IN THE HIGH COURT OF SOUTH AFRICA

(NORTH-WEST DIVISION, MAHIKENG)

Case No. UM192/2022

In the matter between:

SAKELIGA NPC	1st Applicant
CENTRE FOR GOOD GOVERNANCE AND SOCIAL JUSTICE NPC	2nd Applicant
BAREND LOURENS SNYMAN	3rd Applicant

and

DITSOBOTLA LOCAL MUNICIPALITY	1st Respondent
MUNICIPAL MANAGER/ACTING MUNICIPAL MANAGER OF DITSOBOTLA LOCAL MUNICIPALITY	2nd Respondent
THE PREMIER OF THE NORTH-WEST PROVINCE	3rd Respondent
PROVINCIAL EXECUTIVE OF THE NORTH-WEST PROVINCE: MEMBER OF THE EXECUTIVE COUNCIL	4th Respondent
NORTH-WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	5th Respondent
MEMBER OF THE EXECUTIVE COUNCIL, NORTH-WEST PROVINCE: FINANCE	6th Respondent
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	7th Respondent
MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	8th Respondent

Filed by: Ms Matshinyatsimbi
Tel: 018-384 0269
076 998 5361

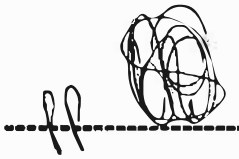
MINISTER: NATIONAL DEPARTMENT OF FINANCE	9th Respondent
MINISTER OF WATER AND SANITATION	10th Respondent
NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY	11th Respondent
ESKOM SOC LIMITED	12th Respondent
MAGALIES WATER BOARD	13th Respondent
ADMINISTRATOR: DITSOBOTLA LOCAL MUNICIPALITY	14th Respondent

FILING SHEET

DOCUMENTS FILED: 1. 3rd , 4th , 5th & 6th Respondents Affidavit.

2. Report dated 2 January 2024

Dated and signed at Mmabatho on the 5th day of January 2023



STATE ATTORNEY, MAHIKENG
Attorneys for the 3rd to 8th & 10th
Respondents
1st Floor, East Gallery
Mega-City, Mmabatho

REF: Mr Matshinyatsimbi 0955/21/P3

TO: **THE REGISTRAR**
NW High Court
Mmabatho

AND TO: **KRIEK WASSENAAR & VENTER INC. ATTORNEYS**
Applicants' Attorneys
C/O LABUSCHAGNE ATTORNEYS
19 Constantia Drive
Riviera Park
Mahikeng
Ref:GW1763

AND TO: **TLOU ATTORNEYS**
1st, 2nd & 14th Respondents' Attorneys
43 Cnr Baden Powell & Visser Street
Golf-View, Mahikeng
Ref: Mr Tlou/NT/DLM/0001
Tel: 018 011 0036 by email
Email: naledi@tlouattorneys.co.za

AND TO: **STATE ATTORNEY, PRETORIA**
9th Respondents' Attorneys
C/O STATE ATTORNEY, MAHIKENG
REF: Z. Zenani/ 1685/2021/Z32
Tel: 012 309 1575 by email
Email: **ZZenani@justice.gov.za**

AND TO: **MOLEFE ATTORNEYS**

11th Respondent Attorneys

2 Jakaranda Ave.

Riviera Park

Mahikeng

Tel:073 260 5691 by email

Ref: Molefe/ NMMDME/UM/2022

Email: thapelo@lawyer.com

AND TO: **MAENETJA ATTORNEYS**

12th Respondents' Attorneys

65 & 74 Rigel Avenue

Waterkloof, Pretoria

Tel: 012 327 4480 by email

Ref:TJM/MW/ESKOM/DM/10-22

Email: walter@maenetjaattorneys.co.za

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E.2

MINISTER: NATIONAL DEPARTMENT OF FINANCE	9th Respondent
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ESKOM SOC LIMITED	12th Respondent
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ADMINISTRATOR: DITSOBOTLA LOCAL MUNICIPALITY	14th Respondent

3rd RESPONDENT, 4th RESPONDENT, 5th RESPONDENT EXPLANATORY AND 6th RESPONDENT AFFIDAVIT

I, the undersigned

KHOROMMBI THOMAS SIGIDI

do hereby state under oath and say that:

1. I am responsible to oversee the implementation of the Municipal Finance Recovery Plan (MFRP) in Ditsobotla Local Municipality, North West Province,in my capacity as the Provincial Executive Representative on behalf of the North West Provincial Executive.

2. This is the first quarterly report in compliance with the Court Order of the above Honourable Court of 06 October 2023.

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3. Attached hereto is annexure A which explains the activities related to the implementation of the MFRP for the period October 2023 to December 2023.

DEPONENT

I certify that the deponent has acknowledged and understand the contents of this affidavit which was sworn and signed before me at Wierdabrug on this the 5th day of JANUARY 2024, after provisions of Government Notice No. R.1258 of July 1972 (as amended) have been complied with.

SOUTH AFRICAN POLICE SERVICE
DETECTIVE
2024 -01- 05
WIERDABRUG SAPS
SUID-AFRIKAANSE POLISIEDIENS

COMMISSIONER OF OATHS

COMMISSIONER OF OATHS:

FULL NAMES: Siyanda ELIAS Zondani

CAPACITY: CONSTABLE

ADDRESS: 73 Vindhella road Valhalla

provincial treasury
Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

cogta
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PRONVINCIAL EXCO CONSOLIDATED MUNICIPAL RESCUE PHASE REPORT

Memorandum Nr .0004 of 2023.

Date:02 January 2024

File number:

1. SUBJECT

PER Quarter 3 Report (October to December) constituting the first report to the parties as per Court Order Directive

2. PURPOSE

a. To report to the functionaries as per the court order of the 06 October 2023
b. To report to these functionaries, the progress registered during the quarter, and the challenges negatively impacting on the implementation of the MFRP

3. SUMMARY

a. The FRP was approved by the Member of the Executive responsible for finance in July 2023.
b. The implementation thereof is stratified into three phases, namely Rescue, Stabilisation and sustainability phases.
c. Ditsobotla Local municipality' was not entirely ready to begin with the implementation of the rescue phase at the time the MEC approved the plan, and thus the implementation of the plan started in October 2023.
d. The rescue phase implementation has been extended to the end of April 2024 and end of June 2024 respectively for governance, institutional and Financial and Service delivery pillars, instead of the 31 December 2023 as initially planned.
e. This will mean the activities that were planned for the last quarter will be carried forward to the next quarter, effectively meaning the extension of the rescue phase to June 2024 before the commencement with the stabilisation phase of the FRP.
f. There is varying degree of progress registered in the four pillars, showing a steady but positive movement towards rescuing the municipality.
g. There are challenges that persist both at the level of the municipality and the Provincial Executive which if not addressed may hamper the implementation of the FRP, some of these challenges will be provided in the report.

4. BACKGROUND

a. This report will serve as the 3rd quarterly report to the Executive and the first report to the Court as per the order of the 06 October 2023.

b. The Court Order of the 06 October 2023 ordered that the Provincial Executive must monitor the restoration of and continuation of the basic municipal services

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to the community of Ditsobotla and to report back on the aforesaid and the implementation of the financial recovery plan.

c. Further to report every third month (quarterly) and to serve on the parties and file such progress report with Court together with the affidavit confirming such report.

d. The report will provide progress achieved on activities that were planned, those not achieved and persisting challenges impacting on the implementation of the plan.

e. This report will again provide a synopsis of what was done within the strategic responsibilities assigned to the PER

i. Strategic leadership and guidance.

ii. Stakeholder engagement

iii. Reporting to the Executive

5. STRATEGIC FOCUS OF THE MEMORANDUM

The memorandum seeks to provide the provincial EXCO, the parties mentioned in the court order and court with some progress relating to the implementation of the rescue plan of the FRP and the restoration of the municipal services in Ditsobotla Local municipality.

6. DISCUSSION

6.1 PROVIDING STRATEGIC LEADERSHIP AND GUIDANCE

a. The PER facilitated the resolution of the energy crisis that was caused by Eskom refusing to energise the transformer that replaced the transformer that was vandalized.

b. Advised the political principals on the need for the adoption of the credit control policies and by-laws to ensure revenue collection and implementation of revenue raising measures.

c. The PER facilitated the engagement with DMR, COGTA, NT, PT, Provincial COGTA and the municipality regarding the electricity provision challenges caused by the failures of the electrical switching station in Lichtenburg which was as a result of the burning of switchgears caused by the lightning.

d. The outcome of the above engagement was the restoration of electricity in the interim and further getting commitment from DMR for a refurbishment and upgrade of the Lichtenburg switching station for it to meet the current and future electrification demand as a result of new development in the area.

e. Engaged with the Provincial Manager of DWS and the Business Community regarding the water situation in the municipal area. The engagement had to look at the water supply challenges and the current plans that the Ngaka Modiri Molema District crafted and further evaluating and assessing whether the plans

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are producing the desired results. The assessment came to the conclusion that the implementation of the plan by Ngaka is far from being satisfactory and that the district should improve its monitoring of the schemes.

6.2 STAKEHOLDER ENGAGEMENT

a. Engaged with the legal representatives that are handling some of the continuing labour cases that came as a results of review application lodged in relation to orders meted against the municipality.

b. Engaged the new chairperson of MPAC and shared the MPAC guidelines and provided and further advice in relation to what will be required to ensure the committee sit and the training that the members must receive.

c. Engaged the newly elected Chairperson of the oversight committee on the FRP and assisted in drafting the agenda for the committee in anticipation of its first meeting planned in terms of the council calendar for the 13 October 2023, which ultimately had its first meeting on the 12 December 2023.

d. Engaged with the security cluster headed by the Deputy Commissioner of SAPS in the province, the head of the DPCI (Hawks) and head of crime intelligence on matters of cases that have been taken over from the local police station and the kidnapping of the provincial seconded staff to the municipality.

e. Conducted a mini workshop to the team seconded by Provincial COGTA on the FRP and expectation from the team and how they must conduct themselves during the period of their secondment to the municipality.

6.3 PROGRESS ON THE IMPLENTATION OF THE RECOVERY PLAN

6.3.1 IMPLIEMENTATION OF THE ACTIVITIES OF GOVERNANCE PILLAR

a. The municipality approved the council calendar which provides for the various committees of council on the 4th September 2023.

b. The council appointed the new chairperson of MPAC, the MPAC did not have any chairperson since the 9th June 2023 when the then Chairperson was elected to be the Mayor. The committee was trained on its responsibilities by the PT during November 2023.

c. The municipal Council resolved to establish the FRP oversight committee to oversee the implementation of the FRP and to that effect the committee met on the 12 December 2023 to consider Q2 report.

d. By-laws and enforcement: The credit Control polies and by-laws were adopted by Council for implementation and enforcement after inputs from the municipal stakeholders. These were adopted by Council and await gazetting.

e. There were two Audit steering committee meetings that discussed the AFS plan and other PAAP matters. Members of management only attend to some of the meetings but critical information is not being availed.

f. The delegation framework has been drafted and awaits comments from various governance structures for further submission to Council for adoption.

g. Contract management: The municipality does not have a contract management register, however, the process of reviewing the contract has begun. Settlement arrangement were entered but the municipality could not comply due to cash flow challenges. The other activities will be actioned in the next quarter.

h. Litigation and contingent liabilities: A draft litigation register is in place but continue to be updated. Some of the default judgements were investigated and agreements entered with the sheriff of the court to disclose all judgements against the municipality to legal services.

i. UIFW management: There is a UIFW register that is currently maintained. All other activities within the focus area will be reported in the next quarter.

j. Audit Action Plan: The Audit Action Plan is a standing item in the established Audit Steering Committee. The committee reports and monitor the implementation of their respective key performance area in relation to the weaknesses identified in the audit report and implement mechanisms to improve the audit outcomes of the next audit circle. The audit action plan progress has not been updated on the circular 113 web-enabled system accompanied by portfolio of evidence. Progress on this aspect will be reported by March 2024.

k. Risk Management. The activities in response to this item will be actioned in the next quarter.

l. Powers and Functions. The activities in response to this item will be actioned in the next quarter.

m. Immovable property management. The activities in response to this item will be actioned in the next quarter.

n. Internal Audit: The Internal Audit function is understaffed. The internal audit plan is yet to be tabled and approved in council. Therefore, the activities relating to the quarterly internal audit reports, and any other audits as per internal audit plan will be reported in March 2024.

o. ICT. There is draft ICT governance framework enroute to the Corporate Services Committee. Once the framework is approved the ICT steering Committee will be established. A request for digital government obligation free funding was made to the WIB group. All other activities of the ICT focus area will be done in the next reporting period conditional to the availability of funds.

6.3.2 IMPLEMENTATION OF ACTIVITIES IN THE INSTITUTIONAL PILLAR

a. HR Admin, provisioning and procurement: A new process plan for the appointment of Senior Managers served in Council of the 27 September 2023, however, Council resolved to approve the process to appoint the Municipal Manager first. Head count was conducted and the head count report finalized and submitted to Council for noting and implementation of its recommendation. Municipal Manager draft advert was submitted to finance Unit for publication and subsequently letter written to Provincial COGTA for financial assistance in respect to publication of Municipal Manager advert in case the municipality does not have money to publicize the advert

b. Four HR policies were reviewed and are ready to be consulted with LLF and Corporate Portfolio enroute to Council

c. There was termination of contract employees to reduce expenditure, however, the current acting Accounting Officer re-appointed the same employees negating the gains made and the principles of the FRP.

d. Organisational Structure: The organisational/Staff establishment diagnosis has been done to allow the municipality to design the new staff establishment that will be fit for purpose. At the moment the municipality does not have any approved staff establishment as required by the section 66 of the Systems Act. The National and Provincial COGTA held a preparatory meeting for Proto-Type Staff Establishment implementation on 30 November 2023 and it was resolved that on the third week of January 2024, National COGTA will introduce the service provider to assist Ditsobotla LM in the restructuring process. Two sessions were held with the so called "twins" managers to in the interim find a mechanism to allow each to be performing particular responsibilities until such time a new staff establishment is approved by Council. 18 contract workers were terminated to curb the wage bill of the municipality, however, there are allegation that 9 were appointed back into the municipality outside the staff establishment.

e. Training: There were two training interventions conducted for managers and MPAC Cllrs respectively focusing on revenue enhancement strategies and oversight responsibilities of the MPAC. Skills Audit is on progress in the municipality to address issues of skills gap and mismatch. LGSETA granted a discretionary grant to the municipality to assist in addressing skills gap. Was assessed and approved by the LGSETA (Local government Sectoral education & training Authority) Seta for the current financial year. One meeting was convened in October 2023. We are currently having 14 interns. The Course undertaken was remedial intervention by SALGA on oversight and accountability. The training which occurred on the 05th December 2023. Progress has been registered module courses have been completed to date.

f. HR Utilisation and productivity: Council appointed the acting Municipal Manager and acting CFO but still have not been able to appoint any other s56 managers. Take action against those that are found to have committed misdemeanours warranting corrective action.

g. Safety and security: This area is proving to be an albatross in the neck of the municipality. The safety and security of the employees, especially those employees deployed by other spheres of government is always at risk as they are targeted by both internal employees and external hooligans. The resident security company has not been paid and thus scaled down on securing both the infrastructure and human resource assets. This has led to the critical infrastructure like electricity and water being vandalised/sabotaged.

h. Staff wellness: The proposal for the screening of employees has been signed and approved awaiting purchase order to proceed with payments. 94 Employees were

vaccinated. The municipality submitted the return of earning for the period as required by the department of Labour.

i. Monitoring and evaluation: Quarter 1 overall performance achievement is 43%. A reporting template has been drafted for managers to report their performance on a monthly basis based on their operational plans. The reports will act as an early warning sign to improve performance and service delivery. This reporting will also assist in cascading performance management for middle management in terms of Staff regulation 2021.

6.3.3 IMPLEMENTATION OF ACTIVITIES IN THE FINANCE PILLAR

a. Funded budget and budget parameters: The collection rate is still very low and the budget remain unfunded with no prospect of any improvement. The employees' salaries have been delayed for the quarter with the municipality only managing to pay salaries on time once in July. The municipality has adopted an interim budget funding plan to address cash flow shortcomings. Other aspects of the MSCOA budgeting principles will be addressed by March 2024. The interim funding plan has been tabled and adopted in council. The shortcomings identified will be addressed during the budget adjustment process. Progress will be reported by March 2024. Service providers with a total amount of R100 000 and below, with all necessary documentation and proof of service were settled in July and August 2023. Service providers with the same total amount of monies owed to them that were not settled will be settled after the collation of all necessary documentation. In addition, some service providers who continues to provide services such as electrical spares, financial system and security were paid regardless of the threshold. The payments were on the basis that their services are necessary for business continuity.

b. Revenue management value chain/revenue raising measures: The date of valuation has been set by council as the 1st December 2023, the valuation roll extension letter was adopted and approved by council. General Valuation roll and financial system variances have been determined and an action plan has been developed to address the unreconciled items. The municipality to reallocate and train some of the General Workers to work as meter readers by March 2024. Reports on each task by manager Water and sanitation and Manager electricity will be submitted by March 2024

c. Customer care and data accuracy: Further, COGTA has provided support on the data cleansing by appointing a resource to assist in that respect. The service provider that had been appointed by the municipality will have to be terminated and since they had not yet begun with the work, we do not expect any litigation therefrom. The billing backlog is currently in the month of June, once the June month is concluded, processes to start with the financial year closure will begin, this means that all accruals in relation to staff, councillors and customers must be on the system.

d. Cost Reflective tariffs: Tariff setting tool has been partially completed. The tool will be reviewed during the budget adjustment process in the next quarter.

e. Indigent registers: No progress has been registered and the activities are planned for the next quarter.

f. SCM compliance and value for money: The SCM policy has been updated, tabled and adopted in council

g. Cost containment and realistic cash flow management: The cost containment policy has been tabled and adopted in council. Overtime is limited to 20 hours per individual per month unless approved by the municipal manager to the maximum of 40 hours.

h. Financial Control environment: The current operating environment has been assessed, the outcome of the assessment will determine the development of the standard operating procedures. All other activities in this focus area will be moved to the next quarter.

i. MFMA circular 71 financial ratio analysis against set norms: All activities within this focus area moved to the coming quarter.

j. Financial reporting and AFS preparations: The preparation of the AFS for the two financial years is dogged with a few challenges which is impacting on the plan that was developed for both financial years, with the date of finalising them end of September 2023 having been affected significantly.

   However, the Audit Steering Committee held 2 meetings in the month of September 2023 and identified the issue of information reliability and completeness of information as the main cause of not making a positive stride in finalising the AFS.

   The support from managers responsible for key sections impacting on the AFS was lacking and thus compliance with AFS process plan.

   The financial management team led by the acting CFO has been enhanced by further resources from PT and Cogta to assist on the AFS, however, the CFO tendered his resignation that is still to be confirmed by the Municipal Council

k. Debtors management and Indigent management: The debtor's management and credit policy has been adopted in council on the 4th of September 2023The debt relief application in terms of circular 124 was dispatched to the Treasury with all its limitation. The municipality acknowledged that it was going to be impossible to meet the 14 conditions outlined in the circular. The application was considered in the affirmative by National Treasury, however, the municipality continue to default on servicing the current account due to the perennial cash flow challenges.

l. Expenditure management: All activities within this focus area moved to the coming quarter.

m. Asset management: The asset management policy has been developed and adopted in council

n. Cash management: Cash management policy developed and adopted in council

o. UIFW: SCM Policy updated and adopted in council. All other activities in the focus area have will be done in the coming quarter.

6.3.4 IMPLEMENTATION OF ACTIVITIES IN THE SERVICE DELIVERY PILLAR

a. Spatial Development Framework and Master Plan: Meetings and intelligence gathered, and a plan of action and strategy drafted by the security task team
b. Capital and Grant funded projects: Engagement has been conducted with the NT regarding the non-compliance with the Division of Revenue. The municipality has submitted a list of MIG project and proof of expenditure to ensure that the application deposited with the NT to release the money off -set as a result of non-reporting is released. The other activities will be reported on during the next reporting period.
c. Removal/Solid waste Infrastructure: There has been an ongoing cleaning of illegal dumping sites in the following: areas Tlhabologang, Boikhutso, Blydeville, Lichtenburg, Coligny and attached. The draft by-law awaits the sitting of the Sub-committee and to further be taken to the Council for approval.
d. Fleet management: Draft Fleet management policies have been finalised and await the approval by the relevant governance structure before final adoption by Council.
e. Roads and storm water infrastructure: There has been cleaning of storm water inlets during the quarter. All the other activities have not started because of financial challenges experienced by the municipality.
f. The activities in the following focus areas will be dealt with in the coming reporting period: Asset management; Revenue improvement; bulk meters; Non-Technical losses due to meter tempering and illegal connections unmetered consumption; Parks and cemeteries; Loss Control: Water; Loss Control Electricity and Local Economic Development
g. Security services: This area is proving to be an albatross in the neck of the municipality. The safety and security of the employees, especially those employees deployed by other spheres of government is always at risk as they are targeted by both internal employees and external hooligans. The resident security company has not been paid and thus scaled down on securing both the infrastructure and human resource assets. This has led to the critical infrastructure like electricity and water being vandalised/sabotaged.

Other service delivery matters which are not in the FRP but have direct impact on the FRP implementation and general service delivery restoration in the municipality.

Electricity

6.3.4.1 ELECTRICITY CHALLENGES

a. The municipality had electricity supply challenges after the vandalisation of the Eskom transformer

b. The current electricity smart meter contract has expired

c. Municipality is losing revenue from meters that are faulty and bypassed as well as losses incurred through illegal connection

d. The electricity infrastructure is obsolete and very risky to work from-it has run its useful life

e. Part of the Lichtenburg town did not have electricity from the 15 October 2023 to about Saturday the 11 November 2023.

f. The municipality does not have requisite capacity and capability to manage the electricity infrastructure

g. Electricity was restored, however, the municipality experienced challenges when the SP threatened to disconnect the infrastructure due to non-payment for services rendered.

h. Whilst this was averted, there are governance lapses identified relating to how the service provider was engaged and procured.

6.3.4.2 ELECTRICITY SUPPLY REQUIRED INTERVENTION

a. The two switching stations (the main and the sub) need replacements

b. The municipality has applied to the National Transferring Officer for re-purposing MIG for the upgrade of the switching station. The application was declined and referred to DMR

c. The DMR was engaged to upgrade the Lichtenburg switching station to a 20MVA to ensure the supply is enough for their electrification programme

d. In the medium term, the municipality to consider its ability to meet the licence conditions or seek ceding the licence back to NERSA- implications in that electricity is a credit control mechanism

6.3.4.3 ROADS AND STORMWATER DRAINAGE CHALLENGES

a. The roads and streets in Ditsobotla are in a dire state.
b. There is serious lack of resources financially and equipment to perform the function effectively.
c. The department has about 62 employees with 44 are general workers and 13 are operators. The controller, supervisor and the team leaders have no qualifications nor experience.

d. There is a Roads & Storm-water Master Plan which needs to be approved by Council
e. The following fleet is available fleet for use, 2 x motor grader, 4x10m3 Tipper Truck, 3x Front End Loader, 2xTLB, 1x20Ton Compactor, 1x Water Truck, 1x Pneumatic Roller

6.3.4.4 ROADS AND STORMWATER REQUIRED INTERVENTION

a. The municipality requires the Jetti machine to be able to deal with the storm water drainage.
b. There are about 90 inlet covers that are required to deal with various streets in town.
c. Application to the LG SETA for funding to improve skills of employees
d. The municipality is unable to service a number of streets because of its liquidity and thus a new service model must be crafted. The Non-governmental organisation has taken over the maintenance of other streets in the Lichtenburg town.

6.3.4.5 ENVIRONMENTAL SERVICES

a. The municipality has 5 compactor trucks with 4 standing unused for 2 years. There are around 46 waste containers, 2 bulldozers standing for the past 15 years.
b. There are 2 landfill sites and both are non-compliant with the waste management regulations.
c. There are 103 employees, 93 of whom are general workers and 10 supervisors
d. There are illegal dumps, with very little being done to legalise them
e. Clean-up campaigns were held in Boikhutso, Blydeville, Tlhabologang and Itekeng.

6.5.4.6 WATER

a. The problem of water reticulation in the area persist, with the District and the local municipality failing to meet to resolve amongst others the SLA and the implication of the court order issued in March.
b. There are some parts of the municipal area that are experiencing water shortages.
c. A forum was established with various stakeholders but is failing to have its first meeting.
d. Water infrastructure in both the bulk and reticulation require replacement and there is lack of financial resources to make this happen.
e. The current intervention by the District to resolve the water challenges and the progress reported by the District are contested by the stakeholders and parties to the Court order with several visit made especially to the Klipveld scheme which seems to be the main challenge.
f. By the time of drafting the report, the District had not submitted any information as they are on recess.
g. Ngaka Modiri Molema as the Water Service Authority did not provide any progress report regarding the current situation in relation to the provision of bulk and reticulation of water in the Ditsobotla District Municipality.

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7. GENERAL OBSERVATION

a. There is general expectation of urgent results of the intervention from all stakeholders, including the municipal leadership, provincial leadership and the business community operating within the municipal area.
b. There is a considerable improvement in the manner in which the council is running its business, however, there is a need for this improvement to be recorded at governance structures.
c. Service delivery in the municipality will not improve in the immediate as the basics are still to be put in place to stabilise the administration, stabilise the finances, ensuring that the tools of trade are procured.
d. The current financial difficulties the municipality faces on a daily basis makes it impossible for the municipality to live up to its object as provided for in sec152 of the Constitution.
e. The lack of compliance with various sections of the MFMA and lack of reporting has led National Treasury to withhold the December equitable share and this placed the municipality in further financial woes.

8 CHALLENGES

a. The improvement registered by governance structures especially Council are negated by some events where critical issues are not discussed and Council operations reneges to a situation where urgent matters forced by circumstances are discussed. For an example, the recent Council meeting that discussed the letter from NT outlining certain conditions that the municipality must adhere to if the municipality is to receive future LGES is a case in point.

b. The change of leadership at the level of the municipal manager has affected the implementation of the FRP negatively as the gains recorded in the previous quarter were reversed through decisions that were made were contrary to the dictates of the FRP.
c. The emergency procurement forced on the municipality when the electricity infrastructure was hit by lightning has added to the creditors list and the potential irregular expenditure resulting from how the service providers were engaged.

d. This was exacerbated by the governance lapse by the leadership of municipal administration which resulted in certain service providers(Creditors) holding the municipality at ransom because of non-payment of services rendered outside the contract. It cannot be justified that Service Providers are appointed without any contract or letter of appointment and payment is made when due process is not followed and complied with.

e. The municipality has a bigger challenge of not having senior managers and the municipality advertised the positions once, however, the shortlisting never happened. The process has since lapsed.

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f. The alleged re-appointment of contract employees (9) who were terminated in September 2023, is a cause for serious concern. It is a concern in such an appointment is made in the absence of an approved staff establishment and thus in contravention of section 66 of the Municipal Systems Act of 2003 as amended.

g. The PER was held hostage by the municipal employees demanding salaries for November and vowed that until he gets confirmation that the ES withheld by National government for reasons of non-compliance with legislative prescripts, he will not be released.

h. Settlements agreement can be entered into, however what impedes the actualization or realization of the settlement is lack of money in the Municipality leading to failure to execute the terms of the settlement.

i. The internal challenges within Ngaka Modiri Molema District Municipality delays the resolution of water crisis in Ditsobotla Local Municipality.

j. If the above challenges are not addressed, the implementation of the FRP will be threatened.

k. The internal challenges within Ngaka Modiri Molema District Municipality delays the resolution of water crisis in Ditsobotla Local Municipality.

9 ORGANISATIONAL CONSIDERATIONS

9.1 PERSONNEL IMPLICATIONS

a. The provincial government seconding six resources to support the current cohorts of managers in the municipality. Unfortunately, the culture in the municipality does not support the recovery plan.

9.2 POLICY AND LEGISLATIVE IMPLICATIONS

a. The alleged appointment of the 9 employees outside the staff establishment may lead to the invocation of section 66 of the system Act and this will also invite Labour Relation implications

10 RECOMMENDATIONS

a. The parties note the progress made and challenges experienced in the implementation of the FRP.
b. The complete implementation of the Municipal Finance Recovery Plan is estimated to take at least not less than six years.

11 CONTACT PERSON

SIGIDI KTM

PER DITSOBOTLA