

**THE SPEAKER OF COUNCIL  
CLLR STEFANI LOCKMAN-NAIDOO**

**COUNCIL ITEM: EXTENSION OF DEPLOYED NATIONAL INTERIM MANAGEMENT  
TEAM AT MANGAUNG METROPOLITAN MUNICIPALITY.**

**1. PURPOSE**

1.1 The purpose of the report is to:

1.1.1 Brief council that the six (6) months secondment period of the Interim Executive Management Team deployed from national government has come to an end as of 31 October 2022 and that this necessitated me to inform the Ministers of Finance and Cooperative Governance and Traditional Affairs (COGTA) on the implications thereof.

1.1.2 Advise council of letters received from both Ministers of Finance and COGTA responding to the advise regarding the seconded Interim Executive Management Team.

**2. BACKGROUND AND DISCUSSION**

2.1 On 06 April 2022 Cabinet resolved to intervene in the Mangaung Metropolitan in terms of section 139(7) of the Constitution read with section 150 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Cabinet delegated both Ministers of Finance and CoGTA to implement the intervention and report on progress as prescribed by the MFMA.

2.2 Subsequent thereto, Minister responsible for CoGTA visited Mangaung on the 20<sup>th</sup> April 2022 and presented to council the cabinet decisions and advise council that an interim management team comprising of Heads of Departments and Municipal

Manager will be deployed in an acting capacity for a period of 6 months due to vacancies that had occurred and that administration should not be left dysfunctional as a result of management of vacuum created due to council's failures to develop the recruitment, selection and appointment strategies to fill the senior management vacancies being fully aware that those contract terms were coming to an end. The Minister further stated that the high turn-over of Municipal Managers since the departure of the substantive Municipal Manager was a concern and that it was impacting negatively on governance and institutional capability and sustainability. A copy of report by Minister for CoGTA and Council resolution is attached marked "A".

- 2.3 At the time of arrival of the Interim Management team, council and its structures were dysfunctional in the sense that, council committees were not sitting, Mayoral Committee was also not sitting, LLF was dysfunctional, council and its related committees were not sitting, there was low staff morale, lack of discipline amongst staff and poor code of conduct of staff. The financial position of the municipality was characterised with poor revenue management, unspent grants and poor financial control, high debt of Bloem Water with unrealistic payment arrangements. The state of service delivery had collapsed with refuse not collected, poor road infrastructure, incomplete projects, inadequate maintenance budget, sewer spillages and poorly maintained landfill sites amongst others.
- 2.4 Due to the state of the municipality, the team had to play dual roles as an interim management team and intervention due to the delays in the appointment of the intervention team. The first two months of arrival of the team was symbolised with resistance on the team, sporadic protests, whilst the municipality continued to operate and provided the needed services with limited resources available. I informed the two Ministers, that their presence of the Interim Management Team was and is still useful and meaningful to the municipality due to their continued work in ensuring that the previously identified deficiencies that contributed to the current financial situation, dysfunctional administration, unreasonable union demands, lack of proper oversight, poor service delivery with its roots embedded by a total collapse of service delivery departments and over utilisation of external service providers are addressed. The political infighting and instability cannot be ignored playing role in stability of administration.
- 2.5 The stabilisation of the Metro in the first few months was a necessity to form the basis of starting to implement strategic interventions that need to be sustainable for the intervention to succeed going forward. The current financial situation and aging infrastructure in our metro is a major contributing factor specifically in ensuring a sustainable service delivery to national norms and standards are achieved. The team was able to stabilise the functionality of the municipality at an administrative level. The high level of overtime and acting appointments were reduced, even though there is still more to be done in this regard. Positions have been identified for advertisement to reduce the existing high vacancy rate. Various departments are now functional and stable and are currently rendering services as

expected. There are still challenges that needs to be addressed with regards to service delivery. However, due to budgetary constraints, some of these challenges will continue to bedevil the good work done thus far until such time additional funding is made available to address such. Project procurement continues to be a challenge due to slow and cumbersome SCM processes and the team is currently working on putting plans and processes to improve efficiency of SCM. The team has finally made a breakthrough with regards to the management of Brandwaag flats as well as the management of the FRESHCO. The team is now disconnecting supply of services to companies that owe the municipality with the intention of recovering the outstanding payments for rendered services. This is part of the revenue generation plan to assist the municipality with the current cash flow challenges.

2.6 It was only after three months of Cabinet invoking intervention that the Minister of Finance ultimately introduced the intervention team constituted of the National Cabinet Representative and experts. During his visit, the Minister advised council that National Treasury has appointed Ntiyiso Consulting to provide the services of the National Cabinet Representative and the support team led by Mr Paul Maseko. He further mentioned that the National Cabinet Representative was expected to implement the Terms of Reference as gazetted, review financial recovery plan and monitor implementation thereof.


2.7 Both Ministers has responded to me with letters dated 27<sup>th</sup> and 30<sup>th</sup> October 2022 respectively. The Minister of Finance approved the extension of the Interim Management team with changes in the constitution of the intervention team and position of acting Chief Financial Officer. Copies of letters addressed to me and Speaker, Cllr Stefani Lockman-Naidoo are attached marked "B". The changes made by the Minister of Finance are as follows:

Current Officials	Replacement Officials
Mr Paul Maseko, NCR has been withdrawn due to ill health	<b>Ms Gugu Malaza</b> , who has been a previous Chief Financial Officer at Ekurhuleni and held several positions in both private and public sector.
Mr Lulamile Mapholoba, <b>governance expert</b> has been replaced due to his appointment as Municipal Manager at Msunduzi Municipality.	<b>Mr Mxolisi Nkosi</b> is a seasoned organisational transformation consultant and previously occupied the position of Municipal Manager in several municipalities in KwaZulu Natal and has experience at provincial government and was former CEO of OR Tamba Development Agency.
Mr Timothy Sediti, Acting Chief Financial Officer has been replaced due to his contract with National Treasury ending 30 October 2022.	<b>Mr Lutanyani Denge</b> , with effect from 1 November 2022 until end January 2023.

- 2.8 On the other hand, no changes were made by the Minister for CoGTA except that Engineering Services Directorate will be reinforced by the deployment of Mr George Joma, Chief Engineer from MISA to provide technical support and strengthen the team to address sewer spillages, water shortages and assess progress on implementation of infrastructure projects within the municipality. The immediate task for service delivery is the finalisation of business plans for refurbishment of sewer treatment works, road maintenance to improve service delivery and spending of grants. The Chief Engineer will be made available bi-weekly to the municipality.
- 2.9 However, the extension was made with conditions that the position of Municipal Manager must be filled by end of November 2022. The Macro Organisational Structure must be approved by council on 31 October 2022 to pave way for filling of positions of Head of Departments. These positions must be filled by end February 2023. The acting Municipal Manager and Head of Departments upon exist and as part of transitional measure to avoid any regression, will be made available bi-weekly to the municipality for handover to the new incumbents and provide technical support for a period of 90 days.
- 2.10 The Ministers further reiterated that it is in best interest of the municipality and council that all positions be filled, and no extension will be granted beyond this period. Failure to fill the Senior Management positions, national government will have to consider other remedial options provided for in the Constitution to reinforce the national intervention.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that council:
- (a) Notes that the six (6) months secondment period of the Interim Executive Management Team deployed from national government has come to an end and that this has necessitated me to inform the Minister of Finance and Cooperative Governance on the implications thereof.
  - (b) Notes and endorse letters from both Ministers of Finance and CoGTA responding on the advised provided regarding the seconded Interim Executive Management Team.

  
Executive Mayor  
Cllr Mxolisi Siyonzana  
Date:

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MINISTRY  
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

## **NATIONAL INTERVENTION IN TERMS OF SECTION 139(7) OF THE CONSTITUTION READ IN CONJUNCTION WITH SECTION 150 OF MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) AND SECTION 154 OF THE CONSTITUTION**

### **1. PROVINCIAL GOVERNMENT REQUEST FOR NATIONAL GOVERNMENT INTERVENTION IN MANGAUNG METROPOLITAN MUNICIPALITY**

The Mangaung Municipality was initially placed under section 139 (5) (a)&(c) in December 2019 the Free State Province was to support the Municipality with the implementation of its Financial Recovery Plan.

The province in a letter dated 29 March 2022, however, requested national government to intervene because the municipality failed to implement the Municipal Financial Recovery Plan and as a result it had a negative impact on services delivery.

### **2. CABINET REPORT SUBMITTED BY MINISTERS OF FINANCE AND COGTA**

Minister of Finance in concurrence with the Minister of COGTA, we subsequently tabled a report to Cabinet on 6 April 2022, where Cabinet approved national governments intervention in Mangaung Metropolitan Municipality.

This national intervention places the metro firmly into the hands of national government in terms of Section 139(7) of the Constitution of South Africa read together with Section 150 of the Municipal Finance Management Act, 2003 (MFMA), meaning that National Government will act in the stead of the Provincial Executive by –

- *Imposing the Financial Recovery Plan, and*
- *Assuming the implementation of the Recovery Plan, in terms of Section 139(7) read together with Section 146 (3)(b) of the MFMA.*

As Minister of Cooperative Governance and Traditional Affairs, I will undertake this assignment jointly with Ministry of Finance and other Ministries including Forestry, Fisheries and Environments, Human Settlements, Water and Sanitation and Transport to provide technical and administrative support in the areas where challenges have been identified.

National Treasury will therefore deploy a National Cabinet Representative to assume the implementation of the national intervention supported by four experts in the fields of **governance, finance, human resource, and service delivery**. The National Representative of Cabinet will perform his/her duties **guided by the Terms of Reference signed by the Minister of Finance**, which includes the responsibility of the National Cabinet Representative (NCR) as follows:

- Providing strategic leadership and guidance necessary to ensure the effective and efficient implementation of the Financial Recovery Plan (FRP);
- Reporting to the Ministers of Finance and Cooperative Governance, Municipal Council and Cabinet on progress made;
- Assessing and ensuring that reports required for decision-making in the municipality are aligned to the FRP and the objectives of the intervention;
- Undertake quality assurance processes;
- Submit monthly performance progress reports in terms of the prescribed framework to Minister of Finance, NT MFRS, Cabinet and Municipal Council;
- Attend meetings of the Mayoral Committee, Council and Top Management in an advisory capacity;
- Ensure that all reports for decision making by any delegated authority including the Municipal Council and Executive Mayor must be processed by the Accounting Officer in concurrence with the National Cabinet Representative (NCR);
- Assist the Executive Mayor and the Accounting Officer in the development of human resource capacity to a level that enables it to perform its functions in an accountable way;

The support team is accountable to the NCR in the execution of the following duties:

- **Support the** NCR in the implementation of the terms of reference;
- Provide strategic leadership and direction on the relevant pillars of sustainability as provided for in the FRP;
- Identify challenges and propose solutions to ensure provision of uninterrupted basic services to the community and prudent financial management;
- Advise and support on the approach to the implementation of FRP activities to optimise the reduction of operational expenditure and increase of revenue for the municipality;

- Recommend and ensure implementation of internal controls, procedures and systems for good governance, prudent financial management and effective service delivery in compliance with statutory prescripts;
- Preparation and submission of monthly reports on the implementation of the FRP;
- Provide written inputs and advise on all reports for decision making in terms of council approved system of delegations

### 3. INTERIM MANAGEMENT TEAM / VACANT POSITIONS

Three Senior Executive Management positions namely, City Manager, HoD Waste and Fleet and HoD Planning, are vacant due to the lapse in fixed term contracts and another three namely CFO, Engineering Services and HoD Human Settlements will lapse at the end of April 2022. The following secondments will therefore be undertaken with immediate effect for a period not longer than six (6) months:

- Acting City Manager – Mr Tebogo Motlashuping – COGTA
- Acting HoD: Corporate Services (suspended) – Adv Nkateko Mpangane – CoGTA
- Acting HoD: Engineering Services - Mr George Joma, Chief Engineer - MISA
- Acting Senior Engineer: Dr Tseliso Ntili, Department of Water and Sanitation
- Acting HoD Human Settlements – name to be provided - Department of Human Settlement
- Acting HoD: Waste and Fleet Service – Name to be provided - Department of Forestry Fisheries and the Environment
- Acting Chief Financial Officer – Name to be provided- National Treasury.
- Other technical support will be provided from Department of Transport

### 4. PERIOD OF THE INTERVENTION

The success of the intervention depends on the absolute cooperation by all in the Municipality.

This National intervention shall end when the governance, financial health and responsive service delivery has improved significantly, and its financial commitments are secured in terms of section 148 of the MFMA.

*NC Zuma*  
**DR NKOSAZANA DLAMINI ZUMA, MP**  
**MINISTER**

DATE: 20. 04. 2022 .

Ref: Mr M Mothekhe  
Ext: 8095/8543  
Date: 20 APRIL 2022

**COUNCIL 82 – 20/04/2022**


**THE EXECUTIVE MAYOR**

**NATIONAL INTERVENTION IN TERMS OF SECTION 139(7) OF THE CONSTITUTION  
READ IN CONJUNCTION WITH SECTION 150 OF THE MUNICIPAL FINANCE  
MANAGEMENT ACT (MFMA) AND SECTION 154 OF THE CONSTITUTION**

The Council received a presentation from the Minister of COGTA, Minister Nkosazana Zuma at the Council meeting held on Tuesday, 20 April 2022 and resolved as follows:

**RESOLVED**

- (a) That the Terms of Reference as outlined in the presentation received from the Minister of COGTA be accepted.
- (b) That the following secondments be undertaken with immediate effect for the period of six months commencing from 20 April 2022.
- i. Acting City Manager, Mr Tebogo Motlashuping from COGTA.
  - ii. Acting HoD: Corporate Services, Adv. Nkateko Mpangane from COGTA.
  - iii. Acting HoD: Engineering Services, Mr George Joma (Chief Engineer) from MISA.
  - iv. Acting Senior Engineer, Dr Tseliso Ntlii from Department of Water and Sanitation.
  - v. Acting HoD: Waste and Fleet Management (name to be provided) from Department of Forestry Fisheries and Environment.
  - vi. Acting Chief Financial Officer (name to be provided) from National Treasury.
  - vii. Other technical support will be provided from Department of Transport.

  
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**SPEAKER**  
**MS SB LOCKMAN-NAIDOO**

21 / 04 / 2022  
.....  
**DATE**

**COPIES:**

- SENIOR ADMINISTRATIVE OFFICER: COUNCIL
- RECORDS MANAGEMENT UNIT

**NATIONAL INTERVENTION IN TERMS OF SECTION 139(7) OF THE CONSTITUTION READ IN CONJUNCTION WITH SECTION 150 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) AND SECTION 154 OF THE CONSTITUTION**





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**MINISTER: FINANCE  
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262  
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934

**Ref: M3/4/3/2(1519/2022)**

Honourable Councillor Bernadette Lockman-Naidoo  
The Speaker  
Mangaung Metropolitan Municipality  
PO Box 3704  
**BLOEMFONTEIN**  
9300

Dear Councillor Lockman-Naidoo

**REPLACEMENT OF THE NATIONAL CABINET REPRESENTATIVE,  
GOVERNANCE EXPERT AND ACTING CHIEF FINANCIAL OFFICER AT THE  
MANGAUNG METRO.**

On 06 April 2022 Cabinet resolved to intervene in the Mangaung Metropolitan in terms of section 139(7) of the Constitution read with section 150 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). To give effect to the national intervention in the metro and the duty to assume responsibility for the implementation of the financial recovery plan, the National Treasury appointed Ntiyiso Consulting to provide the services of the National Cabinet Representative and support team. The team led by Mr Paul Maseko as the National Cabinet Representative was introduced to the Council and the administration on 22 July 2022 by the Minister of Finance.

The National Treasury would like to advise the municipality of changes to be made in the constitution of the national intervention team with effect from 01 November 2022. In this regard, the National Cabinet Representative, Mr Paul Maseko will be replaced by Ms Gugu Malaza. Ms Malaza has been a previous Chief Financial Officer at the Ekurhuleni Metro and has held several senior positions in both the public and private sector. The change is necessitated due to the ill-health of Mr Paul Maseko.

In addition, the governance expert, Mr Lulamile Mapholoba will be replaced by Mr Mxolisi Nkosi. Mr Mapholoba has been appointed as the Municipal Manager at the Msunduzi Municipality and is thus unable to fulfil his obligations for the remainder of this contract. Mr Nkosi was a municipal manager in several municipalities in Kwazulu Natal. He also has experience at provincial government level and was the former CEO for the OR Tambo Development Agency. Mr Nkosi is also a seasoned organisational transformation consultant.

The National Treasury also seconded an Acting Chief Financial Officer to the municipality at the end of April 2022. The secondment of Mr Timothy Sediti was intended to terminate at the end of October 2022 by which time it was expected that the metro would appoint a CFO. Although Mr Sediti is not part of the national intervention team, he will also be replaced by Mr Lutanyani Denge with effect from 01 November 2022.

The National Treasury would like to assure the municipality that the credentials of all replacements have been verified and that they are deemed to be suitable replacements for the current team. National Treasury will also monitor the performance of the replacements and effect further changes if necessary.

Whilst the contracts of the NCR and governance expert would extend for a further 9 months in line with the original contract, the Acting Chief Financial Officer will only be seconded to the municipality until the end of January 2023. By this time, we expect that the municipality would have appointed a Chief Financial Officer.

Competent, effective, and accountable local governance is essential for the stability of the municipality, and we anticipate that the process to appoint the Municipal Manager and other senior managers will be concluded shortly.

I trust that the council will continue to support this intervention and assist in addressing the underlying issues that have negatively impacted the municipality's financial health and stability.

Yours Sincerely



**ENOCH GODONGWANA**  
**MINISTER OF FINANCE**  
**DATE: 27/10/2022**

CC: Dr Nkosazana Dlamini Zuma, MP  
Minister of CoGTA

Ms Thembi Nkadimeng  
Deputy Minister of CoGTA

Dr David Masondo  
Deputy Minister of Finance

Premier of Free State  
Ms Ms Sefora Ntombela

Ms Ms Gadija Brown  
MEC for Finance



MINISTRY  
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

Private Bag x 802, PRETORIA, 0001 Tel: (+27 12) 334 0705 Fax: (+27 12) 336 5950  
Private Bag x 9123, CAPE TOWN, 8000 Tel: (+27 21) 469 6701 Fax: (+27 21) 461 0851

Ref: 24656/1

**Cllr M Siyonzana**  
Executive Mayor: Mangaung Metropolitan Municipality  
PO Box 3704  
**BLOEMFONTEIN**  
9300

Dear Executive Mayor,

**EXTENSION OF DEPLOYED NATIONAL INTERIM MANAGEMENT TEAM AT MANGAUNG METROPOLITAN MUNICIPALITY**

Your letter dated 25 October 2022, refers.

It is with great concerns that the positions of Municipal Manager and Heads of Department remain vacant, although you had advised that the position of Municipal Manager will be finalised with target date as end November 2022.

I would like to emphasise that municipal councils are mandated to fulfil their executive and legislative obligations amongst which is to ensure that administration is effective and efficient. The filling of management positions has reached a critical point, and it is not acceptable that the metro continues to function for almost six (6) months or more without any of these positions being filled. I would like to remind the Executive Mayor that secondment from national government was mainly to address the vacuum that existed at the time which was created by previous and current leadership by not developing recruitment, selection, and appointment strategy for Senior Management positions. I hereby urge that council led by yourself and troika must without fail prioritise filling of all management positions by end of February 2023.

In the interest of service delivery and facts presented to me, I hereby grant approval for the extension of national interim management team with inclusion of Mr George Joma, Chief Engineer from MISA to provide technical support and strengthen the team to address the issue of sewer spillages and water shortages. The Chief Engineer will be made available to the municipality on bi-weekly. Additional conditions to the extension are as follows:

- That the recruitment, selection, and appointment of the Municipal Manager be finalised and filled by end of November 2022. The secondment of the acting Municipal Manager will be terminated as soon as the successful candidate has confirmed availability to commence with his or her new assignment.

- That the macro-organisational structure be tabled to council on 31 October 2022 as advised in your letter.
- That all Heads of Department positions must be filled on or before end February 2023 and no extension will be granted beyond this period. In the event council fails to make this appointment within the stipulated period, national government will have no other option but to implement remedial actions provided for in the Constitution. That the interim management team will be made available for hand over purposes on a monthly basis for a period of 90 days upon existing the metro to avoid possible regression.
- That you provide me with bi-weekly progress reports on filling of the senior management positions.
- That you identify areas where technical support is required from national government to enable the metro to continue providing the necessary basic services to the community.

Any further queries may be directed to Ms Mohanuoam Mabidilala, Chief Director, Office of the Director-General at cell number 066 475 2000 or at mohanuoam@cogta.gov.za

Yours Sincerely



**DR NKOSAZANA DLAMINI ZUMA, MP**  
**MINISTER**

**DATE:** 30.10.2022

CC: Mr Enoch Godongwana, MP  
Minister Of Finance

Ms Thembi Nkadimeng  
Deputy Minister of CoGTA

Dr David Masondo  
Deputy Minister of Finance

Premier of Free State  
Ms Sefora Ntombela

Mr M Dukwana  
MEC for COGTA

Ms Ms Gadija Brown  
MEC for Finance