



the dplg

Department:
Provincial and Local Government
REPUBLIC OF SOUTH AFRICA

the DHLGTA
Department of Housing,
Local Government and
Traditional Affairs
Eastern Cape Province
**REPUBLIC OF SOUTH
AFRICA**



IDP HEARINGS 2005

PANEL REPORT

NELSON MANDELA METROPOLITAN MUNICIPALITY EASTERN CAPE

Panel Members	Organisation
Mr. Derek Powell (Chairperson)	dplg
Ms Bea Hackula (Co-Chairperson)	HOD, Department of Local Government and Housing
Mr Ashraf Adam	Independent (MCA)
Ms Nellie Agingu	Independent (Planact)
Ms Judy Beaumont	DEAT
Mr Andrew Boraine	SACN - Chairperson
Mr Oupa Mokoena	DBSA
Mr Graham Richards	SALGA (National Office)
Ms Sizazo Sibisi	Independent (Deloitte Touche)

VENUE: Kempton Park Civic Centre Council Chambers, Ekurhuleni

DATE: 30 May 2005

1. BACKGROUND TO THE HEARINGS

The Local Government MINMEC meeting held on the 12th November 2004 mandated government to hold nation-wide Hearings on Development Planning. These are scheduled for every district and metropolitan municipality between April and June 2005.

The IDP Hearings take the form of an inter-governmental dialogue around the issues in the districts and metros and are aimed at assessing how the whole of government is prioritising development, allocating resources and implementing in the district and metropolitan areas. It is therefore aimed not only at assessing the municipalities but also provincial and national input and support.

The IDP hearings for the SACN member metros and cities took place from the 30th of May to the 2nd of June 2005 in Kempton Park.

This Panel Response report highlights the most critical issues emerging from the Eastern Cape SACN Member Hearings (Nelson Mandela Metropolitan Municipality). It acknowledges the context and capacity of the city and provides the panel's response to development challenges raised.

2. KEY ASPECTS OF INPUT BY THE OFFICE OF THE PREMIER, EASTERN CAPE

The Office of the Premier gave a brief input on the general findings of their assessment of the extent of alignment between the IDPs (of all the DMs, Buffalo City LM (BCM) and the Nelson Mandela Metropolitan Municipality (NMMM)) and the Eastern Cape PGDS. These general findings were:

Prioritisation:

- a) There was no coherent and structured process that informs prioritisation by province and by IDP.
- b) Where joint planning takes place there is no systematic process of feeding information into the strategic planning at provincial and local level.
- c) There is a need for the provincial SDF to be aligned with NSDP and PGDP

Resource allocation and management:

- a) Most departments are unable to disaggregate their financial allocations according to DMs and metros.
- b) There is generally little correlation between financial allocation by the province and the needs of people.
- c) There is little evidence of a partnership between province and NMMM and BCM around financial and other resources.

Implementation

- a) There is a scarcity of resources.
- b) No routine data collection and analysis processes are being undertaken.

In excess of 81% in NMMM of the IDP budget is allocated to fighting poverty.

PGDP Presentation

An overview was also provided on the Eastern Cape PGDP. It identified challenges that the province was facing and outlined the PGDP targets. The strategy aims for transformation of the agrarian economy and establishment of food security; systematic poverty eradication and incremental creation of fiscally sustainable social security system; consolidation, development and diversification of the manufacturing base and tourism potential. It highlights the packaging of 27 PGDP Programmes in six strategic focus areas and points to the fact that the PGDP is being spatially referenced in order to concentrate development efforts in areas of high economic potential (in line with the NSDP). The following corridors were indicated that have an impact on Nelson Mandela Metro: Sunday's/Fish River Irrigation Belt from the outskirts of Port Elizabeth through to Cacadu and Chris Hani to Queenstown (Agriculture (Sugar Beet), Agro-Processing, Tourism); Karoo Agro-Tourism Belt covering most of Cacadu through to Willowmore, Graaff Reinet and Cradock (Game Farming, Tourism, Agriculture (wool, mohair, livestock), Gariep Water Transfer; Addo Elephant / Tsitsikamma Tourism from Port Elizabeth to Addo Elephant Park and down the coast to Storms River (Tourism, Agriculture (Deciduous Fruit), Timber).

3. MAIN FOCUS-AREAS OF DISCUSSION

3.1 INSTITUTIONAL CAPACITY AND RELATIONSHIP ISSUES

- a) The panel recognizes that the NMMM faces institutional capacity challenges and the metro officials indicated progress on some issues. An Institutional Review is to be completed in 4-6 weeks. The restructuring of ICT systems is to be completed in 2-3 months and has taken longer than expected.
- b) The panel observed that there was **not a comprehensive institutional strategy** and that there is a lack of progress with respect to a Workplace Skills Plan. There is no **indication that there is a finalisation of institutional design followed by a process of reviewing progress**. There seems to be a perpetual process of organisational design and the panel was concerned that the NMMM was still in an Establishment Phase in 2005. There does not seem to have been a settling down of the organisation and the putting in place of organisational systems.
- c) The provincial representative felt that there was insufficient focus on human resources management and development.
- d) The panel recommended that NMMM should be supported in conducting an organisational effectiveness audit for the metro and that the province (DHLGTA, and perhaps even Premier's Office) will need to seriously address these institutional issues.
- e) It was pointed out that DBSA had funded an Organisational Effectiveness Audit that had been completed in December 2003 but that there has not been the requisite capacity to take the findings of this and achieve anything since its completion.
- f) The panel raised concerns about the capacity of the NMMM in view of it receiving Housing Accreditation. It was felt that the lack of requisite capacity could destabilise the implementation of the National Sustainable Human Settlements Programme in this metropolitan area. It recommended that the national Department of Housing might need to take a more interventionist stance in this case. There was no indication that environmental plans were linked with any institutional capacity or budget.
- g) The panel felt that there are serious **relationship problems** in the NMMM but it was unable to establish their exact nature. There was a feeling that there may be too many chiefs in the NMMM. The fact that the Mayor dominated much of the input to the panel was an area of concern and may be indicative of unresolved tensions between politicians and officials in NMMM. The relationship with province may be particularly tense with outstanding debt from province being an ongoing problem that the NMMM faces.

Panel Question/Issue/ Comment	NMMM Response
<p>Institutional challenges are evident. There is an institutional transformation programme but it is not clear what progress has been made. What has been achieved to date with respect to institutional transformation programmes? Skills development, leadership development – all planned but what actual progress?</p>	<p>Six broad areas of institutional transformation are being tackled by the municipality. Transforming the institution. Re-engineering their systems, including ICT. Moved to Business Unit structure. Focussed on planning for the future – efficiency of whole institution. Look at administrative systems geared to Vision 2020, got service providers to assist them in gearing systems to achieving this. This study will be completed in the next 4-6 weeks when each business unit will have been interrogated. Also process to get consultants for ICT restructuring, skills transfer in this regard. Taking longer than expected to restructure and integrate these ICT systems, concluded in next few months.</p>

Panel Question/Issue/ Comment	NMMM Response
	Examining HR issues - efficiencies of business transactions, cut business cycle shorter, this will impact on staff complement. Getting staff ready to take on these changes, engaged with unions in this regard.
<p>Infrastructure provision and institutional issues. MIG - concern about counter-funding, need for maintenance. What is their view on this issue. Commissioned audit of infrastructure to gain a clearer picture on backlogs – then have a plan in dealing with infrastructure.</p>	<p>Delays in getting MIG applications in. Commissioned another study on municipal roads. Engaged with dplg on infrastructure in peri-urban areas, urgent interventions are required in this regard.</p>
<p>There is a lot of thinking, ideas, documentation tentative, draft. Is this reflective of uncertainty and tension in the municipality? Struggling to move and crack challenges? Need to know how they can move, what support is required? Are there tensions between politicians and officials? How will they overcome this problem? NMMM did not reflect achievements clearly, nor did they reflect on gaps.</p>	<p>Problem with the panel not having access to 4th edition of IDP. The NMMM Annual report shows progress on issues in the IDP. There are tensions but they are not hampering service delivery, they are managed. It is unfair to reflect in the middle of financial year, not yet reached targets. Broken 2020 into timelines, short-term from July 2005.</p>
<p>Environmental Management: Institutional capacity and budget for implementation. What kind of support is required from DEAET?</p>	-
<p>Anti-fraud and anti-corruption policy? Issues around housing contracts being lost, efforts to deal with this?</p>	<p>The Anti-fraud policy is having results, top management have been affected. Housing investigations go back a number of years. There is vigorous application of the anti-fraud and anti-corruption strategy. There were areas of corruption in housing and there was an investigation of projects back as far as 1995 & 1998. Took sample of projects to examine. Inaccuracies in media reports but some areas being followed up on. Outside investigation and taking up issues with provincial officials. Need for widespread investigations in all provinces on this issue of housing – not a unique problem to NMMM. Made sure councillors not involved in matters such as making land available for housing, etc.</p>

3.2 LACK OF UNDERSTANDING OF PURPOSE AND STRATEGIC NATURE OF IDP

- a) The panel recognised that the issues of operationalising the IDP and integrating the GIS were addressed by NMMM and the location of the IDP in the Municipal Manager's office was seen to be significant. In the view of the panel there is quite a lot happening in NMMM, many sector plans in process of production but there is a lack of strategic integration.
- b) The panel were concerned about the following issues:

- i) Lack of linkages and integration of sector plans and Economic Strategy with the IDP.
 - ii) Lack of strategic concept of where they are heading.
 - iii) Lack of core momentum.
 - iv) Artificial division between 'strategy' and 'operational', plans and implementation.
 - v) Lack of outcomes-based planning, ambitious targets are set in things such as employment creation and housing construction but there does not seem to be a clear strategy for achieving them.
 - vi) Dichotomy between Vision 2020 and IDP (not all Vision 2020 projects are in IDP).
- c) The panel suggested that the NMMM need to make their IDP a strategic document and will need support and input in this regard.

Panel Question/Issue/ Comment	NMMM Response
Relationship management in government. Recent decision that IDP should be in the Office of Municipal Manager – background to this? Recommendation for 'operationalising' the IDP?	NMMM has GIS from former PE municipality, shortcoming regarding information gathered across the institution, difficult to access information, which is scattered across departments. Are working on establishing a corporate GIS in Corporate Administration. NMMM did not have automated systems, they have decided to automate IDP and PMS. They are now able to have better access to information. Central point for coordination of information – Office of the Municipal Manager. They have linked PMS to IDP and budgets and are seeing the fruit of this.
Relationship between Vision 2020 and Infrastructure plan. If an audit is just being done, if some priority projects in Vision 2002 are not in line with emerging Infrastructure Plan, then what?	Every project is submitted to a feasibility/viability study
Process Issues and Economic Development: 4th edition IDP, not available. Outcomes of review of 3rd edition of IDP. Driving and implementation of the IDP falls under the Executive Mayor e.g. economic growth and tourism development. Who drives economic development?	The Executive Mayor's office drives economic development. In the 4th edition IDP the focus is on a process to achieve 2020 Vision. It does not have 5-year strategic priorities but rather has Short-Term, Medium-Term and Long-Term Programmes. The IDP Forum has more stakeholders in it. A 2020 Economic Growth and Development Strategy implementation progress report was presented in NMMM's second presentation (on 2 June 2005).
Environmental Management, undermine environmental resources undermine sustainability. Separate plans for environment, not related to rest of development planning in the metro? Is this the case or not?	-

3.3 LACK OF STRATEGIC DIRECTION, OBVIOUS GAPS

- a) The panel noted examples of the NMMM's inability to maximise its economic and other potentials in making a strategic contribution to the region, including:
 - i) They are not involved in maximising the opportunities of the **Coega IDZ** or other **economic opportunities related to the automotive industry**. Seem to be more

- retroactive responses to these initiatives (such as skills audits, etc.) rather than gearing up to maximise opportunities.
- ii) They did not mention **2010 World Cup** plans.
 - iii) There was no mention that they are a '**Breaking New Ground**' site of the Housing Minister.
 - iv) They have ambitious **tourism** targets but there is no indication of planning or management to achieve these targets.
- b) The panel raised a concern that rather than trying to **integrate the 1st and 2nd economies**, the NMMM is largely ignoring the 1st economy (leaving that up to the private sector) and seeing 2nd economy projects as their alternative focus.
 - c) The panel tried to establish whether the urban agriculture strategy is a serious economic strategy or simply a tokenistic LED project.
 - d) The panel highlighted the need for a sophisticated economic strategy to manage this multi-nodal metropolitan economy. It was stressed that it should not be seen as an 'either'-or' approach but rather as a 'both'-and' approach.
 - e) The panel expressed concern that the issue of **land release** was not addressed by NMMM and there was a concern that NMMM may be selling off strategically located land.
 - f) **Catchment management** and the lack of a plan around this was a concern to the panel.
 - g) The lack of a real plan to meet **sanitation targets** around bucket eradication was also evident.
 - h) The issue of **community participation** was not adequately addressed in the Hearing and is an area of concern.
 - i) With respect to **financial viability** the panel noted that NMMM has a Revenue Enhancement Master Plan and that debt had been written off by NMMM. There were discrepancies regarding challenges identified and tackled by Project Consolidate and the responses the NMMM gave at the Hearing. Their response gave a skewed picture of financial viability. No real comments around a **financial management strategy** were provided by NMMM.

Panel Question/Issue/ Comment	NMMM Response
<p>25% of the population is without housing. NMMM aims to reduce homelessness by 5% per annum. What has rate of delivery been? Performance on different categories of housing? What are the plans of the NMMM to fast track housing delivery? Is there capacity to do this?</p>	<p>Did have capacity problems in the housing department but they are addressing this. NMMM needs to be accredited as from 1 July, this will help in setting up their strategy. They need to build capacity in anticipation of this especially with respect to engineering. Unblocking projects also relies on capacity building.</p> <p>Only built 9000 units instead of 15 000. There is a new focus on social housing focussed on middle-income. There are two Housing Associations in their area but national policy did not provide platform for Housing Associations to be involved. From this year there has been a policy change and thus NMMM can move on this social housing front.</p> <p>Some provincial projects to address homelessness in the metro. Private companies and partnerships with Delta Corporation in addressing homelessness.</p>
<p>National special Fund to deal with Sanitation – what is NMMM doing in this regard? Bucket latrines – 13%, plans to fast-track elimination of these?</p>	<p>According to their records there are 22 000 units with the bucket sanitation system. Linked to Housing Strategy. There is a fund available for this but there are problems with invasion of areas where the bucket system is used. Elimination of bucket system must be linked with housing approvals. Speed at which they service stands limits the elimination of bucket</p>

Panel Question/Issue/ Comment	NMMM Response
	<p>systems. NMMM cannot say now when they will be able to eliminate the bucket system in their area. They have budget to address this problem for the current financial year.</p> <p>In rural areas the municipality is not putting in water-borne sewage to replace bucket system.</p> <p>There is also a programme to address shared toilets. All houses built must be serviced according to a council decision, this is the way of addressing backlogs.</p>
<p>Economic strategy – progress in getting that into position? Comparative/competitive advantage?</p>	<p>Trade Investment Council starting tomorrow. Small Business Drive – small, medium and big business working together.</p> <p>5 Pillars:</p> <ol style="list-style-type: none"> 1) Investment attraction and Dev 2) Tourism – gaining momentum 3) SMME and BEE development – 10% of economy (doubled in last 10 years) 4) Nurture Auto cluster sector 5) Two ports, 1 deep-water one – strong point in metro. <p>Productive City – Vision 2020 aiming for this, create more jobs, broaden tax base.</p> <p>Financial Viability – not only use grants and collect revenue. Partnerships in running institution.</p> <p>Considering imposing a Transport levy – vehicles coming into the area contribute to infrastructure.</p> <p>Weigh bridge.</p> <p>Growing economy to sustain infrastructure provision.</p>
<p>Progress with Urban Agriculture strategy? Metro Development Agency? Support to Uitenhage/Dispatch Development Initiative?</p> <p>Is the Land audit part of urban agriculture plan? Is NMMM also looking at opportunities for proper spatial restructuring of metro area and creating economic opportunities?</p>	<p>They are identifying open land, people trained and ploughing fields, marketing of products is a challenge. Council supports urban agriculture projects with water for irrigation. Sites have been doing well, have been ploughing. Challenges with them becoming independent. Partnerships with cities from China providing training and expertise/technical support.</p> <p>Waterfront development – port getting passenger liners. Coega area. Inner City development.</p>
<p>SDF – how is NMMM dealing with needs of Coega/Motherwell vs. Uitenhage/Dispatch – managing competition between nodes?</p>	<p>Uitenhage: Supplier Park near Uitenhage. Factories, anchor tenant, suppliers in the area.</p> <p>Skills development (R30m) Applying to DoL to train more people.</p> <p>Coega: Temporary jobs. New deal discussion with anchor tenant. No permanent jobs yet.</p>
<p>Financial viability – concrete budget in IDP. Difficult to get sense of financial and fiscal viability. Core sources of revenue and split, especially in terms of cost recovery. Where does money come from?</p> <p>Billing – maximising income. Saw this is a focus of Project Consolidate.</p>	<p>Targets for improving revenue collection 95% collection rate – way of sustaining this. Hit target through Revenue Enhancement Master Plan.</p> <p>Focussed on key debtors but need to chase after them on ongoing basis. Linked with credit control policy – take off books those who are unable to pay, written off debt. Targeting 96% collection for next year and 97% for following year.</p>
<p>Fiscal capacity and financial viability? Not just revenue collection what is the</p>	<p>Over past three years. Issues: 1) post-retirement benefits, 2) levy collections. Can't deal with 1) will only</p>

Panel Question/Issue/ Comment	NMMM Response
proportion of their budget that derives from grant funding. NMMM has qualified financial statements – why?	address it over next 15 years, historical issue. Must look at other municipalities with similar problems and how they deal with it. 2) unable to get to books of those supposed to be paying RSC levies to assess how much they should collect. Want Revenue Services to assist them in getting indication of how much they should be collecting. AG thinks they are collecting too little. New issue in audit around issues of performance management
Sustainability of service delivery, REDS - has it been factored into financial sustainability?	-

3.4 LEADERSHIP, INFORMATION MANAGEMENT AND FLOWS, STRENGTHENING THE STRATEGIC CENTRE

- a) The panel observed that there appear to be communication blockages within the metro and beyond it. The fact that the NMMM representatives claim not to have received the Six Questions around which to structure their presentation to the hearing may be a case in point of communication breakdown.
- b) The panel is concerned about the lack of connectedness between national, provincial and local thinking with respect to this area.
- c) The panel is concerned that information is often not feeding through from those actually implementing programmes in the municipality. A case in point is the fairly positive results of the Motherwell URP Node review, which could not be highlighted by the NMMM representative present at the Hearing.
- d) The panel noted that key staff members such as the CFO and officials from the Engineering Department were not present at the Hearing.
- e) The panel suggested that there is a need to strengthen the strategic centre of the municipality.

Panel Question/Issue/ Comment	NMMM Response
Motherwell URP – evaluate outcomes into the fourth year? In terms of jobs created, increase in safety, etc. Focus on inputs but has life got better for community and how is that measured?	PMS system in place for the Motherwell initiative. Measures number of houses constructed. Skills audit on skills developed in area. Able to report. Report will be made available tomorrow. Much more to be achieved. NMMM has recognised its over-reliance on the motor sector in its economy.
Community involvement in democratic process. Have structures – have meetings regarding the IDP but what about content? Extent to which communities are genuinely part of the decision-making processes. Information sharing with respect to choices in planning processes, not just coming up with a wish list but realistic input into planning process. Feedback to communities on outcome of planning processes, shown how their input has actually influenced planning and decision making? Link between community processes and Vision 2020	No time remained for these questions to be answered-

Panel Question/Issue/ Comment	NMMM Response
<p>process? Effectiveness of ward committees, how representative are they? Are they interacting with communities, re-election of ward committees. What is NMMM doing to ensure they remain effective. CDWs – how is it going, how are problems being addressed? Addressing tensions with ward committees?</p>	

3.5 LACK OF PROVINCIAL LEADERSHIP AND LACK OF ENGAGEMENT ON STRATEGIC CONTRIBUTION OF THE METRO TO THE PROVINCIAL ECONOMY

- a) The panel is concerned that not even province has a vision for the city and its economic role. They are concerned that an issue such as transport in gearing up for tapping in to the export market is not being prioritised. Although they were assured that meetings are set up between province and the metro for later this week to address some of these issues it was clear that the province has not shown any leadership on this issue until now.

Panel Question/Issue/ Comment	NMMM Response
<p>Provincial – NMMM relationship - How are they going about getting feedback on IDP? Outstanding debt from province, how is this being addressed?</p>	<p>Over R100m debt over past years. Set off – money from vehicle registration licensing withheld when province has not paid debts. Teams for financial realignment. Cutting off their administrative services (not hospitals, clinics etc) now better payments for services. Serious tensions with Dept of Transport. Need better communication between provincial Dept of Housing and municipal Housing Department, for example. Outstanding debts, punitive measures. Some improvement in communication.</p>
<p>Motherwell and PGDS</p>	<p>Linkage to PGDS – The SDI focuses on the motor industry components, but NMMM must be careful not to put all its eggs in one basket. PGDP Corridors – Agricultural and Eco-tourism belt including NMMM.</p>
<p>What does NMMM want us to add to the report? Issues about way in which national and provincial interact with NMMM?</p>	<p>Will give response to the 6 questions within next few days. (The NMMM were given an opportunity to give a half hour input on these on 02nd June).</p>

3.6 NEED FOR PROVINCIAL AND NATIONAL SUPPORT AND IMPORTANCE OF ADDRESSING SUPPORT ISSUES THROUGH PROJECT CONSOLIDATE

- a) The panel suggested that extensive support is required by NMMM. The provincial DHLGTA will need to play an important role here and will, due to its capacity constraints, definitely need additional support from dplg. Other agencies (such as SACN) should also be accessed to provide additional support once the actual dimensions of the support required are defined.

- b) The panel questioned the efficacy of the current technical support. They saw it as important to get to the root of the problem and address the exact nature of the support that was required and unpack this.
- c) The panel stressed that whatever form the support took, it should be linked with and channelled through Project Consolidate (particularly the Governance Support Programmes of Project Consolidate).

Panel Question/Issue/ Comment	NMMM Response
Do they need more support here, build indigenous capacity, do they get sufficient support from province?	Yes, do need support. Looking at PM, engineering and architectural services, not ready by 1 July. The Provincial Department will prioritise metro capacity bldg. Transferred 4 project managers, phased-in programme of enhancing capacity.

4. Conclusion

NMMM were thanked for their forthright engagement in this intergovernmental dialogue. The principals were specifically thanked for taking the time to participate in this period of build up to elections. The panel raised serious concerns but wanted to present these in such a way as to not create hopelessness and enhance tensions in the municipality. It is important that the Hearing process is seen as valuable and assists the municipality in facing its challenges and takes place as a form of ongoing positive intergovernmental dialogue. NMMM were provided with an additional brief opportunity to give input to the panel on 2 June 2005. This included a presentation of their 2020 Economic Growth and Development Strategy Implementation Progress Report. The panel thanked NMMM for a more considered and detailed presentation. They noted that it is clear that the metro is aware of the challenges that face it and that they have interventions in place for many of these challenges. The panel commended the NMMM for the depth of thinking around economic strategy, which was clearly visible in their second presentation. The panel recognised the tension between achieving 2020 projects and addressing backlogs. They were still extremely concerned that the IDP is not yet fully integrated and that the CDS is viewed as something separate from the IDP. The panel also re-emphasised its concern that there is not good alignment with the PGDP (which was prepared without significant local input and thus does not necessarily align with NMMM's economic and spatial strategies). The panel thus felt that although the additional input was useful, it did not shift significantly their initial findings as outlined in this panel report.

SIGNED

**Signature of
Chair:**

Name: Mr Derek Powell

**National Department of Provincial and Local
Government**

Date:

**Signature of
Co-Chair:**

Name: Ms Bea Hackula

**HOD, Department of Local Government and Housing,
Eastern Cape**

Date: