



uMngeni municipality

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER ON **TUESDAY, 29 MARCH 2016 AT 09H10**

PRESENT:

COUNCILLORS

STJ NDLOVU (CHAIRPERSON), GT DLAMINI, MJ GRUENEBERG, HP NDLELA AND TA DUGGAN

AUDIT COMMITTEE

Adv. S. Sethene (Chairperson)

COMMUNITY MEMBERS

Mr BT Qwabe and Mr N McConnell

OFFICIALS

Mrs G. Gumbi-Masilela (Acting Municipal Manager), Mr ZS Gwala (Chief Financial Officer), Mr B Mpanza (GM: Community Services), Mr SG Simpson (GM: Economic Development and Planning), Mr JE Svensson (GM: Technical Services), Mr HS Buthelezi (GM: Corporate Services) and Mr T Mgaga (Communications Manager)

IN ATTENDANCE

Councillors: PA Passmoor, SR Majozi, CRW Millar, LP Phikwane, FT Cele, NN Mlotshwa, JE Holmes, JN Lewis and SK Pillay.

Ward Committee members: M Mbambo, B Mchunu, M Mbhele, S Lamula and M Memela.

1. OPENING AND WELCOME

The Chairperson welcomed everyone in the meeting.

2. NOTICE OF THE MEETING

The notice of the meeting was taken as read by the General Manager: Corporate Services.

3. APPLICATION FOR LEAVE

Ms L Mkhize

4. CONFIRMATION OF OVERSIGHT COMMITTEE MINUTES – 18 MARCH 2015

On a proposal moved by Councillor MJ Grueneberg and supported by TA Duggan, it was

RECOMMENDED

That the minutes of the Oversight Committee meeting held on 18 March 2015 be confirmed.

MATTERS ARISING FROM THE MINUTES

The following clarities were raised and responded to:

Mr N McConnell

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Why the Cashiers were not fired from the misappropriation of the municipal funds? Have they paid the money in full and are they still in service? Have the Management checked to see whether are embezzling again? The General Manager: Corporate Services responded that the disciplinary process was followed wherein the municipality engaged the services of outside Presiding Officer and Prosecutor who therefore ruled that said Cashiers should pay back the money. The money was deducted monthly to cover the figure each person had to refund. The judgement that was passes by the Presiding Officer was that the Cashiers should be taken away from the work that involved handling cash.

Councillor TA Duggan

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With regards to the District Intergovernmental Relations meeting it was resolved that after the meetings management will cascade feedback to Cluster Committee meetings, but that has never happened. The General Manager: Corporate Services responded that the issues related to District Intergovernmental Relations are attended by the Municipal Manager and the Mayor through their IGR forums and the Acting Municipal Manager will ensure that the General managers report to the clusters on an ongoing basis.

5. 2014/2015 ANNUAL REPORT CONSIDERATION BY OVERSIGHT COMMITTEE

The Oversight Committee noted that the Annual Report was tabled to Council on 27 January 2016. Notices were placed in the newspaper i.e. The Village Talk and The Witness regarding tabling of the report inviting the public to make representations to the Annual Report. The Annual Report was made available to all municipal libraries, offices and was also placed on the Municipality's website. At the closing date for public submission on 1 March 2016, there were no submissions for representations received from the public, however there were recommendations for corrections which were effected. The Oversight Committee members were given an opportunity to raise their concerns and seek clarities where there are matters of concern.

The following concerns, clarities were raised and responded to:

Mr. N McConnell

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The Nelson Mandela Capture site museum what are those challenges? Why is taking too long to build? Are there any escalation or penalty clauses built into the contract? The cost of R39 million is excessive if compared to the infrastructure. The General Manager: Technical Services responded

that the concerns were raised in the Project Steering Committee and it emerged that the cost of delivering the projects of this magnitude similar to other Mandela projects is usually high however there is an effort to monitor the costs.

What has the municipality done about the electricity theft?

The General Manager: Technical Services responded that the municipality has gone out to tender for a service provider to offer a solution to this smart metering and reducing electricity theft. Smart metering is the only way to go in order to reduce electricity theft.

What plan has been put in place to resuscitate the campaign? The municipality should be careful of smart metering mentioned in the report, the residents do not want the incident happened in Tshwane to repeat itself. The General Manager: Technical Services responded that the municipality will have to look at the vending system to extract consumption per meter. The Chief Financial Officer responded that the customer trend is monitored every month in terms of their purchasing and the report is printed to investigate whether the meter is faulty or bypassed.

What were the challenges to discontinue the electricity campaign?

It was indicated that the challenges leading to the campaign to discontinue was the bitterness between the community and the contractor not the Councilors and the community. The contractors have been threatened by the community when embarking on the disconnections of electricity and Councillors were urged to intervene to mitigate the situation. The challenges to discontinue with the electricity campaign was that most of the household had faulty meters which the municipality had to repair before continuing with the process. Councillor MJ Grueneberg expressed concern that the stop electricity theft campaign reduced the theft of electricity and when it stopped the theft increased again and she attributed this to municipal political leadership who did not show commitment to the exercise. She indicated that the municipality is sitting on an extremely dangerous situation if the matter continues unattended. Councillor GT Dlamini responded that there were faulty meters and people wanted to convert from conventional meters to prepaid meter and the municipality was running short of equipment.

The Acting Municipal Manager reported that to start developing a culture of payment the municipality developed an amnesty for people and there were issues raised about faulty meters and the contractor repairing those faulty meters. The lists of complainants will be prioritized as part of the plan.

Councillor TA Duggan commented with regard to the smart metering that the problem is the implementation of the contract, terms of the contract, how the services provider is paid and terms of payment for the infrastructure. The Acting Municipal Manager responded that the municipality will consider all the issues raised in relations to smart metering but to get it finalized is complex and the municipality will have to tread carefully.

Is the smart metering going to be done in-house or outsourced, if in-house do the municipality have the capable personnel to do it and if outsourced what will be the cost implication of the smart metering? The Acting Municipal Manager responded that the municipality does not have the necessary funding to implement the project but they are looking for companies and service

providers with financial muscles to roll the project out, and at the end of the project it will be handed back to the municipality for maintenance after five years or so when the service provider has broken even the infrastructure will belong to the municipality to generate income. The Manager: Electrical position is one of the prioritized critical posts and will be filled soon.

Has the amnesty been withdrawn from the defaulters/individuals? The Acting Municipal Manager responded that the process has not been fully monitored to get to that point, however as soon as proper assessment are done it will be revisited.

How many have been reconnected illegally? The Acting Municipality Manager responded that the municipality has not monitored the people who reconnect but are aware of illegal connections. Hoping that the smart metering will be able to detect illegal connections and disconnect instantly.

Mr. N McConnell recommends that before the municipality sign any contract must use the services numerous highly qualified retired people who live around Howick, who are available and willing to assist the municipality freely. The municipality will not sign any contract with them. The Acting Municipal Manager appreciated the offer and stated that the municipality will look into the matter.

Municipal roads potholes the repairs are not done properly; those repairs are constantly conducted during weekends and filling them with cold mix which is not and is washed off by the rain to and this is done only to accumulate overtime. Working over the weekends cost the municipality a lot of money on overtime. If the potholes were done perfectly the first place the municipality will save money in the long run. The General Manager: Technical Services responded that his Department is severely under resourced, have one team repairing potholes and the unit is under staffed. This puts challenges to the department resulting to work overtimes and in other areas potholes are extremely severe. In those instances the department was forced to work overtime during weekends. He was also noted stating that Pro-phalt has repaired a number of roads in Howick and Hilton area.

Councillor TA Duggan stated that she saw employees working during the weekend use cold mix which is compounding the potholes problems. The Acting Municipal Manager concurred by stating that now the municipality is using professionals in repairing the potholes.

Has the fulltime Municipal Manager been appointed, if not when? The General Manager: Corporate Services responded that an advert went out, the candidate were appointed however he did not accept the position. The municipality had to advertise the position again and the closing date is tomorrow (30 March 2016).

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Why the Taxi Rank is not being used? Alternative plan should be arranged and get the taxi rank operated. The Acting Municipal Manager responded that there were discussion with the Department of Public Works around the land swap because they were planning to have SASSA office that will be expanded to the Magistrate Court; the process is almost completed unfortunately there are Treasury Regulation that Public Works looked to comply with before the finalization of the matter. The process will be finalized in due course.

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It was noted that the municipality has lost higher than 32.15 million in electricity. Electricity revenue is 52.7 million the loss make 61% which is not sustainable. The Chief Financial Officer will deal with the matters related to financials. The Chief Financial Officer responded that Nersa keeps on increasing by 9.4% while the inflation is sitting at 6% how can you achieve tariffs which is affordable to people. National Treasury is incorrect for allowing ESKOM to charge high inflation rate. There is high unemployment rate in the country and it is improper to increase the tariffs. Inflation rate and ESKOM does not relate to each other. Other comments will be dealt with accordingly.

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Correct table3 2014/2015

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Have the Auditor-Generals recommendations been implemented and if not why? The top five risks identified by the AG what is the report back on those? The Acting Municipal Manager reported that the plan has been submitted to COGTA and Treasury Department. The municipality is addressing the risks identified some have been completed and some are underway.

Is the staff shortage due to affirmative action? Senior Management has not yet signed the performance agreement, why? The Acting Municipal Manager responded that the staff shortages had nothing to do with affirmation action but to reposition the municipality strategically.

Weighbridge is being vandalized why is it not being used? The Acting Municipal Manager responded that the matter will be addressed accordingly. The general manager technical responded that the matter has since been resolved

What is causing the blockage in Stormwater drainage? Coucillor GT Dlamini responded that the blockage is a result from the old infrastructure which the uMgungundlovu District is dealing with.

What are the fees for consultancy fees of R7.7million, gift 3.2 million and 1.3million interest and penalty for vat in one year? Why there were paid late. The Chief Financial Officer will provide the details of this information.

Why did the Management not investigate all the irregular fruitless and wasteful expenditure for last year 2014/2015. Was there any action taken against those individuals responsible? Were the supervisors of those individuals taken to task?

Road maintenance plan why is it not implemented and what is their target dates? The general manager technical will provide details in the AG plan.

What has being done to curtailing the overtime? The Acting Municipal Manager responded that overtimes has been a problem for years and the municipality is looking at the ways to reduce it and strategically empowers the supervisors to deal with the matter.

Are these the same issues raised in the previous financial years and not being dealt with? What action has been taken so far? Has the schedule/action plan been implemented to reprimand those individuals?

What has been done with low revenue collection? Mr. McConnell suggestion that the political parties must be involved in the collection processes and the Chief Financial Officer must work hand in hand with the Ward Councillors. The Acting Municipal Manager responded that the municipality has appointed new attorneys, firmed up the terms of reference and hopefully the collection rate will increase. The Acting Municipal Manager responded that the Councillor are involved because they were in the frontline during the stop electricity theft campaign.

Mr. N McConnell concluded by stating that issues comes down to managerial, oversight and supervision, manage staff continuously and management must do their job to deliver service to the community. Acting Municipal Manager responded that empowerment of Management and supervisors is in progress.

Councillor MJ Grueneberg suggested that the ex-Mayor must be included in the report since he owes the municipality. Councillor GT Dlamini disagree with the comment by stating that Council took a decision for the ex-mayor to pay the amount on a monthly basis and state that the matter should have been discussed in the Portfolio Committee meetings.

Councillor MJ Grueneberg moved the Annual Report with amendments and Councillor TA Duggan seconded.

On a proposal moved by Councillor MJ Grueneberg and supported by Councillor TA Duggan, it wa

RECOMMENDED

1. **That the Oversight Committee resolves to recommend to Council to adopt the Annual Report with amendments and without reservations;**
2. **That the Oversight Report and the Annual Report be forwarded to the Provincial Legislature, the Provincial Department of Co-operative Governance and Traditional Affairs and the Provincial Treasury;**

3. That the Annual Report be posted on the website within seven days of the adoption;
4. That the notice be published in the local media indicating that the Annual Report has been adopted; and
5. That copies of the minutes of the Oversight Committee and Council dealing with the Annual Report be submitted to the Auditor-General, Provincial Treasury and the Department of Co-operative Governance and Traditional Affairs.

CLOSURE : 10h43

Confirmation Signature

DATE