



Mbhashe Municipality Report

Mid-Term Review of Municipal Performance

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1. Executive Summary

Twenty-one councillors were dismissed three weeks before the Mbhashe Municipality was interviewed for the mid-term review on the 14 & 15 June 20101. Prior to the dismissals the municipality had lurched from one political crisis to the next and from one service delivery protest to the next. The political turmoil has undermined the administration and the Acting Municipal Manager was awaiting provincial intervention to take over the municipal functions.

1.1. Successes

The Acting Municipal Manager said that "Politics is undermining our efforts to go forward." Notwithstanding the political constraints and instability the municipality's finances are in order: The municipality has adopted GRAP and the Finance Department has KPMG working with municipality finances every day. A CA advises the municipality. There is a plan for a clean audit by 2014. The technical service department is functioning again: For the first time in five years. Currently, projects are being implemented and there is capital expenditure. Additional MIG funding has been applied for with the assistance of CoGTA.

1.2. Innovation

The municipality is planning a number of innovative economic projects:

- a town shopping mall
- a suburb for middle income people to live in. Funded by the private sector. (There is no accommodation for people who work here)
- a R500 million investment to establish a paper making plant to employ 5000 people (including agriculture).
- Nedbank setting up a rural banking system.

1.3. Strengths and Opportunities

The core strength is the willingness of the municipal staff to re-launch service delivery. It remains to been seen the degree to which all politicians have learnt the lessons of the separation of powers and functions between politicians and municipal administrators. For the present the fact that numerous respondents see that the ANC is divided into four camps does not bode well for future stability soon. These camps were identified as: the reds, the nationalists, those who should have been dismissed and those who are accused of being in COPE and have been dismissed.

1.4. Failures

The Mbhashe Municipality is a fundamentally dysfunctional municipality because of the failure by councillors in the past to "understand the separation of powers." Because of this political power permeates into the municipality administration.

The fundamental issue for the ANC councillor is that the Mbhashe ANC has lost its vision – "do we really understand what we are doing?" This loss of vision is at the root of poor political and administrative capacity. The vision of development has been replaced by the desire to get rich and benefit a few friends.

One failure is that ANC protestors led by the ANC march against the ANC. There is real political conflict in the municipality and there are all the signs that things will decline further.

1.5. Capacity – Political and Administrative

For the ANC councillor the councillors pursue political power for their own short-term goals: these councillors "no longer want to work for ideas; they only want to work for money." Guided by this pecuniary principle of self-aggrandizement the municipality has implemented policies which amount to

no more than the hiring of friends. In the words of the ANC councillor, "We choose friends rather than have criteria for what a councillor should be." And this policy cascades down into the hiring of friends onto the municipality staff. For the opposition councillor, the municipality needs to be "depoliticized ...by not appointing deployees." The deployed of friends have been the willing servants of those who appointed them.

For the opposition councillor the delivery in the municipality is failing because "councillors themselves are involved in the corruption... (there is) lack of administrative capacity and political infighting in the majority party."

1.6. Key Constraints and Weaknesses

For the ANC councillor politics impacted negatively on the municipality because there is no party discipline and "leaders cause problems because they have interests in the outcomes of the municipality". The politicians ignore development and the interests of the municipality: "comrades lack discipline …and go wherever they want to."

For the opposition councillor the capacity of the politicians compromises the municipality because they only "think ahead to secure the next term: they think politics and not development."

1.7. Changes Required to Perform Better

The underlying attitude of the politicians in the governing party needs changing whether in the municipality itself or in other spheres of government especially as where these spheres impact on the municipalities.

Further changes required:

- ➤ Funding is inadequate how can there be a TAS without additional funding?
- Depoliticize the administration by not appointing deployees: Selection of municipal staff on merit.
- > Improve capacity by training all councillors and staff at all levels.
- Something for political parties to consider: Establish criteria for councillors.

2. Municipalities Perspective of its Performance

2.1. Political Perspective (Politicians' Interviews)

2.1.1. Accomplishments

Twenty-one councillors were dismissed three weeks before the Mbhashe Municipality was interviewed for the mid-term review on the 14 & 15 June 20101. Prior to the dismissals the municipality had lurched from one political crisis to the next and from one service delivery protest to the next until provincial government stepped in dismissing councillors. At the time of the interview the municipality was in limbo waiting for the province to intervene and implement a Turnaround Strategy.

The councillors identified a number of accomplishments:

- Meetings to capacitate the community
- Development of access roads
- The roll out of projects: maize, sheep, cattle, goats.
- Agriculture Park
- Give people incentive to farm we can grow lots of maize here. We hand out fertilizer to support farmers
- Work through the Department of Agriculture, which must drive the programmes because there is too much political interference.

The councillor was proud of the "clear programme" of LED with agriculture saying that "Other municipalities can learn a lot from our LED. On this issue our council is professional." In contrast, the other councillor while acknowledging the importance of the agricultural projects commented that "The IDP is not a vision of development but a wish list of the community."

2.1.2. Failures

The Mbhashe Municipality is a fundamentally dysfunctional municipality because of the failure by councillors in the past to "understand the separation of powers." Because of this political power permeates into the municipality administration.

This political power is in pursuit of its own short-term goals is the power of those with who "no longer want to work for ideas; they only want to work for money." Guided by this pecuniary principle of self-aggrandizement the municipality has implemented policies which amount to no more than hiring friends. In the words of the ANC councillor, "We choose friends rather than have criteria for what a councillor should be." And this policy cascades down into the hiring of friends onto the municipality staff. For the opposition councillor, the municipality needs to be "depoliticized ...by not appointing deployees." The deployed of friends have been the willing servants of those who appointed them.

For the opposition councillor the delivery in the municipality is failing because "councillors themselves are involved in the corruption... (there is) lack of administrative capacity and political infighting in the majority party."

2.1.3. Assessment of political capacity

The fundamental issue for the ANC councillor is that the Mbhashe ANC has lost its vision – "do we really understand what we are doing?" This loss of vision is at the root of poor political and administrative capacity. The vision of development has been replaced by the desire to get rich and benefit a few friends. For the ANC councillor politics impacted negatively on the municipality because there is no party discipline and "leaders cause problems because they have interests in the outcomes of the municipality". The politicians ignore development and the interests of the municipality: "comrades lack discipline …and go wherever they want to."

For the opposition councillor the capacity of the politicians compromises the municipality because they only "think ahead to secure the next term: they think politics and not development." Because of this expedient focus on politics the opposition councillor believes that "staff capacity is not too good". The municipality attracts applications from school leavers who lack experience. Because of funding and pay scales it is difficult to attract qualified personnel to the municipality.

For the ANC councillor there needs to be criteria to become a councillor if this situation is to be turned around. Such criteria should include the following qualities: "Councillors should be dynamic – they must be observed before they are taken into the council; Councillors should be able to write a report; In each and every community there should be a selection of councillors. Selection must not be in terms of personal interests" (such as friends and getting rich); and one "Cannot have a councillor who doesn't go to church: if you don't go to church the person cannot be a councillor. And such a person must also go to feasts." In a multi-party democracy where two or more parties are of equal strengths these concerns with criteria are built into the ethos of the party platform because with compromised candidates a political would be voted out of office. This mechanism which keeps the parties attuned community values is lacking from South African politics.

2.1.4. Role of other spheres of government & other stakeholders

The reach of political turmoil – of the conflict for positions – extends into and from province. For the ANC councillor there is lack of support from province and national and both spheres only come to Mbhashe when there are problems "but by then it is too late."

For the ANC councillor province and national arrive after the political has engulfed the municipality with ready made solutions. Such a closed approach of solutions before consultations destines the municipality for further political conflict. The ANC councillor says that he "Cannot trust what province and national are saying. They come here with their minds already made up. They do not first look to see what is going on." From the perspective of the opposition councillor what is termed as "first not looking" is explained in terms of the municipal politics extending into province with provincial politicians involved in the political conflict: "I think the politics of our municipality goes all the way into province and national that is why they carry on and they don't face up to issues just like our council. It is the people in their own party

causing problems but they do nothing. Why? Is it that they themselves are involved?"

Just as disturbing for the opposition councillor is that province and national publicly blame the councillors for service delivery backlogs over which they have no responsibility: "For example they blame us for water and say to the community 'is there a councillor here who cares about water?" Functions such as CDW should be transferred from province to local government to ensure that the function is properly implemented in the rural areas.

DBSA gives assistance with the management of roads and trains interns. SLAGA assists with training and workshops.

According to the opposition councillor community expectations continue to escalate all the time. He observes that the past failures seem to fuel the rising expectations. These ever rising expectations need to be managed by the municipality.

2.1.5. Constraints and opportunities

For the opposition councillor Mbhashe Municipality is "a municipality of political crisis" and this has impacted negatively on service delivery. There are backlogs especially in roads for which the municipality is responsible. Constraints for the councillors in addition to the failures mentioned above include:

- No staff capacity to deliver selection of staff is not on merit.
- Inadequate finances.

2.1.6. Specific changes to improve service delivery

Specific changes to improve service delivery identified by the councillors are: The underlying attitude of the politicians in the governing party needs changing whether in the municipality itself or in other spheres of government especially as where these spheres impact on the municipalities. In addition both funding and training need to be addressed: Funding is inadequate – how

can there be a TAS without additional funding? There needs to be training for all councillors and staff at all levels.

- ➤ The municipality needs to have a strategy to appoint competent and committed managers
- > Improve staff capacity by training
- > Training for councillors in the roles and functions of councillors and municipalities and how the system should work.
- > Training of councillors in committee functions such as planning and finance
- > Depoliticize the administration by not appointing deployees. Selection of municipal staff on merit.
- Establish criteria for councillors: Only councillors with an interest in the community get elected these candidates would need to be screened by the party and the community before the elections.

2.2. Administrative Perspective (MM/CM Interviews)

2.2.1. Accomplishments

The Acting Municipal Manager said that the fact that Mbhashe Municipality exists is and an accomplishment because the municipality was only established in 2006.

On the one hand, since 2006 the municipality has realized some of its potential. It has built administrative buildings, hired staff, produced reports, encouraged public participation through the ward committees and prioritized communities for LED. The audit reports have been improving from disclaimers. Furthermore the municipality is planning a number of innovative economic projects:

- a town shopping mall
- a suburb for middle income people to live in. Funded by the private sector. (There is no accommodation for people who work here)
- a R500 million investment to establish a paper making plant to employ 5000 people (including agriculture).
- Nedbank setting up a rural banking system

On the other hand the municipality politics, within the governing party, has undermined efforts to go forward.

2.2.2. Failures

Since the birth of COPE in 2008 there has been no political or delivery stability in the municipality. One failure is that ANC protestors led by the ANC march against the ANC. There is real political conflict in the municipality and there are all the signs that things will decline further. The Acting Municipal Manager said that "Politics is undermining our efforts to go forward." The researcher was informed by numerous respondents that the ANC was divided into four camps: the reds, the nationalists, those who should have been dismissed and those who are accused of being in COPE and have been dismissed.

Province and national have not managed and controlled the dissent. The Acting Municipal Manager believes that province and national keep away from assisting the municipality with programmes "because they do not want to be seen to be supporting COPE."

Mbhashe Municipality will still have huge backlogs by 2014.

- The backlogs in roads have not changed in years. The municipal function is only for the gravel roads - rural access roads the other roads are done by province. There is no response from province to questions and issues on roads. In contrast, DBSA is currently assisting us.
 - ➤ The technical service department is functioning again and further funding is needed so that more roads can be built.
- Electricity is done by Eskom (about 70% done)
- Water and sanitation is done by the District (about 45% done)
- Transport is not done
- Refuse removal there are land fill sites and collection from Dutywa.

2.2.3. Assessment of administrative capacity & commitment

The political turmoil has undermined the administration and the Acting Municipal Manager is awaiting provincial intervention to take over the municipal functions. Correspondence to him from provincial indicated that they would be stepping in to run the municipality in terms section 139 of the Constitution. The politicians are not able to obtain a quorum in meetings since

May 2010 (42% of the councillors were dismissed) and this is paralyzing the municipality.

Of concern to the Acting Municipal Manager is the underlying false premise of the Turnaround Strategy that the service delivery protests are caused by lazy officials who do not deliver services. In the case of Mbhashe this is not so: the cause is clearly a political power struggle within the ANC which has cascaded down into the municipality. The Municipal Manager, a qualified attorney, personally heard the National Minister at a Pretoria meeting proclaim that municipal "officials are lazy" and are the cause of service delivery. The possibility is that all service delivery protests are a function of a larger political power struggle which senior politicians are not managing with the result that municipalities are paralysed.

With the ss57 Senior Manager, who account directly to the Acting Municipal Manager, there is now identified performance areas and there is agreement on evaluation. The evaluation for the Municipal Manager is "not to punish but to see where to improve." The Acting Municipal Manager ensures that each department understands the mandate and the performance areas.

2.2.4. Role of others

There is lack of support from provincial and national departments for the municipality. This lack of support is symbolized for the Acting Municipal Manager by the "incompetent people" sent by CoGTA to develop a Turnaround Strategy with the municipality. The Turnaround Strategy experts "did not know what the Turnaround Strategy was." From the perspective of the municipality, which is seen to be and is in fact in dire straits, "the whole exercise (TAS) was a waste of time and money." The Acting Municipal Manager did not doubt that the municipality needed a Turnaround Strategy but he saw no point in the one proffered.

Province does not co-operate with the IDP planning and overall relations are described as "not too good."

The relationship between the District and municipality suffers from "poor communication" and the District Manager is never "seen" in Mbhashe.

In contrast DBSA is seen to be dedicated: it is currently working with the Technical Services Department on roads. It is felt that SALGA merely does "training workshops for councillors and executive councillors." SALGA is seen as an extension – "a conveyor belt" – for national.

The civil society groups play an important role but continue to expect the municipality to deliver more than it can.

2.2.5. Constraints and Opportunities

In addition to the failures wrought by political instability there are real constraints which Mbhashe faces:

- Mbhashe is a low category and low capacity municipality which "just attracts whatever they can." There is an issue of staff skills and capacity.
- Over 70% of the population are indigent. The equitable share and grants will always be inadequate to introduce a life style changing Turnaround Strategy in the municipality. There is so little revenue here that even licence fees go to district.
- The whole region is in a 100% drought there is no water in the municipality and water is trucked in by the district. The climatic conditions hamper the main economic activity which is agriculture. These conditions detract attention from larger development projects as the focus becomes one of survival.
- The underlying attitude of national and provincial to municipalities hampers the possibility of expanding delivery
- Although the municipality has not spent all of its funding in the past it now requires additional funds to speed up the delivery of roads.
- LED addresses issues though what is required in the rural municipalities is a large scale economic development of the region and not just a focus on infrastructure.
- TAS merely reprioritized the priorities of the IDP. How can such TAS carry the municipality forward?

2.2.6. Specific changes to improve service delivery

The underlying attitude of the politicians in the governing party needs changing whether in the municipality itself or in other spheres of government especially as where these spheres impact on the municipalities. In addition both funding and training need to be addressed: Funding is inadequate – how can there be a TAS without additional funding? There needs to be training for all councillors and staff at all levels.

2.3. Technical Perspectives

2.3.1. Technical services accomplishments

Access road construction has been virtually stalled with only minimal progress and a little spending for 5 years. Thus there has been no real eradication of the road backlogs during this period. The Technical Services Manager pointed said that "I have been in business for 15 years and now I am here (in the municipality) for 6 months. Nobody has run this section for 5 years. They could not find anybody to take the job." Since his appointment many of the other vacant technical posts have been filled

Currently, projects are being implemented and there is capital expenditure. Additional MIG funding has been applied for with the assistance of CoGTA. The expectations are that the funding will be forthcoming as CoGTA will be making a case with Treasury to fund the applications. The relation with CoGTA is very good and the Technical Services Manager is reporting to them monthly.

According to the Technical Service Manager no business could function in the red tape of the government. For example, "Supply Chain Management is a time consuming process and it does not always make sense... to get a stapler one must get three quotations. And after that a committee meets. And after that there is an adjudication committee meeting. Some months have past by

before the stapler arrives." For the Technical Service Manager something simpler than SCM is required but "which monitors just as well."

Additional funding would facilitate the speedy eradication of the backlog but the DBSA is not prepared to fund roads in the municipality without guarantees. The Technical Service Manager sees it as a challenge to work out a system of guarantees with province in the future in order to expedite the delivery of roads.

2.3.2. Municipal finance

The municipality has adopted GRAP and the Finance Department has KPMG working with municipality finances every day. A CA advises the municipality on: Revaluation of assets – infrastructure; Disclosure; and Reports on inventories. There is a plan for a clean audit by 2014.

The rural municipalities need to be assessed from the original starting point and not compared to Metro finances. The CFO, who was one of the first on a National Treasury internship, has developed the accounting system in the municipality from scratch. Today the financial department is starting to take place:

- We now have an organogram which we are starting to populate. The original organogram showed no relation to the then staff – people just seemed to be hired to do whatever they wanted to do
- Gone from manual recording keeping to computer based financial system.
- Compilation of budget
- Departments set own budgets and are responsible for budget. Finance helps manage budget.
- Reporting according to all legislation
- Most of the staff is new and most are students
- Develop Finance Policy and implementation policy
- New financial management system
- Budget steering committee the IDP serves before this committee

The Finance Department struggles because there is not enough full time staff. Retention of staff is problematic because the municipality functions like "a training centre for better paying municipalities" where staff get paid more for doing the same work.

The equitable share is R46 million and the municipality's own rates and taxes are very little. The municipality just manages to cover costs. The municipality cannot afford to give all free basic service. Thus the municipality rotates the service of free paraffin every three months to a quarter of the community. The CFO observes that these services are "not sustainable" and alternative economic strategies need to be developed.

2.3.3. Local Economic Development

The community expects more from the LED than it can deliver. They expect jobs whereas the main LED provision in this municipality is fencing, the provision of roads to crop yielding fields and agricultural support. The LED attempts to support agriculture – sheep, goats and maize farming – wherever possible. But the scale of need is larger than the budget. The challenges facing LED are the pervasive rural poverty. According to the Planner "the current situation of unemployment is visibly getting worse with more poverty and more unemployed." Concomitant with the rise in poverty has been the rise in community expectations, noted by other respondents, of what the municipality and of LED can deliver.

Clarification of land ownership is the key to LED. Land issues have been a stumbling block which has terminated "many projects." The issue is very straight forward: what does the right to occupy mean when people voluntarily move off the land? "People don't want land" when they "move to the city" and then when "they see development taking place ... they want their piece of land back." This situation slows down development.

The biggest LED project success is the Agri-Park which was first conceived four years ago. The market is for processing vegetables by co-operatives. Only after the MEC Agriculture intervened was the start up of the park secured.

2.3.4. Human Resources

For the Human Resources Manager "Politics interferes with the hiring." The political pressure is predominantly seen to be on the senior positions and not on every position.

Key highlights in the Human Resource Department demonstrate that while it is addressing some human resource issues with others such as training, labour relations and retention of skills there is resignation in the face of the challenges. On the one hand the Human Resources Department has:

- Developed an integrated HR Plan
- Created communications section
- Introduced special programmes for children, women and youth
- Introduced internal audit
- Performance management system in place for managers
- Recruitment procedures in place

On the other Human Resources is resigned to:

- Not having a training committee
- Not having a work skills plan as municipal departments do not submit training priorities
- Haphazard training arising out of this situation
- Not having any system in place for performance of non-managers and thus there is "rarely an issue of poor performance" in labour relations
- Not having a retention scheme in place to retain trained personnel
- Not having a system in place to attract technical skills.

Undoubtedly the political instability and interference in the municipality does not make it easy to address these issues as political support is required for some, for example, the training committee.

2.3.5. Planning

For the Planner the IDP is a challenge because the IDP remains the" NOT integrated plan". Obstacles preventing integration of the plan are:

- Little input from other municipal departments
- No proper understanding of IDP and section plans within municipality
- Not fully researched
- No input or alignment from provincial

 Provincial project implementation is done under threat: money is offered and the municipality must develop and business plan and persuade the District to assist with the implementation.

Province gives the plan the assessment of 50% without ever explaining what an IDP of 60% or 70% would look like. Province never acts in terms of the assessment of the IDP "so one wonders what their assessment means."

The Planner believed that overtime the IDP can improve once political stability returns and the municipality can give all its attention to delivery.

3. Conclusion

3.1. Strengths within the municipality

Since the birth of COPE in 2008 there has been no political or delivery stability in the municipality. One failure is that ANC protestors led by the ANC march against the ANC. There is real political conflict in the municipality and there are all the signs that things will decline further. The Acting Municipal Manager said that "Politics is undermining our efforts to go forward."

Notwithstanding the political constraints and instability the municipality's finances are in order: The municipality has adopted GRAP and the Finance Department has KPMG working with municipality finances every day. A CA advises the municipality. There is a plan for a clean audit by 2014.

Furthermore the municipality is planning a number of innovative economic projects and relaunching its roads service delivery:

- a town shopping mall
- a suburb for middle income people to live in. Funded by the private sector. (There is no accommodation for people who work here)
- a R500 million investment to establish a paper making plant to employ 5000 people (including agriculture).
- Nedbank setting up a rural banking system
- The technical service department is functioning again Currently, projects are being implemented and there is capital expenditure. Additional MIG funding has been applied for with the assistance of CoGTA.

3.2. Weaknesses within the municipality

Twenty-one councillors were dismissed three weeks before the Mbhashe Municipality was interviewed for the mid-term review on the 14 & 15 June 20101. Prior to the dismissals the municipality had lurched from one political crisis to the next and from one service delivery protest to the next. The political turmoil has undermined the administration and the Acting Municipal Manager is awaiting provincial intervention to take over the municipal functions.

The Mbhashe Municipality is a fundamentally dysfunctional municipality because of the failure by councillors in the past to "understand the separation of powers." Because of this political power permeates into the municipality administration.

The fundamental issue for the ANC councillor is that the Mbhashe ANC has lost its vision – "do we really understand what we are doing?" This loss of vision is at the root of poor political and administrative capacity. The vision of development has been replaced by the desire to get rich and benefit a few friends.

3.3. IGR strengths that supports service delivery

There was little identified support for the Municipality's service delivery from province though province is the conduit for most of the grant funding for service delivery. Similarly there was no comment on national government's support.

3.4. IGR weaknesses that undermines service delivery

The reach of political turmoil – of the conflict for positions – extends into and from province. For the ANC councillor there is lack of support from province and national and both spheres only come to Mbhashe when there are problems "but by then it is too late."

For the ANC councillor province and national arrive with ready made solutions after the political has engulfed the municipality. Such a closed approach of solutions before consultations destines the municipality for further political conflict. The ANC councillor says that he "Cannot trust what province and national are saying. They come here with their minds already made up. They do not first look to see what is going on." From the perspective of the opposition councillor what is termed as "first not looking" is explained in terms of the municipal politics extending into province with provincial politicians involved in the political conflict: "I think the politics of our municipality goes all the way into province and national that is why they carry on and they don't face up to issues just like our council. It is the people in their own party causing problems but they do nothing. Why? Is it that they themselves are involved?"

Just as disturbing for the opposition councillor is that province and national publicly blame the councillors for service delivery backlogs over which they have no responsibility: "For example they blame us for water and say to the community 'is there a councillor here who cares about water?"

4. Role of SALGA

SALGA has become like the big bosses. They tell us what we must do and comment on what we don't do... What SALGA says should be informed by what is going on in the municipality.

ANC Councillor

On Legislation and regulations: The legislation requires too much reporting. It is predicted that the committees identified in the Supply Chain Management in the practice of the municipality will take six or seven months to process service providers for MIG funding. So a service provider appointed for the new budget in July 2010 will only start work in January or February 2011 leaving only five of six months to complete the task. Furthermore the last date for financial transfers is the end of the financial year – March. So the service provider will have to work fast.

The ownership of rural land needs to be clarified especially in the case of people who have moved to the city. This affects development projects when the owners return to claim part of a development. The land issue also influence banks loans in rural areas. Even DBSA is reluctant to loan money to rural municipalities.

On skills training: There are identified needs for skills training: managers, all personnel, councillors on committees and all councillors.

On facilitation of exchange/support: Hands-on-training through facilitation and support would be more than useful. If the exchange and/or support is organised around practical daily issues it would be helpful.