

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 10 NOVEMBER 2014

COMMITTEE REPORTS

1. REPORT OF THE STANDING COMMITTEE ON PREMIER ON THE 2013/2014 ANNUAL REPORTS OF THE DEPARTMENT OF THE PREMIER FOR THE YEAR ENDED 31 MARCH 2014, DATED 30 OCTOBER 2014

The Standing Committee on Premier, having considered the Annual Report of the Department of the Premier, for the year ended 31 March 2014, referred to it, reports as follows:

1. Introduction

The annual report programme for the 2013/2014 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department. Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Department of the Premier

2.1 Overview

The Department of the Premier is primarily a service delivery department and does not deliver frontline services to the public, with an exception to providing frontline service to Cape Access Centres. The Department provides support services such as executive support, policy and strategy development, strategic programmes, strategic management information and corporate services to the other departments of the Western Cape Government. Most of the resources within the department, both human resources and financial resources, are

dedicated to the provisions for corporate services. The Department of Health and the Western Cape Education Department manages their own human resource functions.

The Department of the Premier achieved 89 percent of its targets as outlined in the Annual Performance Plan 2013/14, which reflects a 21 percent improvement on the 2011/12 financial year and a 9 percent improvement on the 2012/13 financial year. The Department attained an unqualified audit with no findings and 99.1 percent of its budget was spent.

The Broadband tender was awarded on 8 April 2014 even though 90 percent of the preparation for the roll out of broadband was conducted within the 2013/14 financial year. The departments in the Western Cape Government performed well in the Management Performance Assessment Tool (MPAT), a process initiated by the Performance Monitoring and Evaluation Department in the Presidency. The Western Cape Government achieved level 4, which is the highest percentage in management standards, while the top two performing departments across the country were from the Western Cape Government. The Premier's Advancement of Youth (PAY) project provided 728 internship opportunities to gain work experience.

2.2 Concerns

- 2.2.1 Internal audit did not submit the 4 draft reports to the Audit Committee for the year under review namely, the Predetermined Objectives (PDO), WCG Departmental Bursaries and Management of Bursary Agreements, Transfer Payments and the Draft Management Audit Report.
- 2.2.2 When targets in the Annual Performance Plan are not set high enough, it may lead to an indication of over performance of targets within the Department.
- 2.2.3 The appointment requirements of the Chief Audit Executive.
- 2.2.4 A possible conflict of interest relating to the structure of the roles and responsibilities of the Chief Audit Executive.
- 2.2.5 Outsourcing of the Forensic Investigative Unit impacted negatively on skills transfer within the Department.

2.3 Submissions by the Public

- 2.3.1 Mr Mbiko, a member of the public, representing the Nyanga Development Forum, addressed the Committee on challenges experienced in obtaining information from the City of Cape Town on developments in Nyanga.
- 2.3.2 Mr Kakaza, a member of the public and the Chairperson of the Violence Prevention through Urban Upgrading (VPUU) working group, addressed the Committee on his experiences in addressing challenges on the developments and programmes offered to the community of Nyanga.
- 2.3.3 Mr Hoffmeister, a member of the public, requested the Department to draft its Annual Report in a simplified manner for the public to understand. Mr Hoffmeister further enquired on the Department's selection criteria on identifying areas to provide with Wi-Fi accessibility and identifying matriculants to qualify for the PAY

project, since the Bishop Lavis Community has not had any benefits to any of these initiatives.

- 2.3.4 Ms Oliphant, a member of the public, expressed her concerns around fraud and corruption in the processing of grants that were paid out illegally to certain organisations.

2.4 Recommendations

The Committee recommended:

- 2.4.1 That the Deputy Director General Dr Platzky of the Department of the Premier convene a meeting with Mr Mbiko and Mr Kakaza to assist them in addressing their concerns. The Deputy Director General should forward a report on the outcome of these meetings.
- 2.4.2 That the Department assist Mr Hoffmeester in addressing his concerns.
- 2.4.3 That the matter of Ms Oliphant be referred to the Forensic Investigation Unit residing in the Department of the Premier.
- 2.4.4 That an oversight visit to one of the new access centres in either Mbekweni, Paarl East, Zwelethemba, Kwa-Nonqaba, Kwa-Nokuthula (Plettenberg Bay), Bredasdorp or Hawston, be undertaken, as identified on page 30 of the 2013/14 Annual Report.

2.5 Papers, Reports and Information requested by the Committee

The Committee requests the Department to provide the Committee with the following by 20 November 2014:

- 2.5.1 The list of service providers that tendered to render a service for the appointment of the Forensic Investigation Unit.
- 2.5.2 All documents relating to the submission and processing of the three Internal Audit reports namely; the Predetermined Objectives (PDO), the WCG Departmental Bursaries and Management of Bursary Agreements and the Transfer Payments Reports, as mentioned on page 112 of the 2013/14 Annual Report
- 2.5.3 The advertisement, human resource documents and details of the process followed regarding the appointment of members to the Audit Committee and the appointment of the Chief Audit Executive.
- 2.5.4 A full report on the Barrett Culture Survey, as mentioned on page 43 of the 2013/2014 Annual Report.
- 2.5.5 A detailed report on the number of international engagements undertaken and the detail of the officials and members of the delegation who travelled, including the destinations travelled. In addition, the report should outline the value added and the outcome of these international engagements.

- 2.5.6 A detailed breakdown of all grievances lodged with the Department that led to disciplinary hearings, and the outcome of each case, as mentioned on page 71 of the 2013/2014 Annual Report.
- 2.5.7 The four brand assessment reports, as indicated on page 81 of the Annual Report 2013/2014.
- 2.5.8 The names of the directors at the Cape Access centres and the contact numbers of employees who manage the Cape Access programme.
- 2.5.9 The current Equity Employment Plan of the Department and progress on the Departments targets.
- 2.5.10 The Committee further requests that the Department, by 1 December 2014, provide the Committee with the external audit and legal reports that will be finalised by the end of November relating to the Budget Management Audit report.

Report to be considered.

2. REPORT OF THE STANDING COMMITTEE ON FINANCE ON THE 2013/2014 ANNUAL REPORTS OF PROVINCIAL TREASURY AND ITS ENTITY THE WESTERN CAPE GAMBLING AND RACING BOARD FOR THE YEAR ENDED 31 MARCH 2014, DATED 21 OCTOBER 2014

The Standing Committee on Finance, having considered the Annual Reports of Provincial Treasury and its entity, the Western Cape Gambling and Racing Board, for the year ended 31 March 2014, referred to it, reports as follows:

1. Introduction

The annual report programme for the 2013/2014 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

As part of its oversight function, the Committee considered the Annual Reports of Provincial Treasury and its entity the Western Cape Gambling and Racing Board on 16 October 2014. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

Members of the Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department and its Entity. Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Provincial Treasury

2.1 Overview

The Department has committed itself to being a key stakeholder in the delivery of the

Province's 12th Strategic Objective: Becoming the best run regional government in the world. The Department reported that it has played a strong role in driving good governance through the Corporate and Municipal Governance Review and Outlook process and through the Medium Term Expenditure Committee process.

Supply Chain Management (SCM) forums have been established at which provincial and municipal officials engage to ensure consistent interpretation and application of National Treasury Regulations across the Province. There has subsequently been a reduction in audit findings related to compliance to Supply Chain Management Regulations. The Supply Chain Management Helpdesk is another mechanism through which the Department meets its support, guidance and assistance role to municipalities in terms of Section 5(3) of the Municipal Finance Management Act (Act 56 of 2003) and to provincial departments in terms of Section 18 of the Public Finance (Act 1 of 1999). The Helpdesk can be accessed by departments, municipalities and suppliers on the Western Cape Supplier Database.

The Department is exploring Public Private Partnerships (PPP) as one of the mechanisms for procuring infrastructure in terms of the Western Cape Infrastructure Delivery Management System. Before entering into a PPP the relevant Department will have to show that it would be affordable, will produce value for money and would result in appropriate risk transfer.

2.2 Findings/Concerns

2.2.1 The current Minister, Dr Meyer, did not undersign the foreword to the Annual Report, instead Minister Winde, the previous Minister responsible for the Department as at 31 August 2014, has undersigned it.

2.2.2 R244.811 million reserved for special projects funding had to be shifted to various departments for technical reasons. These reasons relate to the Public Finance Management Act (Act 1 of 1999, as amended) which makes allowance for departments to transfer money that has not been used in a particular year but it does not make allowance for a reduction in a Vote. The alternative option would be to retain the money within the Provincial Revenue Fund but this process would not have made it clear that money has been ring-fenced for particular projects.

2.2.3 The broadband special project is in the form of a ten year contract. At this stage the tender has been completed, the necessary contracts have been negotiated and the Service Level Agreements have been concluded. During the adjustment appropriation process the funds will therefore be released to the Departments of the Premier and Economic Development and Tourism. These Departments will from this point onwards report on the expenditure of the funds.

2.2.4 The Department's underspending of R1 427 million (0.7% of the Department's budget) resulted from underspending on employee compensation as appointment processes were not concluded as anticipated.

2.3 Inputs Received from public

2.3.1 Mr Roberts, a member of the public, addressed the Committee on challenges he is experiencing with regards to the electronic procurement system managed by ARIBA on behalf of the Department. The entire system is internet based and small businesses

particularly in rural areas do not have reliable and affordable internet access. This disadvantages such businesses as, for example, the current system requires interested suppliers to respond to the initial Request for Information (RFI) for each invitation to quote within 24 hours. The Department undertook to assist Mr Roberts with his query.

- 2.3.2. Mr Mbiko, a member of the Public, addressed the Committee on challenges he was experiencing with regards to obtaining information, about the Violence Prevention Through Urban Upgrade (VPUU) Project within Nyanga, from the City of Cape Town. The Department undertook to assist Mr Mbiko to obtain the required information from the relevant City of Cape Town officials.

2.4 Recommendations/Actions

The Committee recommended that:

- 2.4.1 The Department continues its efforts to increase its employment of disabled persons.
- 2.4.2 The Department ensure that its service providers prioritise the use of Historically Disadvantaged Individuals (HDI) in the completion of contracted work to ensure that a transfer of skills takes place.
- 2.4.3 The Department engage with Internet Service Providers on the possibility of providing free access to persons requiring access to on-line government services.
- 2.4.4 Matters pertaining to the VPUU project within the City of Cape Town, as raised by Mr Mbiko, should be brought to the attention of the Standing Committee on Local Government, the Standing Committee on Community Safety and the Standing Committee on Economic Opportunities, Tourism and Agriculture.
- 2.4.5 The Standing Committee on Finance confer with the Standing Committee on Economic Opportunities, Tourism and Agriculture to receive a briefing by the Department on its efforts to address technical and operational challenges associated with the functioning of the Western Cape Supplier Database as identified by small-business owners.

2.5 Papers, Reports and Information requested by the Committee

The Committee requested that the Department, by 30 November 2014:

- 2.5.1 Submit a report on new Public Private Partnership (PPP) projects that are being pursued as well as the existing PPP's that are managed by the Department.
- 2.5.2 Submit a list of service providers to whom payments were made that resulted in R1.431 million irregular expenditure.
- 2.5.3 Submit a breakdown of the amount of R27 000 received as gifts to officials during the period under review.
- 2.5.4 Provide the Committee with the tripartite agreement undersigned by Nedbank, Provincial Treasury and the Western Cape Department of Education.

- 2.5.5 Submit a list of interventions it has made where municipalities have not complied with the provisions of the Municipal Finance Management Act (No 56 of 2003) during the period under review.
- 2.5.6 Submit the Supply Chain Management Helpdesk Enquiry Management Framework.
- 2.5.7 Submit the number of persons who reported to be satisfied with the content of the focused Supply Chain Management Local Content Road Shows held in the Cape Winelands, Overberg, Central Karoo, Eden and Swartland Districts. In future the Department should report its success in numbers and not percentages.
- 2.5.8 Submit explanatory notes for the various financial capability rating levels as well as an indication of the existing ratings of all Municipalities across the Province.
- 2.5.9 Submit a report on how municipalities have utilised funding received via the Financial Management Support Grant.

3 Western Cape Gambling and Racing Board

3.1 Overview

The main tenet of the Board's strategic plan is to control and regulate gambling in a fair, transparent and equitable way in order to encourage and allow a responsible growth of the industry and to eliminate or minimise the negative social impact gambling may have on society.

3.2 Findings/Concerns

- 3.2.1 The Board is in the advanced stage of getting approval to add three additional law enforcement officials to its organogram.
- 3.2.2 The payment of exclusivity fees are in effect for a 10 year period. The only Casino still paying exclusivity fees is the Worcester Casino and this license will expire in 2016. Last year a two percentage point tax increase was introduced via the Western Cape Eighteenth Gambling and Racing Amendment Act (Act 4 of 2013) to recoup the loss of revenue resulting from the expiration of exclusivity fees from the remaining four Casinos.
- 3.2.3 The introduction of any new technology in the gaming industry must firstly be approved by the Board before it is put into operation.
- 3.2.4 The Board is challenged by an unfunded mandate because in terms of the Financial Intelligence Centre Act (Act 38 of 2001) it supervises compliance on behalf of the Financial Intelligence Centre.
- 3.2.5 It is anticipated that the new Broad Based Black Economic Empowerment Regulations will be more stringent and result in some micro – operators not meeting the necessary requirements and no longer being eligible to apply for licenses. This might result in the closure of operators and loss of employment in the industry.

3.3 Recommendations/Actions

- 3.3.1 The Committee recommended that the Board continues its discussions with the Minister in regards to securing alternative office accommodation as the current building prevents both the growth of the organisation and the employment of disabled persons.
- 3.3.2 The Committee agreed to undertake an oversight visit to one operator each within the Limited Payout Machine, Casino and Racing and Betting industries respectively.
- 3.3.3 The Committee recommended that the Board continue its engagement with relevant stakeholders in the sector in regard to creating sector specific BBEE codes.

3.4 Papers, Reports and Information requested by the Committee

The Committee requested the Board to submit an assessment of its capacity in relation to conducting compliance assessments at licensed operator sites.

4 Conclusion

The Chairperson thanked the Minister, Department and the Board for their preparation and responses to questions raised by the Committee members. He also extended a word of thanks to members of the public for their oral submissions and undertook that the Committee would follow up on matters raised.

Report to be considered.

3. REPORT OF THE STANDING COMMITTEE ON LOCAL GOVERNMENT ON THE 2013/2014 ANNUAL REPORT OF THE DEPARTMENT OF LOCAL GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2014, DATED 28 OCTOBER 2014

The Standing Committee on Local Government, having considered the Annual Report of the Department of Local Government for the year ended 31 March 2014, referred to it, reports as follows:

1. Introduction

The annual report programme for the 2013/2014 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

As part of its oversight function, the Committee considered the Annual Report of the Department of Local Government on 22 October 2014. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

Members of the Committee deliberated on all parts of the Annual Report. Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Overview of the Department of Local Government

The Department has been playing a key role in ensuring co-ordination and joint planning between various government departments and municipalities. This has seen 55 government departments, municipalities and State-Owned Enterprises (SOE) participating in Integrated Development Planning (IDP) Indabas which took place in all municipal districts. Further to this, the Department supported eight municipalities with the development and implementation of area-based improvement plans that respond to specific needs of the communities in a particular ward.

National and Provincial departments continue to participate actively in the Steering Committees that guide the work in each Local Government Turnaround Strategy (LGTAS) municipality. This process brings practical support to municipalities and also recognises that each municipality requires customised support efforts.

The Department continued to foster strong relationships with other government Departments and various other stakeholders so as to increase services offered through the Thusong Services programme.

2.1 Findings/Concerns

- 2.1.1. The Western Cape Monitoring and Support of Municipalities Act (Act 4 of 2014) empowers the Minister of Local Government to obtain documentation from Municipalities where there are concerns about fraud, maladministration and corruption.
- 2.1.2. The municipal compliance model has been introduced to assist municipalities to comply with the various legal and financial prescripts applicable to local government.
- 2.1.3. The Department underspent by R3 486 000 (2% of its budget) mainly as a result of-
 - 2.1.3.1 delays in filling vacancies;
 - 2.1.3.2 savings on goods and services; and
 - 2.1.3.3 Swellendam municipality not signing the Community Development Worker (CDW) Memorandum of Understanding as required for the transfer of payment from the Department.
- 2.1.4. Annually the Department assists five municipalities with the development of Infrastructure and Growth Plans. For the year under review the Department assisted Witzenberg, Breede Valley, Bergrivier, Swellendam and Prince Albert municipalities respectively.
- 2.1.5. In collaboration with the Department of Co-operative Governance the Department supported 16 municipalities with the implementation of anti-corruption strategies.
- 2.1.6. The Department approved a temporary annual budget for Oudtshoorn Municipality as provided for in section 139(4) of the Constitution of the Republic of South Africa, 1996.

- 2.1.7. The Committee established that for various indicators the Department had set targets lower than that which they had attained in the previous financial year. Examples include the indicators “Municipalities assessed on the state of ICT” (Page 30) and “To provide information to Communities to access government services” (Page 36).
- 2.1.8. The Department is required to report on the number of opportunities created through the Community Work Programme (CWP). It however does not set targets for this indicator as the budget for implementing the programme does not reside within the Department that only plays an oversight role.

2.2 Inputs Received from Public

Mr Mbiko, a member of the public, addressed the Committee on:

- 2.2.1 Engagements the Nyanga Development Forum (NDF) have had with the Department of Local Government in regards to demarcation processes in the area.
- 2.2.2 Uncertainty in the community with regard to who the legitimate beneficiaries are for the Nyanga 4884 housing project.

2.3 Recommendations/Actions

The Committee recommended that:

- 2.3.1. In the determination of annual targets, the Department should set credible targets that encourage it to improve on the previous financial year’s progress. Where it is more appropriate, such as for example disaster preparedness, the Department should develop qualitative indicators to monitor its progress.
- 2.3.2 The Department should redefine how functionality is interpreted in relation to ward committees in such a manner that the attainment of participatory objectives of ward committees is monitored.
- 2.3.3 The Department must ensure that its service providers accommodate Historically Disadvantaged Individuals (HDI) in the completion of contracted work to ensure that a transfer of skills takes place.

The Committee committed to confer with the Standing Committee on Human Settlements on matters related to the Nyanga housing project 4884 as raised by Mr Mbiko.

2.4 Papers, Reports and Information requested by the Committee

The Committee recommended that the Department, by 30 November 2014, submit:

- 2.4.1 A report on the 49 case referrals emanating from provincial Intergovernmental Relations (IGR) meetings including the nature of the cases and progress with regards to resolving each.
- 2.4.2 Errata for pages 68 and 84 of the Annual Report and communicate the corrections to the public.

- 2.4.3 In relation to table 3.3.1. “Job Evaluation”, an overview of the 13 positions for which job evaluations have been completed as well as-
- 2.4.3.1 the rationale informing the initiation of this process for these positions;
and
 - 2.4.3.2 the positions for which salaries were subsequently upgraded.
- 2.4.4 In relation to table 3.4.3. “Staff leaving the employ of the Department”, an overview of the nature of the charges that resulted in dismissals on account of misconduct including an indication of which directorates these employees were located in.
- 2.4.5 In relation to table 3.4.7 “Promotions by salary band” the number of employees per salary band who did not qualify for salary notch increases and the reasons why they were not eligible.
- 2.4.6 In relation to table 3.15.1. “Utilisation of consultants”, the hourly rate for the transcription of disciplinary hearings of code of conduct matters for Stellenbosch and City of Cape Town municipalities respectively.

3. Conclusion

The Chairperson thanked the Minister and Department for their preparation and responses to questions raised by the Committee members. He also extended a word of thanks to members of the public for their oral submissions and undertook that the Committee would follow up on matters raised. Finally, the Chairperson also thanked the South African Local Government Association (SALGA) and the Auditor-General for their support and co-operation during the year under review.