municipality and that key performance areas and key performance indicators had been set for it. He stated that initially key performance indicators were indeed not in place, but they have since been put in place.

RESOLVED:

That the Chief Executive Officer of the MBDA attend the next MPAC meeting to report on:

- (i) the basis on which the performance bonuses were calculated in the absence of KPIs, i.e. the procedure followed and measurement tool used;
- (ii) who authorised the payment of the bonuses;
- (iii) the names of the persons serving on the Board of Directors of the MBDA.

27.6 (Para 19) Internal auditing of performance measurements

It was noted that the Auditor-General's report stated that internal audits of performance measurements were not performed in a timely manner to enable quarterly reports on their audits to be submitted, as required by the Municipal Planning and Performance Management Regulations. Concern was expressed at the fact that the lack of capacity in Internal Audit was only now being addressed.

NOTED

27.7 (Para 20) Reasons for major variances between planned and actual reported targets were not supported by adequate and reliable corroborating evidence

The Auditor-General reported that adequate and reliable evidence to support the reasons for the major variances between planned and actual performance targets could not be obtained.

The Committee felt that the administration's response (agenda p. 736) that an analysis of performance information had been introduced was unsatisfactory, and that the reasons for non-performance were not being properly interrogated. The view was expressed that there was a tendency in municipal reporting, e.g. the comments against this key performance indicator, to provide indirect information, and not the actual required information.

NOTED

(The Acting Executive Director: Safety and Security left the meeting at 11:40 and Mr A de Ridder took his place.)

27.8 (Para 21) Compliance with laws and regulations : The financial statements were not prepared in accordance with applicable legislation

The Auditor-General's report stated that material misstatements identified during the audit were corrected by management, and the report further stated that the fact that controls were not in all instances implemented to ensure accurate processing and, ultimately, quality financial statements, was reason for concern (agenda p. 240).

The Chief Financial Officer stated that the Accountant-General at National Treasury set the accounting standard, which changed from year to year. This caused differences of interpretation which were then debated. He added that the Internal Audit Division was currently compiling a report in that regard that would be submitted to this Committee.

NOTED

27.9 (Para 22) The accounting officer did not adhere to his statutory responsibilities

The Auditor-General's report stated that the Draft Service Delivery and Budget Implementation Plan and drafts of the annual performance agreements of the senior managers were not submitted timeously to the Executive Mayor as required by section 69 (3) of the MFMA. The response thereto on p. 737 was totally rejected and it was

RESOLVED:

That the Chief Operating Officer provide full reasons for the non-compliance in respect of the submission of the abovementioned documents to this Committee in writing.

27.10 (Para 23) Monthly budget to actual reports were not submitted in a timely manner

Five monthly management accounts of the MBDA were not submitted within the required timeframe, as required by section 87 (11) of the MFMA.

RESOLVED:

That the Chief Executive Officer of the MBDA provide full reasons for the non-compliance in respect of the submission of the abovementioned documents to this Committee in writing.

27.11 (Para 24) Fruitless and wasteful expenditure

The MBDA did not promptly submit reports of fruitless and wasteful expenditure as required in terms of section 102 of the MFMA.

RESOLVED:

That the Chief Executive Officer of the MBDA provide full reasons for the non-compliance in respect of the submission of the abovementioned documents to this Committee in writing.

27.12 (Para 26) Internal control : Leadership

The Auditor-General's report stated that the accounting officer, and in turn management, did not exercise effective oversight over compliance with laws and regulations, in all instances. Furthermore, it was stated that leadership did not ensure that an appropriate approach towards reporting against predetermined objectives was implemented.

In response, the administration stated that an action plan had been developed to address the internal control weaknesses identified in the 2009/10 Audit Management Report (agenda p. 737)

RESOLVED:

- (a) That the action plan for the rectification of matters identified in the 2009/10 Audit Management Report be submitted to this Committee's next meeting.
- (b) That the Fraud Prevention Plan and Implementation Process be submitted to this Committee.

The meeting terminated at 12:15.

CHAIRPERSON

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

(Meeting held on 8 February 2011)

MEMBERS: Councillor P B Lonake (Chairperson)
Councillor L J de Villiers
Councillor N S Magopeni
Councillor Z G Makasi
Councillor B Naran
Councillor Z J Seale
Councillor B B Sibengile (10:00)
Councillor T J Siwisa
Councillor E C Trent
Councillor B C Williams
Councillor R V Williams

ALSO PRESENT: Acting Municipal Manager
Chief Operating Officer
Chief Financial Officer
Executive Director : Infrastructure and Engineering
Executive Director : Public Health
Executive Director : Corporate Services
Acting Executive Director : Electricity and Energy
(Mr M Bukula)
Acting Executive Director : Safety and Security
(Mr S Brown)
Director: Office of the Speaker (Mr N Mqulwana)
Director : Internal Audit and Risk Assurance (Ms B Chan)
Director : Corporate Administration and Support Services
(Mr S Javu)
Director : Beaches and Resorts (EDRS) (Mr A Knott)
Director : PSR: Office of the COO (Ms L Nkanjeni)
Chief Risk Officer : Office of the COO (Mr I Mugumo)
Head: Research Unit : Office of the Chief Whip
(Mr G Ngqondi)
Office of the Executive Mayor representative
(Mr M Ndoyana)
Assistant Director : Legal Services (Adv. M Tshamase)
Assistant Director : Policy and Research (Ms S Claasen)
Assistant Director : Committee Services (Mr J Sigonyela)

Assistant Director : Infrastructure and Engineering
 (Mr B Mortimer)
 Acting Assistant Director : Electricity and Energy
 (Ms S Adams)
 Administrative Officer : Corporate Services
 (Ms J Makamandela)
 Financial Officer : Human Settlements (Ms C Smit)
 Committee Administrator (Ms A Craighead)
 Committee Secretary (Ms S Joubert)

Chief Executive Officer: MBDA (Mr P Voges)
 Chief Financial Officer: MBDA (Mr A Daya)
 Development and Planning Manager: MBDA
 (Ms D Sapere)
 MBDA Management Team member (M Ncalu)
 MBDA Management Team member (Z Gagayi)

Audit Committee representative (Mr R Ortlieb)
 Senior Manager: Office of the Auditor-General
 (Mr C J van Dyk)
 Acting Senior Manager: Office of the Auditor-General
 (Ms N Lee)
 Assistant Manager: Office of the Auditor-General
 (W Koen)

ABSENT

WITHOUT LEAVE: Councillor T B Mafana

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT

No applications were received. An apology was submitted on behalf of Councillor N R Captain, who was away on Council business. It was also stated that Councillor B B Sibengile had advised that he would be late. Councillor T J Siwisa requested to be allowed to leave the meeting at 12:00 for discussions relating to the meeting later that day of the Infrastructure, Engineering and Energy Committee, of which she is a member.

Apologies were also submitted on behalf of the Executive Director: Economic Development and Recreational Services, who was engaged in other Council business, and was represented at the meeting by Mr A Knott, and on behalf of the Acting Executive Director: Human Settlements, who was preparing for a meeting with the Provincial Government, and was represented at the meeting by Ms C Smit. It was also reported that the Chairperson of the Audit Committee could not attend as he was in hospital.

Concern was expressed about the absence, without explanation, of Councillor T B Mafana, and the Chairperson undertook to follow up the matter.

NOTED

(**NOTE:** The Secretariat was since informed by the Speaker's Office that leave of absence had been granted to Councillor Captain for the period 7 to 11 February 2011.)

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000) AND BY OFFICIALS

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

REPORT BY EXECUTIVE DIRECTOR: CORPORATE SERVICES

28. 2009/10 ANNUAL REPORT /AUDITOR-GENERAL'S REPORT (3/2/9/3) (Agenda p. 2)

28.1 Mandela Bay Development Agency (MBDA) : Query re payment of performance bonuses and matters raised in Auditor-General's Report (Agenda p. 2)

Payment of performance bonuses: The Chief Executive Officer of the Mandela Bay Development Agency elaborated on his written report attached as Annexure "A" (agenda pp. 4 – 6) in response to a query raised by the Committee at its previous meeting about the performance bonuses paid to senior managers of the MBDA, without a formal performance management (KPI) system being in place.

The Committee acknowledged the achievements of the MBDA and noted the background against which the bonuses were awarded. It expressed concern at the fact that the matter of bonuses was not reported to Council, but it was also acknowledged that the MBDA was committed to correcting its procedures. It was also noted that the MBDA's was currently implementing its new performance management (KPI) system in line with legislative requirements, and would comply with Council's reporting requirements.

The MBDA's response to two other matters raised in the Auditor-General's report was tabled at the meeting and reads as follows:

Reference page 239, paragraphs 23 and 24 of Auditor-General's report

Monthly budget to actual reports were not submitted in a timely manner: MBDA management accounts were submitted late on a few occasions to the NMBM Accounting Officer and this was mainly due to delays in getting the

figures finalised as a result of the accounting system that was used at the time. This system has since been upgraded and we can report that since July 2010 our monthly management accounts have been submitted timeously to the NMBM.

Fruitless and wasteful expenditure: In so far as the report on fruitless and wasteful expenditure goes we acknowledge that this was reported late to the NMBM and the office of the AG. We further advise that this related to an amount of R20 380 that was incurred for late payment of VAT by one day and which occurred as a result of a change of the VAT payment procedure on the SARS e-filing system. As a result SARS agreed to waive a penalty of R229 748 in mitigation of this after an appeal was lodged by the MBDA, and the MBDA Board therefore condoned the cost of R20 380 at a Board meeting held on 3 December.

NOTED

28.2 Action Plan for rectification of matters identified in the Auditor-General's 2009/10 Management Plan (Agenda p. 2)

RESOLVED:

That this matter be deferred and the report be reproduced by the Director : Internal Audit and Risk Assurance in a format which would make it more easily readable.

29. 2009/10 ANNUAL REPORT : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

29.1 Executive Mayor's Foreword : Provision of Water (Council agenda 25/1/2011 pp. 10 – 11 and p. 45)

It was pointed out that in the Foreword to the Annual Report by the Executive Mayor, agenda p. 11, subsection (d), the "prioritisation of water provision in less privileged and developed areas" was hailed as one of the key achievements of the review period, but on page 21, paragraph 1.4.3.3 and also under point 2.4.2 on p. 45 it was stated that only 3 592 households out of a target number of 7 900 had been provided with access to basic potable water. It was stated that these statements were contradictory.

Response: The Chief Operating Officer stated that the target of providing water to less privileged residents of all informal settlements via standpipes within a radius of 200 m or via water tanks in certain peri-urban areas was achieved. It was policy to provide formal water connections only once formal housing structures had been built. The provision of formal water services to less privileged areas therefore depended on the provision of RDP houses by the Human Settlements Directorate.

RESOLVED:

- (a) That on p. 21 paragraph 1.4.3.3 the wording in the reference to new water connections be amended to read: "Number of new water connections to formal houses", and the quality of water supplied should be added as an achievement.
- (b) That the wording in paragraph 2.4.2 on p. 45 in the comments column be amended to read: "Water connections to 2 882 RDP and 710 other formal households. Individual water connections only provided to formally built houses. Provision of such water connections to less privileged households therefore only to be provided once RDP houses are built."

(Councillor Sibengile entered the meeting at 10:00 during discussion of the item below.)

29.2 Executive Mayor's Foreword : Query re wind turbine (Council agenda 25/1/2011 p. 11)

Regarding the listed achievements, reference was made to p. 11 (f) which reads: "Piloting renewable energy projects (wind turbines, solar heating, energy from waste.)"

It was pointed out that the wind turbine that was functional in the NMBM area was a project of the Coega Industrial Development Corporation, for which the Municipality could not take credit. Furthermore, it was pointed out that point 2.9.8 (agenda p. 51) stated that the target was not met for obtaining a ROD for three potential wind sites.

RESOLVED:

That paragraph 11 (f) (agenda p. 11) be reworded to read: "Implementing renewable energy projects through solar heating, and planning wind turbine and methane gas projects."

29.3 Executive Mayor's Foreword : Challenges facing the Municipality in the year ahead (Council agenda 25/1/2011 pp. 11 – 12)

It was proposed that the challenges around the following additional matters should be reflected in the list of challenges (agenda pp. 11 – 12):

- The financial crisis and the declining debt and rates collection challenge
- The provision of primary health care services (Is this to be a municipal or provincial function?)
- The lack of productivity in the Traffic and Licensing Services Sub-directorate

- The installation of the new billing system (When is it to be ready for implementation?)
- The eradication of the bucket system
- The problem of poor management and administration in the Municipality
- Weak internal controls, leading to corruption and fruitless and wasteful expenditure
- Political instability and political interference in the functioning of the Municipality
- Ensuring the optimum quality of water against the background of the prevailing drought.

The COO stated that the points raised would be added under the relevant KPAs in the Annual Report. (It was pointed out that the financial crisis had not yet emerged at the time of compiling the Annual Report.)

NOTED

(A tea break was taken at 10:10 and the meeting resumed at 10:30.)

29.4 Annual Report Executive Summary : Electricity (Council agenda 25/1/2011 p. 20)

RESOLVED:

That the first sentence under point 1.4.3.2 (p. 20) in respect of the percentage of households with access to electricity be amended by inserting the word "formal", in order to read: "Altogether 97% of formal households now have access to electricity."

29.5 Annual Report Executive Summary : Refuse removal (Council agenda 25/1/2011 p. 21)

RESOLVED:

That the statement in point 1.4.3.4, (agenda p. 21) that 100% of formal households in urban and peri-urban areas had access to a kerbside waste collection service be corrected to read as follows:

% formal households in urban and peri-urban areas, except smallholdings, with access to kerbside waste collection service

29.6 Challenges to be addressed (Council agenda 25/1/2011 p. 34)

It was **AGREED** that the following additional challenges be incorporated into the list of areas identified as challenges to be addressed in terms of institutional transformation and organisational development.

- The financial crisis and the declining debt and rates collection challenge
- The provision of primary health care services
- The lack of productivity in the Traffic and Licensing Services Sub-directorate
- The installation of the new billing system
- The problem of poor management and administration in the Municipality
- Poor internal controls, leading to corruption and fruitless and wasteful expenditure
- Political instability and political interference in the functioning of the Municipality.

29.7 Submission of SDBIP and performance agreements (Council agenda 25/1/2011 p. 24 and p. 239)

The Committee pointed out that according to the Annual Report, (point 1.2.1, agenda p. 24) a “Compliant SDBIP (was) concluded”, yet in the Auditor-General’s report (paragraph 22, agenda p. 239) it was stated that “the accounting officer did not submit the draft SDBIP for the budget year and drafts of the annual performance agreements of the municipal manager and all senior managers to the executive mayor within 14 days of the approval of the annual budget as required by Section 69(3) of the MFMA”.

The Committee expressed concern at the contradiction, and it was recalled that the budget was indeed only approved at the very end of June 2010. It was stated that there could at least have been an explanation in the Annual Report to the effect that there were delays in the approval of the budget, which caused the failure to meet the timeframe for the conclusion of the SDBIP.

The Committee also pointed out that in point 1.2.3 (agenda p. 24) it was stated that a fourth quarterly performance report was submitted, but in the Auditor-General’s report (paragraph 19, agenda p. 238) it was stated that procedures were not performed timeously to enable quarterly reports to be submitted to the (Acting) Municipal Manager and Audit Committee, as required by Municipal Planning and Performance Management regulation 14(1)(c).

The Chief Operating Officer stated that he noted the contradictions and that the Annual Report would be corrected accordingly.

RESOLVED:

That the contradictions in the draft Annual Report (agenda p. 24) in respect of (i) the submission of the draft SDBIP and (ii) the time of the submission of the fourth quarterly performance report be corrected.

29.8 Employee performance management roll-out (Paragraph 1.2.4, agenda p. 25)

The Committee enquired why employee performance management roll-out had not yet taken place throughout all the Directorates. The Chief Operating Officer replied that resistance by the labour unions was the reason for the partial roll-out. The matter was currently with the Local Labour Forum.

The Committee pointed out that in the column under "Variances/Comment" of paragraph 1.2.4, the issue of the resistance by the unions was not even mentioned, which meant that the report was incomplete.

A member of the Audit Committee also pointed out that performance appraisals of Executive Directors had not been conducted in the 2007/08, 2008/09 and 2009/10 financial years. The Acting Municipal Manager stated that after finalisation of the Annual Report, performance management appraisals for 2009/10 would take place, but that there was a challenge of credibility of data and evidence in respect of 2007/08 and 2008/09 from his perspective, as he was not in the position of (Acting) Municipal Manager during that period.

RESOLVED:

That the Acting Municipal Manager submit an action plan with timeframes for the full implementation of a performance management system to all levels of employees to the Committee, prior to such strategy being submitted to Council.

29.9 Development and implementation of a Knowledge Management Strategy (Paragraph 1.3.1, agenda p. 25)

At this point the Director: Internal Audit and Risk Assurance reported that a performance management audit had been carried out and the challenges encountered were reported to the Audit Committee. The Auditor-General had sight of these reports. The findings were forwarded to the Executive Directors, and they would have to act thereon and report to this Committee in due course regarding an action plan.

RESOLVED:

That the report in respect of paragraph 1.3.1 in the comments column be amended to specify "lack of staff" (as "lack of capacity" was not specific), and that timeframes be set for implementation of the Knowledge Management Strategy.

29.10 Implementation of MFMA regulations on minimum competencies (Paragraph 1.4.1. Council agenda 25/1/ 2011, p. 26)

In reply to a query, the Chief Operating Officer explained that the target of this KPI was to introduce a structured programme for a target group of officials in finance-related posts to achieve finance-related training, as required by legislation, either through Recognition of Prior Learning (RPL) or through formal training. For those officials who had opted to undertake formal training, the timeline for completion, as set by National Treasury, was December 2012.

In reply to a question as to whether Councillors could also take part in the above training programme, the Executive Director: Corporate Services stated that the funding was ring-fenced for officials.

RESOLVED:

That the target of the above KPI be clearly defined, and that the number of persons trained in the year under review and the number of persons still to be trained be stated in the explanation under Variance/Comments.

29.11 Percentage adherence to Workplace Skills Plan (Paragraph 1.4.3, Council agenda 25/1/2011, p. 27)

Concern was expressed at the fact that the percentage of expenditure on the Workplace Skills Plan was only 62%, against a target of 95%. Questions were also asked about the “poor coordination” mentioned in the report and about the way in which that would be improved.

The Executive Director: Corporate Services stated that the Municipality had set the target at 95%, whereas the target of the LGSETA was 65%. He also explained that expenditure was delayed by the fact that funding was only received from the LGSETA after submission of the skills plan, and that such funding was not received at the onset of the year. Regarding the coordination of the plan, he stated that the actual implementation of the Workplace Skills Plan was the responsibility of every Executive Director.

Elaborating on the matter of coordination, the Acting Municipal Manager stated that the availability of baseline Human Resources information about skills development was a matter that had to be addressed. He added that the Chief Operating Officer was planning a coordination exercise with Corporate Services, and that the Chief Financial Officer and the Executive Director: Corporate Services were also discussing issues, but that it was a complex matter.

The Chairperson requested that a realistic, achievable target be set for this KPI, given the fact that there were challenges, and given the fact that the target set by the LGSETA was 65%.

NOTED**29.12 Development and implementation of a Management Development Programme (Paragraph 1.4.5, Council agenda 25/1/2011, p. 27)**

In reply to a question about the baseline for this KPI, as stated in the Annual Report, the Executive Director: Corporate Services stated that the entry under "Baseline" referred to progress in respect of the KPI at the time of writing the report, but that the actual baseline should read: "Uptake of 15, i.e. 9 officials and 6 Councillors". He also stated that the proper name of the programme was "Municipal Management Development Programme".

RESOLVED:

That the report on this KPI be amended to reflect the proper name of the programme, namely "Municipal Management Development Programme" and that the baseline entry be amended to read: "Uptake of 15, i.e. 9 officials and 6 Councillors".

29.13 Development and implementation of an assessment centre model (Paragraph 1.4.6, Council agenda 25/1/2011, p. 28)

In reply to queries about the specific nature of the "capacity challenges" mentioned in the report and how these challenges would be addressed, the Executive Director: Corporate Services stated that the capacity challenges referred to staff, as well as to physical resources (infrastructure) and personnel (specialist psychologists) for the assessment centre. A decision would be made, based on the business plan for the project, whether to outsource the assessment/psychometric work or to acquire infrastructure and staff for an in-house assessment centre.

He stated that the report before the Committee accurately reflected the status of the project at the time of writing the Annual Report.

NOTED**29.14 Development and implementation of a remuneration framework (Paragraph 1.4.7, Council agenda 25/1/2011, p. 28)**

In reply to a question, the Executive Director: Corporate Services stated that the service provider referred to in the report had since had been appointed, whose work had paved the way for the concluding of a pay parity agreement as well as an agreement in respect of pay-scales and remuneration thresholds. However, the entry in the report was an accurate reflection of progress made at the time of writing the Annual Report.

NOTED

29.15 Percentage success in recruiting scarce skills requested by Directorates (Paragraph 1.4.8, Council agenda 25/1/2011, p. 28)

The Committee commented that efforts to recruit persons with scarce skills could have been intensified sooner. The Executive Director: Corporate Services stated that recruitment had been intensified in the new financial year, and was being closely monitored by means of a monthly recruitment tracking instrument which identified delays at any stage of the process.

NOTED

29.16 Number of people from employment equity target groups employed in the three highest level of management in compliance with the Municipality's Employment Equity Plan (Paragraph 1.4.10, Council agenda 25/1/2011, p. 29)

The Committee pointed out that the way in which the KPI was described in the Annual Report was confusing, and there was no target set. Moreover, the information under "Actual performance" was not specific to each target group. It was also pointed out that no mention was made in the report of People with Disabilities. Information should be in line with the Employment Equity Plan.

RESOLVED:

That the reporting in respect of the above KPI be adjusted to clearly reflect the KPI, include a "Target 2009/10", align the information under "Baseline" to the data under "Actual 2009/10" and include data about People with Disabilities.

29.17 Implementation of a Labour Relations Strategy (Paragraph 1.4.12, Council agenda 25/1/2011, p. 29)

In reply to a question why the target of implementing a Labour Relations Strategy had not been met, the Executive Director: Corporate Services stated that after the Draft Strategy was developed, a lengthy consultative process with the labour unions started, which involved numerous processes and unavoidable delays. Decisions had to be taken on which matters would be resolved by bargaining and which by agreement, and another process involved the establishment of an NMBM Bargaining Council.

The Committee noted the explanation by the Executive Director: Corporate Services, and expressed the view that it would be helpful if such details, briefly summarised, were stated in the report.

RESOLVED:

That the report be made more specific, by providing briefly summarised details as set out in the preamble above.

29.18 Development and implementation of a capacity development programme for full-time shop stewards (Paragraph 1.14.13, Council agenda 25/1/2011, p. 30)

In reply to a question, the Executive Director: Corporate Services stated that the programme had been partially implemented. The training of the shop-stewards had started, but the outcome of the application to the Bargaining Council was not yet finalised.

As in the case of the previous item, the Committee stated that briefly summarised details should be provided in reports.

RESOLVED:

That the report be made more specific, by providing briefly summarised details as set out in the preamble above.

29.19 Turnaround time for recruitment of staff from submission of recruitment notification/number of months (Paragraph 1.4.15, Council agenda 25/1/2011, p. 30)

The Committee enquired as to the reasons why the target of a three-months-turnaround time for the filling of advertised vacancies was not met, and also what was actually achieved. It was

RESOLVED:

That the Executive Director: Corporate Services submit a report to the Committee setting out:

- (i) the reasons for the target of a three-months-turnaround time for the filling of advertised vacancies not being achieved; and
- (ii) what was actually achieved in respect of the filling of vacancies, i.e. how many were finalised, and how many were not finalised.

29.20 Ensure organisational efficiency by % adherence to the programme for the reduction of organisational inefficiencies (Paragraph 1.7.1, Council agenda 25/1/2011, p. 32)

In reply to a question about the actual target of 89% and how it had been calculated, the reported inadequate enforcement of the efficiency plan and non-implementation/inconsistent application of its underlying principles and resolutions, the Chief Financial Officer explained that for the year under review, 2009/10, operational efficiency in the Municipality was managed by a working group. It should not be confused with the directive signed off by the Acting Municipal Manager in the 2010/11 year which instructed that operational spending be restricted. He stated that it was a weakness that

when there was only an expectation that Directorates should restrict spending, targets were not achieved, but when the budget was cut down to the operational efficiency level, Directorates were forced to respond to the constraints, the results of which could now be seen in the 2010/11 financial year.

NOTED

29.21 Institutional transformation and organisational development: Performance highlights, challenges and remedial action (Council agenda 25/1/2011, p. 33)

29.21.1 Performance Management System: The statement (agenda p. 33, second paragraph) that the Municipality had “a functional Performance Management System in place” was not entirely credible, in view of its limited roll-out to lower levels of employees. It was agreed that the report should state that there were challenges in respect of the implementation of the system.

The fact that no performance appraisals of Executive Managers had been conducted in 2007/08 and 2008/09 was also cited as proof that the performance management system was not fully functional, as it was a responsibility of the employer to conduct such appraisals.

The Acting Municipal Manager stated that he intended to conduct performance appraisals for 2009/10 as soon as the Annual Report had been finalised. As regards the aforementioned years when he was not occupying the position of Acting Municipal Manager, he had requested the Chief Operating Officer to submit a recommendation to Council on what action should be taken to bring the matter to a resolution.

NOTED AND RESOLVED:

- (a) That the report on the Municipality’s Performance Management System in the section of the Annual Report referred to in the preamble above, also make reference to the challenges experienced in the implementation of the system.
- (b) That the Chief Operating Officer submit a recommendation to Council on the action to be taken to resolve the issue around the fact that no performance appraisals of Executive Directors had been conducted in the 2007/08 and 2009/10 financial years.

29.21.2 Vacant position: Executive Director: Electricity and Energy (Council agenda 25/1/11, p. 38)

The Committee discussed the non-filling of the vacancy of Executive Director: Electricity and Energy which had been vacant since November 2008. After

further discussion, it was resolved to establish a Subcommittee to follow up the matter.

RESOLVED:

- (a) That a Subcommittee consisting of Councillors N S Magopeni, B Naran and E C Trent consider a report to be submitted to it by the Executive Director: Corporate Services on the full details of the job specification for the position of Executive Director: Electricity and Energy, as advertised, the names of the persons who applied for the post, and the reasons why the internal applicants were found to be unsuccessful.
- (b) That the report be prepared as a matter of urgency to enable the Subcommittee to sit within one week from the date of the MPAC meeting to consider the matter and to make a recommendation to the next MPAC meeting on 22 February 2011.

The meeting terminated at 13:00.

CHAIRPERSON

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

**(Meeting held on 3 March 2011 including 22 February 2011 -
rescheduled to 3 March 2011)**

MEMBERS: Councillor P B Lonake (Chairperson)
Councillor N S Magopeni
Councillor Z G Makasi
Councillor B Naran
Councillor Z J Seale
Councillor B B Sibengile
Councillor T J Siwisa
Councillor B C Williams
Councillor R V Williams

ALSO PRESENT: Councillor I Adams
Councillor T M Herbst
Councillor M D Seti

Acting Municipal Manager
Chief Operating Officer
Chief Financial Officer
Executive Director: Economic Development and
Recreational Services
Executive Director: Public Health
Acting Executive Director: Electricity and Energy
(Mr M Bukula)
Acting Executive Director: Safety and Security
(Mr S Brown)
Acting Executive Director : Corporate Services
(Ms T Nompandana)
Director: Office of the Speaker (Mr N Mqulwana)
Director: Corporate Administration and Support Services
(Mr S Javu)
Director : Infrastructure and Engineering (Mr B Hutton)
Director : Internal Audit and Risk Management
Director : Traffic and Licensing : Safety and Security
(Mr H Totoyi)
Electricity and Energy Directorate (Mr M Booysen)
Electricity and Energy Directorate (Ms S Adams)
Chief Risk Officer: Office of the COO (Mr I Mugumo)

Administrative Officer: Corporate Services
(Ms J Makamandela)
Financial Officer: Human Settlements (Ms C Smit)
Chief Financial Officer: MBDA (Mr A Daya)
Special Programmes Directorate : EPWP (Mr M Rala)
Office of the COO representative : Legal Services
(Adv. M Tshamase)
Office of the COO representative : Legal Services
(Ms L Vermaak)
Office of the COO representative : Legal Services
(N Mbongwana)
Ward 11 representative (Mr S Schuster)
Assistant Director: Committee Services (Mr J Sigonyela)
Committee Administrator (Ms A Craighead)
Committee Secretary (Ms S Joubert)

Mr C J van Dyk (Senior Manager: Office of the
Auditor-General)
Mr W Koen (Representative of Office of the
Auditor-General)

ABSENT

WITHOUT LEAVE: Councillor T B Mafana

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT

It was noted that the Office of the Speaker had granted leave of absence to Councillors N R Captain, L J de Villiers and E C Trent.

Apologies were submitted on behalf of the Executive Director : Infrastructure and Engineering, who was attending a meeting with the Department of Water Affairs on the drought crisis, and the Acting Executive Director : Human Settlements, and the Executive Director : Corporate Services, who were engaged in other Council business.

NOTED**DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000) AND BY OFFICIALS**

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

CONFIRMATION OF MINUTES**RESOLVED:**

That the minutes of proceedings of this Committee at its meetings held on 1 February 2011 and on 8 February 2011 respectively be hereby confirmed.

REPORT BY EXECUTIVE DIRECTOR: CORPORATE SERVICES**30. PROVISION OF INTEGRATED AND SUSTAINABLE HUMAN SETTLEMENTS****30.1 NUMBER OF HOUSEHOLDS RELOCATED FROM FLOODPLAINS AND OTHER SERVITUDES (Council agenda 25/1/2011, p. 41, par. 2.1.6)**

In reply to a query, it was confirmed that the baseline of 2 421 (households to be removed) referred to a KPI for previous years and was based on an audit that had been done.

NOTED**31. SPATIAL DEVELOPMENT PLANNING****31.1 REVIEW OF SPATIAL DEVELOPMENT FRAMEWORK (Council agenda 25/1/2011, p. 42, par. 2.2.1)**

It was stated that development schemes being embarked upon in Uitenhage and Despatch which were not in terms of Spatial Development Plans were causing considerable public uproar. The problem was the fact that Spatial Development Plans for the area had not been finalised.

RESOLVED:

That a report be submitted to MPAC stating:

- (i) the reasons for the delay in finalising spatial development plans for the Uitenhage and Despatch areas; and
- (ii) when it was expected that these spatial development plans would be finalised.

31.2 DEVELOPMENT OF LOCAL SPATIAL DEVELOPMENT FRAMEWORKS (Council agenda 25/1/2011, p. 43, par. 2.2.2)

The view was expressed that it was not sufficient to state that the public participation process in respect of local spatial development frameworks was complex and time-consuming. It was

RESOLVED:

That more actions be taken to ensure the close cooperation of Ward Councillors in helping to facilitate public participation in respect of local spatial development frameworks and that timeframes be set for finalising such frameworks.

32. LAND USE MANAGEMENT

32.1 APPROVAL OF CONSOLIDATED ZONING SCHEME AND LEGAL VERIFICATION AND REVISION OF STRATEGY TO ADDRESS DELAYS IN PROCESSING OF LAND APPLICATIONS (Council agenda 25/1/2011, p. 44, par. 2.3.1 and par. 2.3.2)

It was pointed out that a Consolidated Zoning Scheme was an element of delivering a service to the public, and it was requested that a report be submitted to the Committee setting out when the Consolidated Scheme would be finalised. It was furthermore requested that the report state the turnaround time for the processing of rezoning applications from the time of receipt to the time of approval.

RESOLVED:

That a report be submitted to MPAC stating:

- (i) when the Consolidated Zoning Scheme will be finalised and become enforceable; and
- (ii) the turnaround time for the processing of rezoning applications from the time of receipt to the time of approval thereof.

33. WATER DEMAND MANAGEMENT

33.1 % REDUCTION IN NON-REVENUE WATER (UNACCOUNTED-FOR WATER) (Council agenda 25/1/2011, p. 46, par. 2.5.2)

With reference to this item, Councillor B C Williams stated that she had established that nothing had been done yet about the leaking tap in Bloemendal Block 23 South which she mentioned at the Committee's meeting held on 8 February 2011.

NOTED

34. ROADS

34.1 IMPLEMENTATION OF INTEGRATED PUBLIC TRANSPORT SYSTEM (IPTS) FOR 2010 AND BEYOND (Council agenda 25/1/2011, p. 48, 2.7.1)

It was stated that clarification was needed regarding the implementation of the Integrated Public Transport System, and a comprehensive report on the matter was requested, as it was not known whether or not any progress was being made with the project. It was also requested that the Committee be informed when the “mothballed” buses that had been purchased for use during the 2010 FIFA World Cup would be utilised for transport.

A senior Infrastructure and Engineering official pointed out that there was a Committee working on the matter, which would provide such a report.

RESOLVED:

That a report be submitted to MPAC with specific details about the implementation of the Integrated Public Transport System in Nelson Mandela Bay, also stating when the unused buses that were bought for the 2010 FIFA World Cup would be utilised.

(The Director : Corporate Administration and Support Services left the meeting at 09:40.)

35. ELECTRICITY AND ENERGY

35.1 REPLACEMENT OF 30 000 EXISTING STREETLIGHTS WITH ENERGY-EFFICIENT LIGHTING (Council agenda 25/1/2011, p. 50, par. 2.9.5)

It was queried whether the streetlights included high-mast lighting or only referred to ordinary lighting. It was also pointed out that some township streets had no lighting.

Furthermore, it was pointed out that it was inappropriate to state “Tendering process under way” in the column under the Actual target.

In reply, it was stated that the project was currently being rolled out.

NOTED

35.2 ROLL-OUT OF SOLAR HEATING TO CRÈCHES BY JUNE 2010 (Council agenda 25/1/2011, p. 50, par. 2.9.6)

In reply to a query about the number of crèches provided with solar power (20) as against the target (50), it was confirmed that the target had been

overstated. The project was indeed a pilot project for crèches in Motherwell only. It was agreed that the comments be amended accordingly.

It was also proposed that in view of the high cost of electricity, the Municipality embark on an information campaign to assist the public in switching to solar power for household energy.

NOTED AND RESOLVED:

That the comments in the Annual Report in respect of paragraph 2.9.6 be amended to state that it was a pilot project targeting crèches in Motherwell only.

(A tea break was taken from 10:10 to 10:25.)

36. PRIMARY HEALTH CARE SERVICES

36.1 NUMBER OF MUNICIPAL PRIMARY HEALTH CARE FACILITIES CONSTRUCTED (ZANEMVULA AND KABAH LANGA) (Council agenda 25/1/2011, p. 53, par. 2.10.1)

It was pointed out that the comments in the Annual Report made no mention of a clinic in the Zanemvula area, but provided details about a clinic in Rocklands. It was agreed that the reference to Rocklands be removed.

It was reported that the Chatty/Booyesen Park area (i.e. the area where the Zanemvula project was situated) was not awarded funding for a clinic in the 2009/10 financial year. However, the Jacksonville Sisters were planning to convert a house in the area into a health care centre.

The Executive Director : Public Health made the following points in reply to other questions and comments:

The community had been consulted about the moving of the clinic in Mabandla Street to Bantam Street. The Mabandla Street building belonged to the Provincial Government, which had plans to use it.

Information about the number of mobile clinics in the Municipal area would be provided at the next meeting of the Committee, and also to Councillor Herbst, who had asked the question in that regard.

NOTED AND RESOLVED:

That the comments in the Annual Report be corrected by removing the reference to the Rocklands Clinic, and by stating that due to budget cuts no funding was made available for a clinic in the Zanemvula area.

36.2 NUMBER OF MEETINGS OF THE AIDS COUNCIL HELD (Council agenda 25/1/2011, p. 55, par. 2.10.10)

The Committee questioned the fact that no explanation was provided in the comments column in the Annual Report as to why only two out of the targeted four meetings of the AIDS Council were held. It was pointed out that the NMBM had an Integrated HIV and AIDS Plan, with a large number of time frames. Mention was made of the audit that had been conducted to ensure that the Plan would be financially sound. It was requested that the audit be submitted to the Committee. It was stated that the Plan had to be implemented by the various Directorates and subjected to reviews.

The Executive Director : Public Health stated that an AIDS Coordinator had been appointed, but because of a difference of opinion that person had chosen to leave the Public Health Directorate and was currently stationed in the Office of the Mayor.

The Director : Internal Audit and Risk Assurance stated that the abovementioned audit revealed a lack of coordination in the Municipality regarding efforts to combat HIV and AIDS.

RESOLVED:

- (a) That the report on the audit of the Municipality's Integrated HIV and AIDS Plan that was conducted by the Internal Audit and Risk Assurance Sub-directorate, be submitted to the next meeting of the Committee.
- (b) That a comprehensive report on the governance challenges pertaining to AIDS issues, and referred to in the 2009/10 Annual Report be submitted to the Committee by the Acting Municipal Manager in consultation with the Executive Director : Public Health.

37. WASTE MANAGEMENT

37.1 % OF HOUSEHOLDS IN FORMAL URBAN AND PERI-URBAN AREAS PROVIDED WITH KERBSIDE WASTE COLLECTION SERVICES (Council agenda 25/1/2011, p. 60, par. 2.12.1)

It was proposed that the Committee recommend that budgetary provision be made for a once-a-week refuse removal for all households, thereby also alleviating the problem of illegal dumping.

It was noted that the litter-strewn area at the Red Location area was disgraceful and embarrassing, particularly when visited by foreign tourists. The view was expressed that public awareness campaigns were not sufficient to counter the problem. It was agreed that adequate funding and effective law enforcement were required.

NOTED**37.2 NUMBER OF TRANSFER STATIONS/ RECYCLING CENTRES ESTABLISHED (TRANSFER STATION TO BE ESTABLISHED) (Council agenda 25/1/2011, p. 62, par. 2.12.7)**

It was brought to the Committee's attention that the dust problem in Hillwacht Road in Uitenhage was causing chronic ailments in some of the children residing there, and local residents felt that the Municipality was "doing nothing" about their plight.

RESOLVED:

That in view of the dust problem caused by the transfer station in Hillwacht Road, off Verwoerd Drive, Uitenhage, a report be submitted to MPAC addressing the following questions:

- (i) Are environment impact assessments (EIAs) carried out before transfer stations are established?
- (ii) Is there budgetary provision for improving the surface of Hillwacht Road?
- (iii) Was there proper consultation with the public before the transfer station was established?

(The Executive Director : Economic Development and Recreational Services entered the meeting at 10:50.)

37.3 INTRODUCTION OF WASTE MINIMISATION PROJECTS : INTRODUCTION OF PAPER RECYCLING PROJECT IN 5 MUNICIPAL BUILDINGS (Council agenda 25/1/2011, par. 2.12.9)

(This paragraph was considered in conjunction with paragraph **2.12.10** and **2.12.11** regarding waste management cooperatives and ward-based cleaning programmes respectively.)

It was reported that the paper recycling project had failed as the successful tendered did not understand that paper collected represented payment for services rendered.

Councillor Seti called for more waste management cooperatives. The Executive Director : Public Health stated that that was the Directorate's intention, but that funding was not currently available.

RESOLVED:

That a report be submitted on progress with the re-advertising of a tender for a contractor to undertake a paper recycling project in five Municipal buildings.

38. PARKS AND CEMETERIES

38.1 NUMBER OF PUBLIC OPEN SPACES AND STREET ISLANDS MAINTAINED (Council agenda 25/1/2011, p. 64, par. 2.14.1)

It was pointed out that the figures in the Annual Report were confusing, as the extent of land maintained was stated in hectares (7 154 925) and the total of open spaces and street islands in numbers (7 662).

RESOLVED:

That all entries in paragraph 2.14.2 of the Annual Report be stated in hectares.

38.2 NUMBER OF CEMETERIES UPGRADED (Council agenda 25/1/2011, p. 64, par. 2.14.4) and NUMBER OF CEMETERIES MAINTAINED (Council agenda 25/1/2011, p. 64, 2.14.5)

It was stated that more details should be provided in respect of the work done regarding the upgrading and maintenance of cemeteries.

RESOLVED:

- (a) That a report with specific details about the upgrading and maintenance of cemeteries, i.e. nature and frequency of work carried out, be submitted to the Committee.
- (b) That brief details of work done in respect of the upgrading and maintenance of cemeteries be provided in the comments columns of the abovementioned two paragraphs on the Annual Report.

39. ENVIRONMENTAL MANAGEMENT

39.1 FORMULATION OF ENVIRONMENTAL MANAGEMENT FRAMEWORK (Council agenda 25/1/2011, p. 65, par. 2.15.2)

It was proposed and agreed that the Committee should familiarise itself with the provisions of the new Environmental Impact Assessment Regulations which came into effect in August 2010.

NOTED

39.2. FORMULATION OF BIOREGIONAL PLAN (Council agenda 25/1/2011, p. 66, par. 2.15.3)

Concern was expressed about the pollution of both the Swartkops and the Chatty Rivers. It was stated that effluent from factories caused the most severe pollution. Broken drainage pipes were also thought to add

considerably to the pollution of the Swartkops River. It was considered necessary to establish what the Municipality was doing to control the discharge of effluent, and to ensure that sewage from Uitenhage did not pollute the aforementioned rivers.

It was pointed out that a joint report had been compiled by the Public Health Directorate and the Infrastructure and Engineering Directorate on the matter, and that that report would be resubmitted to the Committee.

The Chairperson stated that it should be noted that the preparation of a plan for the preservation of the Swartkops estuary had been outsourced.

NOTED AND RESOLVED:

- (a) That the joint report compiled by Public Health and Infrastructure and Engineering about the pollution of the Swartkops and the Chatty River be submitted to the Committee.
- (b) That the abovementioned report be supplemented by a report addressing the following issues:
 - (i) What was being done by the Municipality to control effluent flowing into the Swartkops and the Chatty River?
 - (ii) Were there adequate measures in place to prevent sewage from Uitenhage polluting the aforementioned rivers?
 - (iii) What was being done to address the fact that broken drainage pipes in the vicinity of the Swartkops River added to the pollution?

40. LOCAL ECONOMIC DEVELOPMENT

40.1 ALIGNMENT OF THE LED STRATEGY, INDUSTRIAL DEVELOPMENT STRATEGY AND INCENTIVE STRATEGY (Council agenda 25/1/2011, p.115, par. 3.1.2)

The view was expressed that local economic development should be regarded as a whole, incorporating aspects such as a consolidated incentives package offered to investors, and economic competitiveness, rather than cooperation, with regard to other metropolitan municipalities. It was felt that MPAC should give direction to the Municipality in addressing these issues.

The Executive Director : Economic Development and Recreational Services stated that policies were in place, but implementation now had to become a reality.

NOTED

40.2 NUMBER OF NEW SELF-SUFFICIENT AGRICULTURAL PROJECTS FACILITATED (Council agenda 25/1/2011, p. 116, par. 3.1.6)

Disappointment was expressed at the underperformance in respect of this KPI. The Executive Director : Economic Development and Recreational Services stated that the Portfolio Committee was appraising current projects, and while that was in progress, new ones were not started.

NOTED

41. TOURISM DEVELOPMENT

41.1 NUMBER OF NEW TOURISM COOPERATIVES SUPPORTED (Council agenda 25/1/2011, p. 120, par. 3.5.2)

It was pointed out that the word “contracts” in the comments column should be corrected to read “constraints”.

It was agreed that the target for this KPI should be lowered, as tourism ventures were expensive. An appeal was also made to assist interested persons from other population groups (in addition to white persons) to become involved in the field of tourism. Furthermore, the point was made that the continued failure to halt the neglect of heritage buildings in the NMBM was hampering tourism and had to be addressed.

RESOLVED:

That MPAC commit itself to discuss with the Nelson Mandela Bay Tourism Board, (i) the need to assist persons from previously excluded population groups to embark on tourism enterprises and (ii) the need to restore the neglected heritage buildings in the NMBM.

42. BROAD-BASED ECONOMIC EMPOWERMENT

42.1 % OF TENDERS BOTH IN TERMS OF NUMBER AND VALUE AWARDED TO THE PREVIOUSLY DISADVANTAGED (Council agenda 25/1/2011, p. 122, par. 3.8.2 AND % OF TENDERS BOTH IN TERMS OF NUMBER AND VALUE AWARDED TO WOMEN AND YOUTH (Council agenda 25/1/2011, p. 122, par. 3.8.3)

RESOLVED:

That the monetary value of the percentages reflected in the reports on these two KPIs be stated as well in the abovementioned paragraphs of the Annual Report.

43. RECREATIONAL SERVICES

43.1 MAINTAINING CURRENT NUMBER OF BEACHES WITH BLUE FLAG STATUS (Council agenda 25/1/2011, p. 124, par. 3.10.1)

It was pointed out that problems such as a lack of funding for the proper cleaning of beaches and inadequate life-saving services had led to all the former Blue Flag beaches losing their status.

It was also emphasised that drinking in public, which often led to bottles and broken glass being left scattered on beaches, caused serious problems. In that regard, it was stated that the Liquor Board issued liquor licences without prior liaison with local authorities.

RESOLVED:

That a report be submitted to MPAC on the reasons as to why the Liquor Board did not liaise with local authorities prior to issuing liquor licences, and on what actions could be taken to remedy that state of affairs.

44. DEVELOPMENT OF SPORTS CODES THROUGHOUT NELSON MANDELA BAY

44.1 NUMBER OF FACILITIES DEVELOPED AND UPGRADED : 9 SPORTS FACILITIES TO BE UPGRADED (Council agenda 25/1/2011, p. 127, par. 3.13.2 and 3.13.3)

It was reported that the problems experienced with contractors working on the Wolfson stadium had been resolved. Some of the work had been successfully sub-contracted, and the roof of the stadium was now ready. In reply to a question as to whether there was a shortcoming in the specification process, the Executive Director : Economic Development and Recreational Services stated that the first contractor was not a roofing expert, whereas the second contractor was entitled to appoint a sub-contractor.

Councillor B C Williams stated that this was a clear-cut case where a deviation in terms of the Supply Chain Management Policy would have been justified to have ensured efficiency in the first instance.

The Chairperson agreed, and stated that MPAC should call for stringent measures to ensure efficiency regarding the tendering process, including Blacklisting, where necessary.

RESOLVED:

That the Chief Financial Officer ensure that the Supply Chain Management Sub-directorate adhere strictly to the policy and implement the Blacklisting provisions in respect of non-performing contractors.

45. REVENUE MANAGEMENT ENHANCEMENT AND CUSTOMER CARE**45.1 % TRAFFIC FINE COLLECTION RATE (Council agenda 25/1/2011, p. 143, par. 4.1.4)**

It was stated that underperformance in respect of this KPI had been experienced since long before the current cash crisis in the Municipality had come about. It was also asked what action, if any, was taken against officials who repeatedly did not achieve the required output.

Reference was made to the proposal made at a previous MPAC meeting about an independent in-depth investigation being called for, and it was stated that this matter would be reported on at the next ordinary meeting of MPAC.

NOTED**46. EXPENDITURE MANAGEMENT****46.1 CREDITORS TO BE PAID WITHIN 30 DAYS OF DATE OF INVOICE (Council agenda 25/1/2011, p. 147, par. 4.5.9)**

It was stated that payments for Ward Committee facilities and for Customer Care Centres should be better managed.

RESOLVED:

That the Chief Financial Officer resolve the problems relating to late payment of creditors in respect of Ward Committee facilities and Customer Care Centres with the appropriate officials and submit his GAP analysis thereon to MPAC.

(The meeting was adjourned at 13:10 for a short break and resumed at 13:35.)

47. COMMUNICATION AND PUBLIC PARTICIPATION**47.1 PROFILING KEY SERVICE DELIVERY ISSUES IN THE MEDIA AND TO THE COMMUNITY (Council agenda 25/1/2011, p. 159, par. 5.1.1) AND FACILITATING WEEKLY RADIO SLOTS TO ENGAGE DIRECTLY WITH THE PUBLIC (Council agenda 25/1/2011, p. 159, par. 5.1.2)**

Councillor Sibengile stated that more specific details about the exact nature of the communication with the community via radio programmes should be provided, e.g. on what day of the week, at what time, and whether or not the Portfolio Councillors and senior managers participated. Furthermore, it was

pointed out that a radio station was recently established in the Northern Areas, and there were also several local news publications. It was stated that it was necessary to give all these media their proper place in a fully integrated communication strategy.

RESOLVED:

That specific details about the communication strategy with the community in the local media be stated in the abovementioned paragraphs of the Annual Report, and that all local community media, e.g. local publications and the new Northern Areas radio station, be integrated in the communication strategy.

47.2 AUDIT OF PERFORMANCE AND FUNCTIONALITY OF WARD COMMITTEES (Council agenda 25/1/2011, p. 160, par. 5.1.5) AND DEVELOPMENT OF A NEW WARD COMMITTEE MODEL WITH TERMS OF REFERENCE (Council agenda 25/1/2011, p. 161, par. 5.1.6)

Regarding the functionality of Ward Committees, it was stated that the comments in the Annual Report (Council agenda p. 160) should be more specific. It was asked whether the performance of the Ward Committees was ever measured.

It was pointed out that a new model for Ward Committees would be developed for the “new” Council after the Municipal Elections. It was agreed that MPAC ask to see that new model.

It was also stated that in previous Annual Reports, mention was made of a Public Participation Strategy and Policy. It was queried why nothing about that was mentioned under Communication in the current Annual Report. It was also pointed out that further on in the Annual Report (p. 192, par. 6.1.8), reference was made to a Community Public Participation Structure.

The Director : Communications, who had joined the meeting at that stage, said in reply to a question that the abovementioned Strategy and Structure did overlap, but were two different things.

RESOLVED:

- (a) That a report on the relevance of the Public Participation Strategy and Policy to the NMBM's communication activities be submitted to the Committee.
- (b) That the new model for Ward Committees, once it was finalised, be submitted to the Committee.

48. SPECIAL SECTOR DEVELOPMENT

48.1 DEVELOPMENT AND IMPLEMENTATION OF YOUTH, CHILDREN, PERSONS WITH DISABILITIES, GENDER AND WOMEN MAINSTREAMING PLANS (Council agenda 25/1/2011, p. 116, par. 5.5.1) AND

CAPACITY BUILDING AND ENTREPRENEURIAL TRAINING PROGRAMME OF SPECIAL SECTORS (WOMEN, YOUTH, CHILDREN AND PERSONS WITH DISABILITIES (Council agenda 25/1/2011, p. 167, par. 5.5.2)

It was pointed out that the reporting on work in respect of this KPI was inadequate. It was stated that most of the sectors listed above had individual national frameworks, with strategic key focus areas, e.g. for Persons with disabilities and for Gender. Each sector required its own focus. Other categories to be added were the Aged, Persons living with HIV/AIDS and Religious/Faith-based Groups. It was stated that MPAC should demand strategies for proper implementation of plans for each of the sectors.

RESOLVED:

That a comprehensive report be submitted to MPAC by the Constituency Services Office on steps to be taken to introduce and implement plans to address the needs of each of the sectors mentioned in the preamble above in terms of their specific key focus areas, as per the frameworks set by National Government for such sectors.

(A short tea break was taken from 14:45 to 15:00.)

49. MOTHERWELL URBAN RENEWAL PROGRAMME (MURP)

49.1 CONSTRUCTION OF THE MOTHERWELL THUSONG SERVICE CENTRE (Council agenda 25/1/2011, p. 190, par. 6.1.2)

Councillor Magopeni stated that there was acute dissatisfaction in her ward in the Motherwell community about the fact that the Thusong Service Centre was not functional. The residents wished to be informed as to what was causing the problems and what would be done to make the centre operational.

RESOLVED:

That a comprehensive report on the reasons for the current non-functionality of the Thusong Service Centre in Motherwell, and the actions to be taken to make the centre operational, be submitted to the Committee.

49.2 DEVELOPMENT OF COMMUNITY PUBLIC PARTICIPATION STRUCTURE (Council agenda 25/1/2011, p. 192, par. 6.1.8)

It was stated that the Committee needed information about what this structure was.

RESOLVED:

That a report on the nature, purpose, composition and functioning of the Community Public Participation Structure that was developed in terms of MURP be submitted to the Committee for information.

50. HELENVALE URBAN RENEWAL PROGRAMME (HURP)

50.1 NUMBER OF LOCAL CONTRACTORS CAPACITATED (Council agenda 25/1/2011, p. 192, par. 6.2.1) AND NUMBER OF COMMUNITY MEMBERS TRAINED (Council agenda 25/1/2011, p. 192, par. 6.2.2)

It was stated that the Committee required details of the abovementioned capacity building and training.

RESOLVED:

That a report with details of the nature of the capacity building of local contractors and the training provided to community members be submitted to MPAC.

REPORT BY ACTING EXECUTIVE DIRECTOR : CORPORATE SERVICES (22 FEBRUARY 2011 - RESCHEDULED TO 3 MARCH 2011)

51. SIGNIFICANT UNCERTAINTIES : REPORT ON LITIGATIONS (5/20/2/6/1) (3/2/9/3) (Agenda 22 February 2011, p. 24)

The Committee considered the report by the Chief Operating Officer and commented, with reference to paragraph 2 (agenda p. 24) that the root causes of litigation were alarming. It was particularly dismaying to note that failure by the Municipality to implement court orders was in most cases ascribed to a "lack of political will".

In reply to a question on whether or not the Municipality ever agreed to an out-of-court settlement, it was stated that if Legal Services received a report from the relevant Directorate on time, a settlement was sought, but if not, the matter had to go to litigation.

Councillor B C Williams pointed that it was known that some officials dealing with Supply Chain Management procedures had been replaced. She queried

whether all the new officials complied with the requirements of the Municipal Finance Management Act for holding such positions, and requested a report on the matter.

The Committee subsequently agreed to the recommendations by the Chief Operating Officer for minimising the risk of litigation, and also agreed to request the two reports referred to in the preamble above.

RESOLVED TO RECOMMEND:

That the following measures be adopted to minimise the risk of litigation against the Council:

Delictual claims:

- (a) Prioritisation of maintenance in the IDP and Budget and regular inspections of municipal infrastructure, e.g. potholes, uneven surfaces, illegal electricity connections, playgrounds.
- (b) Clear warning signage by the Municipality and contractors to be erected at areas of disrepair/construction.
- (c) Development of a Customer Care Model which allows for logging of complaints and reporting of incidents timeously.

Breach of contracts:

- (a) Proper monitoring of service providers by project managers.
- (b) Timeous reporting of defaulters to Legal Services and Supply Chain Management by Directorates to enable timeous intervention.
- (c) Development of an electronic Contract Management System.

Statutory and regulatory non-compliance by Directorates:

- (a) Timeous receipt of investigation reports from relevant Directorates.

Non-compliance with by-laws and relevant legislation:

- (a) Adoption of the By-law Enforcement Policy and Strategy by Council.
- (b) Disciplinary action on areas where officials ignore legislation and by-laws and progress on this reported to Municipal Public Accounts Committee, Mayoral Committee and Council.

Labour disputes:

- (a) Development and implementation of a Labour Relations Strategy (numerous disputes can be avoided by timeous intervention).
- (b) Corporate Services Directorate to familiarise employees with regard to internal employment policies, procedures and basic labour legislation at induction.
- (c) Timeous forwarding of labour disputes, notices and other legal documents to Legal Services.

Supply Chain Management:

- (a) Disciplinary action to be taken against officials who do not adhere to the Supply Chain Management Policy, leading to litigations/claims.
- (b) Review the Supply Chain structures (Specifications, Evaluation and Adjudication) and assess the competencies of staff in those structures against the MFMA competency requirements and remove officials who do not meet the requirements and cause unnecessary litigation due to improper decisions made at the structures.

FURTHER RESOLVED:

- (a) That the Acting Municipal Manager submit a comprehensive report to the Committee on what disciplinary action was taken against officials who had in the past ignored Municipal by-laws and relevant legislation.
- (b) That the Acting Municipal Manager submit a report to the Committee stating whether or not all officials currently serving on the Adjudication Committee, Bid Specification and Evaluation Committees and dealing with the Supply Chain Management Policy of Council have complied with all the competency requirements in relation to the Municipal Finance Management Act.

(The four officials representing the Office of the Chief Operating Officer left the meeting at 15:15.)

52. 2010 FIFA WORLD CUP : CONSOLIDATED EXPENDITURE AND FUNDING REPORT (19/11/3/2/1) (Agenda p. 27)

It was agreed that the Committee accepted the report and that this matter would now be regarded as finalised, given the fact that no further funds for the 2010 FIFA World Cup would be forthcoming from National Government.

NOTED

53. REASONS FOR LATE SUBMISSION OF DRAFT SDBIP AND PERFORMANCE AGREEMENTS TO THE EXECUTIVE MAYOR (2/22/1/4) (Agenda p. 29)

NOTED

**REPORT BY EXECUTIVE DIRECTOR : CORPORATE SERVICES
(3 MARCH 2011)**

54. FURTHER REPORTS REQUIRED - AUDITOR-GENERAL'S REPORT FOR 2009/10 AND RESPONSES THERETO (5/20/2/6/1) (3/2/9/3) (Agenda p. 1 and Council's agenda dated 25 January 2011, pp. 234 – 246 and pp. 734 - 738)(Min. no. 27/2011)

- 54.1 Fruitless, wasteful expenditure/Irregular expenditure (Min. no. 27.1) (1 February 2011)

NOTED

- 54.2 Material losses (Min. no. 27.3) (1 February 2011)

NOTED

- 54.3 Financial sustainability (Min. no. 27.4) (1 February 2011)

NOTED

- 54.4 Internal control : Leadership (Min. no. 27.12) (1 February 2011)

NOTED

- 54.5 Action Plan for rectification of matters identified in the Auditor-General's 2009/10 Management Plan (Agenda p. 2)(Min. no. 28.2) (8 February 2011)

NOTED

- 54.6 Employee performance management roll-out (8 February 2011) (Min. no. 29.8/2011) (Paragraph 1.2.4, Council agenda 25/1/2011, p. 25)

NOTED

54.7 Turnaround time for recruitment of staff from submission of recruitment notification/number of months (Min. No. 29.19) (8 February 2011) (Paragraph 1.4.15, Council agenda 25/1/2011, p. 30)

NOTED

54.8 Performance Management System (Min. no. 29.21.1) (8 February 2011)

NOTED

54.9 Vacant position: Executive Director: Electricity and Energy (Council Agenda 25/1/11, p. 38) (Min. no. 29.21.2)(8 February 2011)

An MPAC Subcommittee looking into vacancies that have not been filled but in which incumbents have been acting for a lengthy period held its first meeting on 1 March 2011.

The Chairperson of the Subcommittee reported its recommendation which was accepted as set out below and it was **RESOLVED TO RECOMMEND** that, provided there is budgetary provision in place, Council agrees that the vacant position of Executive Director : Electricity and Energy be re-advertised both internally and externally immediately after the Municipal elections to enable an appointment to be made, if possible, early in the new financial year.

FURTHER RESOLVED:

That the Executive Director : Corporate Services submit a report to the Committee with details of the number of vacancies in respect of Section 57 positions currently being filled by acting incumbents, in order for the Committee to recommend a way forward in respect thereof.

**REPORT BY EXECUTIVE DIRECTOR : CORPORATE SERVICES
(3 MARCH 2011)**

55. MANAGEMENT IMPLEMENTATION PLAN TO ADDRESS THE AUDITOR-GENERAL FINDINGS FOR 2009/10 (5/20/1/1) (Agenda p. 2)

The Director : Internal Audit and Risk Assurance tabled a summary of the audit findings per Directorate to be added at the end of the abovementioned item, which reads as follows:

Summary of 2009/10 AG Audit Findings per Directorate	New Findings	Repeated Findings	Total Findings
Budget and Treasury	38	15	53
Corporate Services	8	4	12
Chief Operating Officer	5	9	14
Public Health	0	7	7
Infrastructure and Engineering	0	1	1
Safety and Security	2	0	2
Internal Audit and Risk Assurance	1	1	2
TOTAL	54	37	91

Mr C van Dyk of the Office of the Auditor-General told the meeting that findings made by the Auditor-General would be repeated if the root causes are not addressed. He emphasised that the relevant Directorates and the officials exercising the controls should be well versed in correct procedures.

The Director : Internal Audit and Risk Assurance urged management to start addressing the root causes of adverse findings immediately, stating that it was best to start working on what the Auditor-General submitted to them as per the exception letter. The Committee agreed that Management should address these issues before the end of the financial year and submit regular updates to MPAC.

NOTED

The meeting terminated at 15:45.

CHAIRPERSON

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC
ACCOUNTS MEETING**

(Meeting held on 10 and 17 March 2011)

PRESENT: Councillor P B Lonake (Chairperson)
Councillor L J de Villiers
Councillor N S Magopeni
Councillor Z G Makasi
Councillor B Naran
Councillor R V Williams

ALSO PRESENT: Councillor T M Herbst

Acting Municipal Manager (Mr E Ntoba)
Executive Director : Infrastructure and Engineering
Acting Executive Director : Safety and Security (Mr S Brown)
Acting Executive Director : Human Settlements (Mr K Naicker)
Acting Executive Director : Corporate Services (Ms T Nompandana)
Director : Corporate Services (Mr S Javu)
Director : Internal Audit and Risk Assurance (Ms B Chan)
Assistant Director : Chief Financial Officer's Office (Mr R Verson)
Assistant Director : Properties, Human Settlements (Mr A Jordan)
Assistant Director : Policy and Research, Office of the COO (Ms S Claasen)
Assistant Director : Legal Services (Adv. M Tshamase)
Assistant Director : Human Settlements (Mr Z Mkayitshana)
Assistant Director : Committee Services (Mr J Sigonyela)
Assistant Director : Electricity and Energy (Mr M Booyesen)
EPWP Coordinator : Special Projects Directorate (Ms H Vantyu)
Chief Risk Officer : Office of the COO (Mr I Mugumo)
Administrative Officer : Corporate Services (Ms J Makamandela)
Senior Forensic Auditor : Internal Audit (Mr A Bezuidenhout)
Committee Administrator (Ms A Craighead)
Committee Secretary (Ms S Joubert)

Chief Executive Officer, MBDA (Mr P Voges)
 Assistant Manager : Office of the Auditor-General (Mr A Nicholls)

ABSENT WITHOUT LEAVE: Councillor T B Mafana
 Councillor Z J Seale
 Councillor T J Siwisa
 Councillor B C Williams
 Councillor B B Sibengile

(Leave of absence in respect of Councillor E C Trent and Councilor N Z Captain was noted.)

(Leave of absence in respect of Councillor N R Captain was received from the Speaker's Office after the meeting.)

Councillor B B Sibengile entered the venue and signed the attendance register when it was presented to him, but left before the meeting could start. Although Councillor Z J Seale entered the venue, she left before the meeting could commence.

Having waited for a period of 10 minutes, there was no quorum, and this being the case, the Chairperson adjourned the meeting in accordance with Rule 19.3, i.e. for a further period of 20 minutes.

The Chairperson adjourned the meeting at 9:30 on the understanding that the Secretariat, in consultation with the Chairperson, would identify a suitable date for the meeting to be resumed, as soon as possible.

Having resumed on 17 March 2011, there were

PRESENT: Councillor P B Lonake (Chairperson)
 Councillor N R Captain
 Councillor L J de Villiers
 Councillor N S Magopeni
 Councillor Z G Makasi
 Councillor B Naran
 Councillor T J Siwisa
 Councillor E C Trent
 Councillor B C Williams
 Councillor R V Williams

ALSO PRESENT: Councillor J S G Davis
 Councillor M Odayar

Acting Municipal Manager (Mr E Ntoba)
 Chief Operating Officer

Executive Director : Infrastructure and Engineering
 Executive Director : Economic Development and
 Recreational Services
 Executive Director : Public Health
 Acting Executive Director : Safety and Security
 (Mr S Brown)
 Acting Executive Director : Human Settlements
 (Mr K Naicker)
 Acting Executive Director : Corporate Services
 (Ms T Nompandana)
 Director : Corporate Services (Mr S Javu)
 Director : Technical Services : Electricity and Energy
 (Mr S A Adams)
 Director : Policy, Strategy and Research : Office of the
 COO
 (Ms L Nkanyeni)
 Director : MURP (Mr N Dunjana)
 Acting Director : Internal Audit and Risk Assurance
 (Mr N Bisson)
 Assistant Director : Chief Financial Officer's Office
 (Mr R Verson)
 Assistant Director : Legal Services : Office of the COO
 (Adv. M Tshamase)
 Assistant Director : Committee Services (Mr J Sigonyela)
 Office of the Executive Mayor representative
 (Mr M Ndoyana)
 Assistant Director : Electricity and Energy (Ms S Adams)
 EPWP Coordinator : Special Projects Directorate
 (Mr M G Rala)
 Chief Risk Officer : Office of the COO (Mr I Mugumo)
 Administrative Officer : Corporate Services
 (Ms J Makamandela)
 Senior Forensic Auditor : Internal Audit
 (Mr A Bezuidenhout)
 Committee Administrator (Ms A Craighead)
 Committee Secretary (Ms S Joubert)

Mr C J van Dyk (Senior Manager: Office of the
 Auditor-General)

ABSENT

WITHOUT LEAVE: Councillor T B Mafana
 Councillor B B Sibengile

(An apology in respect of Councillor Z J Seale who had to take her child to the dentist, was noted.)

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT

No applications were submitted.

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000) AND BY OFFICIALS

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

CONFIRMATION OF MINUTES : MEETING HELD ON 3 MARCH 2011, INCLUDING AGENDA DATED 22 FEBRUARY 2011

RESOLVED:

That the minutes of proceedings of this Committee at its meeting held on 3 March 2011, including the agenda of the Committee dated 22 February 2011 – meeting rescheduled to 3 March 2011, be hereby confirmed.

(The agenda dated 17 March 2011 containing the Oversight Report on 2009/10 Financial Year was discussed first).

AGENDA – 10 MARCH 2011

REPORT BY ACTING EXECUTIVE DIRECTOR : CORPORATE SERVICES

56. **FURTHER REPORTS REQUIRED : AUDITOR-GENERAL'S REPORT FOR 2009/10 (Agenda p. 1 and Council's agenda dated 25 January 2011, pp. 234-246 and pp. 734- 38) (Min. no. 27/2011)**

NOTED AND RESOLVED:

- (a) That a central database of all reported cases of fruitless, wasteful/irregular expenditure be maintained electronically in the Office of the Acting Municipal Manager and that it be accessible to Internal Audit.
- (b) That all matters be reported on a monthly basis to the delegated MPAC Subcommittee as an independent review process, irrespective of the outcome or decision taken thereon by the Acting Municipal Manager.
- (c) That the Management Team in conjunction with the Acting Municipal Manager agree on an appropriate action plan to address the outcome

of the fruitless, wasted and irregular expenditure, this to include disciplinary action taken and losses recovered from officials or third parties, and that a standard procedures manual be drawn up and implemented to provide proper guidance and hold officials accountable for their actions pertaining to fruitless, wasteful and irregular expenditure, to ensure that the process sends out a clear message that the Council is serious about its stance on zero tolerance towards fraud and corruption.

- (d) That the Council's Code of Conduct be circulated to all employees who should acknowledge that they have read, understood and accepted the Code, to enhance awareness of accountability and breaches thereof.
- (e) That with regard to any perceived irregularities in the tender processes, the members of the Bid Adjudication / Evaluation Committees report such items which have come to their notice to the Acting Municipal Manager and Internal Audit.
- (f) That where Management has sufficient evidence to charge an employee for an offence within their Directorate, this be executed immediately without an input requirement from Internal Audit, the matter and the resultant outcome to be reported to Internal Audit for information. (This procedure will assist in the expedition of high priority cases received in Internal Audit).
- (g) That Internal Audit recommendations relating to control measures, disciplinary action and reporting to the law enforcement agencies as stated in the investigation reports be acted upon timeously, and that in cases where Management decides not to implement Internal Audit recommendations, the latter official submits a report to Internal Audit and the Municipal Manager on reasons therefor and be required to accept the risk of such decision.
- (h) That suppliers be compelled to adhere to a Supplier Code of Conduct, and that suppliers found guilty of irregular conduct be removed permanently from the NMBM supplier database and no further business be entered into with such suppliers.

57. FURTHER REPORTS REQUIRED : AUDITOR-GENERAL'S REPORT FOR 2009/10 AND RESPONSES THERETO : ANTI-FRAUD AND ANTI CORRUPTION STRATEGY AND POLICIES (5/20/2/6/1) (3/2/9/3) (Agenda p. 1 and Council's agenda dated 25 January 2011, pp. 234-246 and pp. 734-738) (Min. no. 27/2011)

It was reported to MPAC on 17 March 2011 that senior management already had an opportunity to comment on this document and that the strategy needed to be adopted before educational and awareness workshops could be conducted.

Due to the increase in serious fraud cases within the NMBM being reported, the awareness campaign was regarded as critical. Accordingly the Committee resolved that the Draft Revised Anti-fraud and Anti-corruption Strategy and Policies be re-submitted to the Executive Mayor's next meeting for approval, and thereafter to the next Council meeting (31 March 2011) and that the consultation process with stakeholders be held thereafter.

RESOLVED:

That the Executive Mayor approves the Draft Revised Anti-fraud and Anti-corruption Strategy and Policies, and that same be submitted to the next Council meeting for approval, the educational and awareness workshops to be held thereafter.

58. EMPLOYEE PERFORMANCE MANAGEMENT ROLL-OUT (8 February 2011) (Min. no. 29.8/2011) (Paragraph 1.2.4, Council agenda 25/1/2011, p. 25)

RESOLVED:

That a progress report on the Employee Performance Management Roll-out Plan be submitted to the Committee by the end of April 2011.

59. TURNAROUND TIME FOR RECRUITMENT OF STAFF FROM SUBMISSION OF RECRUITMENT NOTIFICATION/NUMBER OF MONTHS

NOTED

60. SPATIAL DEVELOPMENT PLANNING : Review of Spatial Development Framework (Council agenda 25/1/2011, p. 42, par. 2.2.1)

It was stated that the Committee must be given the names of the Councillors who were holding up this process, and

RESOLVED:

That the Acting Executive Director : Human Settlements submit the names of the Ward Councillors who are not attending the sessions arranged with the Consultants appointed to carry out the process of reviewing the Spatial Development Framework, to the next meeting of MPAC.

61. LAND USE MANAGEMENT

61.1 Approval of consolidated zoning scheme and legal verification (Council agenda 25/1/2011, p. 44, par. 2.3.1)

NOTED

61.2 Revision of strategy to address delays in processing of land applications (Council agenda 25/1/2011, p 44, par. 2.3.1)

NOTED

62. MATTERS DISCUSSED ON 3 MARCH 2011 UNDER RECREATIONAL SERVICES

It was explained that the report in the agenda was pertaining to the information requested about the Liquor Board and had nothing to do with the Blue Flag Beaches. It was stated that the heading for item 7 in the agenda dated 3 March 2011 was confusing and that this should accordingly be split to represent the two very different matters contained therein. Discussion is accordingly split between Min. No. 62.1 and 62.2 below.

62.1 RECREATIONAL SERVICES : Maintaining current number of beaches with Blue Flag status (Council agenda 25/1/2011, p. 124, par. 3.10.1)

It was stated that it was unacceptable that the Blue Flag Status had been lost in respect of all the beaches in the NMBM because of a lack of policing of drinking in public and cleaning up the mess which was left on the beaches by this action. As the problem revolved around lack of funding, it was pointed out that the opportunity to raise this matter would be at the joint meeting of the Budget and Treasury Committee/Executive Mayor on 23 March 2011, and Councillor R Williams reported that he would be taking it up at that meeting.

NOTED

62.2 LIQUOR BOARD

NOTED AND RESOLVED:

That the Acting Executive Director : Human Settlements follow up the establishment of a closer relationship with the Liquor Board to ensure that the Council's Special Consents are issued/input is obtained where Liquor Licences are sought on properties falling within the Nelson Mandela Bay Municipality's area of jurisdiction.

63. EXPENDITURE MANAGEMENT : Creditors to be paid within 30 days of date of invoice (Council agenda 25/1/2011, p. 147, par. 4.5.9)

The meeting agreed that it was unacceptable that the Legal Division was taking so long to respond to the finalisation of the leases in question, and

RESOLVED:

That the Acting Municipal Manager instruct the Legal Division to finalise the process of preparing the lease agreements for the Ward Councillors' offices and return them to the Facilities Management Division within 2 weeks from the date of this meeting (by 31 March 2011).

64. MURP : Construction of the Motherwell Thusong Service Centre (Council agenda 25/1/2011, p. 190, par. 6.1.2)

NOTED

65. WASTE MANAGEMENT : Number of Transfer Stations/Recycling Centres established (Transfer Station to be established) (Council agenda 25/1/2011, p. 62, par. 2.12.7)

Reference was made to the statement in the agenda that the road was a provincial road and would therefore not be resurfaced or surfaced by the municipality, and it was stated that this was unacceptable as the municipality had caused the health hazard in the area by establishing the transfer station there. It was also stated that contrary to the statement in the agenda, Councillor R Williams had discussed the issue with the residents and been advised that there was not proper consultation with the public before the transfer station was established.

Councillor R Williams proposed that in order to rectify the situation, the responsible officials should be instructed to deal with the dust problem by re-surfacing the road from Hillwacht Road, off Verwoerd Drive. Councillor B C Williams queried whether the Council could do this without consultation with the National Roads Agency and went on to explain that the same type of health hazards existed at the Helenvale, Jacksonville and KwaNoxolo transfer stations. Councillor De Villiers stated that Seaview and the surrounding areas were also at risk.

Although the matter of the lack of EIAs was previously raised, it was agreed that a thorough health impact assessment of all the transfer stations was required, as well as a proposed solution to the problems.

RESOLVED:

That the Executive Director : Public Health carry out a thorough Health Impact Assessment of all the Transfer Stations/Recycling Centres in the Metropolitan area and report back to the next meeting of MPAC with proposals and costs involved in solving the health hazards surrounding same.

66. WASTE MANAGEMENT : Introduction of Waste Minimisation Projects : Introduction of Paper Recycling Project in 5 Municipal Buildings (Council agenda 25/1/2011, p. 63, par. 2.12.9)

Concern was expressed with the fact that the Adjudication Committee had awarded a contract to Bayathandana Managerial Skills and Multi-Purpose Co-operative PTY despite the fact that their tendered rate was unrealistic in terms of industry norms, and it was stated that this should have been a clear warning sign that it would be unable to perform what was required in terms of the tender. Because of this action, it was likely that no recycling would take place for a period of at least a year, given the dates reported for finalisation of the new tender.

RESOLVED:

That the Acting Municipal Manager instruct the Chairperson of the Adjudication Committee to submit a report to MPAC on the reasons why it had awarded the tender for Recycling of Paper in 5 Municipal Buildings to Bayathandana Managerial Skills and Multi-Purpose Co-operative PTY in the light of the clear indications contained in the company's tender document that it was unlikely to be able to perform in terms of the contract.

67. PRIMARY HEALTH CARE SERVICES : Number of meetings of the AIDS Council held (Council agenda 25/1/2011, p. 55, par. 2.10.10)

(A replacement for page 59 of the agenda, on which the table was illegible, was circulated with Circular No. 6/2011 dated 11 March 2011.)

The Committee expressed itself strongly on the need for decisive action to be taken to resolve the long-standing impasse concerning the implementation of the Integrated HIV and AIDS Plan in the Public Health Directorate.

Concern was voiced at the fact that the key role-players in the matter were declining to deal with the major disagreement that had arisen between the Executive Director Public Health and the Assistant Director : HIV and AIDS. It was pointed out that nothing seemed to have been done to ensure that the findings of the Internal Audit report dated October 2010 were addressed.

The Acting Municipal Manager reported to the meeting that he had written to the Executive Mayor querying why the latter had approved the transfer of the Assistant Director : HIV and AIDS from the Public Health Directorate to the Mayor's Office, whereas this was a competency which resided with the Acting Municipal Manager, but that he had not yet had a response thereto. It was agreed that this was an intolerable situation, and that as a result thereof, very little, if any, progress was being made to address the combating of HIV/AIDS and TB in the NMBM.

The view was also expressed that the Integrated HIV and AIDS Plan needed to be reviewed annually, in order to be updated.

NOTED AND RESOLVED:

That, after discussing the matter with the relevant officials, the Acting Municipal Manager submit a report to the next meeting of the Committee regarding:

- (i) what action was being taken to resolve the serious professional disagreement between the Executive Director : Public Health and the Assistant Director : HIV and AIDS which was hampering the work of the Public Health Directorate in implementing the Council's Integrated Response to HIV/AIDS and TB for the NMBM; and
- (ii) what action was being taken to address the findings in the Internal Audit report regarding the matter in (i) above.

(Councillor Naran left the meeting at this stage – 13:40.)

68. HURP :

68.1 Number of local contractors capacitated (Council agenda 25/1/2011, p. 192, par. 6.2.1)

NOTED

68.2 HURP : Number of community members trained (Council agenda 25/1/2011, p. 192, par. 6.2.2)

NOTED

69. FURTHER REPORTS REQUIRED : AUDITOR-GENERAL'S REPORT FOR 2009/10 AND RESPONSES THERETO (5/20/2/6/1) (3/2/9/3) (Agenda p. 1 and Council's agenda dated 25 January 2011, pp. 234-246 and pp. 734-738) (Min. no. 27/2011)

69.1 Material losses (Min. no. 27.3) (1 February 2011)

(See Min. No. 81.3 below)

69.2 Financial sustainability (Min. no. 27.4) (1 February 2011)

(See Min. No. 81.5 below)

69.3 Performance Management System (Min. no. 29.21.1) (8 February 2011)

The response required from the Chief Operating Officer was not submitted to the meeting and the Committee queried what the Acting Municipal Manager

was doing to address the fact that officials were blatantly failing to comply with Committee resolutions and that there were no actions being taken against their lack of performance. It was suggested that if this situation persisted, the Executive Mayor should be informed in writing of this.

The Acting Municipal Manager undertook to follow up on the submission of this report and the ones outstanding in respect of items 14.8, 14.9 and 14.11 of the agenda dated 10 March 2011.

NOTED

69.4 Roads: Implementation of Integrated Public Transport System (IPTS) for 2010 and beyond (Council agenda 25/1/2011, p. 48, par. 2.7.1)

(See Min. No. 79.3 below)

69.5 Primary Health Care Services : Number of meetings of the AIDS Council held (Council agenda 25/1/2011, p. 55, par. 2.10.10)

(See Min. No. 65)

69.6 Parks and Cemeteries : Number of cemeteries upgraded (Council agenda 25/1/2011, p. 64, par. 2.14.4) and Number of cemeteries maintained (Council agenda 25/1/2011, p. 64, par. 2.14.5)

(See Min. No. 74 below)

69.7 Environmental Management : Formulation of Bioregional Plan (Council agenda 25/1/2011, p. 66, par. 2.15.3 and 2.15.6)

(See Min. No. 79.3 below)

69.8 Communication and Public Participation : Audit of performance and functionality of Ward Committees (Council agenda 25/1/2011, p. 160, par. 5.1.5) and Development of a new Ward Committee model with terms of reference (Council agenda 25/1/2011, p. 161, par. 5.1.6)

(See Min. No. 69.3 above)

69.9 Special sector Development : Development and implementation of Youth, Children, Persons with disabilities, Gender and Women mainstreaming plans (Council agenda 25/1/2011, p. 116, par. 5.5.1) and Capacitation and entrepreneurial training programme of special sectors (Women, Youth, Children and Persons with disabilities) (Council agenda 25/1/2011, p. 167, par. 5.5.2)

(See Min. No. 69.3 above)

**69.10 MURP : Development of Community Public Participation Structure
(Council agenda 25/1/2011, p. 192, par. 6.1.8)**

(See Min. No. 76)

**69.11 Significant Uncertainties : Report on Litigations (5/20/2/6/1)
(3/2/9/3) (Agenda 22 February 2011, p. 24)**

(See Min. No. 69.3 above)

SUPPLEMENTARY AGENDA

REPORT BY ACTING EXECUTIVE DIRECTOR : CORPORATE SERVICES

70. PROGRESS REPORT ON NON-REVENUE WATER

The Executive Director : Infrastructure and Engineering proposed that the matter be deferred to enable him to update the report with the latest data when it was received from other Metropolitan Municipalities. However, as the meeting agreed that this matter was urgent the request was refused.

The meeting queried why there seemed to be little progress being made towards reducing the water losses and the Executive Director : Infrastructure and Engineering explained that because of the ageing infrastructure, some of the information obtained about water losses was not as accurate as it should be, and that this would require liaison between his directorate and the Budget and Treasury Directorate in respect of improving billing system data.

NOTED

71. FINANCIAL SUSTAINABILITY: DROUGHT RELIEF (Min. no. 27.4)

(This matter was discussed under the Oversight Report in the agenda dated 17 March 2011 and is minuted under that section – see Min. No. 79.1).

72. ROADS: IMPLEMENTATION OF INTEGRATED PUBLIC TRANSPORT SYSTEM (IPTS) FOR 2010 AND BEYOND (Council agenda 25/1/2011, p. 48, par. 2.7.1)

(This matter was discussed under the Oversight Report in the agenda dated 17 March 2011 and is minuted under that section – see Min. No. 79.2).

73. FORMULATION OF A BIOREGIONAL PLAN : REPORT ON THE POLLUTION OF THE SWARTKOPS RIVER (19/3/7/1)

(This matter was discussed under the Oversight Report in the agenda dated 17 March 2011 and is minuted under that section – see Min. No. 79.2).

74. PARKS AND CEMETERIES : NUMBER OF CEMETERIES UPGRADED (Council agenda 25/1/2011, p. 64, par. 2.14.4) AND NUMBER OF CEMETERIES MAINTAINED (Council agenda 25/1/2011, p. 64, par. 2.14.5) (18/5/1/2/R)

The meeting queried why some of the tenderers who had quoted very favourable rates for mowing had not received any work, whereas others quoting much higher rates had. It was furthermore pointed out that the Directorate's officials allocated the work, as the contracts in question were annual contracts.

The Executive Director : Public Health stated that she required time to investigate the matter and it was

RESOLVED:

That the Executive Director : Public Health submit a report explaining why tenderers who had quoted favourable rates for maintenance of cemeteries were overlooked in favour of others who had quoted much higher rates.

(The Executive Director : Human Settlements left the meeting at 14:15 during discussion of this item.)

75. PRIMARY HEALTH CARE SERVICES: NUMBER OF MEETINGS OF THE AIDS COUNCIL HELD (Council agenda 25/1/2011, p. 55, par. 2.10.10) (19/1/2/8/5)

(This matter was discussed under the Oversight Report in the agenda dated 17 March 2011 and is minuted under that section – see Min. No. 67).

76. MURP : DEVELOPMENT OF COMMUNITY PUBLIC PARTICIPATION STRUCTURE (Council agenda 25/1/2011, p. 192, par. 6.1.8) (Supplementary agenda p. 17)

NOTED

77. ADDITIONAL ITEM : REPORT ON SUPPLY CHAIN MANAGEMENT OFFICIALS : COMPETENCY QUALIFICATIONS

The following additional item was circulated to all Councillors under cover of Circular No. 6/2011.

“Background

A report on all officials currently dealing with the Supply Chain Management Policy of Council that have complied with all the competency requirements in relation to the Municipal Finance Management Act was requested at the meeting of 22 February 2011.

Legislation

The Local Government Municipal Finance Management Act, 2003: Municipal Regulations on Minimum Competency Levels that deals with Supply Chain Management is only applicable to the Head of the Supply Chain Management Unit and the immediate managers who report to the head of the unit.

The regulations require that these officials have the necessary management skills in the following 11 competency areas:

1. Strategic leadership and management
2. Strategic financial management
3. Operational financial management
4. Governance, ethics and values in financial management
5. Financial and performance reporting
6. Risk and change management
7. Project management
8. Legislation, policy and implementation
9. Stakeholder relations
10. Supply chain management
11. Audit and assurance

Supply Chain Management Officials

The officials in the Unit are as follows:

Title	Officials Name	Highest Qualification	Current Studies
Director : Supply Chain Management (Acting)	Ms N Nkomana	Honours: Industrial Psychology	Programme in Purchasing and Supply Management (UNISA)
Asst Director: Supply Chain Management Compliance	Ms C Ngxesha	BTech: Internal Auditing	1. Programme in Purchasing and Supply Management (UNISA) 2. MTech: BA
Asst. Director : Contracts (Acting)	Ms V Balie	BA Psychology	Programme in Public Procurement and Supply Management (UNISA)
Asst. Director: Acquisitions and Logistics	Mr R Ferreira	National Diploma: Purchasing Management	

Meeting competency levels

The above officials who have a three-year degree or diploma have the option of proving their competency through the recognition of prior learning (RPL) method, which entails writing a report on each of the above 11 skill areas which is then evaluated by a SAQA approved enterprise. The officials in the unit have chosen to rather go the route of formal training to achieve the required competency.

For information.”

NOTED

AGENDA DATED 17 MARCH 2011

(The agenda dated 17 March 2011 containing the Oversight Report on 2009/10 Financial Year was discussed first).

78. FOREWORD BY THE CHAIRPERSON (Agenda p. 1)

It was pointed out that the names of three members of the Municipal Public Accounts Committee (MPAC) had been omitted from the list in the front of the Oversight Report. The three missing names are:

Councillor T B Mafana
Councillor N S Magopeni
Councillor Z J Seale.

It was also felt that in the last sentence of the Foreword the words “previous Chairperson and Committee” should be highlighted, and their names added to the text. (The word “appreciated” in that sentence should also be corrected to “appreciation.”)

On p.4, the number of African National Congress members should be indicated as 9 (not 6), and that the word “its” should be deleted in the sentence immediately thereafter, in order for it to read:

Other Councillors who were not members of the Municipal Public Accounts Committee attended meetings from time to time, as did members of the public and the media.

79. MATTERS OF CONCERN NOTED BY MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (Oversight report 17/3/2011) (Agenda p. 7, par. 3.2)

79.1 Need for a Comprehensive Plan to Deal with Drought Crisis

Concern was expressed at what was termed the absence in the Oversight Report of a comprehensive plan to deal with the implications of the current

drought and the fears of the public about the dwindling water resources in Nelson Mandela Bay. It was pointed out that relief measures had to be expedited. The proposed extension of the Nooitgedacht Low-level scheme would take eighteen months to complete.

It was earlier pointed out that the Nooitgedacht project would cost R621 m, whereas National Treasury had granted only R450 m towards drought relief in the NMBM. It was agreed that, as proposed by the Executive Director : Infrastructure and Engineering in an earlier report, the reprioritisation of the Capital Budget might be needed and/or the investigation of alternative funding sources. The Executive Director : Infrastructure and Engineering stated that a report covering those matters was submitted to the Acting Municipal Manager that morning.

RESOLVED:

- (a) That the revised plan for dealing with the drought crisis in the NMBM, focusing on the possible reprioritisation of the Capital Budget and/or the investigation of alternative funding sources, and the way forward, as contained in the report by the Executive Director : Infrastructure and Engineering referred to in the preamble above, be submitted to the Special Council Meeting on 31 March 2011.
- (b) That drought crisis, and the steps currently being taken to prepare a comprehensive plan to deal with it, be included in paragraph 3.2 of the Oversight Report as Matters of concern noted by the Municipal Public Accounts Committee.

79.2 Integrated Public Transport System (IPTS) (Agenda p. 13, par. 3.4.3.2)

It was stated that the introduction of the IPTS could be regarded as partially responsible for the current cash crisis in the NMBM. It was also a very serious concern that the project was currently stalled because of the failure to reach an agreement with the taxi industry. Although reference was made to the IPTS in paragraph 3.4.3.2 of the Oversight Report, it should in fact be identified as a major concern.

RESOLVED:

That that the challenges surrounding the implementation of the Integrated Public Transport System (IPTS) be included in paragraph 3.2 of the Oversight Report as Matters of concern noted by the Municipal Public Accounts Committee.

79.3 Pollution of the Swartkops River and other local rivers

It was proposed and agreed that the major pollution of the Swartkops River, including details about the estimated cost of purifying the water, be included in paragraph 3.2 of the Oversight Report as Matters of concern noted by the Municipal Public Accounts Committee.

It was noted that other local rivers were also heavily polluted and likewise deserved urgent attention.

RESOLVED:

That the major pollution of the Swartkops River, including details about the estimated cost of purifying the water, be included in paragraph 3.2 of the Oversight Report as Matters of concern noted by the Municipal Public Accounts Committee.

(The Executive Director : Economic Development and Recreational Services entered the meeting at this stage at 9:50.)

79.4 Need for Code of Disclosure of Interest by Officials

It was stated that a Code of Disclosure of Interest by Officials had to be developed. Reference was also made to statement by the Auditor-General (Council agenda 25 January 2011, p. 240) that "the fraud prevention plan of the municipality has not been effective in actually preventing fraud and alleged fraud that had taken place during the financial period under review". Mention was also made of paragraph 27 (Council agenda 25 January 2011, p. 241) in which the Auditor-General stated that investigations currently being undertaken in the Municipality ranged "from tender irregularities, housing irregularities, procurement irregularities, theft and abuse of municipal assets, payroll related transactions, fronting and assistance-to-the-poor irregularities."

The Committee felt that it should make a strong statement that the Municipality did not have effective anti-theft and anti-fraud mechanisms in place.

RESOLVED:

- (a) That the need for an effective system of disclosure of interest by officials in financial matters relating to the Municipality be included in paragraph 3.2 of the Oversight Report under Matters of concern noted by the Municipal Public Accounts Committee.
- (b) That the need for effective anti-theft and anti-fraud measures in the Municipality included in paragraph 3.2 of the Oversight Report under Matters of concern noted by the Municipal Public Accounts Committee.

79.5 Delay in preparing Local Spatial Development Frameworks with particular reference to Uitenhage and Despatch

It was stated that Spatial Development Framework for Uitenhage and Despatch had been outstanding for two years, during which development schemes were being undertaken outside the context of a finalised Framework and public consultation having taken place. Such developments caused considerable public dissatisfaction.

RESOLVED:

That the outstanding Spatial Development Framework for Uitenhage and Despatch be included in paragraph 3.2 of the 2009/10 Oversight Report under Matters of concern noted by the Municipal Public Accounts Committee.

79.6 Environmental concern about refuse transfer station : Verwoerd Drive/Hillwacht Road, Uitenhage

Councillor R Williams submitted further information, including a photograph, about the abovementioned matter that he had raised at a previous meeting, namely the severe dust problem caused by the activities at the transfer station which had led to several residents in Verwoerd Drive experiencing serious respiratory problems.

Councillor Williams stated that he had personally visited some of these residents, who were ratepayers whose lives were being made a misery and who felt that the Municipality was choosing to ignore their problem. He made a strong appeal that the Municipality attend to the matter and bring it to a satisfactory conclusion.

(See also Min. No. 65 above.)

80. AREAS OF AMENDMENT TO THE 2009/10 OVERSIGHT REPORT (Agenda p, 8, par. 3.3)

80.1 Eradication of the bucket system : More information required

It was agreed that more detail should be provided in the Oversight Report in respect of paragraph 3.3 (c) (bullet-point 4): The eradication of the bucket system.

It was pointed out that the National minimum standard was one toilet for every five households. It was proposed that the NMBM should report how it proposed to achieve that minimum standard.

The Executive Director : Infrastructure and Engineering stated that it was currently providing Ventilated Improved Pit (VIP) toilets at Colchester, but could not do that in the rest of Nelson Mandela Bay, because of the high

water table. The only way to accelerate the provision of toilets would be to accelerate the provision of formal housing.

RESOLVED:

That the Chief Operating Officer submit a report to Council on how to achieve the minimum standard of toilet provision within the financial and physical constraints experienced in the NMBM.

80.2 Kerbside waste collection service

RESOLVED:

That paragraph 3.3 (e) (Agenda p. 9) be amended by adding the words “and certain farms” immediately after the words “except small holdings”, in reference to the areas where there was not a kerbside waste collection service.

80.3 Spelling of Zanemvula

It was pointed out that the correct spelling was “Zanemvula” (Agenda p. 9, par. (l)), and not “Zanemvule”.

NOTED

81. COMMITTEE’S COMMENTS ON RECOMMENDATIONS IN OVERSIGHT REPORT

81.1 Time frame to be added to recommendation (Agenda p. 10, par. lii)

It was agreed that time frames be added to the recommendation concerning the timeous receipt of investigation reports from relevant Directorates.

(Councillor Davis left the meeting at 10:45.)

81.2 Supply Chain Management : Competency of staff (Agenda p. 11, par. vi, second and third bullet-points)

Councillor M Odayar referred to the abovementioned paragraphs and stated that he wanted his concern recorded about what he termed the appointment by the Acting Municipal Manager of officials who did not have the necessary experience of supply chain management as Chairperson of the Bid Evaluation Committee and the Bid Adjudication Committee respectively.

The Chairperson stated that a comprehensive report on this matter would be submitted to the Committee.

NOTED

81.3 Fruitless and wasteful expenditure (Agenda p. 12, par. (b))

Concern was expressed over the fact that the Subcommittee that was appointed to investigate a list of instances of alleged fruitless and wasteful expenditure could not have its meeting. As it was required that a report on the matter be submitted to Council, it was resolved, that the Acting Municipal Manager, as the accounting officer, submit a report in that regard.

RESOLVED:

That the Acting Municipal Manager submit a report to Council on the lack of progress made in the recovery of fruitless and wasteful expenditure from Councillors and/or officials as well as the disciplinary action taken against them.

81.4 Institutional transformation and organisational development : Performance highlights, challenges and remedial action (Agenda p. 13, par. 3.4.2.2)

It was agreed that mention should be made in the Report about the pending litigation in respect of performance bonuses and how much this was likely to cost.

NOTED**81.5 Human Settlements : Recommendations (Agenda p. 13, par. 3.4.3.1)**

Councillor B C Williams stated that in her view mention should also be made of the many problems reported on a daily basis concerning housing delivery, inter alia in Jacksonville, such as houses being occupied by the wrong beneficiaries, houses on waterlogged sites, etc. She added that investigations had been undertaken in some of these instances, and that details on what had been done in respect of Audit Investigations should be given.

RESOLVED:

That Ward Councillors be called upon to give their close cooperation to assist in addressing the many problems surrounding housing delivery as referred to in the preamble above.

81.6 Financial sustainability and viability (Agenda p. 13, par. 3.4.4)

Concern was expressed about the accumulating debt and decline of the collection rate to 94%. This fact should be included under the recommendations.

RESOLVED:

That in respect of financial sustainability, the following be added as recommendations in the 2009/10 Oversight Report.

- (i) measures to address the accumulating municipal debt
- (ii) the need for a more stringent approach to revenue collection,

82. CONCLUSION

The Committee concluded the discussion of the Oversight Report by returning briefly to the Draft Annual Report (Council agenda 25 January 2011) and making the following points:

- (a) The Municipal Public Accounts Committee had serious concerns about the unsatisfactory rate of service delivery as reflected in the provision of housing, water, sanitation and electricity throughout the Annual Report.
- (b) The fact that targets for local economic and industrial development and a strategy for agriculture and agritourism were not met, was likewise a cause for concern, as these were the drivers for job creation. The importance of these objectives should be duly highlighted in the Report.
- (c) The need for economic development, and the means by which that would be pursued, should be expressed far more strongly in the report. There should be more tangible key performance indicators for economic development than, for example, the number of meetings held, as reported in the case of the Economic Advisory Panel.
- (d) The 0% reduction in non-revenue water that was reported, i.e. water consumption that was not accounted for, was also a major concern.
- (e) Every major concern identified must be matched by an adequate recommendation.
- (f) All issues where targets were not met per the reports in the Annual Report should be included in paragraph 3.2 under Matters of concern noted by the Municipal Public Accounts Committee in the 2009/10 Oversight Report and should also be included under the Recommendations in that Report.

NOTED AND RESOLVED:

That the Draft Annual Report and the Oversight Report 2009/10 of the Annual Report be accepted and returned with the recommendation that the

amendments identified and formulated by the Municipal Public Accounts Committee in respect thereof, be implemented.

The meeting terminated at 14:20.

CHAIRPERSON

**ANNEXURE "B" : THE ADVERTISEMENTS OF THE MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE MEETINGS AND INVITATIONS TO THE PUBLIC
TO PARTICIPATE**



**nelson mandela bay
MUNICIPALITY**




HOST CITY

MUNICIPAL NOTICE-BOARD

**NOTICE OF 2009/10 ANNUAL REPORT AND
2010/11 MID-TERM REPORT
OPEN FOR INSPECTION**

The 2009/10 Draft Annual Report and the 2010/11 Mid-Term Report of the Nelson Mandela Bay Metropolitan Municipality were tabled in Council on 25 January 2011. The Municipality hereby invites comments from the public on the Annual Report, which, together with the Mid-term Report, is lying open for inspection at all municipal libraries and customer care centres, as well as on the municipal website: www.nelsonmandelabay.gov.za. Any comments on the Annual Report must be submitted to the Office of the Municipal Manager (Attention: Chief Operating Officer) at PO Box 116, Port Elizabeth 6000; or fax: 041 5054514; or e-mail: jwait@mandelametro.gov.za by not later than **MONDAY, 28 FEBRUARY 2011**.

Ref. 24 (Vote 1657/0135) – 31 January 2011

Under the hand of the Acting Municipal Manager, Mr E Ntoba

5 AND 6 FEBRUARY 2011 : REGISTER TO VOTE IN THE MUNICIPAL ELECTIONS


nelson mandela bay
 MUNICIPALITY



 HOST CITY

MUNICIPAL NOTICE-BOARD

**NOTICE OF MEETINGS OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE:
CONSIDERATION OF MUNICIPALITY'S 2009/10 ANNUAL REPORT**

On 25 January 2010, the Council considered its 2009/10 Annual Report, and its Municipal Public Accounts Committee was appointed to develop an Oversight Report in respect of the Annual Report.

Notice is hereby given that meetings of the Council's Municipal Public Accounts Committee have been scheduled as follows:

DATE	TIME	VENUE
Tuesday, 8 February 2011	09:00	Conference Centre, Old Wool Exchange Building, Military Rd
Tuesday, 22 February 2011	09:00	Conference Centre, Old Wool Exchange Building, Military Rd
Thursday, 3 March 2011	09:00	Conference Centre, Old Wool Exchange Building, Military Rd
Thursday, 10 March 2011	09:00	Conference Centre, Old Wool Exchange Building, Military Rd

Members of the public are welcome to attend and observe the proceedings of the Municipal Public Accounts Committee during the above meetings.

Ref. 37 (Votes 01620135 & 14850135) – 7 February 2011

Under the hand of the Acting Municipal Manager, Mr E Ntoba

TOGETHER, WE CAN DO MORE!