

Copper Theft

Copper theft in South African municipalities: a case study of Matjhabeng Local Municipality

Introduction

- This study was aimed at unearthing the mechanisms underpinning the phenomenon of copper theft in South African municipalities with a view to explain rather than predict it.
- Although some studies have been done on the problem, these have been limited to descriptive accounts of the problem. The real underlying causes have not been explored and this has limited the range of responses by those affected by it.
- This study was focused on the Matjhabeng Local Municipality in the Free State Province but it is hoped that the insights revealed during the study will have some applications, though limited, in the other municipalities

Background

- Cost to the SA economy is about R10bn. (The Witness, 2014)
- 370 convictions from 1300 prosecutions (28% conviction rate)
- Probably fuelled by poverty. (Pretorius, 2012)

The Concern

- It affects every South African
- Reduces revenues for the municipality- you cannot bill for what you have not delivered
- Increases labour and other costs which cannot immediately be passed onto the customers.
- Affects proper functioning of hospitals, railways, traffic lights and commerce and industry.
- Impacts negatively on the country as an investment destination
- **Therefore warrants serious attention**

The problem

- Diverts money from maintenance to repair and replacement of cables
- Forces municipalities to spend more on security
- Affects the supply of electricity to customers
- Threatens the sustainability of municipalities
- **If the theft of copper is not brought under control therefore, the continued ability of the municipality to deliver services will be under threat.**

The Situation

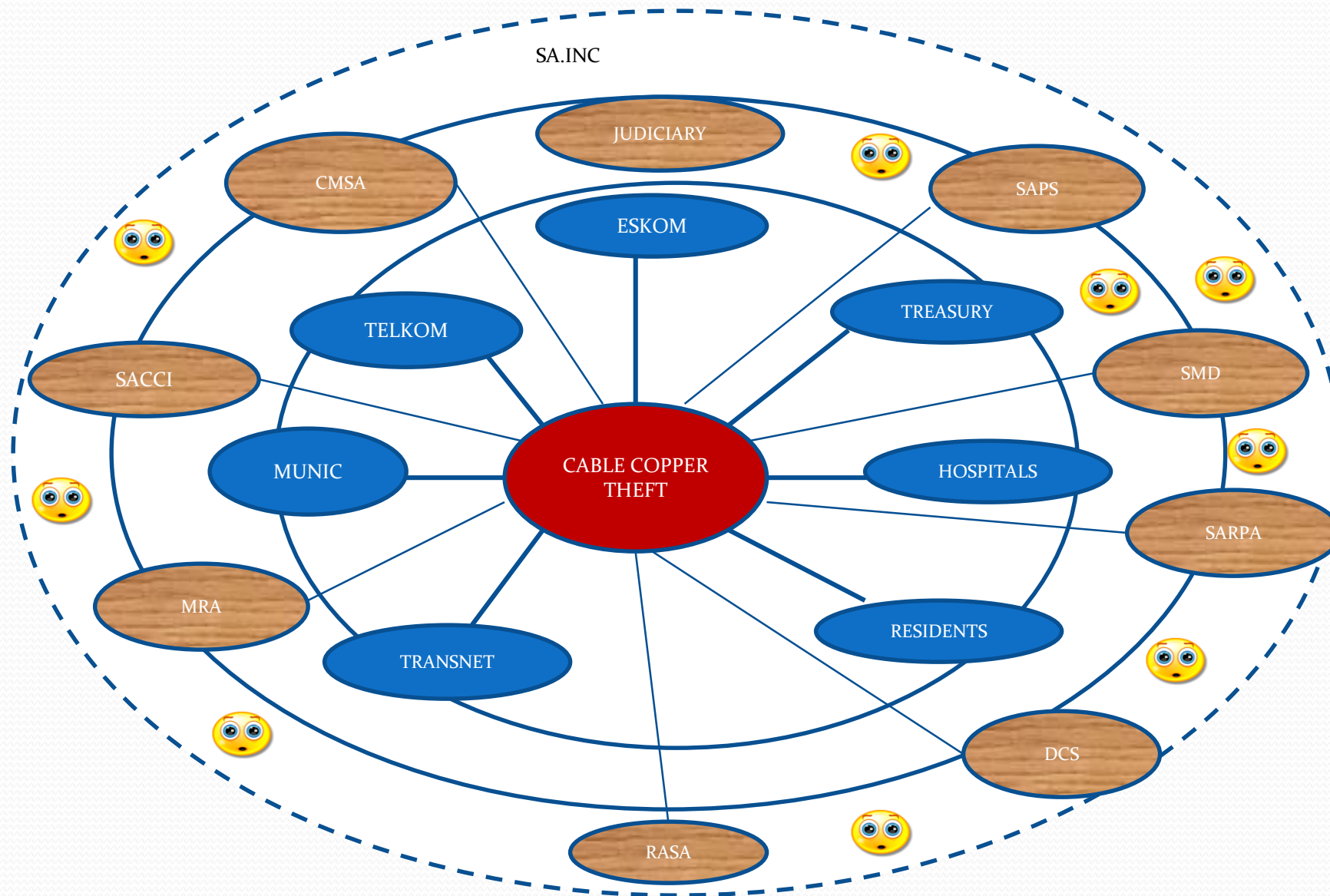
Table 9.3 Budgeted electricity operating revenue as a percentage of total budgeted operating revenue, 2006/07 – 2012/13

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
					Medium-term estimates		
Operating revenue							
Category A (Metros)	26.2%	26.4%	27.6%	33.7%	32.6%	35.1%	38.6%
Category B (Locals)	26.0%	24.6%	23.8%	27.6%	28.1%	29.8%	31.7%
<i>Secondary cities</i>	31.5%	28.6%	27.7%	34.1%	36.9%	39.3%	41.9%
<i>Large towns</i>	26.2%	25.1%	24.5%	26.4%	27.4%	29.5%	30.6%
<i>Small towns</i>	23.5%	24.7%	22.9%	25.2%	23.7%	23.8%	24.6%
<i>Mostly rural</i>	8.2%	8.1%	8.0%	8.8%	5.6%	5.5%	5.8%
Category C (Districts)	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Total Operating revenue	24.3%	24.2%	24.6%	29.1%	28.8%	31.3%	34.1%

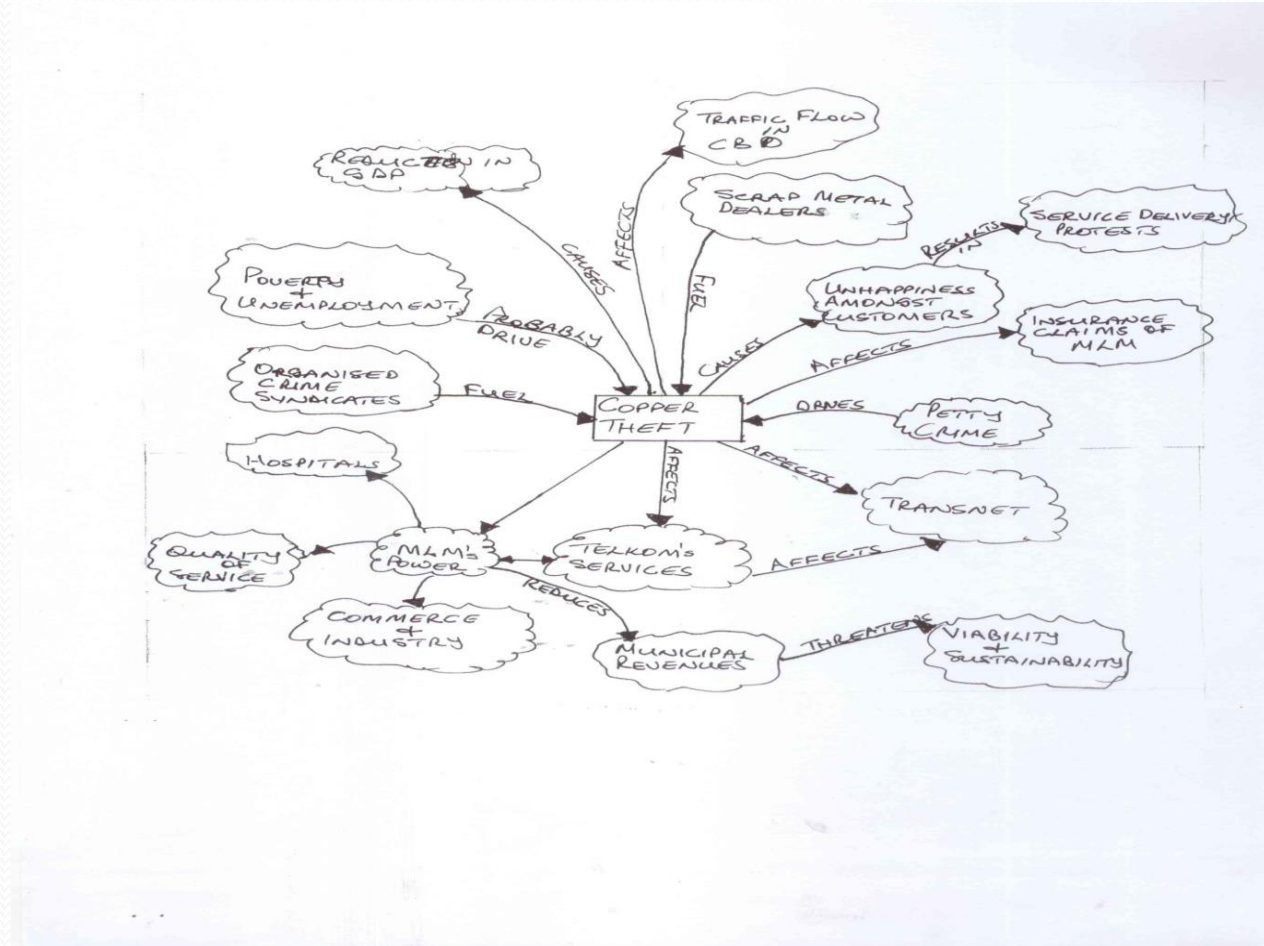
Source: National Treasury local government database

Drivers of Copper Theft

- Poverty and unemployment -if true, why prevalent in urban areas?
- Scrap Metal Dealers –probably true because there has to be a market for the copper
- Organised crime syndicates –level of sophistication of some of the theft bears testimony
- Petty crime and drug abuse – probably explains theft of small quantities from streetlights. Effect is the same. Certainly found true in CT



The Situation Cont'd



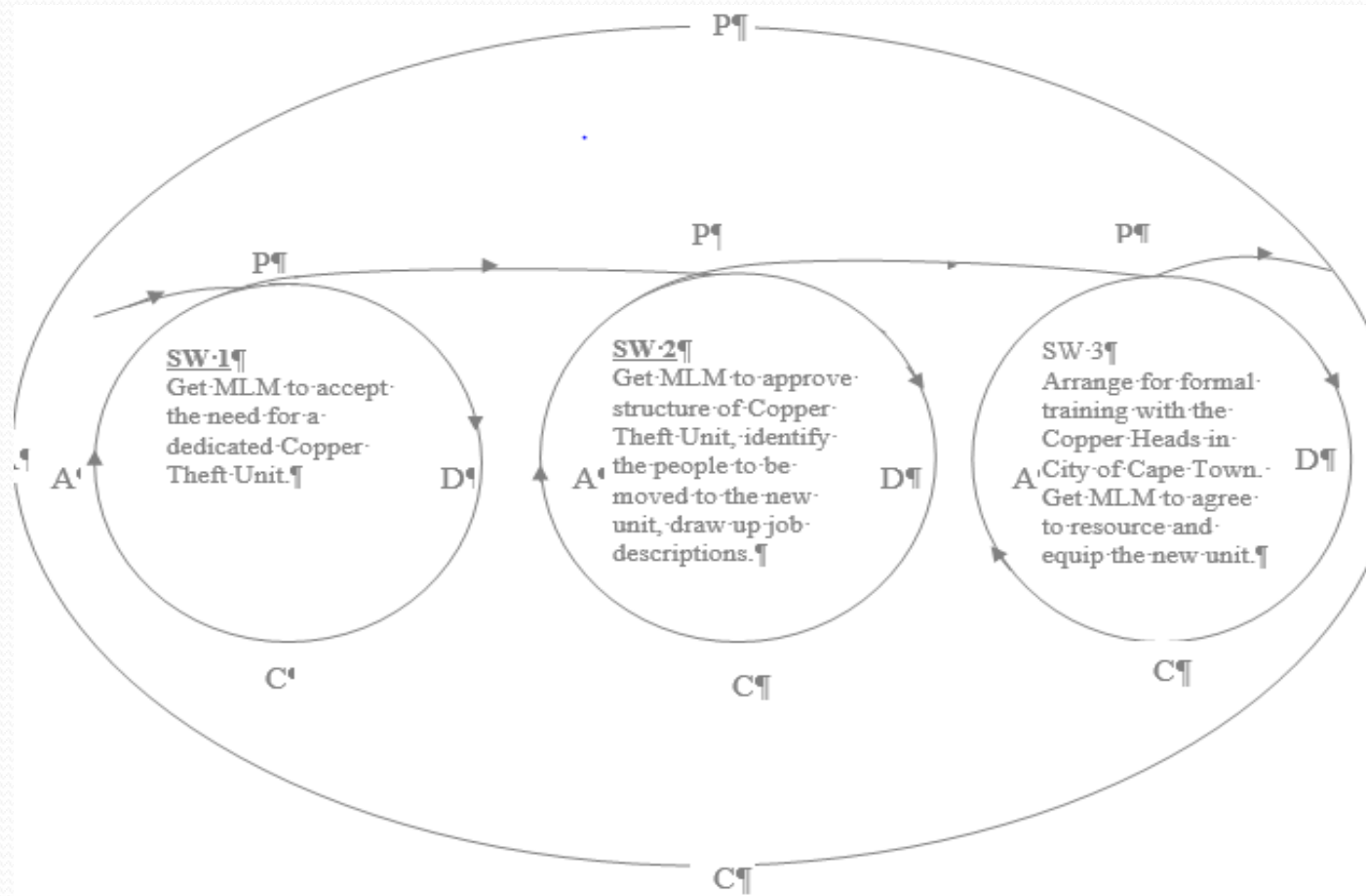
Wicked Problem

- No common understanding of what the problem is
- No definitive solution
- Solutions are usually expensive and produce unintended consequences
- Solution to one wicked problem usually creates another one
- Requires teamwork
- Cannot be solved but managed

The Research Question

- “What measures can be implemented in Matjhabeng Local Municipality to manage copper theft so as to reduce the revenue losses and minimize power interruptions? What are the main drivers of copper theft?”

Action Research-Small Wins Approach



Current Challenges

- Direction- mission and purpose of the PSD not clearly defined
- Communication – very little communication between the PSD and other departments
- Organisation Design- no specialized unit for copper theft. Often PSD staff do not even know what to look out for. Sharing of resources means there are times when vehicles are not available for quick response
- Selection process- staff who deal with copper theft, a highly sophisticated crime, are not vetted
- Tools and manpower-no night vision equipment, body armour, and inadequate staffing levels

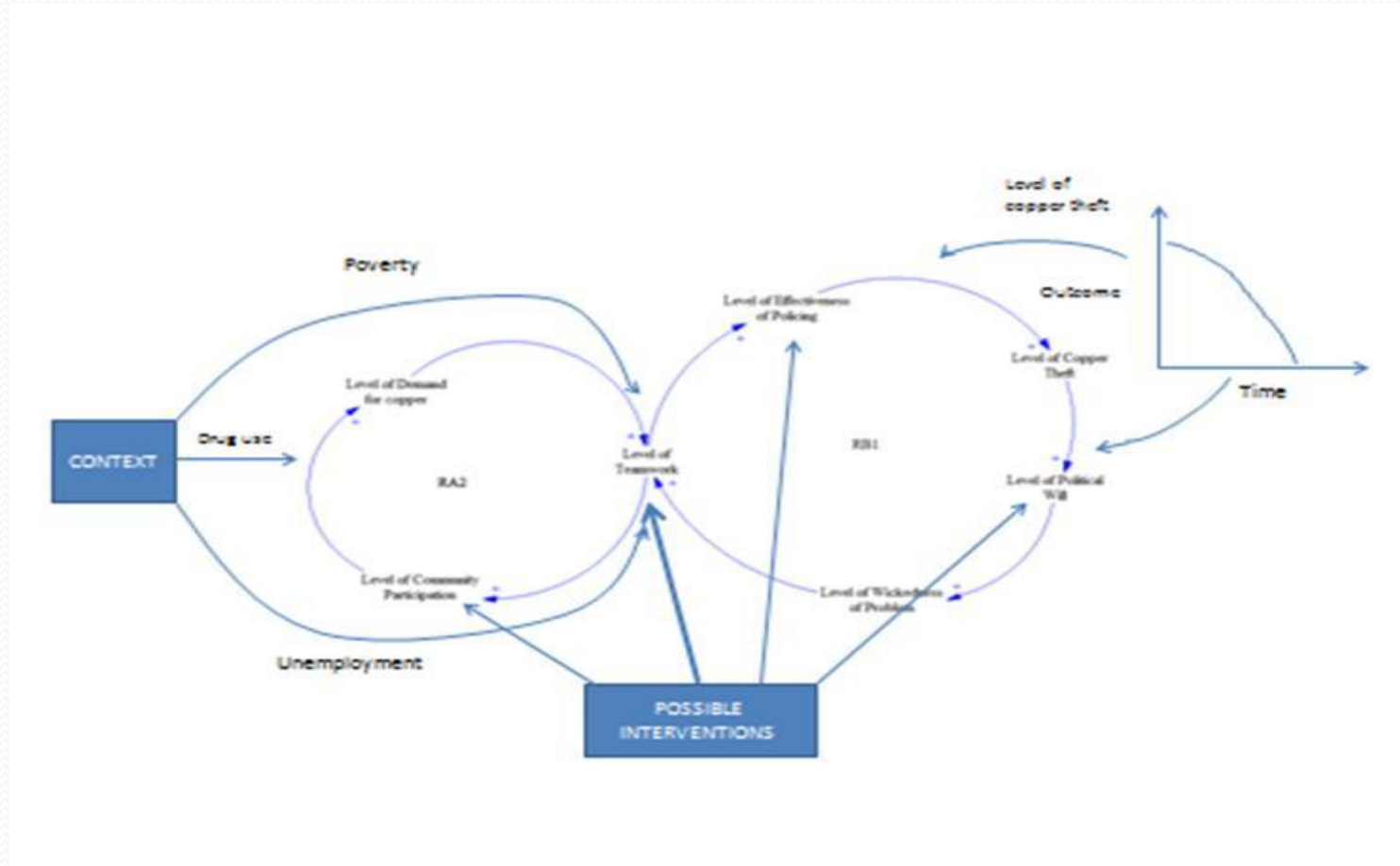
Results

- Formal approval for the establishment of copper theft unit was granted after meetings with Executive mayor, PSD, MM Electrical Engineer and other stakeholders
- Proposed structure of the copper theft unit presented and accepted
- Training was arranged with Mr Arendse of the CoCT's Copper Heads, free of charge.
- Worries about an ANC-run municipality getting help from a DA-run municipality. Not the first.
- Although there was general agreement to have that done, the implementation, which was left to the officials fell flat

Suggestions


- **Cooperation with the SAPS** –example was CPF in Odendaalsrus, Commissioner Cezula who donated 5 broken bicycles to the CPF. No support from MLM despite the obvious success
- **Task Team** –task of fighting copper theft is too important to be left to a single unit. Thus the need for a multidisciplinary team including Finance, HR, PSD and Electricity
- **Informant system** – this has proved successful in CoCT

Possible Interventions



Closing comments

- Cooperation with SAPS – Comm Cezula confirmed that MLM were not part of the fight against theft in her area! These are the people whose assets are being stripped!
- Community participation is about interaction of community members to identify their needs and ways to meet them-influences resource allocation and policy decisions
- Effective policing – relationship between SAPS and MLM is characterised by mistrust. Hard to prove ownership of copper in court and thus the few arrests result in even fewer convictions. OD is an exception.

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- On completion of this study I made an offer, in writing, to the MM and the Executive Mayor, to share with their staff what my findings were, as a way of giving something back. The same offer was repeated in writing about 2 months ago. Still no joy! Just to show that political will is crucial, any councilors present here? Anyone from finance? Well then sadly copper theft will continue to increase.