



Northern Cape Provincial Legislature

OVERSIGHT REPORT

**JOHN TAOLO GAETSEWE, ZF MGCAWU AND
NAMAKWA REGION**

21 – 25 JUNE 2021

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LIST OF ABBREVIATIONS

ABBREVIATION	MEANING
AG	Auditor General
ANC	African National Congress
CEO	Chief Executive Officer
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CPA	Communal Property Association
DA	Democratic Alliance
DEDAT	Department of Economic Development and Tourism
DTSL	Department of Transport, Safety and Liaison
EFF	Economic Freedom Fighters
FF+	Freedom Front Plus
GNR	Goegap Nature Reserve
JTG	John Taolo Gaetsewe
KKC	Kalahari Kid Corporation
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
MoU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committee
NCEDA	Northern Cape Economic Development, Trade and Investment Promotion Agency
NCPL	Northern Cape Provincial Legislature
PC	Portfolio Committee
RLOs	Regional Liaison Officers
SANPARKS	South African National Parks
SANRAL	South African National Roads Agency
SCOPA	Standing Committee on Public Accounts
SEZ	Special Economic Zone
SMME	Small, Medium and Micro Enterprises
UIP	Upington Industrial Park
WWF	Worldwide Fund
ZFM	ZF Mgcawu

1. INTRODUCTION

The Northern Cape Provincial Legislature (NCPL) has a responsibility in terms of Section 114 (2) of the Constitution of the Republic of South Africa, 1996, to facilitate public involvement in its legislative and other processes. Section 114 and 133 directs the Legislature to hold the Executive accountable for the exercising of powers and performance of their functions.

The purpose of the oversight visits was to evaluate the progress made on identified projects and to enhance service delivery to the people in the province.

It is the responsibility of committee support staff to empower Committees and Members to make informed decisions to effectively execute their constitutional mandate. Pre-oversight visits are usually undertaken to do an assessment and evaluation of projects that are identified. However, due to the busy schedule of the NCPL, it was not possible for pre-oversight visits to take place. Regional Liaison Officers (RLOs) were requested to liaise with stakeholders and to visit the sites before the time. The Research Unit obtained information from various stakeholders on the identified projects. Information packs were compiled and availed to Members before departing on the oversight.

Members of the NCPL, through the Office of the Chairperson of Committees, undertook an oversight visit to John Taolo Gaetsewe, ZF Mgcawu and Namakwa Regions from 21 – 25 June 2021.

2. OBJECTIVE OF THE OVERSIGHT VISITS

- 2.1 To conduct oversight over the Joe Morolong and Richtersveld Local Municipality to assess progress made in terms of audit opinions and service delivery to their communities;
- 2.2 To establish the progress made by the Department of Economic Affairs and Tourism in terms of the development of the Upington Industrial Park and Namakwa SEZ and to conduct site visits to the specific areas identified for these developments;

- 2.3 To establish the progress made by the Department of Transport, Safety and Liaison, and other stakeholders in terms of the development of the Boegoebay Harbour and to conduct a site visit to the area earmarked for the harbour;
- 2.4 To conduct a site visit to the newly built Martha Griffiths Health Centre and understand the challenges and achievements thus far;
- 2.5 To conduct a site visit to the Goegap Nature Reserve to inspect refurbishments that were done with the allocated budget and to see whether there was value of money; and
- 2.6 To conduct a site visit to check the physical operations of the Kalahari Kid Corporation (KCC) and to see the progress made and challenges experienced at the farms and cooperatives.

3. DELEGATION

A multi-party delegation took part in the oversight and consisted of the following Members and officials:

3.1 Members of the Legislature

- Hon G van Staden (Chairperson of Committees) (ANC);
- Hon N Klaaste (Speaker) (ANC);
- Hon L Kolozi (ANC);
- Hon N Mangeng (ANC);
- Hon L Senye (ANC);
- Hon W Dichaba (ANC);
- Hon A Louw (DA);
- Hon R Liebenberg (DA);
- Hon P Isaacs (DA);
- Hon F Rhoda (DA);
- Hon O Mokae (DA);
- Hon A Baartman (EFF);
- Hon G Lepolesa (EFF);
- Hon S Tlhaole (EFF); and
- Hon D Coetzee (VF+).

3.2 Officials (Support Staff)

- Ms I Koegelenberg (Manager: Committees);
- Ms C Gopane (Manager: Public Participation and Communications);
- Mr J Franks (Manager: Office of the Deputy Speaker);
- Mr R Motingwe (Acting Manager: Research and Information Services);
- Ms N Riedt (Office of the Chair of Chairs);
- Mr J Mohlakoana (Committee Coordinator);
- Ms N Ngcakani (Acting Senior Researcher);
- Mr L Matlhako (Acting Senior Researcher);
- Mr L Sedisho (Researcher);
- Mr C Matshidisho (Researcher);
- Mr R Louw (Regional Liaison Officer);
- Mr C Zweni (Regional Liaison Officer);
- Mr J Manhe (Regional Liaison Officer);
- Ms M Sekgoro (Intern);
- Mr M Bekisi (Senior Interpreter);
- Ms K Matsime (Interpreter);
- Mr C Malambo (Security Official);
- Ms C Thompson (Security Official); and
- Mr T Mogohu (ANC Researcher).

4. OVERSIGHT PROGRAMME

DATE	TIME	PROJECT	VENUE
DAY 1			
21/06/2021	09:00 – 12:00	Meeting with Joe Morolong Local Municipality	Joe Morolong Municipality Chambers (Moshaweng)
DAY 2			
22/06/2021	08:30 – 11:30	Meeting re. Upington Industrial Park	ND Swartz Hall (Rosedale, Upington)
	15:00 – 17:30	Meeting re. Namakwa SEZ	Vedanta Zinc International Guesthouse (Aggeneys)

DATE	TIME	PROJECT	VENUE
DAY 3			
23/06/2021	10:30 – 13:00	Meet re. Boegoebaai Harbour	Alexkor Boardroom (Alexanderbay)
	14:00 – 17:00	Meeting with Richterveld Local Municipality	Port Nolloth Town Hall (Port Nolloth)
DAY 4			
24/06/2021	08:30 – 10:30	Visit the Martha Griffiths Community Health Centre	Martha Griffiths Health Centre (Port Nolloth)
	14:00 – 16:00	Visit the Goegap Nature Reserve	Goegap Nature Reserve (Springbok)
DAY 5			
25/06/2021	10:00 – 13:00	Kalahari Kid Project	Rooisand Farm (Groblershoop)

5. OVERSIGHT PROCESS AND APPROACH

The oversight process followed during the visits included:

- 5.1 Briefing sessions with local municipalities and Provincial Treasury to outline the current status of local government in the regions and the support offered by Provincial Treasury to the municipalities; and
- 5.2 Briefing sessions and site visits undertaken to identified projects to obtain first-hand experience on prospects, opportunities, progress and challenges.

6. JOHN TAOLE GAETSEWE REGION

6.1 JOE MOROLONG LOCAL MUNICIPALITY

A joint meeting of the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee (PC) on Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) took place on 21 June 2021 at the Joe Morolong Municipal Chambers.

6.1.1 PRESENTATION BY THE JOE MOROLONG MUNICIPALITY

The Mayor, Councillor Leutlwetse and the Municipal Manager, Mr. Tlhoaele made a presentation to the Committee.

- a) Joe Morolong Local Municipality (JMLM) is a Grade 2 municipality, with 15 wards and 29 Councillors. It serves a population of 89,530 citizens. The Municipality is mostly rural, with a serious water, sanitation and roads infrastructure backlog;
- b) All senior managerial positions have been filled;
- c) A considerable number of critical posts in the Technical Services department have been vacant since 2018/19 due to a dispute that was declared by one of the trade unions at the Bargaining Council on allegations of insufficient consultation. However, the dispute has since been resolved and Council approved the organogram and reviewed the Placement Policy on 31 June 2021. The process of finalizing the placement process and the filling of the critical vacant and funded positions has started;
- d) The municipality received Disclaimer audit opinions for the 2019/20 and 2018/19 financial years. The audit for 2020/2021 is still in progress, but there are signs of a slight improvement in the audit process. During the 2020/21 financial year the Office of the Auditor General (AG) managed to audit assets and revenue which was not the case in the previous years' audits where the asset register was not reconciling with the Annual Financial Statements (AFS) and the Ledger;
- e) In order to address the audit findings, the Municipality has been paying attention to clear most recurring issues. There were 36 qualification paragraphs on the Audit report for 2019/20 FY of which 9 has been resolved;
- f) The Municipality earns revenue from equitable share, conditional grants and revenues (service charges and property rates). However, the municipality depends mostly on grants due to its rural nature and the fact that most individual customers are indigent;
- g) The Municipality has a number of mining customers who contribute 60% of services and taxation revenue;
- h) The Municipality is in the process of developing a financial recovery plan in order to maximize revenue collection and reduce expenditure to enable the municipality to remain viable. A revenue collection strategy has been

developed, but is still in draft stage. Ten (10) mines from which no monies was previously collected are now paying property rates. Government institutions are also being billed which was not the case previously;

- i) Conditional and infrastructure grants were spent in the past 3 years;
- j) The Credit Control and Debt Collection Policy has been reviewed and adopted by Council;
- k) The Municipality requested Mining Houses and Development Trusts to donate personal protective equipment (PPE), water tanks and water trucks. A number of the mines assisted with donations and two mines (Assmang Blackrock Mine & UMK Mine) have committed to procure two (2) water trucks. Assmang Blackrock Mine has already procured and delivered the water tanker to the municipality. Furthermore, the municipality has procured four (4) water tankers, six (6) crew cab trucks and two (2) single cab bakkies to assist in the provision of water services to the community;
- l) The following challenges were identified by the Municipality -
 - Unable to collect revenue from sale of water due to the vandalization of water infrastructure by community members;
 - Ageing of water infrastructure and drying up of boreholes in most villages;
 - High vacancy rate;
 - Huge backlog of water and road infrastructure, which was worsened during the recent floods;
- m) The following successes were identified by the Municipality –
 - The donation of a water tanker from Assmang Black Rock Mine;
 - The donation of a water suction pump trailer from the JTG Developmental Trust;
 - Neither ESKOM nor Sedibeng Water are owed money;
 - Municipality is among the best performers in the province with regard to spending of Municipal Infrastructure Grant (MIG). Hence, the municipality was not summonsed to a meeting with COGTA for failure to spend MIG funding;
 - Municipality received an additional R6 million for the Water Services Infrastructure Grant (WSIG) based on spending performance.

6.1.2 PRESENTATION BY PROVINCIAL TREASURY

Provincial Treasury was requested to make a presentation on the intervention plans at this municipality. Ms. Kopang made the presentation on behalf of Provincial Treasury.

- a) JMLM has an appointed MM and CFO which yield positive results in that stable leadership resulted in improved reporting and signing off of reports;
- b) The Municipality's total operating revenue (in terms of Section 71 for the 3rd quarter as at 31 March 2021) was R260 million. The total operating expenditure is R113 million.
- c) The Municipality has a negative cash position of R13 million;
- d) Creditors age analysis amounts to R6,9 million, whilst the debtors age analysis amounts to R301 million;
- e) Organs of state owes the municipality R62 million;
- f) All senior management posts are filled and performance agreements of senior management are aligned to IDP/SDBIP;
- g) Two (2) threats have been identified in terms of administration namely 1) Inability to fill other critical vacant positions due to the dispute lodged regarding the organisational structure by the trade union at Bargaining Council, and 2) High dependency on consultants where the Municipality had four (4) consultants over the past two year period. There seem to be no plan/system taking over and integrating the work conducted by consultants by the Municipality;
- h) Unauthorized expenditure for 2019 amounted to R55 million, whilst in 2020 it amounted to R38 million. Prior years' unauthorized expenditure amounted to R546,6 million;
- i) Irregular, fruitless and wasteful expenditure for 2019 amounted to R196,700 whilst in 2020 it amounted to R291,000. Irregular, fruitless and wasteful expenditure incurred in the prior years amounted to R4 million;
- j) Water losses for 2019 was R1 million and for 2020 it amounted to R668,500;
- k) Electricity losses in 2020 was R808,000 in comparison to R1,5 million in 2019;
- l) The municipality obtained disclaimer audit opinions in the past three years consecutively, the audit for 2020/2021 is still underway;
- m) Audit findings are recurring from previous years. The situation is as a result of limitation of scope (no appropriate audit evidence provided) and inadequate systems in place (accounting for transactions and control thereof);

- n) The budget for the Municipality for the years 2019/20 and 2020/2021 was unfunded. However, the budget for 2021/2022 is funded;
- o) Audit action plan not fully implemented due to lack of monitoring from municipal management;
- p) The municipality indicated that it has established a disciplinary board, but no evidence was provided to Provincial Treasury in this regard;
- q) Provincial Treasury is never invited to Municipal Standard Chart of Accounts (mScoa) steering committee meetings, and the minutes and resolutions of the meetings are not shared with Provincial Treasury;
- r) Expenditure of conditional grants for 2020/2021 stands at 43%;
- s) The following challenges were identified by Provincial Treasury –
- There are gaps in the institutional arrangements of the municipality in terms of inconsistencies in political oversight, and use of consultants;
 - The lack of implementation and monitoring on the audit action plans is a concern as there are persisting unsatisfactory (disclaimer) audit opinions;
 - Capital grants were not spent in full in the previous financial year and for 2020/21 financial year, Covid-19 restrictions and previous heavy rains affected service delivery negatively. However within the current two year period the municipality managed to successfully implement projects funded from the MIG;
 - Non implementation of Treasury recommendations by the municipality;
 - Continuous late adoption of the budgets and unfunded budgets;
 - Poor spending of conditional grants resulting in monies being reduced;
 - Poor revenue and debt management process, leading to poor cash flow;
 - Non-reporting of actual collected revenue. Poor reporting makes it difficult to customize the interventions to the municipality;
 - Lack of capacity/delays to implement infrastructure projects;
 - Continued poor audit outcomes despite over usage of consultants;
 - Non-prioritization of financial governance structures;
- t) Provincial Treasury will focus on the following to drive improvement in financial management performance –
- Implementation of the municipal support strategy;
 - Improving internal capacity (streamlining and alignment of MFMA functions);
 - Improving collaboration between SALGA, COGHSTA and Office of the Premier (OTP);
 - Greater political involvement;

- Strengthen financial recovery service;
- Advocating for the use of shared services for corporate governance (risk management and internal audit functions);
- Focus on improving compliance and implementation of recommendations from Provincial Treasury; and
- Increased focus on revenue management.

6.1.3 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) From the previous engagement with the Municipality, there seems to be an improvement in the working relationships between Senior Managers;
- b) Usage of consultants remains problematic and there does not seem to be any transfer of skills and value for money. Senior managers with qualifications are appointed, yet consultants are used;
- c) Status of the indigent register is not clear;
- d) Non-payment of the Library Grant by Department of Sport, Arts and Culture is problematic for the rendering of library services within the Municipality;
- e) Revenue collection needs to be improved;
- f) Infrastructure, inclusive of road and water infrastructure in the municipality is not good which can hamper service delivery and influence business interest;
- g) Social responsibility of the different mining houses in the area is not utilized to its full potential;
- h) Municipal Public Accounts Committee (MPAC) is not fully functional and properly coordinated;
- i) Implementation of a succession plan not done properly;
- j) Water shortages in the Municipality due to boreholes drying up, is a huge concern;
- k) Implementation of an asset register is an improvement from the previous engagements;
- l) Unauthorized, irregular, fruitless and wasteful expenditure is growing and this is a reason for concern;
- m) Debt of government departments to the Municipality is reason for concern;
- n) Performance agreements are in place for Senior Managers. However, consequence management needs to be implemented;
- o) Continued poor audit outcomes are problematic.

6.1.4 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee:

- a) Municipality must ensure that working relationships between Senior Managers are improved upon. This will result in improved audit outcomes, as well as improved service delivery to the people;
- b) Dependence on consultants must stop. Senior managers that were appointed has the necessary qualifications and must take charge of all their responsibilities. This includes those activities outsourced to consultants. In cases were consultants are used skill transfer must take place and there must be value for money (improved audit outcomes);
- c) Indigent register must be maintained and up-dated regularly;
- d) Department of Sport, Arts and Culture must ensure that the library grant is paid over to the Municipality in order for proper library services to be rendered to the community;
- e) Contingency plan needs to be developed to ensure more effective revenue collection. Provincial Treasury to assist in this regard;
- f) The Municipality has to develop plans in consultation with relevant departments to improve infrastructure inclusive of road and water infrastructure;
- g) The Municipality must make use of the Social and Labour plans (SLPs) of the mining houses in the area to benefit the community and improve service delivery;
- h) MPAC should be capacitated and strengthened and they must effectively exercise their oversight function;
- i) Succession plans of the municipality should be implemented effectively to ensure improved service delivery and audit outcomes;
- j) The Municipality must develop succession plans for the water challenges in the area since boreholes are drying up;
- k) Municipality must effectively reduce unauthorized, irregular, fruitless and wasteful expenditure. Provincial Treasury to assist in this regard;
- l) Action must be taken against departments that owes the Municipality money. Provincial Treasury to assist in ensuring that departments pay monies owed to the Municipality;
- m) Consequence management must be implemented if and when necessary. Senior Managers and employees of the Municipality must ensure the best service at all times and value for money;

- n) In order to achieve a clean audit it is important for the Municipality to comply with laws and legislation. The creation of a department in the Municipality that is responsible for compliance issues is therefore recommended. By making changes to internal controls and improving on compliance issues, audit outcomes can be improved;
- o) Skill Development Policy to be developed to ensure development of Senior Managers and employees in the Municipality;
- p) Municipality must communicate honestly with NCPL in order for Members to effectively address issues with relevant departments.

7. ZF MCGAWU REGION

7.1 UPINGTON INDUSTRIAL PARK

A joint meeting of the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee (PC) on Finance, Economic Development and Tourism took place on 22 June 2021 at the ND Swartz Hall in Rosedale, Upington. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a site visit.

7.1.1 PRESENTATION BY NCEDA (DEPARTMENT OF ECONOMIC DEVELOPMENT)

A detailed presentation on the Upington Industrial Park (UIP) was done by Mr. Louw, acting Chief Executive Officer (CEO) of the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA). The following aspects were highlighted in the presentation –

- a) UIP Business Case
 - 1500 possible permanent jobs will be created in this project;
 - Empowerment and transformation of women, youth, Historically Disadvantaged Individual (HDIs);
 - Existing business owners to benefit from infrastructure and incentives;
- b) Ownership Structure

- Owners are the Dawid Kruiper Local Municipality (60%) who will avail land through long term lease and Private Business (40%) who will invest in property and actively market vacant sites;
- The implementer is NCEDA who is responsible to prepare the industrial part (IP) application, enter into funding agreements, ensure project implementation, continue to market the IP and link with other catalytic projects, as well as host investment attracting events;
- The operator is the Property Owner's Association who will ensure IP governance, regulate operations in the Park, and collect IP revenue through membership fees, penalty fees, etc;

c) Implementation

- Phase 1: Demarcation and access
 - High security and metal invisible fence
 - Access road
 - Pedestrian walkways
 - Guard houses
 - Stormwater drainage
 - Bulk electricity and high mast light
- Phase 2: Bulk and transport
 - Top structure construction
 - Bulk water
 - Bulk sewer
 - Bulk electricity
 - Street lighting
 - Safety and security
 - Roads, transport
 - Stormwater and sanitation
- Phase 3: Reticulation and services
 - Enhance reticulation (water, electricity, sewer)
 - Support services
 - Top structure
 - Solid waste management
 - IT Connectivity, telecommunications, ICT-enabled resident services
 - Landscaping, public open spaces and vegetation
 - Specialized industrial support infrastructure

- o Social and commercial centre

d) Investment Model

- The current investment has fifty-five (55) investors and an amount of R450 million has been invested. There is also eleven (11) new investors that will be investing R450 million into the project;

e) Sectors of interest

- Renewable energy inclusive of generation and components manufacturing;
- Aviation with specific reference to maintenance, repair and overhaul (MRO);
- Agro processing and health (grapes and algae);
- Automotive (vehicle testing);
- Uppington rapid incubator; and
- Technology.

f) Funding to date for the project

Expenditure	Amount	Contributors
Operational	R48,000 000	The Department of Trade, Industry and Competition (DTIC), Northern Cape Provincial Government (NCEDA), Dawid Kruiper Local Municipality, ZF Mgcawu District Municipality
Reduction of income on prime industrial premises	R450,000 for 3 years	
Capital contribution in terms of municipal land	R50,000 000	

g) Top structure funding model

- Shared model whereby the development of the top structure will be a parallel process between the public and private partners. As the security and infrastructure will be improved, the investors will implement their top structure;
- Although most of the investors are keen to initiate their own top structure, some have also expressed interest in the commitment by the DTIC to contribute towards qualifying investors top structures in SEZ's and Industrial Parks.

h) Way forward

- Phase 1 (R50,000 000) approval required;
- Investor confirmation continues and expanding;
- The UIP has been incorporated into the IDP of Dawid Kruiper Local Municipality and has proven sustainable.

7.1.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) There is no clear strategy on how people living with disabilities, women and youth will benefit from the projects in terms of job opportunities;
- b) Concern that the issues of localization and beneficiation that aim at uplifting the community of ZF Mgcawu are not clearly outlined and appropriately addressed;
- c) The Dawid Kruiper Municipality will benefit only in respect of rates and taxes when selling urban land which is a matter of concern;
- d) There is no investment in skills development to address skills shortages in the ZF Mgcawu district;
- e) There is no transparency on how the members of the Property Owners' Association were identified to be part of UIP;
- f) There is a subtle transformation resistance from existing business coming from the white business community. Black businesses and previously disadvantage communities continue to be barred from participating meaningfully in these projects;
- g) An interdepartmental interface plan lacks to rollout bulk infrastructure projects that are needed for the UIP.

7.1.3 RECOMMENDATION BY THE COMMITTEE

The following recommendations were made by the Committee:

- a) The department, through NCEDA must develop a strategy/plan to ensure that people living with disabilities, women and youth are prioritized to benefit from this project. This plan/strategy must be included in a Memorandum of Understanding (MoU) with all relevant stakeholders;
- b) The issue of localization and beneficiation has to be clearly defined in a MoU. It must begin within the region of ZF Mgcawu, in particular the community of Dawid Kruiper Municipality;
- c) The department (NCEDA) must ensure that the social responsibilities of the companies operating at the UIP are well outline in the MoU to address socio-economic challenges faced by local communities;

- d) The department (NCEDA) must identify critical skills needed at the UIP in order to empower local youth through bursaries and scholarships. This will ensure that there is no shortage of critical skills in the area of ZF Mgcawu;
- e) The department (NCEDA) must ensure that all processes are transparent. It must provide detailed reports indicating the criteria used to identify members of the Property Owners' Association and the list of these members;
- f) The department (NCEDA) must ensure that black local businesses are empowered to become main constructors at the UIP projects;
- g) The department (NCEDA) must develop an interdepartmental plan/MoU to ensure that all relevant departments work together towards achieving the UIP's objectives.

7.1.4 REPORTS REQUIRED BY THE COMMITTEE

The department must submit the following reports 30 days after tabling of this report in the House -

- a) Copy of the feasibility study conducted;
- b) Copy of the signed MoU of UIP;
- a) Detailed report indicating the criteria used to identify members of the Property Owners' Association and the list of these members.

7.2 KALAHARI KID PROJECT

A meeting of the Portfolio Committee (PC) on Agriculture, Rural Development, Environment and Nature Conservation took place on 25 June 2021 at the Kyto Abattoir in Groblershoop. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a site visit, where the Rooisand Farm was visited as well as a tour through the Abattoir.

7.2.1 PRESENTATION BY DEPARTMENT OF AGRICULTURE

A detailed presentation on the Kalahari Kid Corporation (KKC) was done by Mr. Kekana, from the Northern Cape Department of Agriculture. The following aspects were highlighted in the presentation –

- a) The entity has two farms, Boegoeberg and Rooisand and both are used for breeding purposes;

- b) The land is leased from the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the !Kheis Local Municipality;
- c) Boegoeberg-farm:
- Size 8 570 ha of which 3 400 ha is allowed for co-op grazing and water;
 - Mainly used for cattle and goats;
 - There is no electricity on the farm, yet there are boreholes and big camps that are used;
 - Emerging Farmers hire the land for grazing and water, but they do not get water rights;
 - A further challenge is the fact that the Municipality is over-charging for the land;
- d) Rooisand-farm:
- Size 3 918 ha and is used for intensive and extensive goat farming;
 - There are boreholes, storage dams and big camps that are used for the goat farming;
 - Goats can be quarantined and kept with their kids;
 - Farmers get water rights;
 - There is no electricity and the existing farm house has been broken down;
- e) The following Farm Management activities are undertaken:
- Breeding – curling, genetics and selection;
 - Feeding – grazing & supplementary feed;
 - Protection- dipping, vaccination/ inoculation;
 - Branding / identification on an electronic (EID) system;
 - Replenish breeding stock;
 - Water supply;
 - Fire breaks and farm maintenance continuous;
 - Quarantine facility and kidding;
- f) The following support is offered to Co-operatives:
- Establishment;
 - Training;
 - Supplied with seed stock;
 - Genetic material improved – Ram;
 - Buyback;
 - Support with goat farming;
 - Allocated 3 400 ha for grazing and water;
 - Assist with business plans to obtain funds;

- g) The following achievements have been identified by the Entity:
- Established coops;
 - Trained coops;
 - Provided with seed stock;
 - Improved genetic of flock;
 - Penetrated local and export market;
 - Increase flock on the farm;
 - Established relations with abattoir;
- h) The following challenges were identified by the Entity:
- Limited stock at the farm;
 - Inadequate infrastructure;
 - Predators;
 - Compliance Processes for purchases;
 - Limited throughput;
 - Failure to meet demand;
 - Expectations;
 - Security;
- i) The following challenges were identified in terms of the Co-operatives:
- In fighting;
 - Limited resources;
 - Inadequate infrastructure;
 - Finances;
 - Slaughter own stock;
 - Speculators arrive with cash;
 - Transport of animals;
- j) The Farm Manager also presented information on the breeding, feeding and health programmes that are used, the general management of the farms and farm maintenance, and explained how stock control and monthly reports are being conducted.

7.2.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) Concern about the financial structure of Kalahari Kid Corporation where the bulk of the budget allocation goes to compensation of the employees;

- b) The Entity is relying on the import of goats from Namibia to address the shortage of goats supply. This is a matter of concern;
- c) The Entity fails to show commitment to support local co-operatives. There is no budget allocated for this financial year to assist the co-operatives; and
- d) The issue of the water rights is a concern, since only one side of the Rooisand Farm has the water rights.

7.2.3 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee:

- a) The department must provide the Committee with a progress report of the remodelling of the Kalahari Kid Corporation;
- b) The Entity must invest in local co-operatives for supply of goats. If there is still a shortage, it must first look within South Africa for supply before relying on another country for supply;
- c) The department must avail funds for the Entity to deliver on its core mandate of providing support to the co-operatives;
- d) The department must assist the Entity to get water rights for all the farms in order to function optimally and in the positions to assist the neighboring merging/smallholders farmers with water.

8. NAMAKWA REGION

8.1 NAMAKWA SPECIAL ECONOMIC ZONE

A joint meeting of the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee (PC) on Finance, Economic Development and Tourism took place on 22 June 2021 at the Vedanta Zinc International Guesthouse, Aggeneys. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a visit to the entrance to the Gamsberg Mine where Members could familiarize themselves with the site where activities are taking place.

8.1.1 PRESENTATION BY NCEDA (DEPARTMENT OF ECONOMIC DEVELOPMENT)

A detailed presentation on the Namakwa Special Economic Zone (SEZ) was done by Mr. Louw, acting CEO of NCEDA. The following aspects were highlighted in the presentation –

- a) The Vision of the project is to be the catalyst for the economic growth and integration throughout the Southern African Development Community (SADC);
- b) The Mission is to create an industrial hub for the West Coast and a catalyst for industrializing the western SADC area;
- c) The concept of the proposed Namakwa SEZ was initiated from the presidential investment drive to attract investment to the country;
- d) VEDANTA International committed to invest in South Africa with the establishment of the Black Mountain and Gamsberg Mine both situated in Aggeneys in the Namakwa district;
- e) The legal mandate for this process is the SEZ Act of 2014, the SEZ guidelines and SEZ strategy. The custodians of SEZ's and SEZ support in South Africa, is the (
- f) Department of Trade Industry and Competition (DTIC) and the SEZ Advisory Board who will directly guide and support the process;
- g) The NC Provincial Government has assigned NCEDA, supported by Provincial Treasury to ensure the Namakwa SEZ is realized;
- h) Economic Impact: Contribution of the GDP = R5.8 billion per annum from operational expenditure and R6.7 billion once off from capital expenditure;
- i) Job creation: 2 140 permanent jobs created and 8 600 direct jobs created during construction;
- j) The Namakwa SEZ is located on the N14 national route which connects the Northern Cape with Namibia and Gauteng. It offers access to the regional road networks, access to Saldanha Harbour and Cape Town Harbour and the planned Boegoebaai Harbour, as well as access to Cape Town International Airport and Upington Airport;
- k) The objectives of the Namakwa SEZ are –
 - to create economic growth and transformation within the South African mining and agricultural sectors;
 - to create awareness and support for the development and growth of the Namakwa SEZ;

- to support the process of attracting mining, agricultural and related industries and tenants into the Namakwa SEZ whilst achieving socio-economic empowerment for the surrounding communities; and
 - to ensure greater inclusion of Small, Medium and Micro Enterprises (SMME's) within the Mining and Agro value chains;
- k) The Northern Cape Industrial Corridor includes the Northern Cape Metals Industrial Cluster, Springbok Shared Economic Infrastructure Facility (SEIF), Kathu Industrial Park, Upington Industrial Park, De Aar Freight Hub, Boegoebaai Harbor and the Vioolsdrift Dam;
- l) The following markets will be influenced through the Namakwa SEZ –
- Mining – Zinc, granite, copper, rare earth, rose quartz, slate;
 - Mineral processing – Zinc processing plant, Zinc smelter, Copper processing plant;
 - Petro-chemical – Sulphuric acid, fertilizer, explosives, paints, hydrogen production, fertilizer phosphate;
 - Construction – Mine, smelter, housing, harbor, dam;
 - Transport – Mine & agriculture, depot and services, agri-consolidation;
 - Localization & supplier development – Incubator, skills development;
 - Pharmaceuticals & food – Zinc, food additives, hoodia (regional exports);
 - Agriculture – agriculture supplies, volume consolidation, processing and packaging;
 - Engineering & supplies – Mine, agri, renewable energy, transport, construction; and
 - Manufacturing – Galvanizing, steel, wire, tube, supper alloy-automotive, nuclear, batteries and roofing.
- m) Lower Orange River Irrigation will benefit from the project and possible products to be explored includes table grapes, raisins, citrus, dates, pecan, lucerne and special produce;
- n) Vioolsdrif Dam is a critical prerequisite to enable the Lower Orange River Irrigation scheme with the potential of 4 500 ha of prime irrigation land for high value produce. The construction and the post construction will have a tremendous benefit for the region;
- o) Vedanta investment includes Skorpion Zinc, Black Mountain Mine and the Gamsberg Mine (which is the flagship project);
- p) Gamsberg Project is divided into different phases –

- Phase 1:
 - US\$ 400 million investment;
 - Production started from March 2019;
 - The 3 000 jobs during construction and 1 000 people already employed in the operational phase.
- Phase 2:
 - Expanded open pit by 4 MTPA ROM;
 - 2nd concentrator stream of 4 MTPA;
 - Investment of 350 - 400 mill USD;
 - Additional metal production - 200 - 250 KTPA MIC.
- Phase 3:
 - New underground option for Gamsberg;
 - Potential Expansion of Gamsberg North open pit.
- Gamsberg Smelter/Refinery
 - Beneficiation to finished metal 300 ktpa capacity;
 - Feasibility advanced;
 - Investment of 800-850 mill USD;
 - 6 000 jobs during construction, 1 200 jobs once operational;
 - Sulphuric acid will be in high demand by 2022;
 - Downstream partnership with a fertilizer player could provide a steady offtake of the acid.

8.1.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) Concern was raised that the Municipality is getting shares from the SEZ projects while the community only benefit through job opportunities;
- b) Issues of localization and beneficiation that aim at uplifting the community of Namakwa are not clearly outlined and appropriately addressed;
- c) There is no empowerment plan/strategy on how local SMME's will benefit from business opportunities derived from Namakwa SEZ;
- d) There is no synergy between the DEDAT and other relevant departments to ensure that the SEZ's objectives are realized;
- e) Slow pace of the project(s) since its inception in 2014 already;

- f) There is no clear plan/strategy on how women and Youth will benefit from the Namakwa SEZ;
- g) The lack of an interdepartmental interface plan to rollout bulk infrastructure projects needed for Namakwa SEZ.

8.1.3 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee –

- a) The department must ensure that the local community not only benefit through job opportunities. Other opportunities should be reserved for local community in order for them to benefit from the project;
- b) The issue of localization and beneficiation has to be clearly defined in a MoU. It must begin within the region of Namakwa, in particular the community of the Nama Khoi municipality;
- c) The department must ensure that the business opportunities that derive from the Namakwa SEZs are reserved for local businesses, particular black businesses;
- d) The department must develop an interdepartmental plan/MoU to ensure that all relevant departments work together towards achieving the Namakwa SEZs objectives;
- e) The department must ensure that Namakwa SEZ is completed within stipulated timeframes to avoid incurring any unnecessary expenditure as a result of delays;
- f) The department must develop a plan/strategy that will ensure women and Youth benefit from the SEZs e.g. women can be empowered to supply PPEs required at these projects.

8.1.4 REPORTS

The department must submit the following reports 30 days after tabling of this report in the house.

- a) Progress Report of all SEZs in the province

8.2 BOEGOEBAY HARBOUR

A joint meeting of SCOPA, the PC on Transport, Safety and Liaison as well as the PC on Finance, Economic Development and Tourism took place on 23 June 2021 at the Alexkor Boardroom, Alexanderbay. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a site visit where the Boegoebay Harbour is envisaged.

8.2.1 PRESENTATION BY DEPARTMENT OF TRANSPORT

A detailed presentation on the Boegoebay Harbour was done by Mr. H Nel from the Department of Transport, Safety and Liaison (DTSL). The following aspects were highlighted in the presentation –

- a) A breakdown of events of engagements were outlined from starting on 9 March 2021 when the Director General (DG) of the Northern Cape arranged a meeting with the National Transport DG to introduce the project to then and to find a way forward on the project by means of a presentation that was made;
- b) On 22 March 2021 an Infrastructure South Africa (ISA) team, lead by Hon Dr Kgosientso Ramokgopa visited the project, joined by the Premier of the Province, Dr Zamani Saul;
- c) On 9 April 2021 a presentation was done by the Premier to the Minister of Transport afterwhich a positive feedback was received and support by the Minister of Transport;
- d) More meetings were held with the Transnet National Ports Authority, as well as two (2) companies who are interested in investing in this project. Further engagements also took place with Green Hydrogen Companies who need land for Green Hydrogen production;
- e) The procurement phase (TA2) entailed the request for qualification (RfQ) preparation. It was done as per National Treasury (NT) Conditional Approval and will then be forward to NT for consultation and readiness to execute market sounding. The process will be executed in parallel with legal frameworks as highlighted by NT in their letter;
- f) Conditional approval (TA1) was received from NT and the DBSA but the following concerns was raised –
 - Specifics regarding to land – it has always been contemplated that the engagements and agreements on land will commence after TA1 approval is

obtained for the project. Notwithstanding this, NT noted as follows in respect of the land for the project:

- The due diligence shows that the project is yet to secure the land acquired;
 - The feasibility study states that discussion with the local communities will enable securing the land for the development of the project;
 - Securing the land should be a priority for the project as any delays in the finalization of this process will delay the implementation of the project;
 - Assuming that the intension is to lease the land, the requisite deliverable in order to meet this condition and/or address the concern is to negotiate and conclude a long term Surface Lease Agreement between the Northern Cape Department of Transport Safety and Liaison (NCDTSL) (or the relevant government authority on behalf of the NCDTSL) and each registered land owner;
 - The department will engage national department of transport to take over the provincial road through SANRAL so that the road between Port Nolloth and Alexandra Bay is toll for the proper maintenance of this road;
 - Discussion with the Communal Property Association (CPA) and their Administrator are on going.
- Legislative authority for the project - NT recorded as follows in respect of governance and ownership issues for the Project:
 - The NCDTSL and NCEDA do not have the legal mandate to develop this project. This implies that the province cannot be the project owner;
 - NT had since had the discussions with the Department of Transport (DoT) who indicated that the Minister of Transport has to make a declaration that this is a commercial port and all commercial ports fall under the National Ports Act (NPA);
 - Section 56 of the NPA states that ports development is a national competency under the National Ports Authority (TNPA) and only a Build, Operate and Transfer (BOT) model can be used to develop the project;
 - Legal framework for a commodity levy or toll concession
 - The concern raised was that the legal framework that will enable the collection of a commodity levy or toll concession contemplated in the business case for the Project has not been outlined;
 - The deliverable for this concern is a note setting out the legal framework. The Department will only be in a position to provide this note if and to the

extent that there is a legally acceptable solution reached the with government mandate regarding 'ownership' of the Project, as between NCDTSL and NCEDA and also TNPA, Transnet and/or the Minister of Transport;

- In light of the above, we will only be able to provide a more accurate fee estimate for this leg of obtaining unconditional TA1 approval, on the resolution of the 'ownership' issue; and
- TNPA has been met and the process of finalizing the MOU with the Department of Transport, Safety and Liaison is underway.

g) Enhancement of Boegoebaai Port and Rail Development

- The production of Green Hydrogen and Green Ammonia, in the Namakwa area as an enhancer of the port project;
- This is based on a range of scenarios that has identified the opportunity for South Africa to become a leading global production site for green hydrogen driven by export market demand;
- This assumes electrolysis as the mode of production at scale and the associated requirement that the electricity used be generated using zero-emission sources;
- The proposal would function as a compliment to the original proposed project configuration, not a replacement for it, though it may affect the sequencing of the project overall; and
- Financing for the full project will be off-take driven, based on Hydrogen and green ammonia sales to identified partners. The issue of land has been fast-tracked and negotiations have been stepped up with the Richtersveld community so as to ensure they do not lose out in the economic benefits of all these projects.

h) The Project Schedule is set out as follows -

- PPP contract negotiation – 5/2/22 – 08/03/2022;
- Project Engineering – 10/04/22 – 03/10/22;
- Environmental Assessment – 10/04/2020 – 11/08/2021;
- Commercial and Economic Analysis – 10/04/2020 – 01/14/2023;
- Stakeholder engagement: 10/04/2020 – 10/04/2022;
- Construction: 29/01/2023 – 30/10/2026;
- First Ship to dock: 30/04/2026; and
- Project handover: 30/10/2026.

8.2.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee –

- a) Concern was raised about the slow pace of the implementation of the Boegoebaai projects. Only the feasible study has been conducted to date;
- b) The capacity of the local municipality to provide bulk infrastructure needed for the completion of the Boegoebaai project is reason for concern;
- c) The issues of localization and beneficiation that aim at uplifting the community of Namakwa district particularly, Richtersveld are not clearly outlined and appropriately addressed;
- d) All relevant stakeholders, like the Communal Property Association (CPA) were not invited to be part of the oversight visit;
- e) There is no anti-corruption strategy in place to guard against corruption and exploitation from prominent people and politicians;
- f) The tolling of the provincial road can generate revenue needed for road maintenance through the South African National Roads Agency (SANRAL), but this can also be a disadvantage to poor local motorists; and
- g) There is no skills development strategy that will assist the local community particularly, women and youth to benefit from the Boegoebaai project.

8.2.3 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee –

- a) The DSTL must avoid unnecessary delays so that the project can be completed within the stipulated timeframes. Furthermore, the department must provide the Portfolio Committee on Transport, Safety and Liaison with quarterly progress reports on the Boegoebaai Harbor project;
- b) The DSTL together with all relevant departments must assist the local municipality to roll-out bulk infrastructure that is needed to complete this project;
- c) The issue of localization and beneficiation has to be clearly defined in a MoU. The issue of localization and beneficiation must begin within the region of Namakwa, in particular, community of Richtersveld municipality;
- d) In future, all relevant stakeholders must be invited and be part of oversight visits pertaining to this project;

- e) The DSTL must develop an anti-corruption strategy/plan within three (3) months to prevent corruption and exploitation at the project;
- f) The DSTL must engage with the local community through a public participation process on the proposed tolling of the provincial road; and
- g) The DSTL must develop a skills development strategy in line with the critical skills needed for the Boegoebaai harbour and railway project. The strategy must ensure that women and youth are prioritized.

8.2.4 REPORTS

The department must submit the following reports 30 days after tabling of this report in the House:

- a) A list of all stakeholders of the Boegoebaai project and their respective responsibilities;
- b) Quarterly progress reports on the Boegoebaai project; and
- c) An expenditure report of the Boegoebaai Project since the inception of the project to date.

8.3 RICHTERSVELD LOCAL MUNICIPALITY

A joint meeting of the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee (PC) on Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) took place on 24 June 2021 at the Port Nolloth Town Hall.

8.3.1 PRESENTATION BY THE RICHTERSVELD MUNICIPALITY

The Mayor, Councillor Jansen and the Municipal Manager, Mr. Adams made a presentation to the Committee.

- a) The Richtersveld Municipal Council consist of seven (7) representatives, of which four (4) members including the Mayor are ANC Representatives and the other three (3) members are DA Representatives. The Council is functional;
- b) MPAC is a shared service together with the Namakwa District Municipality. Two (2) members of the Richtersveld Municipality form part of this Committee;
- c) Internal Audit is also a shared service with the Namakwa District Municipality;

- d) There are two (2) cases regarding allegations of corruption and fraudulent activities:
- In 2018 there was an instance whereby a contractor was paid an amount of R2,4 million, but no or little work was certified as completed. Council resolved to recover the money;
 - In 2020 the DA alleged that R120 000 was received for disaster management and that the monies were taken by the Mayor, the Municipal Manager and the Acting CFO. However, only R42 000 was received and Council acknowledged the expenditure thereof;
- e) The Municipality's involvement with regard to harbor development and Boegoebay is separated into two (2) projects. The one is the Small Harbour Development which relates to the upgrade/construction of the fisher's jetty which is a huge risk and no more accessible for the industry to harvest West Coast Rock Lobster & snoek and the other project is the Boegoebay harbor which is a mega development and regarded as Strategic Infrastructure Project (SIP) which has an impact regionally/provincially & multi-nationally. The involvement of the Municipality in this project is limited;
- f) The illegal mining of diamonds in this area is an activity that has never stopped and is prevalent since the 1990's. It is of great concern to the Municipality. However, the high rate of unemployment, socio-economic problems and the COVID-19 pandemic has an increase in criminal activities. Poor or non-implementation of Social and Labour Plans (SLPs) also result in illegal mining activities. Proper regulation of activities is needed which will result in job creation and local economic development. It is necessary for all stakeholders to be involved to address this situation;
- g) For the past four (4) years (2019/2020, 2018/2019, 2017/2018, 2016/2017), the Municipality received a qualified audit opinion with matters;
- h) The Municipality's Turn Around Strategy includes applying both a strategy (action oriented-practical) and a plan (future oriented-assumptions). The plan involves improved service delivery to communities/customers, the execution of the primary mandate of the Municipality, the employment of skilled employees, better and improved business processes, the training and development of employees, the deliberate integration and budget planning, improved financial management through better application of limited resources and to minimize grant and consultant dependency;

- i) The consultants, Mubesko Africa is utilized for the preparation of Annual Financial Statements (AFS) and the asset register. Skills transfer regarding asset verification and additions of assets on the register still need to take place.
- j) The financial service provider, Rdata is helping the Municipality with errors, data strings and reporting. Training and transfer of skills have started to enable the Municipality to take ownership of the system;
- k) The revenue collection rate dropped from 76% to 42%. The Municipality has embarked on a revenue enhancement strategy which includes the installation of pre-paid meters for all households. A new service provider has been appointed for electricity vending. The service provider is checking installations, usage and also for any outdated metering systems. This has already yielded results, but the collection rate is still not satisfactory;
- l) The Municipality experience severe cash flow constraints, due to historic debt and the current collection rate not being able to cover all operational requirements;
- m) The municipality will review the debt collection policy to open a platform for consumers to have different options for paying their historic debt. The intention is to come to a point whereby the municipality will know the amount of debt that needs to be written off;
- n) Due to the poor revenue collection, the Municipality is unable to pay creditors within 30 days as prescribed in MFMA. The Municipality endeavored to enter into agreements with the top ten (10) of the creditors to make arrangements for paying the debt. Only SALGA accepted the arrangement thus far. Yet, the Municipality is making every effort to settle debts with the available revenue, without compromising the day to day functioning of the municipality;
- o) For the period July – December 2020, no unauthorized and irregular expenditure was recorded. However, the amount of R340,972 was recorded as fruitless and wasteful expenditure due to non- or late payment of suppliers;
- p) The IDP was tabled to Council on 29 June 2020 and Council approved implementation effective from 01 July 2020. The SDBIP was submitted and signed by the Mayor on 31 July 2020;
- q) All senior positions are filled with suitably qualified people;
- r) The spending of grants is on par, except for the MIG grant;
- s) An initial amount of R42 000 was received for CoVID-19 funding. An additional allocation of R2,315 million was received. R250,000 was spent on PPEs, whilst an amount of R2,065 million was spent on the Sizamile pumpstation and sewer networks;

- t) The following successes have been identified by the Municipality –
- Improved basic service delivery where all communities have access;
 - Appointment of the Municipal Manager after four (4) years of acting appointments or secondments;
 - Improvement on Asset & Supply Chain management; and
 - Partnership with US on cost of supply of municipal services & Eskom.
- u) The following challenges have been identified by the Municipality –
- Town establishment of Alexanderbay/transition;
 - Lekkersing water supply;
 - Loadshedding has detrimental impact on water & sewer services;
 - Eskom legal dispute;
 - Honey suckers;
 - Culture of low or non-payment for services;
 - High unemployment;
 - Low DORA allocation; and
 - Housing allocations & development.

8.3.2 PRESENTATION BY PROVINCIAL TREASURY

Provincial Treasury was requested to make a presentation on the intervention plans at this municipality. Mr. Beukes made the presentation on behalf of Provincial Treasury.

- a) Richtersveld Local Municipality has an appointed MM and CFO which yield positive results in that stable leadership resulted in improved reporting and signing of reports;
- b) The Municipality's operating revenue (in terms of Section 71 for the 3rd quarter as at 31 March 2021) consist of 32% property rates, 17% electricity, 4% sanitation, 15 refuse and 4% water. The total operating expenditure is R19 million operational surplus;
- c) Creditors age analysis amounts to R19 million for bulk electricity, whilst the debtors age analysis consist of R299,000 owed by organs of state, R33 million owed by commercial clients and R76 million is household debt;
- d) Although the Municipal Manager and CFO positions are filled, the IDP Manager positions is still vacant;
- e) The Municipality is in the process of increasing the wards from four (4) to six (6);

- f) Take-over of Alexanderbay will have a financial constraint on the Municipality and furthermore the Municipality do not have funding to provide service to the Boegoebay development;
- g) New solar panels project will assist increasing revenue as per the 2021/2022 budget;
- h) Unauthorized expenditure for the previous year amounted to R8,7 million, whilst in the current year it amounts to R18,5 million. Prior years' unauthorized expenditure amounted to R64 million;
- i) Fruitless and wasteful expenditure for the previous year amounted to R406,000 whilst in the current year it amounted to R1 million. Fruitless and wasteful expenditure incurred in the prior years amounted to R282,000;
- j) Irregular expenditure for the previous year amounted to R7,1 million whilst in the current year it amounted to R36,000. Irregular expenditure incurred in the prior years amounted to R57,5 million;
- k) Water losses for 2019 was R182,000;
- l) Electricity losses in 2019 was R1,7 million;
- m) The municipality obtained qualified audit opinions in the past two (2) years (2019/2020 and 2018/2019);
- n) The budget for the Municipality for the years 2019/20 and 2020/2021 was unfunded. The budget for 2021/2022 is not tabled yet;
- o) Audit action plan not fully implemented due to lack of oversight from management;
- p) Provincial Treasury is never invited to Mscoa steering committee meetings, and the minutes and resolutions of the meetings are not shared with Provincial Treasury;
- q) The collection rate of the Municipality is below 50%, resulting in the Municipality becoming grant dependent. The financial stability of the municipality is a concern;
- r) Expenditure of conditional grants for 2020/2021 stands at 63%;
- s) The following challenges were identified by Provincial Treasury –
 - Non implementation of Treasury recommendations by the Municipality;
 - Continuous late adoption of the budgets and unfunded budgets;
 - Poor spending of conditional grants resulting in monies being reduced;
 - Poor revenue and debt management process, leading to poor cash flow;
 - Non reporting of actual collected revenue;
 - Poor reporting makes it difficult to customize the interventions to municipalities;
 - Lack of capacity/delays to implement infrastructure projects;
 - Continued poor audit outcomes despite over usage of consultants; and

- Non prioritization of financial governance structures.
- t) Provincial Treasury will focus on the following to drive improvement in financial management performance –
- Implementation of the municipal support strategy;
 - Improving internal capacity (streamlining and alignment of MFMA functions);
 - Improving collaboration between SALGA, COGHSTA and OTP;
 - Greater political involvement;
 - Strengthen financial recovery service;
 - Advocating for the use of shared services for corporate governance (risk management and internal audit functions);
 - Focus on improving compliance and implementation of recommendations from Provincial Treasury; and
 - Increase focus on revenue management.

8.3.3 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) The Municipality was commended on the cleanliness of the town;
- b) There is a need to strengthen the relationship between the Municipality, the AG, Treasury and COGHSTA;
- c) Revenue collection dropped and this is reason for concern;
- d) Allegations were made of appointments being made without incumbents having the necessary qualifications;
- e) No record of any consequence management despite repeated poor audit outcomes;
- f) Consultants are used, but no transfer of skills is taking place;
- g) Unauthorised expenditure is increasing and it is reason for concern;
- h) MPAC is not functional in the Municipality;
- i) There are limited opportunities for skills development in the Municipality;
- j) The Municipality does not implement audit report recommendations or the audit action plan and therefore there is no improvement on the audit outcomes;
- k) The Municipality is not taking action to curb water and electricity losses;
- l) Low spending of grants, yet the Municipality is grant dependent. MIG grants are not spent which results in the Municipality not having money for service delivery;
- m) Outstanding debt of government departments is reason for concern;

- n) Although having systems and structures in place, good governance at the Municipality is lacking;
- o) Compliance to laws and legislation is lacking;
- p) Where corruption was reported, there is no evidence of consequence management;
and
- q) The Municipality is paying interest when late payments are made to creditors.

8.3.4 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee:

- a) The relationship between the Municipality, the Office of the AG, COGHSTA and Provincial Treasury need to be strengthened to improve the audit outcomes, as well as ensure better service delivery to the people in the Municipality;
- b) The Municipality must develop a Revenue Collection Strategy to ensure that optimal revenue collection can take place;
- c) Appointments must be made according to fair labour practices and people with the necessary qualifications and skills must be appointed;
- d) Consequence management must be applied when laws and regulations are not adhered to;
- e) The Municipality must minimize their dependency on consultants and ensure that skills transfer takes place as and when consultants are used. The Turnaround Strategy of the Municipality must be implemented in totality;
- f) Compliance with laws and legislation will ensure that no unauthorised, fruitless and wasteful expenditure are incurred. Systems and structures need to be set-up to ensure compliance;
- g) MPAC must be capacitated and strengthened and they must effectively exercise their oversight function;
- h) Ensure that there is a skills development programme to capacitate Councillors and staff;
- i) Audit action plan needs to be implemented to improve the audit outcome of the Municipality;
- j) Proper systems must be put in place to ensure that no water- and electricity losses take place;

- k) The Municipality must ensure that grants are used optimally to improve the lives of ordinary citizens. Spending of grants will ensure that more money will become available to the Municipality;
- l) Service level agreements must be entered into with the mining houses in and around the municipal area;
- m) Municipality must put measures in place to ensure that government departments pay the debt owed to the Municipality. Provincial Treasury must assist in this regard;
- n) The Municipality should ensure that payments are made within 30 days to creditors so as to prevent it from having to pay interest on arrear accounts;
- o) Municipality must ensure that its budget is funded and develop a budget plan to realize this. Investments can also be made/used to fund the budget;
- p) In the event that grants are not utilized, the Municipality must ensure that monies are committed in order to request for roll overs to be approved;
- q) The Municipality must communicate honestly with the NCPL in order for Members to effectively address issues with relevant departments; and
- r) Further engagements with MPAC, Council and the administration are necessary.

8.4 MARTHA GRIFFITHS COMMUNITY HEALTH CENTRE

A meeting of the Portfolio Committee (PC) on Health and Social Development took place on 24 June 2021 at the Martha Griffiths Health Centre, Port Nolloth. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a walk-about in the new hospital.

8.4.1 PRESENTATION BY THE DEPARTMENT OF HEALTH

A detailed presentation on the Martha Griffiths Health Centre was done by Ms. Mazibuko, Executive Manager of Kimberley Hospital. The following aspects were highlighted in the presentation –

- a) This facility is named after Martha Griffiths for her valuable contribution as a midwife who was trained informally by the doctors due to her passion for helping the women of Port Nolloth;
- b) Practical completion of the facility was reached on 19 May 2021 although a snagging process will still continue until final completion is reached;
- c) This is a big facility boasting over 300 rooms and includes the following:

- A fully-fledged primary health service with 5 Consulting Rooms. The plan is to merge the clinic with the Community Health Centre (CHC) under one roof;
 - Male and Female Wards (4 beds each);
 - 72-hours observation for Mental Health;
 - Sexual Assault examination and rest room for victims of sexual assault;
 - Maternity section with all the components such as Antenatal Ward x 4 beds, Delivery Room x 4. The postnatal ward is separate and has x 4 beds;
 - Fully-equipped Rehabilitation Centre; and
 - The current Reproductive Health Centre will be used for COVID-19 isolation
- d) Other service areas include –
- An EMS Station;
 - Mortuary (storage facility);
 - Upgraded Kitchen;
 - Staff kitchenettes and rest rooms;
 - Recreational Spaces /Courtyards for staff;
 - Laundry;
 - Radiology Room with X-Ray and Sonar facility; and
 - Administration Section with staff offices.
- e) Availability & Management of Medicines
- Operations:
 - The Richtersveld Medicine Store that was established in 2019 will now be moved to the CHC;
 - Medication will from here be supplied to the surrounding Primary Healthcare Clinics (externally) and to the Wards and Counselling rooms (internally) inside the CHC;
 - HR component allocated to Pharmaceutical Services is still only a Pharmacist, no Post Basic Assistants have yet been appointed; and
 - The registration process of this pharmacy is still underway with Pharmacy Council.
 - Stock Visibility System (SVS) levels:
 - All the facilities in the Richtersveld registered for SVS reporting have a record of 100% compliance; and
 - Average medicine availability monitored on the SVS system was 95.2% for the past 12 months - an outstanding achievement compared with national average.

- f) Governance & Leadership -
- One (1) Area Manager in Richtersveld, one (1) Operational Manager Clinical and, one (1) Operational Manager Administration;
 - Managerial oversight and support is rendered from the Office of the District Director in Springbok;
 - There is one (1) Clinic Committee for both the Clinic and the CHC
- g) The total cost to date is R300 million.

8.4.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee –

- a) There is a lack of community awareness with regard to 72 hours patients assessment/observation;
- b) Shortage of personnel in critical positions. The hospital has only three (3) doctors and one (1) clinical associate;
- c) The Hospital is using the psychiatrist that is based in Kimberley. This will have a negative impact on the 72 hours patients' assessments;
- d) The construction of the hospital took long to complete; and
- e) There is a shortfall of R1.8 billion for the hospital to operate optimally.

8.4.3 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee –

- a) The department must embark on education programmes/awareness campaigns to educate community about policy guidelines of 72 hours patient involuntary assessments;
- b) The department must request the National Department of Health and National Treasury to assist with required resources for the hospital to operate optimally;
- c) The department must urgently appoint the psychiatrist for this health facility to avoid infringement of the 72 hours involuntary patient's policy;
- d) The department must ensure that it meets project timeframes set for the hospital. Furthermore, the PC on Health and Social Development must be furnished with a cost breakdown of the hospital;
- e) The department must request additional funding from National Treasury to complete the Martha Griffiths Health Community Health Centre.

8.4.4 REPORTS

The department must submit the following reports 30 days after tabling of this report in the House:

- a) The cost breakdown of the Martha Griffiths project from inception to date.

8.5 GOEGAP NATURE RESERVE

A meeting of the PC on Agriculture, Environment and Nature Conservation took place on 24 June 2021 at Goegap Nature Reserve, Springbok. The oversight visit was divided in two (2) parts – briefing to the Committee by the responsible department and a site visit at the Goegap Nature Reserve.

8.5.1 PRESENTATION BY DEPARTMENT OF ENVIRONMENTAL AFFAIRS

The MEC, Hon Manopole made an opening statement indicating that the department is in the process of re-modelling the operations of the provincial reserves and to benchmark with SANPARKS to improve the conditions of the reserves in the Province. Mr. Abrahams from the Department of Nature Conservation made a detailed presentation on the Goegap Nature Reserve (GNR) Revitalisation project –

- a) The Project Commencement Date was October 2010 and it was completed on 31 July 2014. The project value was R47,774 942 and was funded by the Department of Environmental Affairs;
- b) The project included the following:
 - Erection of a new 195 km perimeter fence;
 - Construction of a tourist visitor centre, an access gate and gate guard office, a group camp, two (2) chalets and a conference facility for 150 people; and
 - Upgrading of the Witsand 4 x 4 trails camp, staff housing – 5 units and the Administration building/office.
- c) The GNR tourism infrastructure capacity pre-2014 was 74 people, the post-2014 capacity increased to 94 people;
- d) Day visitors, overnight visitors and revenue has also increased drastically post-2014;

- e) The following achievements were highlighted by the Department:
- Increase in overnight visitors and revenue;
 - Increased use of GNR facilities by local residents;
 - Greater media coverage of the reserve following upgrades of the tourist facilities; and
 - Local community benefits from tourism facilities e.g. utilization of visitor Centre kiosk by local women during the flower season.
- f) The following challenges were highlighted by the Department:
- Latent defects e.g. a section of the roof of the conference facility are leaking, floor tiles are lifting, electrical faults, etc. in respect of which no post-project financial support was provided by DEA;
 - Design choices made at the inception of the project which impacted negatively on the visitor experience e.g. dry sanitation systems were installed and had to be replaced due to unpleasant smells and flying insect infestations especially during the hot summer months;
 - Insufficient operation and maintenance budgets to maintain the standards of the tourism facilities;
 - Insufficient staff to manage and maintain the tourism facilities; and
 - Inability to retain revenue to re-invest in tourism facilities and/or develop tourist activities.

8.5.2 OBSERVATIONS BY THE COMMITTEE

The following observations were made by the Committee:

- a) GNR is operating with only one (1) Field Ranger. There are six (6) Field Ranger positions vacant at the facility;
- b) Lack of a long term strategy/plan on how environmental monitors will be utilized at GNR;
- c) Revenue generated by the reserve goes back to the Fiscus which has a negative impact on the self-sustainability of the Reserve;
- d) There is no skills development plan at GNR that aims to empower women; and
- e) The department and the reserve are not doing enough to market the reserve locally, nationally and internationally to attract new patrons.

8.5.3 RECOMMENDATIONS BY THE COMMITTEE

The following recommendations were made by the Committee:

- a) The department must prioritize the filling of the vacant positions of the Field Ranger in this financial year;
- b) The department must develop a long-term strategy/plan within three (3) months on how environmental monitors will be used at GNR;
- c) The department must investigate innovative measures to ensure that the provincial reserves are self sustainable so that the allocation for the reserves can be redirected to other departmental priorities;
- d) The department must develop a skills development strategy at provincial nature reserves aiming to empower women; and
- e) The department must develop an effective marketing strategy that will ensure an increase on local, national and internal visitors.

8.5.4 REPORTS

The department must submit the following reports 30 days after tabling of this report in the House:

- a) The progress report on the World Wide Fund (WWF) for Nature agreement.

9. CONCLUSION

The oversight visit was a success because the set objectives were met. The various Committees were successful in –

- 9.1 Conducting oversight over the Joe Morolong and Richtersveld Local Municipality to assess progress made in terms of audit opinions and service delivery to their communities;
- 9.2 Establishing the progress made by the Department of Economic Affairs and Tourism in terms of the development of the Upington Industrial Park and Namakwa SEZ and conducting site visits to the specific areas identified for these developments;

- 9.3 Establish the progress made by the Department of Transport, Safety and Liaison, and other stakeholders in terms of the development of the Boegoebay Harbour and conducting a site visit to the area earmarked for the harbour;
- 9.4 Conducting a site visit to the newly built Martha Griffiths Health Centre and understanding the challenges and achievements thus far;
- 9.5 Conducting a site visit to the Goegap Nature Reserve to inspect refurbishments that were done with the allocated budget and to see whether there was value of money; and
- 9.6 Conducting a site visit to check the physical operations of the Kalahari Kid Corporation (KCC) and to see the progress made and challenges experienced at the farms and cooperatives.

The Chairperson of Committees, Hon G van Staden, extends his appreciation to the Members of the NCPL, the Councillors of the different municipalities, departmental officials, all stakeholders and NCPL support staff for their participation and diligent execution of their duties during the oversight visit to the JTG, ZFM and Namakwa districts thus enhancing the oversight role of the Legislature.

The Chairperson of Committees tables this report to the House for adoption with its recommendations.

SIGNATURE:

[signed electronically]

Hon G van Staden (MPL)
CHAIRPERSON OF COMMITTEES

Date: 8 September 2021