

# 2014/ 2015 ANNUAL REPORT (DRAFT COPY)



**OFFICE OF THE MUNICIPAL MANAGER**  
**Prepared By: Suraya Asmal**

[Okhahlamba Municipality, 259 Kingsway Street, Bergville, 3350]

## CONTENTS

|   |                    |
|---|--------------------|
| CONTENTS.....   | 1                  |
| CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY .....                      | 3                  |
| COMPONENT A: MAYOR’S FOREWORD .....   | 3                  |
| COMPONENT A: EXECUTIVE SUMMARY .....  | 9                  |
| 1.1. MUNICIPAL MANAGER’S OVERVIEW .....                                       | 9                  |
| 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .             | 13                 |
| 1.3. SERVICE DELIVERY PERFORMANCE OVERVIEW .....                              | 9                  |
| 1.4. FINANCIAL SUSTAINABILITY OVERVIEW.....                                   | 10                 |
| CHAPTER 2 – GOVERNANCE.....   | 25                 |
| 2.1 ADMINISTRATIVE GOVERNANCE .....   | 27                 |
| COMPONENT A: INTERGOVERNMENTAL RELATIONS .....                                | <a href="#">28</a> |
| 2.2 INTERGOVERNMENTAL RELATIONS .....   | <a href="#">29</a> |
| COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....                    | <a href="#">30</a> |
| 2.3 PUBLIC MEETINGS.....  | <a href="#">31</a> |
| 2.4 RISK MANAGEMENT .....   | <a href="#">34</a> |
| 2.5 ANTI-CORRUPTION AND FRAUD.....  | <a href="#">35</a> |
| 2.6 SUPPLY CHAIN MANAGEMENT .....   | <a href="#">37</a> |
| 2.7 BY-LAWS .....   | <a href="#">38</a> |
| 2.8 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....                            | <a href="#">38</a> |
| CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....    | <a href="#">39</a> |
| 3.1 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGETS SET IN THE SCORECARD | <a href="#">40</a> |
| COMPONENT A: ROAD TRANSPORT .....   | <a href="#">42</a> |
| COMPONENT B: PLANNING AND DEVELOPMENT .....                                   | <a href="#">43</a> |
| 3.2 PLANNING.....   | <a href="#">43</a> |
| 3.3 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .....    | <a href="#">49</a> |
| COMPONENT C: COMMUNITY & SOCIAL SERVICES.....                                 | <a href="#">52</a> |
| COMPONENT D: ENVIRONMENTAL PROTECTION .....                                   | <a href="#">53</a> |
| COMPONENT E: HEALTH .....   | <a href="#">53</a> |

---

|   |                    |
|---|--------------------|
| COMPONENT F: SECURITY AND SAFETY .....  | <a href="#">54</a> |
| COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD .....   | <a href="#">69</a> |
| CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE .....  | <a href="#">75</a> |
| (PERFORMANCE REPORT PART II) .....  | <a href="#">75</a> |
| COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL .....                                      | <a href="#">76</a> |
| 4.1 EMPLOYEE TOTALS.....  | <a href="#">77</a> |
| 4.2 TRAINING AND DEVELOPMENT .....  | <a href="#">78</a> |
| 4.3 DISCLOSURES .....   | <a href="#">79</a> |
| 4.4 EMPLOYMENT EQUITY .....   | <a href="#">80</a> |
| CHAPTER 5 – FINANCIAL PERFORMANCE .....   | <a href="#">81</a> |
| COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....   | <a href="#">82</a> |
| CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS.....   | <a href="#">84</a> |
| COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/<br>2015 FINANCIAL YEAR ..... | <a href="#">85</a> |
| 6.1 AUDITOR GENERAL REPORTS 2014/ 2015 .....  | <a href="#">87</a> |
| COMPONENT B: AUDITOR-GENERAL OPINION 2014/2015 FINANCIAL YEAR .....                             | <a href="#">88</a> |
| 6.2 AUDIT AND PERFORMANCE COMMITTEE REPORT 2014/2015.....                                       | <a href="#">90</a> |
| GLOSSARY .....  | <a href="#">93</a> |

# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

**a. Vision:**

The overall purpose of our Municipality is to improve the quality of lives of all our people. We aspire to achieve this through the building of infrastructure, particularly in our rural communities, to enhance the skills base in the region, to inspire healthy, environmentally friendly lifestyles, to fight crime and corruption, to support programmes for youth development as well as programmes for women and people with disabilities; and to encourage and inspire a culture of entrepreneurship.

**b. Key Policy Developments:**

Okhahlamba Local Municipality has made great strides in delivering its mandate through the implementation of the municipality’s Integrated Development Plan (IDP). In developing the municipality’s IDP, due consideration was given to the legislative mandate that gives guidance through National and Provincial legislation and policy context. This legislative mandate consists of various guiding documents namely; the Municipal Systems Act (MSA), the Planning and Development Act (PDA), National Spatial Development Plan (NSDP), Spatial Planning and Land Use Management Act (SPLUMA), Provincial Growth and Development Strategy (PGDS) and the Performance Management Regulations. Over the course of the past financial year, we have strived to meet the legislative requirements as mandated for local government. This includes the implementation of the seven strategic goals as defined in the Provincial Growth and Development Strategy (PGDS).

The seven of the strategic goals of the Provincial Growth and Development Strategy are:



- JOB CREATION
- HUMAN RESOURCES DEVELOPMENT
- HUMAN & COMMERCIAL DEVELOPMENT
- STRATEGIC INFRASTRUCTURE
- ENVIRONMENTAL SUSTAINABILITY
- GOVERNANCE & POLICY
- SPATIAL EQUITY

#### Job Creation

# Chapter 1

Our municipality has embarked on a drive to empower people with skills while creating employment opportunities for communities within the municipal jurisdiction. This has been done through the ongoing implementation of the Extended Public Works Programme (EPWP). This was done through the funding of 7 co-operatives, employing 233 people to carry out labour-intensive projects in the fields of infrastructure development, waste management and the maintenance of parks and buildings. A long-term aim of the EPWP programme within our municipality is to promote a culture of entrepreneurship by adequately equipping cooperatives with technical, project, business and financial management skills as well as work experience.

## **Strategic Infrastructure**

We have faced and successfully overcome numerous challenges through the course of the past year. Amongst these are: the appointment of adequately skilled, qualified staff, the appointment of the Director of Corporate Services, the ongoing implementation of our EPWP programme, our Learnership Programme, the completion of phase 1 of the Bergville Sewer System Upgrade, the construction of the sewer processing plant, the construction of the Bergville Testing and Disaster Management Centre, the establishment of Market Stalls in the Bergville Taxi Rank, the beautification of Bergville's entrances, the tarring of roads and the installation of two sets of traffic lights in Bergville, the installation of street lights at the entrance of Bergville along the R74, building of sidewalks, the construction of a number of gravel roads through the 10 Days Per Ward programme, pedestrian and vehicular bridges, community halls and crèches; and our electrification and housing projects. We are proud to mention the commencement of the construction of the Fresh Produce Distribution Centre.

## **Environmental Sustainability**

As the gateway to the Ukhahlamba– Drakensberg World Heritage Site, and in a bid to enhance the touristic appeal of our glorious area, we initiated massive clean-up and revamping projects for the two major towns in our municipality. Winterton became the first town in Ukhahlamba to get traffic lights, and saw the tarring of all major roads. In Bergville, walkways were paved, entrances were beautified, market stalls were built, roads were tarred, and notably, the principal project for the town is completion of phase 1 of the upgrading of the sewer system which is an integral part of the clean-up of the town. This project is being done in conjunction with the uThukela District Municipality. In both Bergville, and Winterton, cemeteries were revamped and maintained. In Winterton, land was secured for a second cemetery to meet the needs of the community, and in Bergville the current cemetery is being extended. The construction of the Khetani Community Hall, which will service the community of Winterton as well has also commenced. Through the municipalities SDF and the LED strategy, the municipality has secured funding under LED research wherein greening projects will be engaged into and Ukhahlamba is one of the areas which are rich in agriculture.

As a means of ensuring growth and development of our communities, the municipality initiated the Bergville Fresh Produce Distribution Centre project, a first of its kind for our municipality. The project is currently in-progress. The Bergville Driver's License Testing and

# Chapter 1

Disaster Management Centre project is drawing to a close. Previously, people who wanted to get their driver's license had to travel to surrounding towns such as Estcourt, Ladysmith and Harrismith – the establishment of the Bergville Testing Ground will ease the process for people within Okhahlamba. In terms of Disaster Management, Okhahlamba is poised in a location prone to natural disasters, and was seriously lacking in adequate disaster management facilities, the new Disaster Management Centre will benefit the residents of our municipality greatly and allow for swift responses to climate change as well as disasters as and when they occur. As a municipality, we have initiated and embarked on several other projects.

## **Human & Commercial Development**

The processes for the establishment of the Bergville TVET College are currently underway. The Fresh Produce Distribution Centre project has been initiated and is currently under construction. We are currently awaiting a license from the Department of Environmental Affairs so that we can proceed with the construction of a new environmentally-friendly landfill site which will promote carbon reduction and recycling.

Our municipality's approach to the Extended Public Works Programme ensured that local cooperatives were directly involved in most of the abovementioned programmes which were initiated by the municipality. Our aim is not just job creation, but the empowerment of our people and the encouragement of a culture of entrepreneurship. Through AgriSETA funding, EPWP coops were provided with skills development training through workshops; the Infrastructure group are currently still awaiting their training. Through the implementation and completion of numerous projects, we believe that we have improved the quality of life for our people.

## **Governance & Policy**

As a municipality, we have gone from spending only 28% of our capital grant funding in 2012, to 100% in 2013 and 2014. We have graduated from being a municipality under provincial administration which received disclaimer audit opinions, to being a municipality driven by ambition and determination that received a clean-audit finding for the 2012/ 2013 financial year; within a two-year period. In 2013/ 2014 we received an unqualified audit opinion. Transparency is being promoted through the public participation strategy that is in place, the community is continuously engaged in processes undertaken by the municipality and the council plays the accountability role to the local community. As a municipality, we are financially viable. We have significantly improved liquidity ratios, we own financial assets, we have savings and investments; and ultimately, we are a loan-free municipality. For us, this in itself is a success.

## **Spatial Equity**

The Spatial Development Framework (SDF) identifies the primary, secondary and tertiary nodes and corridors in order to redress spatial inefficiencies. The municipality's SDF and Land Use Management System (LUMS) are in place to guide the allocation and utilisation of

# Chapter 1

human and environmental resources towards sustainable growth and development, and the strategic documents are reviewed annually.

## **Human Resources Development**

We have overcome many challenges through this journey which included political turf wars, low staff morale and poor administration. We now have a young, skilled, progressive workforce that undergoes continuous training and development through the implementation of our Workplace Skills Plan, a coalition between our political leadership which understands the value of working for the greater good of the community, and a dedicated administrative leadership – we have a winning formula, and indeed, we have a good story to tell.

### **c. Key Service Delivery Improvements:**

We have heeded President Jacob Zuma's call from the 2014 Local Government Summit in adopting a Back2Basics approach in ensuring that our service delivery targets are met. As a municipality we hosted our official Back2Basics Clean-Up Campaign launch at the end of May 2015.

Through the implementation of the Municipal Infrastructure Grant, Okhahlamba has initiated a number of projects which include the tarring of roads, the construction of the Winterton Taxi Rank, the building of a number of community halls and crèches in various rural villages, the construction of numerous vehicle and pedestrian bridges in communities and a number of gravel roads to ease access into remote rural areas.

The municipality has also embarked on Electrification projects and has completed the electrification of the Rooihoek community, and is at 70% completion in the Thintwa community, both in ward 13. A notable achievement of Okhahlamba is the provision of Solar Energy to all farm dwellers within the municipality. This enables all farm dwellers to have lights, and to be able to at least charge their mobile phones, where previously they had to pay businesses in town to charge their phones.

Okhahlamba is proud to have a number of housing projects that are currently underway. Prior to the initiation of these projects, we were mindful that our municipality is situated within a disaster area, and as a result we explored options to modify the houses we were constructing to ensure that they will be able to withstand the weather conditions of this area. The municipality has started building multipurpose centres in all wards to bring essential services nearer to where people live.

A golden opportunity, for us as a municipality, and for the province of KwaZulu-Natal is the Three Frontier Cable Car Project which will link KwaZulu-Natal, Lesotho and the Free State in a tourism based opportunity. We believe that this project will be a game changer for the face of tourism in our province, and will be an invaluable asset to our country, as we will contribute towards meeting the 8th UN Millennium Development Goal by forging a Global Partnership

# Chapter 1

for Development with Lesotho. The public has been involved in all stages of the project, Minister Mike Mabuyakhulu engaged the communities of uThukela District, at a Public Participation meeting held in the eBusingatha area to address any concerns or questions regarding the proposed project. The processes of Environmental Impact Assessments are currently underway.

The Municipality intends on developing the Nondela Drakensberg Mountain Estate to include a mixed use development in a secure and gated community that will provide suitable primary and secondary residential facilities for the new community; provide easily accessible social amenities such as a clinic, police station, post office, social services office, municipal office, transportation rank and wholesale merchant facilities; sports academy; provide hospitality facilities in a form of a four star hotel facility; create jobs through the construction of the houses and the ongoing maintenance of the village; create a quality product and environment that responds to the demand of the community.

#### **d. Public Participation:**

We have passionately engaged the general public, especially through the IDP and Budget Roadshows and rate payers meetings where performance management process developments and municipal progress reports are shared with the community. The Mayors community meetings within his ward take place on Sundays so as to accommodate people who work during the week and his fellow Councillors are encouraged to adopt the same approach to their community engagements. The Mayor has also been an avid champion for the Operation Sukuma Sakhe programme.

#### **e. Future Actions:**

We still face challenges with the backlog of service delivery and infrastructure development, particularly in rural areas, limited financial resources, and the much-needed repairs along the R74 corridor, particularly along the Oliviershoek pass area which has negatively impacted the tourism industry in the Northern Drakensberg significantly. We have also experienced challenges through natural disasters, especially tornados that ruined a number of houses in various wards; and wildfires in various parts of our municipality.

We are committed to working progressively to serve our people, and are determined to achieve a clean-audit opinion in the 2015/ 2016 financial year and for years to come.

#### **f. Agreements / Partnerships:**

I would like to extend my sincere thanks and gratitude to my fellow Councillors, Deputy Mayor, Speaker, EXCO members, the Directors and Members of Staff for their hard work and commitment. We wish to thank Amakhosi, the Business Community, Government



# Chapter 1

Departments and all the stakeholders who have contributed to making our Municipality a better place to reside in.

**g. Conclusion:**

I wish to dedicate the progress our municipality has made to the memory of our members of staff who have passed on during the review period. We would like to take this opportunity to express our sincere condolences, and deepest sympathies to those colleagues who have lost family members over the course of the past year.

As a municipality, we are committed to service delivery for all our people, and we would like to work together with communities, and all stakeholders to ensure that progress is made in terms of enhancing the standard of living in Okhahlamba.

---

**D.T. SIBEKO**  
**MAYOR**

# Chapter 1

## COMPONENT A: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

The Okhahlamba Local Municipality during the year under review has seen tremendous progress in service delivery fronts and good governance. The 2014/2015 year marks a year before the completion phase of the IDP current cycle, which will culminate with the Local Government Election in 2016. The overview seeks to provide a palpable detailed report for the activities, achievements and challenges with regards to the roll-out of the IDP, service delivery performance, financial sustainability, local economic development and Spatial Planning and Human Resource Development.

##### (i) The alignment of services to IDP indicators and Council priorities

Council had embarked in an extensive annual public consultative process, whereby the community played their significant role in influencing the program of council for the year. The process of public participation was followed by the approval of budget by council, which subsequently influenced the drafting of our Service Delivery Budget Plan and the completion of performance agreements by senior managers.

The IDP public consultation process culminates with projects prioritization which among others includes roads construction, community halls (centres), bridges and other public amenities. In the year 2014-2015 council approved a total capital budget R 65 770 478 as compared to R 82 066 451 approved in the previous year, 2013-2014. Our capital Budget is composed of the following priorities:

| Activities       | Budget          |
|------------------|-----------------|
| Roads            | R 31 205 215.00 |
| Halls            | R 10 105 308.00 |
| Social Amenities | R 8 100 000     |
| Street Lights    | R 100 000       |
| Electricity      | R 30 933 623.00 |

##### (ii) Service Delivery Performance

The municipality has approved the roll-out of projects in terms of the Service Delivery Budget Implementation Plan, which ensures that all projects are community based and are

# Chapter 1

spread across all the wards. In the light of all the success we have recorded in terms of our capital expenditure during the year under review, nonetheless we had our own share of challenges.

The Small Town Rehabilitation Grant received from COGTA covered the following projects:

- Beautification of entrances in Bergville
- The Bergville Testing Centre
- The Emergency Centre
- The Fresh Produce Market
- The Bergville Sewer Line (uThukela District Municipality)

The Municipal Infrastructure Grants covered the following projects

- 10.5 km of gravel roads improved and resealed
- 4 halls were constructed in the following wards: Ward 10 (Rookdale), Ward 2 (Nokopela) Ward 3 (Magagangozi), Ward 1 (Khetani) – the project is currently in progress; and Ward 7 (Nsukangihlale).
- 7 bridges were built in the following wards

The INEP Grant for electricity has been prioritized for the following projects:

- Shiyabazali Electrification Project- Complete
- Maswazini Electrification Project - Complete
- Mount Alies Electrification Project – Complete

-Thintwa-Rooihoek Electrification Project is one of the oldest projects which have been experiencing slow progress due to a number of reasons. The first phase of the project involved Rooihoek which was completed and all houses were electrified. The second phase involved Thintwa area which could not be started as planned due to the fact that accessing the bulk supplier from Kwazulu-Natal is far and very expensive, for which the nearest supplier had to be accessed from Free State.

The project compounded with the additional of 129 new connections. The contractor abandoned the Project in December 2014, after ESKOM required major rectifications and the contractor raised financial constraints. After further investigation and council opted for the replacement of the contractor by appointing a new contractor to rectify and complete the project. The project is set to be completed by end of August unless major backlogs have been identified.

### (iii) Financial sustainability

The municipal financial position is sound and sustainable over the last three years. The

# Chapter 1

municipal performance on grants has been very good, on the Municipal Infrastructure Grant expenditure for the year under review is 100%, and the expenditure under INEP is 100%. The overall municipal rates collection has increased over the period from 49% in 2012 to 72% in 2015. The municipality remain highly depended on national government grant

The municipal cash coverage ratio remains acceptable over the last two years at 5 months coverage. Salary costs have increased steadily over the last few years due to increase in budget and the demands for accelerated delivery of service.

#### (iv) Local Economic Development and Spatial Planning

- Job Creation: having noted the dire situation of poverty and high rate of unemployment the municipality has resolved to find innovative and inclusive approach to address the problem. Council initiated the creation of municipal driven co-operatives which recruited the most vulnerable people from the wards. The first group recruited more than 90 individuals who would play a significant role in addressing a number of challenges including maintenance and greening projects. The 2<sup>nd</sup> group consist of 10 individuals identified at ward based war-rooms as the poorest of the poor. Furthermore the program is subsidized by the expanded public works program. Another Job creation program is the Community Works Program (CWP) which has recruited more than 900 individuals from poor households to actively contribute towards the improvements of our communities.

- Spatial Planning: Council has adopted the implementation of Spatial Planning and Land Use Management (SPLUMA) and the establishment of a tribunal which will assist in the implementation of planning related matters. SPLUMA has brought fundamental changes in spatial planning and land use management. It call for the re-engineering of municipal planning process whereby the land use management system of a municipality is rebooted to enhance the manner in which municipalities have been performing spatial planning, land development and land use management duties.

#### (v) Human Capital and Development

Human capital provides the main source of capacity to perform its basic function to meet the mandate of the organization. Council has invested immensely in human development through staff bursary provisions and short term programs. More than 8 senior managers have registered for a B.Tech program with the Durban University of Technology; all our financial interns are gradually registered towards achieving competency standards to meet minimum requirements.

More than 700 unemployed youth have been recruited to participate in the municipal driven learnership programs. Each learner has been given a stipend of R1000; whereby each program lasts for duration of 12 months. Yet there were challenges with the implementation

# Chapter 1

of the program; some learners were aggrieved with the stipend however after a lengthy engagement the matter was settled.

The number of disciplinary cases remains moderate over the period; two employees resigned after were found to have transgressed and alleged to have committed fraud. Both cases have been reported to the SAPS, and the matters are under investigation.

Council remains committed to service delivery, transparency and good governance hence, the municipality shall strive to achieve a clean audit opinion at all times. The support of the staff, councillors, and the community is highly appreciated.

---

Mr. S.D Sibande  
Municipal Manager  
BA.Ed, B.Tech Management, CPMD, MBA

# Chapter 1

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### Municipal Powers & Functions

| Schedule 4<br>Part B  | Function Allocated<br>to Okhahlamba<br>Municipality | Function Allocated<br>to District<br>Municipality |
|---|---|---|
| Air pollution   | YES   |   |
| Building regulations  | YES   |   |
| Child care facilities   | YES   |   |
| Electricity and gas reticulation  | NO  | NO  |
| Fire-fighting services  | NO  | YES   |
| Local tourism   | YES   |   |
| Municipal airports  | YES   |   |
| Municipal planning  | YES   |   |
| Municipal health services   | NO  | NO  |
| Municipal public transport  | YES   |   |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | YES   |   |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto   | YES   |   |
| Stormwater management systems in built-up areas   | YES   |   |
| Trading regulations   | YES   |   |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems  | NO  | YES   |

# Chapter 1

## INTRODUCTION TO BACKGROUND DATA

### Population

Okhahlamba Local Municipality is one of the five municipalities under uThukela District Municipality. Okhahlamba Municipality experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -4.3 negative growth (see table 1). This decrease in population can be attributed to various factors some of which include migration out of the municipality and the effects of the HIV/AIDS pandemic. This decline in population has significant implications particularly in development related issues.

However, it should be noted that the number of households have increased for the same period from 26 756 to 27 576, which accounts for approximately 820 households. This is thus in contradiction with the decline in population numbers and can possibly be attributed to circular migration, where the head of the household might be working somewhere else and was not counted during the Census.

**Table 1: Population of Okhahlamba (2001 - 2011)**

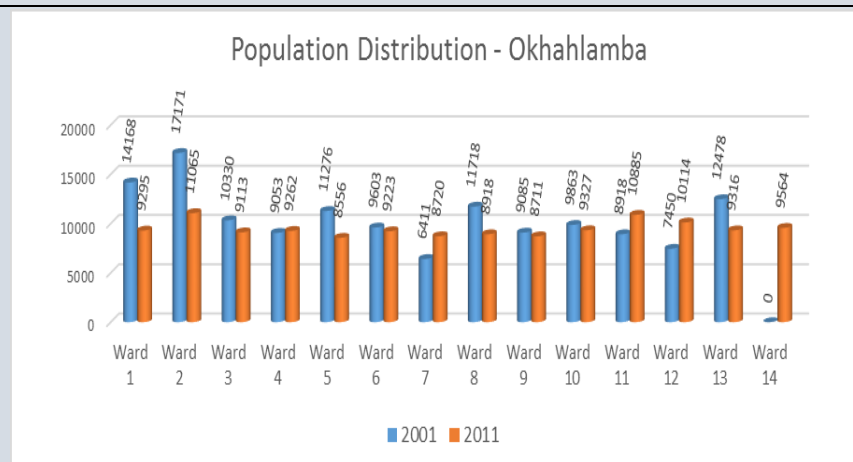
| Population characteristics | 2001    | 2011    |
|----------------------------|---------|---------|
| Population Size            | 137 924 | 132 068 |
| Population Growth (%)      | 2.89    | -4.3    |
| Number of households       | 26 756  | 27 576  |
| Average household size     | 4.9     | 4.8     |
| Female headed households   | 51.2    | 53.8    |

Source: Stats SA, Census 2011

Population is unevenly distributed across 14 wards. Figure 1 depicts ward 2 as the ward, which had the greatest decrease in population over a period of 10 years.

**Figure 1: Population Distribution per Ward**

# Chapter 1

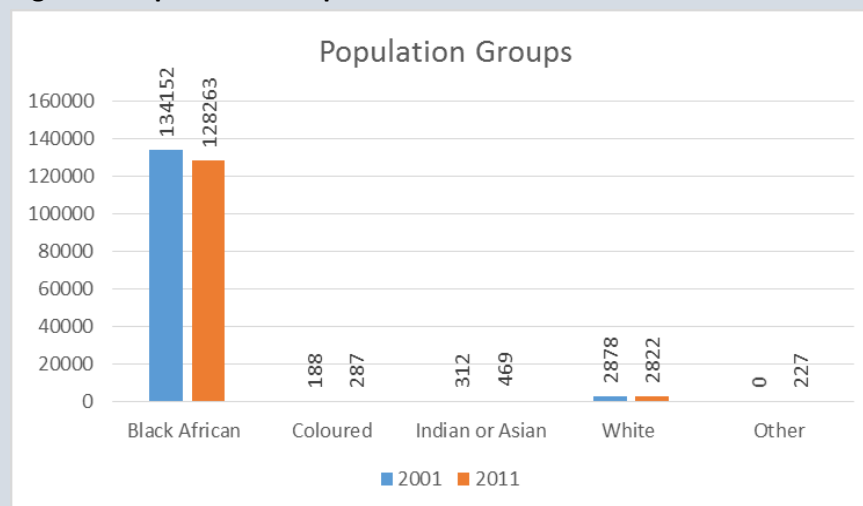


Source: Stats SA, Census 2011

## Population Groups

Figure 2 indicates population groups that form the majority of the population of Okhahlamba Municipality. It illustrates that the majority of population is formed by Black Africans and very few from the White population. This graph re-emphasises the decrease that has taken place between 2001 and 2011, however it is shown more specifically that it has been the Black Africans that have decreased in numbers and not so much the White population.

Figure 2: Population Groups



Source: Stats SA, Census 2011

## Age Distribution

Table 2 and Figure 3 reflect the age structure of the Okhahlamba Local Municipality. The majority of the population is made up of individuals ranging from ages 0-35 (youth) and little ranging between 64 and 100. In 2001, 41.1% of the population were individuals under the age of 15 and in 2011 there was a decrease in this age group. The 15-64 age group also decreased as in 2001, it represented 54.1% of the overall municipality's population and in 2011 represented 55.9% of the population. The older age group (64<) also decreased from 4.8% to 4.9%. There is thus a decreasing trend identified within each age group.



# Chapter 1

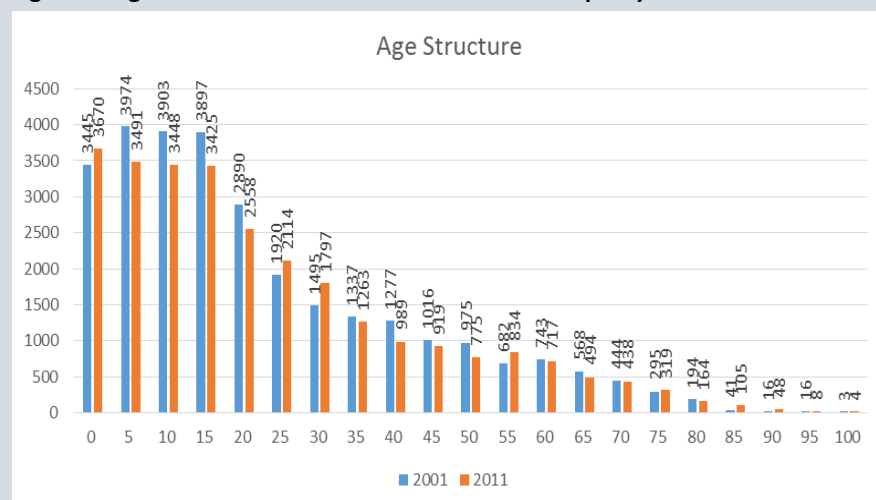
There are various implication for the trend identified. The Okhahlamba Local Municipality can be characterised with having a large youthful population, which implies the need for various facilities and focus on specific priority areas e.g. educational facilities, economic opportunities and possibly youth development programmes.

**Table 2 : Age Profile of Okhahlamba**

| 2001 |       |      | 2011  |       |      |
|------|-------|------|-------|-------|------|
| >15  | 15-64 | 64<  | >15   | 15-64 | 64<  |
| 41.1 | 54.1% | 4.8% | 39.2% | 55.9% | 4.9% |

Source: Stats SA, Census 2011

**Figure 3: Age Structure of Okhahlamba Local Municipality**



Source: Stats SA, Census 2011

## Gender Profile

Table 3 below shows the sex ratio between males and females in the Okhahlamba Local Municipality. It is seen that in 2001 and in 2011 there were more females than males. However, in 2011 the proportion of males to females increased by 0.9%.

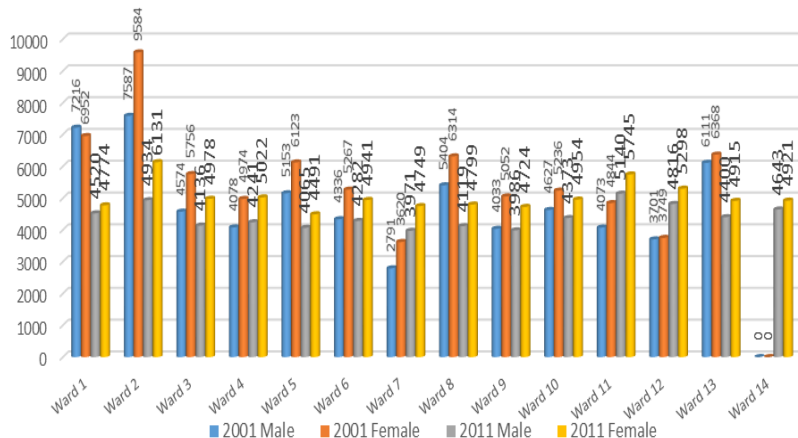
**Table 3. Sex Ratio- Okhahlamba Municipality**

### Males per 100 Females

| 2001                           | 2011 |
|--------------------------------|------|
| 86.6                           | 87.5 |
| Source: Stats SA 2001 and 2011 |      |

**Figure 4: Gender Profile per Ward**

# Chapter 1



Source: Stats SA 2001 and 2011

The above graph illustrates gender distribution in Okhahlamba Local Municipality and shows the gender profile of each ward within the municipality. The data reflects an uneven gender distribution. Generally, there has been a decrease in both males and females between 2001 and 2011. However more specifically there has been a greater decrease in males in each ward between 2001 and 2011. This applies for all wards except wards 4, 7, 11, 12 and 14. These wards have had an increase in both males and females between 2001 and 2011. The most significant increase seen is ward 14.

## COMMENT ON BACKGROUND DATA:

Following is a summarized key findings of the demographic analysis:

- ❖ Okhahlamba experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -4.3 negative growth;
- ❖ Ward 2 is found to have had the greatest decrease in its population;
- ❖ The number of households increased between 2001 and 2011, which suggests circular migration;
- ❖ Wards 4, 7, 11, 12 and 14 are the only wards which have had an increase in population between 2001 and 2011;
- ❖ Majority of Okhahlamba population is formed by Black Africans and very few from the White population;
- ❖ Bergville, Winterton and Traditional Areas around the foothill of the Drakensberg are seen to have higher concentrations of people;
- ❖ The majority of the municipality is with 0-42 persons per square km;
- ❖ Majority of the population is made up of individuals ranging from ages 0-35 (youthful population);
- ❖ There are more females than male in Okhahlamba; 53, 8% of households are female dominated households.

# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

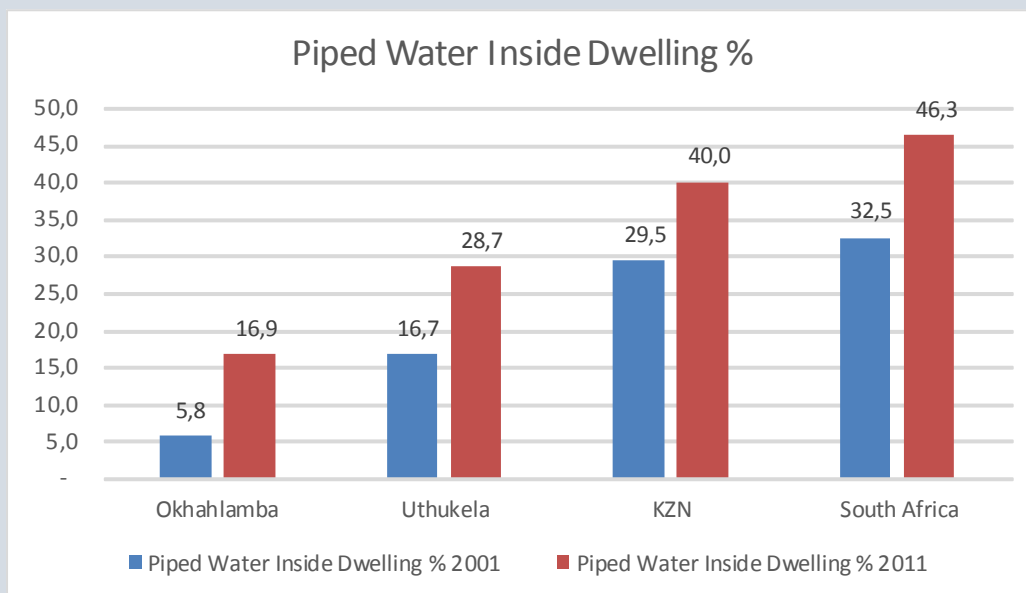
#### BASIC SERVICES OVERVIEW

##### Water

Water and sanitation services fall under the powers and functions of the District Municipality and is the core function of uThukela District Municipality. The Municipality is constantly engaged in discussions with uThukela District Municipality as a Water Service Authority to get information on progress regarding this function. The district's primary objective is to extend potable water and sanitation services throughout the district by eliminating the backlogs and also to maintain and ensure sustainability of the existing water and sanitation infrastructure.

UThukela District Water Services has developed a Water Services Development Framework since it is responsible for water and sanitation services delivery in the district. This was done in terms of the powers and functions stipulated in the Municipal Structures Act No.117 of 1998; Chapter 5. The main objective of the municipality is to ensure the quality of drinking water in the region is improved in as far as the blue and green drop is concerned.

Figure 5: Piped Water inside Dwelling



Source: Statistics SA, Census 2011

# Chapter 1

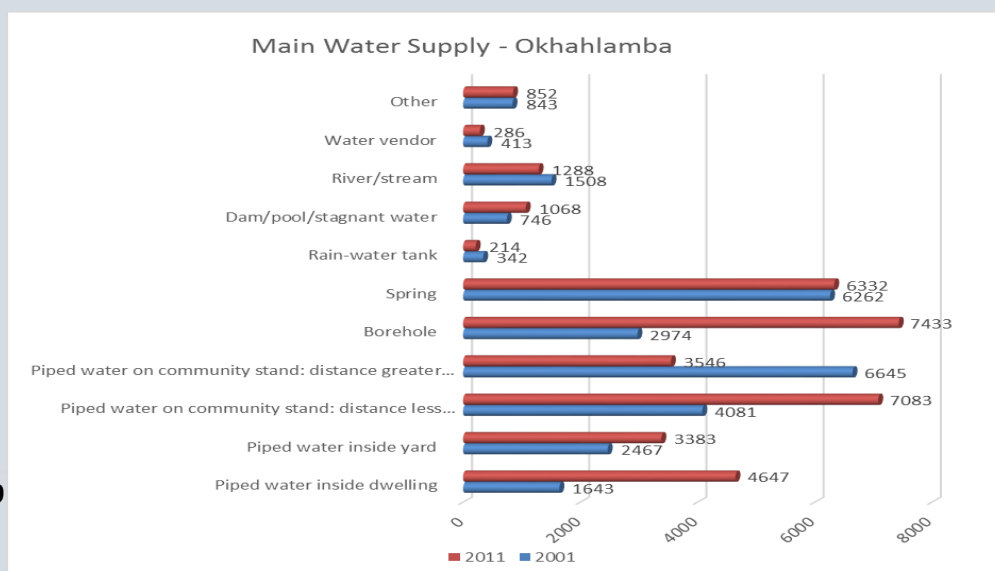
Figure 5 indicates that the number of households with piped water inside dwelling increased from 5.8% in 2001 to 16% in 2011. However, this was lower compared to the district, provincial and national average. In 2011, 28.7% households in UThukela District, 40% in KwaZulu- Natal Province and 46.3% in South Africa had piped water inside dwelling. This is indicative that Okhahlamba is facing huge water backlogs. According to the UThukela District Municipality's Draft IDP 2014/2015 water supply backlog as at the end of June 2011 was 28.75%. This translates to 40146 households that do not have access to safe water supply, and 99 492 households have access to water supply in uThukela District Municipality.

Statistics indicate that in 2011, Okhahlamba Local Municipality had 28 508 household of which 12 567 did not have access to safe water supply. It is indicated that in 2011 there was a water backlog of approximately 44, 08%.

In summary, there has been a general increase in access to water between 2001 and 2011, despite high water backlogs:

- ❖ There is still reliance on boreholes (20%) and springs (19%) in Okhahlamba as sources of water.
- ❖ Access to piped water on community stand was 29% in 2011.
- ❖ Piped water inside yard was 9% in 2011.
- ❖ Piped water inside dwelling was 16% in 2011.

Figure 6: Main Water Supply



# Chapter 1

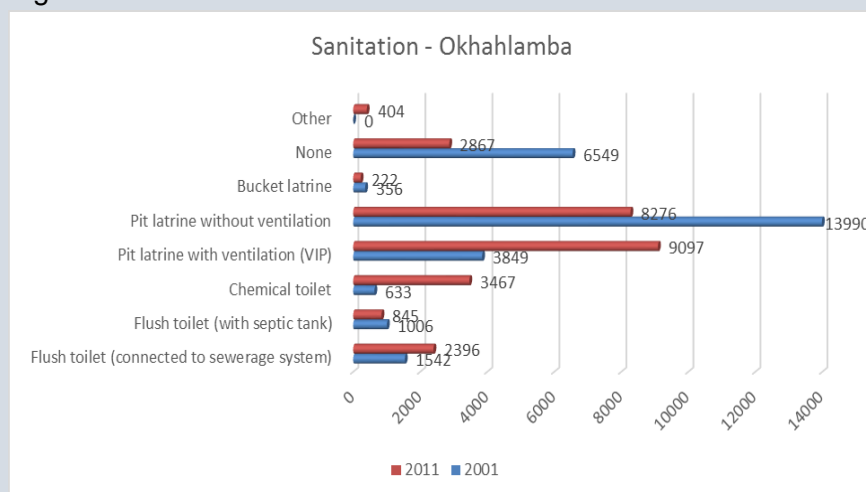
Source: Stats SA, Census 2011

## Sanitation

Sanitation is one of the core functions of uThukela District Municipality. In the previous financial year, 6 504 new households were provided with appropriate sanitation services in the form of VIP Latrines. During the implementation of sanitation projects, a total of 5 298 local community people were employed for the duration of the projects and some of them were also empowered with new skills such as building and project management. The appropriate sanitation services backlog as at the end of June 2011 was 22.85 %. This translates to 31907 households that do not have appropriate sanitation services.

The figure below illustrates the number of people with access to sanitation in Okhahlamba. It indicates that the majority of households (75%) does have access to a basic level of sanitation service, of which 30% predominantly use pit latrines, 32% use VIP (ventilated improved pit latrine), 8% have flush toilets, 12% have chemical toilets and 11% of which is depicted as either using a bucket latrine or do not have any form of sanitation. Sanitation backlog in Okhahlamba is approximately 22.57% which is about 6 435 households that do not have access to appropriate sanitation facilities.

Figure 7: Sanitation



Source: Statistics South Africa: CS 2011 and 2001

## Solid Waste Management

# Chapter 1

The Municipality has begun implementing its Integrated Waste Management Plan (IWMP). It provides strategies in addressing the backlogs in refuse collection. The municipality is also implementing the free basic solid waste for the indigent. The municipality's landfill site is situated in Bergville and covers Bergville and Winterton. It was established in 1975, it has a permit. We are currently awaiting a license for a new landfill site.

Waste collection is done on weekly basis in residential areas and daily in the Winterton and Bergville CBD. Waste collection is done free of charge in Khetani. We have donated bins to a number of schools to encourage recycling and environmentally friendly practices.

Future plans of the Waste Management Section includes waste collection in rural areas through the EPWP programme; and well as recycling stations in Bergville and Winterton. Sorting and source for recycling will also take place whereby we will provide residents with free transparent bin bags for recycling.

Waste quantities indicated in the IWMP indicates that the majority of waste generated is by business, followed by domestic waste.

Figure 8: Waste Quantities and Characteristics (wastes quantities in tons per annum) in Okhahlamba Local Municipality

|                  | WASTE SOURCES | Domestic | Business | Industrial | Medical | Mining |
|------------------|---------------|----------|----------|------------|---------|--------|
| WASTE QUANTITIES |               |          |          |            |         |        |
| Generated        |               | 624      | 5 748    | None       | 26      | None   |
| Collected        |               | 624      | 5 748    | None       | 26      | None   |
| Stored           |               | None     | None     | None       | None    | None   |
| Recycled         |               | None     | None     | None       | None    | None   |
| Treated          |               | 312      | 1 817    | None       | 26      | None   |
| Disposed         |               | 312      | 3 931    | None       | 26      | None   |

Source: uThukela Waste Management Plan as in Okhahlamba IWMP

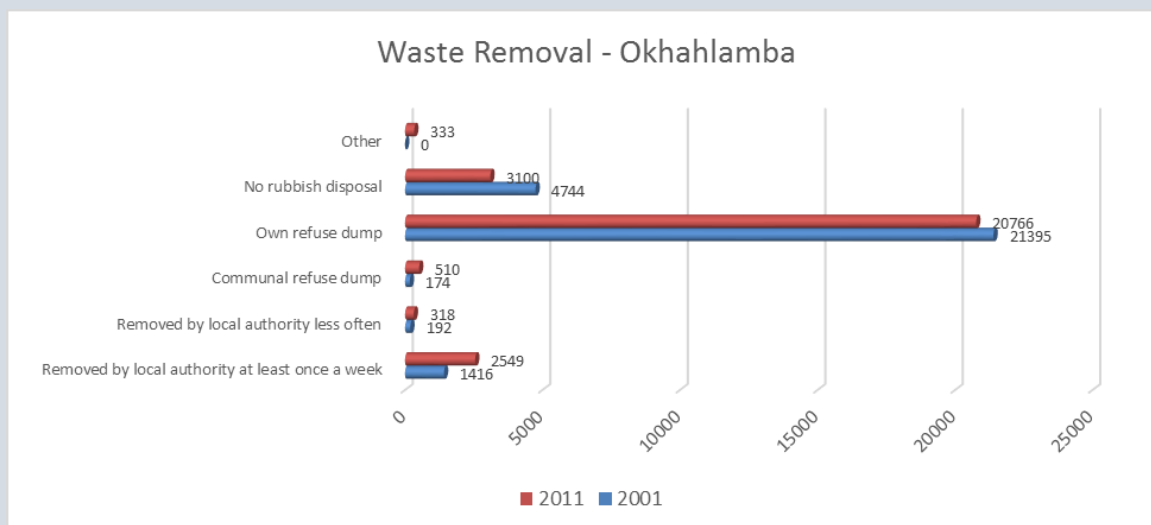
# Chapter 1

| DESCRIPTION                 | EMNAMBITHI | IMBABAZANE | INDAKA | OKHAHLAMBA   | UMTSHEZI |
|-----------------------------|------------|------------|--------|--------------|----------|
| Name                        | None       | None       | None   | Bergville    | None     |
| Geographic Location         | None       | None       | None   | Cathkin Park | None     |
| Type of Treatment           | None       | None       | None   | Incineration | None     |
| Year of Construction        | None       | None       | None   | 2001         | None     |
| Capacity                    | None       | None       | None   | NR           | None     |
| Throughput                  | None       | None       | None   | NR           | None     |
| Hours of Operation          | None       | None       | None   | 8            | None     |
| Input & Output Chart        | None       | None       | None   | None         | None     |
| Residue Characteristics     | None       | None       | None   | Ash          | None     |
| Enviro Monitoring Programme | None       | None       | None   | Monthly      | None     |
| Environmental Impact        | None       | None       | None   | None         | None     |
| Permit Certificate          | None       | None       | None   | None         | None     |

Source: uThukela Waste Management Plan as in Okhahlamba IWMP

The statistics below indicate that the majority of the population (75%) use their own refuse dumps and that the local authority barely provides for the removal of solid waste (figure 10). Approximately 11% of households do not have any rubbish disposal. This poses serious challenges in respect of environmental health and possible pollution of water sources.

Figure 9: Waste removal



# Chapter 1

Data Source: Statistics South Africa: CS 2011 and 2001

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

#### **Background**

The 2014/2015 financial year came with many noticeable changes to the municipality but financial stability was maintained and financial growth was again witnessed. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2014/2015 financial year.

#### **Annual Financial Statements**

Improved financial stability through improved staff discipline, financial management and reporting. This has resulted in the improved liquidity ratios such as current ratio (1,5 in 2013/14 and 1,5 in 2014/2015 financial year respectively) meaning that the municipality will be able to pay its current liabilities with its current assets, Operating cash flow ratio (1,03 in 2013/14 and 1,03 in 2014/2015 financial years respectively) meaning the municipality has generated enough cash to pay its short- term liabilities.

Improved cash flow as a result of much improved debt collection and management (monitored on a weekly basis). From 56.3% (2013) to 69.8% (2014). The municipality has achieved 100 % CAPEX spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days).

#### **Financial System (Pastel Evolution) Implementation Of New**

Successful replacement of the financial system in order to improve our financial management and reporting as well in maintaining a clean audit and clean administration.

The municipality managed to produce Bi-annual financial statements in the year under review which assisted and measured the successful migration of Pastel Evolution and prompted reviews and accuracy of migration.

#### **Reporting**

The department has done a noticeable improvement as far as reporting on financial matters to other stakeholders (e.g. internal departments, provincial, national and other stakeholders), we have achieved almost hundred (100%) percent on reforms as required by national treasury and compliance departments, this evidenced by relevant circulars informing municipalities on such reporting compliance.

#### **Supply Chain Management**



# Chapter 1

100% CAPEX spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days).

| Description  | A.<br>Total number<br>of officials<br>employed by<br>municipality<br>(Regulation<br>14(4)(a) and<br>(c)) | B.<br>Total number<br>of officials<br>employed by<br>municipal<br>entities<br>(Regulation<br>14(4)(a) and<br>(c)) | Consolidated:<br>Total of A and<br>B | Consolidated:<br>Competency<br>assessments<br>completed for A and<br>B (Regulation<br>14(4)(b) and (d)) | Consolidated: Total<br>number of officials<br>whose performance<br>agreements comply<br>with Regulation 16<br>(Regulation 14(4)(f)) | Consolidated: Total<br>number of officials<br>that meet prescribed<br>competency levels<br>(Regulation 14(4)(e)) |
|--|--|---|--------------------------------------|---|---|--|
| <b>Financial Officials</b>                                 |  |   |                                      |   |   |  |
| <i>Accounting officer</i>                                  | 1  | 0   | 1                                    | 0   | 1   | 1  |
| <i>Chief financial officer</i>                             | 1  | 0   | 1                                    | 0   | 1   | 1  |
| <i>Senior managers</i>                                     | 1  | 0   | 1                                    | 0   | 0   | 1  |
| <i>Any other financial<br/>officials</i>                   | 10   | 0   | 10                                   | 0   | 0   | 6  |
| <b>Supply Chain<br/>Management Officials</b>               |  |   |                                      |   |   |  |
| <i>Heads of supply chain<br/>management units</i>          | 3  | 0   | 3                                    | 0   | 0   | 1  |
| <i>Supply chain<br/>management<br/>senior<br/>managers</i> | 0  | 0   | 0                                    | 0   | 0   | 0  |
| <b>TOTAL</b>   | <b>16</b>  | <b>0</b>  | <b>16</b>                            | <b>0</b>  | <b>2</b>  | <b>10</b>  |

## Financial Analysis

The draft financial statements for the 2014/2015 financial year was compiled and forwarded to the Auditor General for audit on the 1<sup>st</sup> September 2015. The financial Statements show an upward trend in the municipal finances.

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

The Okhahlamba Council is the highest decision making body within the Municipality. It is made up of 28 Councillors with 14 Ward Councillors and 14 Party Representatives. The Chairperson of Council is the Speaker. There are five portfolio committees in the municipality.

The Executive Committee is made up of five Councillors. The chairperson of the Executive Committee is the Mayor.

The following are the committees of Council: Social Services and Economic Development Committee, Finance Committee, Corporate Services Committee and Technical Services Committee.

#### **Technical Committee**

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- ❖ The municipality technical tasks, such as, roads constructions and maintenance thereof,
- ❖ Community halls and other community structures, crèches and is further responsible for the housing development.
- ❖ Refuse removal.

#### **Social Services and Economic Development Committee**

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

- ❖ All applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, law enforcement, library services, Tourism, MPCC, youth, sports and gender, Public Participation.

#### **Corporate Services Committee**

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

- ❖ All aspects of Human Resources Development.

#### **Finance Services Committee**

# Chapter 1

The terms of reference of this committee are to advise and make recommendations to the executive committee on: budgeting, supply chain, asset management, revenue and expenditure.

## **Municipal Public Accounts Committee**

The terms of reference of this committee are to advise and make recommendations to Council on: All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

## **POLITICAL STRUCTURE**



**Mayor**  
(Cllr D.T Sibeko)



**Deputy Mayor**  
(Cllr S.Z Khumalo)



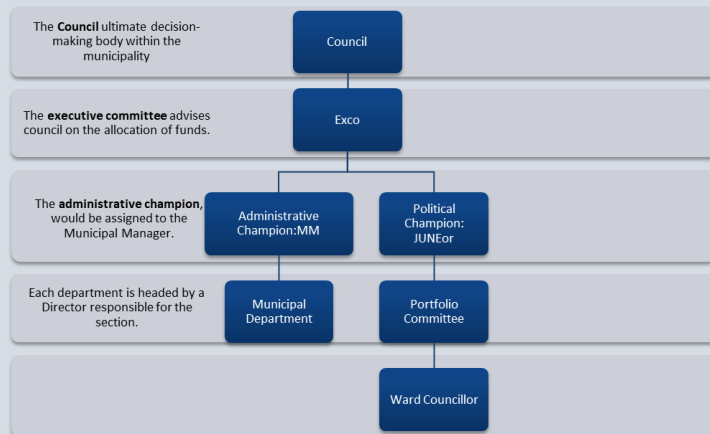
**SPEAKER**  
(Cllr. G.  
Ndaba)

# Chapter 1

## 2.1 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The following structure indicates decision making hierarchy in the municipality.



The **political champion** deals with Strategic political issues affecting the Project

The **Portfolio Committee** provides political oversight and advises EXCO

The **Ward councillor** deals with the community.

### ACCOUNTING CHAMPION



**MUNICIPAL MANAGER**  
(Mr S.D Sibande)

# Chapter 1

## COMPONENT A: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Operation Sukuma Sakhe operates in all wards (14 wards) of Okhahlamba Local Municipality. Each ward has a war room, where all stakeholders (government departments, NGO's, Traditional leaders, FBO's, CCG's) come to the war room to fight poverty, crime and other issues that are problematic in the community. Each war room has a convener who chairs Ward Task Team (WTT) meetings and the ward Councillor is the champion of the war room.

The convener comes to the meetings and they meet every month with all stakeholders to discuss community issues that were identified during household profiling by the CCG's (Community Care Giver). The war rooms operate in community halls and in school. Some wards are too large, so sub-war rooms were established for the benefit of the entire ward. As such, ward 02, 11, 13, and 14 have sub-war rooms. War rooms are open every day of the week for the community to come with their issues that need necessary interventions. Managers are deployed in these 14 wards to monitor the functionality of the war room.

CCG's do households profiling whereby they identify different needs that need to be fulfilled through different referrals/ interventions from different stakeholders/government departments. Each ward conducts an Operation MBO after finishing analysing the household profiling forms, where all government departments will come and render their services to people at a ward level.

Local Task Team meetings take place once a month in the Municipality Offices whereby all Stakeholders Managers, WTT conveners, traditional leaders and NGOs, ward Councillors and the Mayor come to the meeting to discuss issues that were unresolved in the war room and to get the report of the WTTs from the ward conveners. They also discuss the functionality of the war rooms and come up with solutions for those that need help. The Local Task Team writes a monthly report to the District Task team about the operations of the WTTs. OSS celebrates all calendar events.

We are currently in the process of completing household profiling. The Department of Human Settlements has donated building materials to for houses to be built in Wards 5 and 11; and construction is currently underway.

In December, through OSS, the municipality hosted an event for Senior Citizens and People with Disabilities. The event was well attended; and was lauded as a success. The OSS office played a huge role during heavy storms; particularly in areas affected by tornados.

# Chapter 1

Assessments were done and immediate interventions were rendered, which included food parcels, blankets and tents that were given to affected households.

## 2.2 INTERGOVERNMENTAL RELATIONS

### DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR structures have been established between the district and local municipalities and all the Mayors have signed the IGR protocols. IGR structures include:

- ❖ □ The District Intergovernmental Forum (DIF) or the Mayors Forum.
- ❖ □ The District Technical Support Forum (DTSF) or the Municipal Manager's Forum.

The uThukela District Mayor is the chairperson of the District Intergovernmental Forum and attends the KZN Provincial Premier's Forum meetings.

The Municipality also attends and form part of the Okhahlamba Drakensberg Park World Heritage Site Buffer Zone Technical Committee, an Integrated Governmental structure which meets once a month. The structure provides strategic and technical advice to Planners / GIS specialists concerning the SDF and statutory applications.

Other IGR structures in the district include the following forums:

- ❖ □ Planning Forum, chaired by the Municipal Manager of Umtshezi;
- ❖ □ Finance Forum, chaired by the Municipal Manager of Okhahlamba;
- ❖ □ Corporate Forum; and
- ❖ □ Infrastructure Forum.

# Chapter 3

## COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Okhahlamba municipality has developed an Integrated Communications Strategy Framework to enhance its effectiveness in all operational spheres. The municipality is committed to provide accurate service delivery, and is willing to engage with business, communities and other stakeholders to ensure that service delivery targets are met. The strategy includes a quarterly newsletter, revamping of the website and the use of social media, such as Twitter, Facebook, LinkedIn, YouTube, etc. (Facebook and Twitter links are available on the municipal website). The communication strategy also ensures that municipal staff are well informed of what is happening in the municipality and well equipped with information.

Communication dissemination methods include the following:

Internal communication flow:

- ❖ Communication between internal departments through an internal weekly or bi-monthly email newsletter.
- ❖ Communication between committees, entities, affiliates, partners and staff.
- ❖ Cost reduction efforts by using notice boards, Skype/Google etc.
- ❖ Ensuring quality standards of municipal documents.
- ❖ Customer service training.

External communication flow:

- ❖ Traditional media: newspapers, radio, establishment of local newspaper.
- ❖ Electronic media: Okhahlamba website
- ❖ Social media: Email newsletter, Business Registry, SMS marketing.

# Chapter 3

## 2.3 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality adopted its public participation program to involve the community during the Integrated and Development Program (IDP) and Budget Process, as indicated in tables below. These meetings were attended by MANCO members and Councillors.

#### Public participation per ward – programme Stakeholder's Meetings

|            |    |   |       |
|------------|----|---|-------|
| 16/04/2015 | 01 | Winterton Sportsfield - Tent            | 10h00 |
| 17/04/2015 | 02 | Emmause Community Hall                  | 10H00 |
| 17/04/2015 | 02 | Mamfemfetheni Community<br>Hall         | 10h00 |
| 19/04/2015 | 03 | Ngoba Community<br>Hall                 | 10h00 |
| 19/04/2015 | 03 | Mhlwazini Community<br>Hall             | 10h00 |
| 20/04/2015 | 04 | SPORTS GROUND<br><br>DUKUZA<br><br>TENT | 10h00 |
| 21/04/2015 | 04 | TABHANE<br><br>COMMUNITY<br><br>HALL    | 10H00 |
| 21/04/2015 | 05 | NGUNJINI SCHOOL TENT                    | 14h00 |
| 22/04/2015 | 05 | Sandlwane Community Hall                | 10h00 |
| 22/04/2015 | 05 | Tourism Centre                          | 14h00 |



# Chapter 3

|            |    |                              |       |
|------------|----|------------------------------|-------|
| 23/04/2015 | 06 | Ebusingatha Community Hall   | 10h00 |
| 23/04/2015 | 06 | Ebonjaneni Community Hall    | 14h00 |
| 26/04/2015 | 08 | Eyethu Community Hall        | 10h00 |
| 26/04/2015 | 08 | Emoyeni/Ebulinga – Tent      | 14h00 |
| 28/04/2015 | 10 | langkloof Community Hall     | 10h00 |
| 28/04/2015 | 07 | Ethwabala Community Hall     | 14h00 |
| 29/04/2016 | 11 | Bethany Community Hall       | 14h00 |
| 28/04/2015 | 10 | Rookdale Sportsground - Tent | 10h00 |
| 30/04/2015 | 11 | Acton Homes                  | 10h00 |
| 30/04/2015 | 12 | Woodford Community Hall      | 14h00 |
| 09/05/2015 | 12 | Potshini Community Hall      | 10h00 |
| 03/05/2015 | 13 | Guluksburg sport ground      | 10h00 |
| 03/05/2015 | 13 | Green point Community Hall   | 14h00 |

# Chapter 3

|            |    |  |       |
|------------|----|--|-------|
| 04/05/2015 | 13 | Thintwa community hall   | 10h00 |
| 05/05/2015 | 14 | Stulwane community hall  | 10h00 |
| 05/05/2015 | 14 | Magangangozi community hall  | 14h00 |
| 06/05/2015 |    | Winterton Ratepayers Meeting<br>– Winterton Farmers Hall                     | 17:30 |
| 07/05/2015 |    | Cathkin Park Ratepayers<br>Meeting – The Nest Hotel                          | 16:30 |
| 08/05/2015 |    | ALL Farmers Associations and<br>Traditional Authorities – Council<br>Chamber | 10:00 |
| 11/05/2015 |    | Bergville Ratepayers Association<br>– Council Chamber                        | 17:30 |

# Chapter 3

## 2.4 RISK MANAGEMENT

### RISK MANAGEMENT

Okhahlamba Local Municipality is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003, and has developed an Enterprise Risk Management Policy and Framework.

Risk management is recognised as an integral part of responsible management and the Municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Municipality's Risk Management Framework. It is expected that all departments, operations and processes will be subject to the risk management framework. It is the intention that these departments will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the Municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Municipality. The realisation of the Municipality's strategic plan depends on the Municipality being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable the Municipality to anticipate and respond to changes in its service delivery environment, as well as to take informed decisions under conditions of uncertainty. The Municipality subscribes to the fundamental principles that all resources will be applied economically to ensure:

- ❖ The highest standards of service delivery;
- ❖ A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- ❖ Education and training of all staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- ❖ Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Municipality is adopting a wide approach to risk management, which means that every key risk in each part of the Municipality will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the Municipality's systems and processes, ensuring that the Municipality's responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Municipality's objectives. Equally, they must ensure compliance with relevant legislation, and fulfil the expectations of employees, communities and other stakeholders in

# Chapter 3

terms of corporate governance. The municipality has an established municipal risk management oversight structure.

## 2.5 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

Council is committed to sound financial management and the maintenance of a healthy economic base. Although the statutory requirement for the contribution to statutory funds will disappear with the possible repealing of the KwaZulu-Natal and Local Authorities Ordinance No 25 of 1974, Council will put in place policies, which will maintain sufficient contributions to similar funds established in terms of GAMAP and GRAP. Financial management policies and procedures for the entire municipality will be implemented.

In addition, financial management systems and procedures will be reviewed to incorporate the following policies:

- ❖ Anti-Fraud and Corruption Policy □
- ❖ Human Resources Policy
- ❖ IT Policy
- ❖ Fleet Management Policy
- ❖ Filing System Policy
- ❖ Registry Procedure Manual Policy
- ❖ Record Management Policy
- ❖ Virement Policy
- ❖ Vehicle Policy
- ❖ S & T Policy
- ❖ Rates and Refuse Removal Services Policy
- ❖ SCM Policy
- ❖ Consumer Care, Credit Control and Debt Collection Policy
- ❖ PMS Policy □
- ❖ Informal Economy Policy
- ❖ Business Licensing Policy
- ❖ Community Venues and Hall Policy
- ❖ Indigent Support Policy
- ❖ Indigent Burial Policy
- ❖ Tariffs Policy
- ❖ Borrowing Policy
- ❖ Creditors Management Policy
- ❖ Disposal & Property Lease Policy
- ❖ Asset Management Policy

# Chapter 3

---

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. To assist finance staff achieve efficiencies in their daily tasks a performance review incorporating time and motion studies will be conducted on all functions. It is expected that this review will promote efficiencies in the finance department. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritised and addressed accordingly.

Council recognises the need to maintain a positive cash flow at all times and will be investigating various avenues to improve cash flow. Strong positive cash flow will result in additional revenue in the form of interest earned.

# Chapter 3

## 2.6 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has developed and adopted the Supply Chain Management Policy. A supply chain management unit is established operates under the direct supervision of the chief financial officer.

### Financial Viability and Management Swot Analysis

#### STRENGTHS

- ✓ Land for development( Urban and Rural)
- ✓ Tourism
- ✓ Qualified Staff Complement
- ✓ Existing facilities for rental
- ✓ Policies in place
- ✓ Supply chain management unit and policy in place
- ✓ Financial strategies in place to enhance revenue raising

#### WEAKNESSES

- ✓ Shortage of critical officials
- ✓ Limited rate base
- ✓ Lack of staff retention
- ✓ Recruitment of qualified personnel
- ✓ Acquisition of land
- ✓ High grant dependency
- ✓ Lack of capacity to implement projects

#### OPPORTUNITIES

- ✓ Tariffs imposing
- ✓ Revenue enhancement

#### THREATS

- ✓ Staff turnover
- ✓ Non- spending on conditional grants

# Chapter 3

## 2.7 BY-LAWS

### COMMENT ON BY-LAWS:

Municipal bylaws are public regulatory laws, which apply in a certain area, in this case Okhahlamba Municipality. A local or municipal government gets its power to pass laws through a law of the national or provincial government, which specifies what things the town or city may regulate through bylaws. The Okhahlamba municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11(3) (m) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) made the following municipal by-laws:

- ❖ Control of Outdoor Advertising.
- ❖ Pound By-laws.
- ❖ By-laws relating to Dogs.
- ❖ Public Health by-laws.

## 2.8 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACATION LEVELS

From the community survey undertaken in respect of the community's satisfaction with the municipality, the results indicate that majority of the community is satisfied with the municipality.

| Satisfaction Surveys Undertaken during: 2013/ 2014   |               |             |                                  |   |
|--|---------------|-------------|----------------------------------|---|
| Subject matter of survey   | Survey method | Survey date | No. of people included in survey | Survey results indicating satisfaction or better (%) <sup>*</sup> |
| <b>Overall satisfaction with:</b>  |               |             |                                  |   |
| (a) Municipality   | Questionnaire | Dec-14      | 84                               | 89  |
| <i>* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory</i> |               |             |                                  |   |

# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

The 2014/15 financial year saw with it several infrastructure development projects funded through the government's largest local government's infrastructure development funding: the Municipal Infrastructure Grant (MIG). Projects funded through this grant in Okhahlamba included: Bergville Tarred Roads Phase 3, Ekwaluseni Gravel Road, KwaSithebe Gravel Road, Entabeni Gravel Road, Magangangozi Community Hall, Emaphomaneni Gravel Road, Kekeni Gravel Road, Emafusini Gravel Road, KwaShubu Vehicular Bridge, Rookdale Community Hall, Reserve C Gravel Road and Khetani Community Hall which is currently under construction.

Projects earmarked for the 2015/16 financial year through MIG funding include: Bergville Tarred Road Phases 3 and 4, Nkwazini Gravel Road, Maswazini Gravel Road, Bergville Sports Complex, Bergville Testing Centre and Bergville Fresh Produce Distribution Centre.

Planned vehicle and pedestrian bridges for the 2015/16 financial year include: Okhombe Pedestrian Bridge and Ogade Pedestrian Bridges.

The municipality has recently completed its Electricity Service Delivery Plan (ESDP) and realized that the current electrification backlog numbers are achievable with a maximum number of outstanding households to receive electricity totalling 4000 households. The municipality applied for R19m in funding from the Department of Energy, and R6m was approved for the 2014/15 financial year. The Thintwa Electrification Project is currently underway. Planned electrification projects for the next financial year include: Maswazini Electrification and Shiyabazali Area Electrification.

We currently have several housing development projects in their close-out stage, and these include: the Nhlanhleni Housing Project, Amazizi 1 Housing Project, Amazizi 2 Phase 1 Housing Project, and the Mhlwazini & Magangangozi Faction Fight Victims Housing Project. Current housing projects in the construction-phase include: Gugulethu Housing Project and the Sukuma Sakhe/Disaster Housing Project. A further two projects are in the planning-phase and these are: the Emmaus Rural Housing Project and the Acton Homes Housing Project. Three housing projects have been awarded to contractors and they include: the Amazizi 2 Phase 3 Housing Project, Dukuza Rural Housing Project and the Moyeni Rural Housing Project.

We've experienced a number of challenges with the contractor of the Gugulethu Housing Project and have terminated the contract with the contractor. We are currently in the process of reappointing a contractor to complete the project.



# Chapter 3

There are several proposed housing projects for the next financial year, and these include: Hoffental Housing Project, Engoba Housing Project, Khethani Housing Project, Potshini Rural Housing Project, Ebusingatha Housing Project, Intsukangihlale Rural Housing Project, Masumpa-Nogaga Rural Housing Project, Langkloof Rural Housing Project, Kwa-Smahla, Mamfemfetheni, Sandlwana, Ezibomvu, Bethany and Green Point.

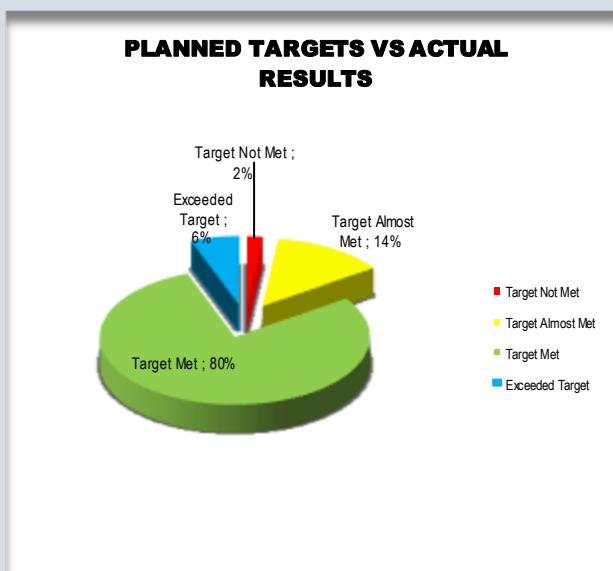
In an attempt to clean-up, and revamp the town of Bergville, emphasis will be placed on infrastructure development and maintenance of the town. Bergville is currently undergoing major developments in the construction and upgrading of the sewerage system. Pedestrian walkways have been built along the R74, and are currently being built along Kingsway Street. The town's entrances have been beautified, and the Bergville Testing Station is currently under construction. Market Stalls have also been built in the taxi rank for the hawkers. The municipality has also approved the construction of the Bergville TVET College and the building plans have been approved.

Our commitment is to ensure quality service delivery to the residents of our municipality. We are working hard in ensuring that Okhahlamba keeps moving forward.

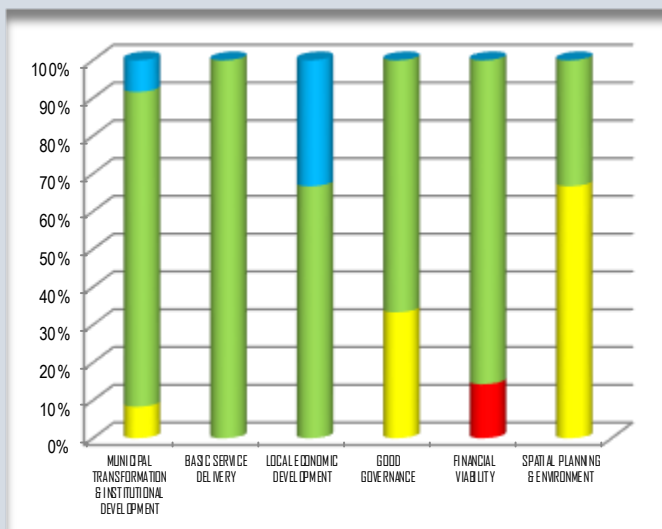
## 3.1 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGETS SET IN THE SCORECARD

This section of the Annual Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has utilised six (6) KPA's the Okhahlamba Municipality will report as such. An overview of the Municipality's actual performance linked to the National KPA's are depicted in the table below and performance against the National KPI's in indicated in section 7 below.

### Municipal Performance per Key Performance Area



# Chapter 3



|                   |     | MUNICIPAL<br>TRANSFORMATION<br>& INSTITUTIONAL<br>DEVELOPMENT | BASIC<br>SERVICE<br>DELIVERY | LOCAL<br>ECONOMIC<br>DEVELOPMENT | GOOD<br>GOVERNANCE | FINANCIAL<br>VIABILITY | SPATIAL<br>PLANNING &<br>ENVIRONMENT | TOTAL | %<br>ACHIEVED<br>TARGET |
|-------------------|-----|---|------------------------------|----------------------------------|--------------------|------------------------|--------------------------------------|-------|-------------------------|
| Target Met        | Not | 0   | 0                            | 0                                | 0                  | 0                      | 0                                    | 0     | 0                       |
| Target Almost Met |     | 1   | 2                            | 0                                | 1                  | 1                      | 2                                    | 7     | 14%                     |
| Target Met        |     | 9   | 20                           | 2                                | 2                  | 6                      | 1                                    | 40    | 80%                     |
| Exceeded Target   |     | 1   | 1                            | 1                                | 0                  | 0                      | 0                                    | 3     | 6%                      |
| Total             |     | 11  | 23                           | 3                                | 3                  | 7                      | 3                                    | 50    | 100%                    |

## FREE BASIC SERVICES AND INDIGENT SUPPORT:

Okhahlamba Municipality implemented an Indigent Support policy to promote social and economic development within the community of Okhahlamba. The objective is to assist the indigent community with funding from the Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation. In order to qualify for such assistance, each indigent household will be required to meet certain criteria. The municipality recognizes the high level of poverty that exists within the community and the high number of households whose monthly income is below the poverty line. The number of households who will receive such assistance will be determined by the Council on an annual basis, in relation to the equitable share allocation available for such purposes as determined in the annual budget.

# Chapter 3

An indigent register has been compiled for households with an income of less than R 2 700.00 per month, or R32 400 per annum which is considered indigent. The budget allocated to indigent support accounts for 2% of general expenditure in Final Annual Budget for 2014/15.

## COMPONENT A: ROAD TRANSPORT

### INTRODUCTION TO ROAD TRANSPORT

#### Road Condition

The following situation persists in respect of the condition of roads:

- ❖ Most of the roads in OLM are gravel,
- ❖ Some of the tarred roads are dilapidated with potholes and storm water is also an issue.
- ❖ There are only few pedestrian crossing facilities are available and non-motorized transport facilities are non-existing.
- ❖ Some of the bridges are washed away due to flooding.
- ❖ Access management is a problem.
- ❖ Road safety is a problem.

The following table indicates road type and length of roads in Okhahlamba.

| ROADS      | Blacktop | Concrete | Gravel |
|------------|----------|----------|--------|
| National   | 28       | 108      | 0      |
| Provincial | 385      | 0        | 65     |
| District   | 95       | 0        | 276    |
| Local      | 8        | 0        | 192    |
| TOTAL      | 513      | 108      | 533    |

Source: Okhahlamba Roads Master Plan, 2012

#### Public Transport

As many of the community do not have their own motor vehicles, public transport is essential in providing mobility and accessibility of these communities to socio-economic facilities. Transportation within the Municipality is almost exclusively achieved through the use of road vehicles.

Categories of transport are as follows:

# Chapter 3

- ❖ Public Transport – Taxis
- ❖ Private Transport – Passenger Vehicles
- ❖ Private Transport – Trucks

There are three public transport facilities catering for minibus taxis within Okhahlamba located in Bergville, Winterton and Emmaus. There are no facilities for buses, with the nearest bus rank being located in Ladysmith. The uThukela Public Transport Plan (2005 – 2010) identifies that investigations are required with regard to the upgrading of existing minibus-taxi facilities in Bergville and Emmaus. A new minibus-taxi facility is also being considered for Winterton.

## COMPONENT B: PLANNING AND DEVELOPMENT

### 3.2 PLANNING

#### INTRODUCTION TO PLANNING & DEVELOPMENT

The planning section is responsible for all town planning matters within the municipality, this includes implementing the KZN Planning and Development Act (Act 6 of 2008), processing development planning applications including special consent; spatial planning as well as land-use control. The section is also responsible for co-ordination of the municipality's Integrated Development Plan (IDP) as well as implementing the Municipal Performance Management System (PMS). Building Plans are constantly being approved and assessed by this section.

#### **KZN Planning & Development Act (PDA)**

The statutory planning processes of the municipality are regulated by the provisions of the KwaZulu-Natal Planning and Development Act (Act 6 of 2008) which came into effect in 2010. The Act directs and regulates planning and development in the Province and ensures that all planning and development decisions now occur at municipal level. Since the implementation of the Act, the Department of Cooperative Governance and Traditional Affairs has provided trainings both at local and district level and through the monthly PDA Municipal Forum Meetings attended by the municipal officials. The municipality also complies with the provisions of the newly enacted Spatial Planning and Land Use Management Act (Act.....

In the previous financial year the Municipality relied on the uThukela Development Planning Shared Services (DPSS) in assisting the municipality with the administration and implementation of the Act. The functionality of the District Shared Services had a number of challenges and this resulted in major delays with the processing of the PDA applications. The IDP/ PMS Manager (also performing Town Planning duties) has since registered with the South African Council for Planners (SACPLAN) and the municipality is processing applications internally. This has benefited the section immensely in adhering to the regulated timeframes as well as the overall processing of applications. As a result, there has been an

# Chapter 3

increase in the number of PDA applications submitted; due to applicants having more confidence in the PDA process within the municipality. There has been a significant decrease in the number of complains reported to management regarding PDA applications; as had been in the previous years.

However, enforcement of illegal development still remains a key challenge for the municipality. It is pivotal that the municipality implement strategies and means to address this challenge in order to ensure that the municipality gains maximum benefit of the rates base. In a bid to address this key issue; the Social Services and Economic Development Department is currently undertaking a land use audit in the Bergville area in order to ensure compliance of businesses with municipal by-laws, policies and all legislative requirements.

The Town Planner, IDP/ PMS Manager, Senior LED Officer, Traffic Officers and Building Inspector are currently inspecting all businesses in Bergville. This process entails a detailed scrutiny on compliance with legislation and municipal by- laws for all business within the town in terms of zoning, building regulations, Land-Use controls, fire safety etc. Thereafter, the committee will compile a detailed report on the status quo as well as challenges identified and will then develop plans and measures to be undertaken to ensure compliance with all relevant legislation and by-laws. This audit includes both formal and informal businesses. The team will then provide a report on the findings of the audit to management with proposed interventions and thereafter a decision will be taken as to the enforcement measures the municipality will be undertaking to ensure compliance.

A committee has been established, namely the Bergville Compliance Committee (BCC); chaired by Ms Sibongile Nene and includes the following stakeholders:-

- ❖ SAPS;
- ❖ Health Inspector (uThukela);
- ❖ Fire Dept. (KwaneleDlalisa);
- ❖ Traffic (Mr Langa; Kubheka and Freddy);
- ❖ Building Inspector (Andile Nkosi);
- ❖ Chairperson (Informal Businesses);
- ❖ Chairperson (Formal Businesses);
- ❖ Chairperson (Taxi Associations);
- ❖ Town planners (Sibongile & Mongezi);
- ❖ Senior LED Officer (Hlengiwe Ndaba); and
- ❖ Senior Legal Advisor (Okhahlamba LM).

The committee will hold regular meetings to discuss issues regarding the audit as well as to provide solutions and recommendations that the municipal officials will present to management. Though, the final decision on any of the matters identified/discussed at these meetings rests with the municipality.

# Chapter 3

## **Integrated Development Planning (IDP)**

Integrated Development Planning in South Africa is an integral planning process that steers development at local levels of government and guides service delivery. The Integrated Development Plan is a planning tool used to implement a co-operative and integrated development project in South Africa's spatial economy. This IDP process is dominated by community structures and allows for continuous and progressive development. It's development is guided by National and Provincial development and planning policies and other pieces of legislation. Therefore, the IDP is a legal obligation, which all government institutions must respect.

As a local government institution, the Okhahlamba Local Municipality (OLM) has adhered to municipal development policies such as the Municipal Systems Act, which state that all municipalities are obliged to undertake an IDP process to produce IDP's. In doing so, the Okhahlamba Local Municipality has considered the relevant legislative requirements and the IDP Framework Guide during the process.

The 2014/2015 IDP was developed in-house and the Representative Forum Meetings were held at the Municipal Offices and two strategic planning sessions were held in March and May respectively. The municipality undertook an intense public participation process through ward committee meetings that were held once a month in all fourteen wards, roadshows were held in April where the wards were clustered into four as well as stakeholder meetings that were conducted for the ratepayers in May. This was done to ensure that the people themselves were active participants in the identification of needs, priorities and strategies for the development of communities. The IDP was adopted on 27 June 2014.

## **Performance Management System (PMS)**

The Integrated Development Plan (IDP) is one mechanism and instrument that seeks to give meaning to the developmental local government. At the centre of this process lies the challenge of addressing the extreme poverty, inequality and backlogs in service delivery and the challenge to overcome the enormous racial, gender and geographic disparities that exist in our communities.

The Municipality has designed a Performance Management System (PMS) that assists with the implementation and monitoring of the IDP. The Okhahlamba Municipality's Performance Management Framework guides and gives direction to the process of preparing and implementing the municipality's PMS. The performance management model provides a set of procedures and functional tools that enable effective implementation of a performance management system. It tells what aspects of the municipality's performance are measured and managed.

The 2014/ 2015 Organizational Scorecard was developed at the beginning of the financial year and was adopted with the IDP. The Service Delivery and Budget Implementation Plan (SDBIP) was approved by the Mayor and the Performance Agreements and Plans were entered into and signed by the Senior Managers in June 2014. Performance reporting was conducted quarterly and submitted to the Internal Audit section, Council and the Audit and

# Chapter 3

Performance Audit committee. Internal audit findings were addressed through the development of actions plans and continuous follow-ups from the Internal Audit section. The performance reporting system underwent many challenges and scrutiny from the internal audit and audit and performance audit committee respectively which resulted in the review of the organizational scorecard and subsequent amendment to the 2014/2015 IDP, SDBIP and Performance Agreements and Plans. Due process was followed in the IDP amendment procedure and the amended scorecard was utilized in the development of the 2014/ 2015 Annual Performance Report for audit purposes.

## PLANNING AND DEVELOPMENT OVERVIEW

The department has been involved in three projects in the 2014/2015 financial year aimed at improving the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipality's available resources. These projects include high level projects such as the development of the Ukhahlamba- Drakensberg Corridor Development Plan, the Nondela Precinct Plan and the development of the Okhahlamba Wall-to-Wall Scheme.

The projects are still in progress with the exception of the Corridor Development Plan; which has been completed. The residents of Okhahlamba Municipality have actively participated in engagements with the appointed service providers, municipal officials as well as stakeholders during project steering committee meetings. However, some of the projects require further; more intense public participation processes that will ensure maximum buy- in from the communities and this is yet to be conducted.

## PROJECTS

### **Ukhahlamba- Drakensberg Corridor Development Plan**

In the previous financial year, the Department of Cooperative Governance appointed Isikhungusethu Development Planners to assist with the development of the Ukhahlamba- Drakensberg Corridor Plan. The aim of the plan was to ensure that the Ukhahlamba area becomes the Gateway to Regional Tourism and to elevate the World Heritage Site. The project was aimed at facilitating the implementation of aligned planning in the Ukhahlamba- Drakensberg region by means of national and/or provincial statutory mechanisms.

The Okhahlamba Municipality was identified as the area that requires various interventions in terms of Agriculture and Tourism which are the main economic sectors within the UKhahlamba area. The R74; which is our major route, runs from the N3 through Winterton and Bergville and exits the municipality at Oliviershoek Pass. It also and provides access to District routes within the municipality, to various local roads and to our World Heritage Park (UKhahlamba Drakensberg Park). The project has been completed and the Ukhahlamba- Drakensberg Corridor Development Plan will be incorporated into the reviewed 2015/ 2016 Spatial Development Framework (SDF).



# Chapter 3


## Wall-To-Wall Scheme

The KwaZulu-Natal Planning and Development Act (KZN PDA) requires all municipalities in the province to introduce wall-to-wall schemes. This has to take place within five years of the promulgation of the PDA. The Okhahlamba Local Municipality has initiated a process towards this goal and has accordingly enlisted the services of Isibuko Development Planners to undertake this project. The approach entails extending the existing Town Planning Schemes to cover the whole of Okhahlamba Local Municipality including Ingonyama Trust Land and the rural areas. This process will also be utilized as a platform to rectify any inconsistencies with the existing schemes and the net effect of this will be a uniform system that can be applied throughout the municipal area. The project commenced in October 2013 and is expected to take 12 months.

## Nondela Drakensberg Mountain Estate

The Municipality wishes to purchase the Nondela Drakensberg Mountain Estate property; with intent to develop a high density mixed-use development and have accordingly appointed UDIDI Development planners to develop a Precinct Plan for the area. The purpose of the Precinct Plan is to provide feasibility and guidance of the possible conversion of the Nondela Estate Development to a Mixed Use Development.

The background to the project is as follows:

|   |  |  |  |
|---|--|--|--|
| NAME OF PROJECT:  |  | NONDELA HIGH DENSITY MIXED-USE DEVELOPMENT   |  |
| PROJECT LOCATION AND GPS CO-ORDINATES   |  | The project is located about 15Km from the town Bergville, Okhahlamba Local Municipality.<br>The GPS Co-ordinates are:-<br>S – 28° 43'49"<br>E – 29°21'05"   |  |
|  |  |  |  |
| BRIEF PROJECT DESCRIPTION   |  | The project is aimed at:   |  |
|   |  | <ul style="list-style-type: none"><li>• Mixed use development in a secure and gated community;</li><li>• Provide suitable primary and secondary residential facilities for the new community;</li><li>• Provide easily accessible social amenities such as a clinic, police station, post office, social services office, municipal office, transportation rank and wholesale merchant facilities; sport academy</li><li>• Provide hospitality facilities in a form of a four star hotel facility</li><li>• Create jobs through the construction of the houses and the ongoing maintenance of the village;</li><li>• Create a quality product and environment that responds to the demand of the community;</li><li>• Integrate an area within the village that will allow an opportunity for the “First Place” to include a world</li></ul> |  |



# Chapter 3

| NAME OF PROJECT:  | NONDELA HIGH DENSITY MIXED-USE DEVELOPMENT   |
|---|--|
|   | class tourism draw card by the name of the "A!kunta" project.  |
| CHALLENGES AS IDENTIFIED IN THE 2014/2015 MUNICIPAL INTEGRATED DEVELOPMENT PLAN (IDP) | <ul style="list-style-type: none"> <li>• Land for development (Residential and Commercial)</li> <li>• Bulk infrastructure provision (Roads, Water, Sanitation ect)</li> <li>• Unemployment</li> <li>• High illiteracy rates</li> <li>• Inadequate health care facilities</li> <li>• Satellite service stations</li> <li>• Lack of a land market with communal areas</li> <li>• Uncontrolled grazing</li> <li>• Commercializing or emergent agriculture</li> <li>• Housing Backlogs</li> <li>• Poverty</li> <li>• Main Town Bergville to be given a facelift in order for Okhahlamba Municipality to attract investment and tourists in this town</li> <li>• Investment opportunities especially in holiday letting, agricultural activities, tourism, light industry, communications and Information Technology</li> <li>• Land for cemetery development</li> </ul>  |
| 11 KEY PRIORITIES AS IDENTIFIED IN OUR INTEGRATED DEVELOPMENT PLAN (IDP)              | <ul style="list-style-type: none"> <li>• Promote more inclusive economic growth, decent work and sustainable livelihood;</li> <li>• Improve economic and social infrastructure;</li> <li>• Rural development, food security and land reform;</li> <li>• Access to quality education;</li> <li>• Cohesive sustainable communities;</li> <li>• Creation of a better Africa and a better world;</li> <li>• Rural development, food security and land reform;</li> <li>• Access to quality education;</li> <li>• Improve health care;</li> <li>• The fight against crime and corruption;</li> <li>• Governance: political management and oversight;</li> <li>• Industrial Technology.</li> </ul>   |
| OPPORTUNITIES AND STRENGTHS INTEGRATED DEVELOPMENT PLAN (IDP)                         | <ul style="list-style-type: none"> <li>• Establishment of a cable car which is a future catalyst for down-stream economic development</li> <li>• Number of existing studies and structures providing a basis for development;</li> <li>• Investment opportunities;</li> <li>• Abundance of natural resources;</li> <li>• Existing development as a source of revenue, job creation and marketing the area;</li> <li>• Enhance commercial and subsistence farming;</li> <li>• Favourable geographic location and surrounded by potential revenue sources;</li> <li>• Drakensberg Mountains and the World Heritage Status</li> <li>• Bio-diversity resources</li> <li>• Good agriculture and soil potential</li> <li>• Development control</li> <li>• Ability to work with different Traditional Authorities</li> <li>• Improved financial management which resulted in improved audit opinion;</li> <li>• Updating Spatial Development Framework (SDF)</li> <li>• Lack of descent residential areas for the local professional, such as teachers, social workers and nurses.</li> </ul> |
| OBJECTIVES OF PROJECT   | <ul style="list-style-type: none"> <li>• The creation of a sustainable community development in rural KwaZulu-Natal.</li> <li>• Restore and further improve the human dignity and citizenship benefits of the community.</li> <li>• Facilitate and support local and economic development.</li> </ul>  |

# Chapter 3

| NAME OF PROJECT:        | NONDELA HIGH DENSITY MIXED-USE DEVELOPMENT  |
|-------------------------|---|
| BENEFITS OF THE PROJECT | <ul style="list-style-type: none"> <li>• The following services and infrastructure have already been implemented and built on this property:</li> <li>• 5 Km tar access road from the R74 (built to a 60 Km/ hour specification;</li> <li>• 25 Km of tarred internal roads;</li> <li>• 17.5 Km of electrified perimeter fence line;</li> <li>• The Kopanong Dam, which has a 10m<sup>2</sup> catchment area and storage capacity of 530 million litres;</li> <li>• Portable water reservoir with a storage capacity of 2.8 million litres;</li> <li>• Irrigation water treatment works with a capacity of 960 000 litres per day;</li> <li>• Sewer treatment works with a capacity of 500 000 litres per day;</li> <li>• 3 MVA bulk Eskom electricity supply and full internal electrical reticulation system;</li> <li>• Individual service connections to 431 sites, with the remaining sites bulk serviced;</li> <li>• Gatehouse, estate offices and maintenance centre;</li> <li>• Four completed houses (one house is occupied by the property manager)</li> <li>• Eight partially completed houses, which can easily be completed for use as community amenities</li> </ul> |

## 3.3 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Okhahlamba Local Economic Development (LED) component consists of two Information Service Centres located in Bergville and Winterton as well as a Museum that is situated in Winterton. The Information Offices assist tourists with daily enquiries such as directions, information on accommodation, places to visit, phone numbers, emergency numbers and serve as a place of safety for stranded tourists as well as displaying brochures for tourism establishments, entertainment areas and restaurants/ food outlets. The Winterton office services mainly the tourists from the N3 to the Drakensberg Mountains and the Bergville Information office attends to tourists from the Central to the Northern Berg. There are two Craft Centres that are located on either side of the Ukhahlamba-Drakensberg Park World Heritage Site; one in the Northern Berg and the other one in the Central Berg.

Although the above-mentioned establishments are operational and available for use by the public and tourists in the municipal area, the impact is minimal as these establishments are not in a good state; they require improvement to ensure that they render proper service to our tourists. These establishments also require proper signage and the development of marketing strategies that will sell the municipality as a tourist destination through marketing the majestic mountains, spectacular landscape, the tourism establishments, craft centres, high quality scenic vistas and all the activities and attractions that we have to offer.

The Municipality is located in a very rich agricultural region and the eastern part is characterized by considerable arable land, which represents some of the highest potential

# Chapter 3

agricultural land in the Province. The Okhahlamba economy is currently dominated by agricultural activities. Agriculture contributed R357 million to the economy of Okhahlamba in 2011 and employed 2 718 people. Commercial agriculture occupies the majority of the municipal land area with the main activities being grains, vegetables and pastures for dairy and semi-intensive beef and mutton production. Subsistence farming is prevalent in traditional settlement areas, with the main agricultural activity within these areas being traditional ranching of cattle.

Smallholder agriculture also consists of maize, dry bean and vegetable production on a small scale and there is potential to produce a surplus for the market. Although there are opportunities for developing this market and encouraging small-scale commercial production, there is a lack of expertise, skills, and knowledge. These are constraints which must be addressed. The Okhahlamba Municipality, in partnership with the Department of Agriculture is working hand in hand to strengthen our agricultural projects and encourage small scale farmers to participate to develop our economy.

## **Tourism**

Tourism continues to play an increasingly important role in the local economy of Okhahlamba, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. The municipality also embarks on events promotions for tourism development. The main tourism destinations in the Okhahlamba Local Municipality are Cathkin Park, Cathedral Peak, Royal Natal National Parkland and Spioenkop, which includes the historical site, dam and lakeside resort run by KZN Wildlife. Locations of growing significance for tourism include the Mnweni Valley area, Okhombe and Busingatha Valley. Overall the Okhahlamba area represents (especially in partnership with surrounding areas e.g. Lesotho) one of the primary tourism potentials of South Africa.

Although there is a substantial private sector involvement and investment into the tourism industry there appears to be a lack of integration, marketing and a creative approach to local tourism. The tourism industry does provide jobs, but has not been integrated into the local community and its socioeconomic impact as a result has been limited. In an attempt to increase the number of visitors to the berg, a local map with the list of all tourism establishments has been developed. Also part of developing tourism within our community, Tourism Awareness has been organized through the Department of Education. This was conducted in all schools doing Tourism in four circuits, namely, Winterton, -Bergville, Amangwaneni and Bethany Circuits. Statistics indicate that the number of tourists visiting the berg has increased by 2% compared to the last financial year.

## **Tourism Skills Programme**

The National Department of Tourism funded the Tourism Ambassador programme in KZN, Okhahlamba had 65 learners. This was a one year programme that started in March 2012 and ended in March 2013. The Municipality also continued to strengthen the relationship with tourism establishment owners where we introduced our programme of employing learners during holidays. This programme is targeting matriculants doing Tourism as a subject at

# Chapter 3

school. Interviews for this educational tourism skills programme were held and 15 learners were selected to participate in this programme.

## **Exhibitions**

The Okhahlamba is participating in exhibitions to market the area. Tourism KZN is assisting municipalities to participate in exhibitions. They buy a stand for the municipalities to attend, with the purpose of marketing the area. For the current financial year the municipality participated in two exhibitions firstly in the Tourism Indaba which was held on the 9<sup>th</sup>- 11<sup>th</sup> May 2015 and secondly the Royal Show which was held from 29<sup>rd</sup> May 2014 to 7<sup>th</sup> June 2015.

## **Informal Traders**

The Municipality is trying to organize informal traders in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and to allocate informal traders accordingly. Plans for new market stalls have been developed; the construction of market stalls is underway.

## **Co-Operatives and SMMEs**

The Business Management Training course sponsored by the municipality provides technical skills for Cooperatives and SMMEs and in the 2014/2015 financial year 60 individuals from different cooperatives benefited from the training. The trainings were conducted in conjunction with the Department of Economic Development and Tourism.

The number of registered businesses has increased to 93 and 30% of them are operational. We are working with local NGOs like OADP and Farmers Support group to source markets for them as well as to provide advice and training. The South African Revenue Services (SARS) visits our offices on the last Thursday of the month every month to assist Co-operatives and SMMEs with Tax Clearance applications and Annual Tax Returns. The Municipality is now a business licensing authority. In the last financial year 30 business licenses were been issued.

# Chapter 3

## COMPONENT C: COMMUNITY & SOCIAL SERVICES

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Okhahlamba Municipality identifies the improvement of economic and social infrastructure, access to quality education, and improved health care as priority issues. The development and maintenance of essential public infrastructure is an important ingredient for sustained economic growth and poverty reduction. Poor infrastructure is considered one of the most binding constraints to growth throughout the municipality.

Reasonable access to social infrastructure in remote, rural environments where 80 per cent of the population live mostly without electricity and roads is essential. Infrastructure investment would contribute to economic growth and support social objectives. Access to social services is limited in terms of clinics and schools. Whilst there are schools in towns and settlements, they are in a dilapidated state without proper sanitation and potable water for both learners and educators.

# Chapter 3

## COMPONENT D: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

Okhahlamba Local Municipality is located in a very environmentally significant area with the Drakensberg Mountains having outstanding natural beauty, a fascinating and ancient geology, great diversity in plant communities, some of the rarest animals in the world and the largest, richest and most concentrated series of rock art in Africa. The area needs to be managed appropriately in order to ensure a balance between conserving the environment and promoting appropriate tourism in the area.

#### **Biodiversity and Protected Areas**

The municipality has a significant Protected Area Network and reasonably intact vegetation, which offers a high diversity of habitats, which support a large proportion of important faunal and floral species. The majority of Red Data plant species occur predominantly in the higher altitudinal areas of the Drakensberg, which are to the greatest extent protected (with exception of the Mnweni Valley). The Drakensberg Alpine Region is considered a centre of plant diversity and endemism. A total of 2 153 species of plants have been recorded for the uKhahlamba Drakensberg Park World Heritage Site of which 29.5% are endemic and 109 are listed as threatened species. A large proportion of these species are found within the Okhahlamba area (uThukela Biodiversity Sector Plan).

## COMPONENT E: HEALTH

### INTRODUCTION TO HEALTH

The most important health facility in the Okhahlamba is Emmaus Hospital, situated 15 kilometres from Winterton, which supports 4 clinics and 22 mobile clinic points located mostly in the southern part of the municipal area (refer to map 27). These clinics are the Bergville Clinic, Busingatha Clinic, Dukuza Clinic and the Oliviershoek Clinic. Most of the health issues dealt with at Emmaus Hospital relate to Preventative Tuberculosis and HIV-AIDS, while the greatest causes of death amongst children are respiratory disease and Gastro Enteritis. The municipality has 3 mobile clinics and 6 fixed clinics which are located at Oliviershoek, Dukuza, Cathkin Park, Emmaus, Bergville and in the Woodstock Dam area.

HIV/AIDS is one of the major factors influencing population growth. In South Africa, KZN was the province with the highest HIV/AIDS prevalence rate of 25.8% in 2008. Statistics

# Chapter 3

regarding HIV/AIDS reflects that the prevalence of HIV/AIDS in KZN declined from 46% in 2006 to 37.7% in 2009. The prevalence of this disease affects the age group 15-39 the most adversely, resulting in higher mortality rates for this age group and a slower population growth. According to the Uthukela LED Strategy (2013), 14% of the population was living with HIV/AIDS in Okhahlamba in 2001, increasing to 15% in 2002 and remaining steady until 2011. The average infection rate in the municipality for 2001-2011 was 15%, which is equivalent to the district average of 15% for the same period. (Uthukela LED Strategy, 2013).

The effect of HIV/AIDS is evident in South Africa's life expectancy at birth, which are 47. The impact of this disease are far reaching, affecting the economy, planning and social systems. From a planning perspective, it affects aspects of housing need and affordability, health facilities (increase in health care needs), education (decline in scholars) and an overall increase in the dependency ratio (orphans and elderly people).

## COMPONENT F: SECURITY AND SAFETY

### Introduction to Security & Safety

The Municipality, in conjunction with the South African Police Services, provides safety and security services. Police Stations are located in Winterton, Bergville, Oliviershoek and Upper Tugela (refer to map 30). Each police station has established a Community Policing Forum under its jurisdiction. One of the major issues facing Okhahlamba is stock theft. According to police statistics, Bergville is among the country's stock theft hotspots and the investigation of stock theft is one of the services rendered by SAPS, to all livestock owners in Okhahlamba.

The municipality contributes to safety and security through their Protection services. This law enforcement section manages traffic laws and by-laws.

| NATIONAL KEY PERFORMANCE AREAS                         | OUTPUTS  | NO. | INDICATORS   | UNIT OF MEASURE /CALCULATION            | DEMAND     | BASELINE  | BACKLOG | 2013/ 2014 PROJECTED | 2013/ 2014 ACTUAL | 2014/ 2015 PROJECTED | 2014/ 2015 ACTUAL | BLOCKAGES | CORRECTIVE MEASURES | SUPPORT NEED IN TERMS OF UNBLOCKING | PORTFOLIO OF EVIDENCE                   |
|--|--|-----|--|---|------------|-----------|---------|----------------------|-------------------|----------------------|-------------------|-----------|---------------------|-------------------------------------|---|
|  |  |     |  |   |            |           |         |                      |                   |                      |                   |           |                     |                                     |   |
| MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT | Simplified IDPs focusing on planning for the delivery municipal services | 1   | IDP's Adopted  | Yes/No                                  |            |           |         | Yes                  | Yes               | Yes                  | Yes               | None      | None                | None                                | IDP Document                            |
|  |  |     |  |   | Yes        | Yes       | None    |                      |                   |                      |                   |           |                     |                                     |   |
|  |  |     | Date   |   | 30 June-15 | 27-Jun-14 | None    | 30-Jun-14            | 27-Jun-14         | 30-Jun-15            | 26-Jun-15         | None      | None                | None                                | Council Resolution and IDP Document     |
|  |  |     |  |   |            |           |         |                      |                   |                      |                   |           |                     |                                     |   |
|  | Improved staff capacity  | 2   | Critical services identified and included in the IDP   | Yes/No                                  | Yes        | Yes       | None    | Yes                  | Yes               | Yes                  | Yes               | None      | None                | None                                | IDP Document/MTAS                       |
|  |  |     |  |   | Yes        | Yes       | None    |                      |                   |                      |                   |           |                     |                                     |   |
|  |  | 3   | Number (as well as percentage) of critical posts filled  | Number                                  | 5          | 4         | 1       | 5                    | 4                 | 5                    | 5                 | None      | None                | None                                | Council resolution & Appointment Letter |
|  |  |     |  | Percentage                              | 100%       | 80%       | 20%     | 100%                 | 80%               | 100%                 | 100%              | None      | None                | None                                |   |
| NATIONAL KEY PERFORMANCE                               | OUTPUTS  | NO. | INDICATORS   | UNIT OF MEASURE /CALCULATION            | DEMAND     | BASELINE  | BACKLOG | 2013/ 2014 PROJECTED | 2013/ 2014 ACTUAL | 2014/ 2015 PROJECTED | 2014/ 2015 ACTUAL | BLOCKAGES | CORRECTIVE MEASURES | SUPPORT NEED IN TERMS               | PORTFOLIO OF EVIDENCE                   |
|  |  | 4   | Number (as well as percentage) of performance agreements signed reflecting national government | Number of signed performance agreements | 5          | 4         | 0       | 4                    | 4                 | 5                    | 5                 | None      | None                | None                                | Performance Agreement                   |



# Chapter 3

|                           |                 |     | priorities   | % Signed                           |             |             |             | 100%                    | 100%                 | 100%                    | 100%                 | None      | None                   | None                                  |   |
|---------------------------|-----------------|-----|--|------------------------------------|-------------|-------------|-------------|-------------------------|----------------------|-------------------------|----------------------|-----------|------------------------|---------------------------------------|---|
|                           |                 |     |  |                                    | 100%        | 100%        | 0%          |                         |                      |                         |                      |           |                        |                                       |   |
|                           |                 | 5   | Amount spent on the Work Skills Plan   | Actual amount Spent                | R617 000.00 | R400 416.24 | None        | R 400,000.00            | R400,416.24          | R617 000.00             | R702 429.00          | . None    | None                   | Council approved an adjustment budget | Payment Reports                                 |
|                           |                 |     |  | % spent                            |             |             |             | 100%                    | 100%                 | 100%                    | 100%                 | None      | None                   |                                       |   |
|                           |                 |     |  |                                    | 100%        | 100%        | None        |                         |                      |                         |                      |           |                        |                                       |   |
|                           |                 | 6   | Number of people from employment equity target groups employed in the three highest levels of management | Number                             |             |             |             | 12                      | 12                   | 13                      | 11                   | None      | None                   | None                                  | Employment Equity Plan & Appointment Letters    |
|                           |                 |     |  |                                    | 12          | 12          | 0           |                         |                      |                         |                      |           |                        |                                       |   |
|                           | Functional OPMS | 7   | Number of quarterly performance reports submitted to council   | Number                             | 4           | 4           | 0           | 4                       | 4                    | 4                       | 4                    | None      | None                   | None                                  | Quarterly Performance Reports & Council Minutes |
| NATION<br>AL KEY<br>PERFO | OUTPUTS         | NO. | INDICATORS   | UNIT OF<br>MEASURE<br>/CALCULATION | DEMAN       | BASELI      | BACKL<br>OG | 2013/ 2014<br>PROJECTED | 2013/ 2014<br>ACTUAL | 2014/ 2015<br>PROJECTED | 2014/ 2015<br>ACTUAL | BLOCKAGES | CORRECTIVE<br>MEASURES | SUPPOR<br>T NEED<br>IN<br>TERMS       | PORTFOLIO OF<br>EVIDENCE                        |
|                           |                 | 8   | Number of reports submitted on performance in terms of Section 46 of the MSA                             | Number of reports                  | 1           | 1           | 0           | 1                       | 1                    | 1                       | 1                    | None      | None                   | None                                  | Annual Report                                   |
|                           |                 | 9   | The percentage of evaluated middle managers( PMS)  | Percentage                         |             |             |             | 100%                    | 100%                 | 100%                    | 100%                 | None      | None                   | None                                  | Performance Evaluation report                   |
|                           |                 |     |  |                                    | 100%        | 80%         | 20%         |                         |                      |                         |                      |           |                        |                                       |   |

# Chapter 3

|                        |                                   |            |  |                     |                    |      |      |      |      |      |      |      |      |      |  |
|------------------------|-----------------------------------|------------|--|---------------------|--------------------|------|------|------|------|------|------|------|------|------|--|
|                        |                                   |            | The percentage of evaluated senior managers (PMS)                            | Percentage          | 100%               | 100% |      | 100% | 100% | 100% | 67%  | None | None | None | Performance Evaluation Reports           |
|                        |                                   | 10         | Number of audit and performance audit committee meetings held                | Number              | 4                  | 8    | 0    | 4    | 8    | 4    | 10   | None | None | None | Audit Committee Minutes                  |
|                        |                                   |            | Number of audit and performance audit committee reports submitted to council | Number              | 2                  | 2    | 0    | 2    | 2    | 2    | 3    | None | None | None | Audit Committee Report & Council Minutes |
| BASIC SERVICE DELIVERY | Improved access to basic services | 11         | Number and percentage of household with access to solid waste                | Number of household | 329                | 323  | None | 323  | 323  | 329  | 329  | None | None | None | Billing Report                           |
|                        |                                   | Percentage |  | 100%                | 100%               | None | 100% | 100% | 100% | 100% | None | None | None |      |  |
|                        |                                   | 12         | % of household with acces to electricity                                     | Percentage          | Eskom Authority    |      |      |      |      |      |      |      |      |      |  |
|                        |                                   | 13         | % of household with access to sanitation and water                           | Rand Value          | District Authority |      |      |      |      |      |      |      |      |      |  |

# Chapter 3

|    |  |            |               |               |                    |               |               |               |                |   |   |      |   |
|----|--|------------|---------------|---------------|--------------------|---------------|---------------|---------------|----------------|---|---|------|---|
| 14 | Rand amount spent on free basic electricity  | Rand Value | R2 124 000    | None          | None               | 0             | 0             | R2 124 000,00 | R3 208 663, 86 | None  | None  | None | Free basic electricity report                 |
| 15 | The number and percentage of households earning less than R1100 p/m with access to free basic services | Percentage | 100%          | 100%          | Not yet quantified | 100%          | 100%          | 100%          | 100%           | None  | None  | None | Free basic electricity beneficiaries register |
|    |  | Number     | 1645          | 1645          | Not yet quantified | 1645          | 1645          | 1645          | 1645           | None  | None  | None |   |
| 16 | Amount Spent on Thintwa Electricity Supply   | Rand Value | R7 438 041.49 | R4 209 042.31 | R3 328 999.18      | R7 438 041.39 | R4 209 042.31 | R7 500 000.00 | R4 138 579.59  | Project is at the border of KZN and Free State. Engagements with Eskom (Freestate) took longer as the municipality had to go through Eskom KZN; Project is at a snow area, designs not catering for snow. | Project had to be redesigned; Continues engagements with KZN and Freestate Eskoms; Terminated services provider (turnkey project) and reappointed another service provider. | None | Progress Report/Grant Reconciliations         |

# Chapter 3

|    |   |                                    |                |        |        |       |       |                |               |  |  |      |  |
|----|---|------------------------------------|----------------|--------|--------|-------|-------|----------------|---------------|--|--|------|--|
|    | % progress for Thintwa electrification project      | Progress Project Percentage Report | 100%           | 0 None | 0 None | 100%  | 50%   | 100%           | 75%           |  |  |      |  |
| 17 | Amount spent on Maswazwini electrification project  | Rand Value                         | R 3 278 024,40 | None   | None   | R0.00 | R0.00 | R 3 278 024,40 | R2 841 757,40 | Shortage of supply conductor cable / bundle. | Successfully sourced the cable from ESKOM. | None | Progress Report                                    |
|    | % progress for Maswazwini electrification project   | Progress Project Percentage Report | 100%           | None   | None   | 0     | 0     | 100%           | 95%           |  |  | None |  |
| 18 | Amount spent on Shiyabazali electrification project | Rand Value                         | R 1 995 511,57 | None   | None   | R0.00 | R0.00 | R 1 995 511,57 | R2 319 989,65 | None   | None                                       | None | Progress Report /Practical completion Certificates |
|    | % progress for Shiyabazali electrification project  | Progress Project Percentage Report | 100%           | 0 None | 0 None | 0     | 0     | 100%           | 100%          | None   | None                                       | None |  |
| 19 | Amount spent on Mount Alice electrification project | Rand Value                         | R 1 160 086,81 | None   | None   | R0.00 | R0.00 | R 1 160 086,81 | R1 007 613,35 | None   | None                                       | None | Practical completion Certificates                  |
|    | % progress for Mount Alice electrification project  | Progress Project Percentage Report | 100%           | None   | None   | 0     | 0     | 100%           | 100%          | None   | None                                       | None |  |

# Chapter 3

| NATIONAL KEY PERFORMANCE | OUTPUTS | NO. | INDICATORS                               | UNIT OF MEASURE /CALCULATION       | DEMAND        | BASELINE       | BACKLOG     | 2013/ 2014 PROJECTED | 2013/ 2014 ACTUAL | 2014/ 2015 PROJECTED | 2014/ 2015 ACTUAL | BLOCKAGES   | CORRECTIVE MEASURES                      | SUPPORT NEE                              | PORTFOLIO OF EVIDENCE   |
|--------------------------|---------|-----|--|------------------------------------|---------------|----------------|-------------|----------------------|-------------------|----------------------|-------------------|---|--|--|---|
|                          |         | 20  | Amount spent on Mahambehlala Gravel Road | Rand Value                         | R2 652 411,39 | R 2 385 969,13 | R266 442,26 | R2 652 411,39        | R2 385 969,13     | R266 442,26          | R266 442,26       | None  | None                                     | Progress Report/Approved variation order | Practical Completion certificates / Grant Reconciliations                 |
|                          |         |     | % progress for Mahambehlala Gravel Road  | Progress Project Percentage Report | 100%          | 90%            | 10%         | 100%                 | 90%               | 100%                 | 100%              | None  | None                                     | None                                     | Practical Completion certificates / Grant Reconciliations                 |
|                          |         | 21  | Amount spent on Emafusini Gravel Road    | Rand Value                         | R2 381 712 00 | None           | None        | R0.00                | R 0.00            | R 3 470 883,90       | R 2 521 420,87    | The contractor requested additional time due to additional work given | Contractor was allocated additional time | None                                     | Progress Report/Grant Reconciliations                                     |
|                          |         |     | % progress for Emafusini Gravel Road     | Progress Project Percentage Report | 100%          | None           | None        | 0%                   | 0%                | 100%                 | 95%               |   |  | None                                     |   |
|                          |         | 22  | Amount spent on Sthebe Gravel Road       | Rand Value                         | R2 471 962.00 | None           | None        | R 0.00               | R 0.00            | R2 736 896.54        | R2 765 375.37     | None  | None                                     | None                                     | Practical Completion certificates / Progress Report/ Grant Reconciliation |
|                          |         |     | % progress for Sthebe Gravel Road        | Progress Project Percentage Report | 100%          | None           | None        | 0%                   | 0%                | 100%                 | 100%              | None  | None                                     | None                                     |   |
|                          |         | 23  | Amount spent on Ntabeni Potshini         | Rand Value                         | R1 454 840.00 | None           | None        | R0.00                | R0.00             | R1 454 840.00        | R1 094 040.69     | None  | None                                     | None                                     | Practical Completion certificates / P                                     |

# Chapter 3

|  |  |    |  |                                    |                |      |      |       |       |                |               |   |  |                                       |
|--|--|----|--|------------------------------------|----------------|------|------|-------|-------|----------------|---------------|---|--|---------------------------------------|
|  |  |    | Gravel Road  |                                    |                |      |      |       |       |                |               |   |  | Report/ Grant Reconciliation          |
|  |  |    | % progress for Ntabeni Potshini Gravel Road                | Progress Project Percentage Report | 100%           | None | None | 0%    | 0%    | 100%           | 100%          | None  | None   | None                                  |
|  |  | 24 | Amount spent on Reserve C Gravel Road                      | Rand Value                         | R 2 845 216.29 | None | None | R0.00 | R0.00 | R 2 495 803.76 | R826 168.21   |   |  | None                                  |
|  |  |    | % progress for Reserve C Gravel Road                       | Percentage                         | 100%           | None | None | 0%    | 0%    | 100%           | 88%           | The quality of work was below the expectation | Contractor has applied for extension of time | Progress Report/ Grant Reconciliation |
|  |  | 25 | Amount spent on Ekwaluseni Gravel Road                     | Rand Value                         | R 2 500 000.00 | None | None | R0.00 | R0.00 | R2 500 000.00  | R1 875 834.64 | None  | None   | None                                  |
|  |  |    | % progress for Ekwaluseni Gravel Road                      | Progress Project Percentage Report | 100%           | None | None | 0%    | 0%    | 100%           | 100%          | None  | None   | None                                  |
|  |  | 26 | Amount spent on Emaphophomaneni Gravel Road Rehabilitation | Rand Value                         | R3000 000.00   | None | None | R0.00 | R0.00 | R3 000 000.00  | R2 283 082.95 | Additional work to the Contractor             | Contractor has applied for extension of work | Progress Report/Grant Reconciliation  |

# Chapter 3

|  |    |                                       |   |                                    |               |      |               |               |                 |                |   |   |      |   |  |
|--|----|---------------------------------------|---|------------------------------------|---------------|------|---------------|---------------|-----------------|----------------|---|---|------|---|--|
|  |    |                                       | % progress Emaphophomaneni Gravel Road Rehabilitation | Progress Project Percentage Report | 100%          | None | None          | 0%            | 0%              | 100%           | 95%   |   |      | None  |  |
|  | 27 | Amount spent on Kekeni Gravel Road    | Rand Value  | R 4 249 795,97                     | None          | None | R0.00         | R0.00         | R4 249 795.97   | R1 576 419.53  | Awaiting for environmental assessment impact (EAI)            | Contractor has applied for extension of time, due to EAI. | None | Progress Report/Grant Reconciliation                |  |
|  |    | % progress for Kekeni Gravel Road     | Progress Project Percentage Report                    | 100%                               | None          | None | 0%            | 0%            | 100%            | 75%            |   |   | None |   |  |
|  | 28 | Amount spent on Bergville tarred Road | Rand Value  | R13 146 805,56                     | R1 685 538,70 | None | R4 000 000.00 | R1 685 538.70 | R 11 515 621.00 | R11 683 288,48 | None  | None  | None | Practical Completion certificates / Pr Report       |  |
|  |    | % progress for Bergville tarred Road  | Progress Project Percentage Report                    | 100%                               | 42%           | None | 100%          | 42%           | 100%            | 100%           | None  | None  | None |   |  |
|  | 29 | Amount spent on low-cost foot bridges | Rand value  | R3 141 978,80                      | None          | None | R0.00         | R0.00         | R3 141 978.80   | R1 533 482.85  | Financial viability of suppliers (All suppliers were Grade 1) | Cessionary agreements with suppliers                      | None | Practical Completion certificates/Expenditure Recon |  |
|  |    | No of low-cost foot bridges completed | Number  | 9                                  | None          | None | 0             | 0             | 9               | 4              |   |   | None |   |  |

# Chapter 3

|    |  |                                      |                                    |               |      |      |       |       |               |               |   |   |      |   |
|----|--|--------------------------------------|------------------------------------|---------------|------|------|-------|-------|---------------|---------------|---|---|------|---|
|    |  | % progress for low-cost foot bridges | Progress Project Percentage Report | 100%          | None | None | 0%    | 0%    | 100%          | 44%           |   |   | None |   |
| 30 | Amount spent on Magangangozi Community Hall and Creche | Rand Value                           |                                    | R1 905 308.00 | None | None | R0.00 | R0.00 | R1 905 308.00 | R1 667 213.58 | None  | None  | None | Practical Completion certificates/ Grant Reconciliation |
|    | % progress for Magangangozi Community Hall and Creche  | Progress Project Percentage Report   |                                    | 100%          | None | None | 0%    | 0%    | 100%          | 100%          | None  | None  | None |   |
| 31 | Amount spent on Khethani Community Hall and Creche     | Rand Value                           |                                    | R6000 000.00  | None | None | R0.00 | R0.00 | R6000 000.00  | R978 813.75   | Eskom electricity line had to be removed from construction site                     | Electricity line removed. Completion Date is 15 November 2015                       | None | Progress Report/ Grant Reconciliation                   |
|    | % progress for Khethani Community Hall and Creche      | Progress Project Percentage Report   |                                    | 100%          | None | None | 0%    | 0%    | 100%          | 34%           | Eskom electricity line had to be removed from construction site                     | Electricity line removed. Completion Date is 15 November 2015                       | None |   |
| 32 | Amount spent on Roekdale Community Hall                | Rand Value                           |                                    | R1 903 503.35 | None | None | R0.00 | R0.00 | R1 903 503.35 | R1 149 186.61 | This project is completed the only outstanding is practical completion certificates | This project is completed the only outstanding is practical completion certificates | None | Progress Report/ Grant Reconciliation                   |
|    | % progress for Roekdale Community Hall                 | Progress Project Percentage Report   |                                    | 100%          | None | None | 0%    | 0%    | 100%          | 100%          |   |   | None |   |



# Chapter 3

|    |  |                                    |                |                |               |                |                |               |                |   |                          |      |                                      |
|----|--|------------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|---|--------------------------|------|--------------------------------------|
| 33 | Amount spent on Bergville testing ground   | Rand Value                         | R15 900 000.00 | R7 189 422.47  | R7 810 577.53 | R7 500 000.00  | R7 189 422.47  | R7 810 577.53 | R5 434 343.86  | Consultant terminated due to poor performance | Appointed new consultant | None | Progress Report/Grant Reconciliation |
|    | %progress for Bergville testing ground   | Progress Project Percentage Report | 100%           | None           | None          | 100%           | 95%            | 100%          | 62%            |   |                          | None |                                      |
| 34 | Amount spent on Fresh Produce market   | Rand Value                         | R 8 744 283.93 | None           | None          | R0.00          | R0.00          | R5 246 570.36 | R2 966 023.57  | Hard rock when doing excavations              | Extension of time        | None | Progress Report/Grant Reco           |
|    | % progress for Fresh Produce Market  | Progress Project Percentage Report | 100%           | None           | None          | 0%             | 0%             | 60%           | 34%            |   |                          | None |                                      |
| 35 | The amount of municipality's capital budget actual spent on capital projects identified for a particular financial year in terms of municipality's integrated development plan | Rand Value                         | R58 598 221.47 | R39 451 412.85 | None          | R42 141 563.96 | R39 451 412.85 | R82 066 000   | R65 773 853.52 | None  | None                     | None | Approved Budget                      |

# Chapter 3

|                        |         |   |  |                                |        |          |         |                      |                   |                      |                   |           |                     |   |                       |
|------------------------|---------|---|--|--------------------------------|--------|----------|---------|----------------------|-------------------|----------------------|-------------------|-----------|---------------------|---|-----------------------|
|                        |         |   | The percentage of municipality's capital budget actual spent on capital projects identified for a particular financial year in terms of municipality's integrated development plan | Percentage                     | 100%   | 100%     | None    | 100%                 | 93%               | 100%                 | 80%               | None      | None                | None                                      | S71 report            |
|                        |         |   |  |                                |        |          |         |                      |                   |                      |                   |           |                     |   |                       |
| NUMBER OF JOBS CREATED | 36      | Number of Job created through the Municipal LED initiatives including capital projects    | Number of Jobs   | 200                            | 232    | 0        | 200     | 232                  | 200               | 233                  | None              | None      | None                | Payroll list report                       |                       |
|                        |         | Amount spent on jobs created through municipal LED initiatives including capital projects | Rand Value   | R5 500 000.00                  | None   | None     | N/A     | N/A                  | R5 500 000.00     | R5 500 818,67        | None              | None      | None                | General Ledger Printout                   |                       |
|                        | 37      | Number of SMMEs and Co- operatives supported  | Number of SMMEs and Co- ops supported  | 28                             | 28     | None     | 28      | 28                   | 28                | 28                   | None              | None      | None                | Attendance Register / List SMMEs & Co-ops |                       |
| NATIONAL KEY PERFORMER | OUTPUTS | NO.   | INDICATORS   | UNIT OF MEASURE /CALCULATION   | DEMAND | BASELINE | BACKLOG | 2013/ 2014 PROJECTED | 2013/ 2014 ACTUAL | 2014/ 2015 PROJECTED | 2014/ 2015 ACTUAL | BLOCKAGES | CORRECTIVE MEASURES | SUPPORT NEEDED                            | PORTFOLIO OF EVIDENCE |
|                        |         |   |  | Number of business forums held | Number | 4        | None    | None                 | N/A               | N/A                  | 4                 | 4         | None                | None                                      | None                  |

# Chapter 3

|   |  |    |   |  |             |        |      |     |        |     |     |                            |  |      |                                      |
|---|--|----|---|--|-------------|--------|------|-----|--------|-----|-----|----------------------------|--|------|--------------------------------------|
| DEEPEN<br>DEMOCRACY<br>THROUGH A<br>REFINED     | <b>GOOD<br/>GOVERNANC<br/>E,<br/>COMMUNITY<br/>PARTICIPATI<br/>ON AND<br/>WARD</b> | 38 | Number of Ward<br>Committee<br>meetings held  | Number   | 14 per ward | 14     | 0    | 42  | 42     | 42  | 41  | Non function of<br>ward 08 | Speaker to<br>ensure that the<br>non-functional<br>ward becomes<br>functional by<br>seating in<br>meetings | None | Attendance<br>Registers /<br>Minutes |
|   |  |    |   |  |             |        |      |     |        |     |     |                            |  |      |                                      |
| FINANCIAL VIABILITY AND<br>FINANCIAL MANAGEMENT | <b>Financial<br/>Viability</b>   | 39 | % of cash<br>collected from<br>customers against<br>billing   | Percentage   | 95%         | 69.80% | 30%  | 70% | 69.80% | 70% | 76% | None                       | None   | None | Billing Recon                        |
|   |  | 40 | Percentage spent<br>of Operational<br>Budget (OPEX) on<br>repairs and<br>maintenance of<br>infrastructure | % Spent on<br>OPEX   | 8%          | 3%     | 5%   | 7%  | 3%     | 10% |     |                            |  |      | AFS                                  |
|   |  | 41 | Financial Viability<br>expressed in ratios  | Debt Coverage<br>Ratio : Total<br>operational<br>revenue less<br>operational grants<br>/debt service<br>payment due within<br>financial year | 0           | 0      | 0    | 3   | 9      | 3   |     |                            |  |      | AFS                                  |
|   |  |    |   | Outstanding<br>service debtors to<br>revenue ratio:<br>Total outstanding<br>service debtors<br>divide by annual<br>revenue from<br>services  | 10:1        | 0      | 10:1 | 1   | 2:86   | 1   |     |                            |  |      | AFS                                  |
|   |  |    |   | Cost coverage<br>ratio available<br>cash plus<br>investments<br>divide by monthly<br>fixed operating<br>expenditure                          | 4 months    | 0      | 10:1 | 3   | 12     | 3   |     |                            |  | None | AFS                                  |

# Chapter 3

|                                  |                          |    |   |                        |            |      |      |     |     |          |              |   |  |      |  |
|----------------------------------|--------------------------|----|---|------------------------|------------|------|------|-----|-----|----------|--------------|---|--|------|--|
| SPATIAL PLANNING AND ENVIRONMENT | Improve Spatial Planning | 42 | Number of updates to the fixed asset register         | Updated asset register | 2          | 1    | 1    | 2   | 1   | 2        | 1            | Implementation of new system (PASTEL)   | Continued with the services of the old system (BAUD)           | None | Updated fixed asset register               |
|                                  |                          | 43 | Date of adoption of Wall- to- Wall Scheme             | Date                   | 2          | 1    | 1    | N/A | N/A | 30Jun-15 | Not achieved | Draft wall-wall scheme has been submitted to municipal but due to Spluma introduction, the need to be adjusted on the terms of reference, to ensure Spluma requirements are adhered to and wall-wall complies with spluma | Submitted to council to extend the scope for wall-wall project | None | Draft wall-wall scheme/ council resolution |
|                                  |                          | 25 | % of application processed within legal timeframes    | Percentage             | 30 Jun -15 | None | None | N/A | N/A | 100%     | 100%         | None  | None   | None | Planners report                            |
|                                  |                          |    | Date of adoption of reviewed Disaster Management Plan | Date                   | 100%       | None | None | N/A | N/A | 30Jun-15 | Not achieved | Draft disaster plan in the process of consulting stakeholders before adoption   | To be adopted in 2015/2016                                     | None | Draft disaster plan                        |
|                                  |                          |    | Number of Established Disaster Management Forums      | Number                 | 30 Jun-15  | None | None | 1   | 1   | 1        | 1            | None  | None   | None | Attendance register LTT                    |

# Chapter 3

|  |  |  |  |            |            |      |      |     |     |           |      |      |      |      |   |
|--|--|--|--|------------|------------|------|------|-----|-----|-----------|------|------|------|------|---|
|  |  |  | Date<br>Disaster<br>Managem<br>ent centre<br>Establishe<br>d | Date       | 30 Jun- 15 | None | None | N/A | N/A | 30 Jun-15 |      | None | None | None | Established disaster<br>management report |
|  |  |  | Percentag<br>e response<br>to report<br>disasters            | Percentage | 100%       | 0    | 0    | N/A | N/A | 100%      | 100% | None | None | None | Disaster managemen<br>report              |
|  |  |  |  |            |            |      |      |     |     |           |      |      |      |      |   |

# Chapter 3

## COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD

### PERFORMANCE REPORT OF SERVICE PROVIDERS

#### Assessment Rating Scale

| Level | Terminology                                  | Description   | Rating |   |   |   |   |
|-------|--|---|--------|---|---|---|---|
|       |  |   | 1      | 2 | 3 | 4 | 5 |
| 5     | Outstanding performance                      | Performance far exceeds the standards of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and performance plan and maintained this in all areas of responsibility throughout the year.                        |        |   |   |   |   |
| 4     | Performance significantly above expectations | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and performance plan.  |        |   |   |   |   |
| 3     | Fully effective                              | Performance fully meets the standards expected in all areas of the job. The appraisals indicate that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.   |        |   |   |   |   |
| 2     | Performance not fully effective              | Performance is below the standards required for the job key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.       |        |   |   |   |   |
| 1     | Unacceptable performance                     | Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance up to the level expected in job despite management efforts to encourage improvement. |        |   |   |   |   |

# Chapter 3

## Performance Assessment of Short-Term Service Providers

| External Service Provider Service provided | Actual Performance as at 30 June 2015            | Assessment of Service Providers performance |   |   |   |   | Challenges  | Corrective measure in case of underperformance | Value of project |
|--|--|---|---|---|---|---|---|--|------------------|
|  |  | 1   | 2 | 3 | 4 | 5 |   |  |                  |
| ENE Consulting                             | Thintwa Electrification: Consultant              | 1   |   |   |   |   | The project was declared a failiar by ESKOM             | The services of the consultant were terminated | R2 500 000       |
| B & S Electrical Contractors               | Thintwa and Rooihoek Electrification: Contractor | 1   |   |   |   |   | The project was declared a failiar by ESKOM             | The services of the contractor were terminated | R2 500 000       |
| Dihlase Consulting Engineers               | Maswazwini electrification project: Consultant   | 4   |   |   |   |   | None.   | None.  | R256 541,04      |
| Eudemonia Electrical                       | Maswazwini electrification project: Contractor   | 3   |   |   |   |   | Financial stability/cashflow problems by the Contractor | Cession of supply of material with suppliers   | R2 850 456.00    |
| Eudemonia Electrical                       | Shiyabazali electrification project: Contractor  | 4   |   |   |   |   | None.   | None.  | R1 994 511.57    |
| Dihlase Consulting Engineers               | Shiyabazali electrification project: Consultant  | 5   |   |   |   |   | None.   | None.  | R156 170,47      |
| Hlasi Investments                          | Mount Alice electrification project: Contractor  | 5   |   |   |   |   | None.   | None.  | R1 160 086.81    |
| Dihlase Consulting Engineers               | Mount Alice electrification project: Consultant  | 5   |   |   |   |   | None.   | None.  | R139 432,62      |
| Tusa/Rupee Consulting Engineers            | Mahambehala Gravel Road: Consultant              | 4   |   |   |   |   | None.   | None.  | R 3 174 70.26    |
| Velakancane Trading cc                     | Mahambehala Gravel Road: Contractor              | 4   |   |   |   |   | None  | None   | R 2 267 644.69   |
| Vumesa (PTY)(LTD                           | Emafusini Gravel Road: Consultant                | 4   |   |   |   |   | None.   | None.  | R416 506.07      |
| TSW Construction                           | Emafusini Gravel Road: Contractor                | 4   |   |   |   |   | None  | None.  | R3 470 883.90    |

# Chapter 3

| External Service Provider_Service provided | Actual Performance as at 30 June 2015  | Assessment of Service Providers performance |   |   |   |   | Challenges                     | Corrective measure in case of underperformance           | Value of project     |
|--|--|---|---|---|---|---|--------------------------------|--|----------------------|
|  |  | 1   | 2 | 3 | 4 | 5 |                                |  |                      |
| Jaracee Consulting Engineers               | Sthebe Gravel Road: Consultant   |   | 4 |   |   |   | None.                          | None.  | R383 165.52          |
| Mrazane JV Madudla                         | Sthebe Gravel Road: Contractor   |   | 4 |   |   |   | None.                          | None.  | R 2 736 896.54       |
| MZA Engineering Consultant                 | Ntabeni Potshini Gravel Road: Consultant   |   | 4 |   |   |   | None.                          | None.  | R 147 568.23         |
| Scenic Route Trading cc                    | Ntabeni Potshini Gravel Road: Contractor   |   | 4 |   |   |   | None.                          | None.  | R 1 093 098.01       |
| Tusa/Ruppee Consulting Engineers           | Reserve C Gravel Road: Consultant  |   | 4 |   |   |   | None.                          | None.  | R 299 496.45         |
| Msizi Business Enterprise                  | Reserve C Gravel Road: Contractor  |   | 3 |   |   |   | Quality of work satisfactory   | Extension of time granted to rectify unsatisfactory work | R 2 495 803.76       |
| TL Engineering                             | Bergville tarred Road: Consultant  |   | 2 |   |   |   | Quality of work unsatisfactory | Services were terminated                                 | <b>R5 917 610,36</b> |
| Emalerona                                  | Bergville tarred Road: Contractor  |   | 2 |   |   |   | Quality of work unsatisfactory | Services were terminated                                 | R 4 857 280.22       |
| Klus Civils CC                             | Bergville tarred Road:(Repairs Bleeding Sections) -Contractor                                  |   | 3 |   |   |   | None                           | None   | R1 419 033,53        |
|  | Bergville tarred Road: Rehabilitation of main road, taxi rank and drainage repairs- Contractor |   | 3 |   |   |   | None                           | None   | R 8 109 144.90       |
| MMK Engineers                              | Ekwaluseni Gravel Road: Consultant   |   | 4 |   |   |   | None.                          | None.  | R 142 566.70         |
| Siyajulukha Trading Enterprise             | Ekwaluseni Gravel Road: Contractor   |   | 4 |   |   |   | None                           | None   | R 2 193 333,78       |
| Vumesa (PTY)(LTD                           | Emaphophomaneni Gravel Road Rehabilitation: Consultant   |   | 5 |   |   |   | None.                          | None.  | R 357 659.11         |
| Scenic Route Trading cc                    | Emaphophomaneni Gravel Road Rehabilitation: Contractor   |   | 5 |   |   |   | None                           | None   | R2 980 495,59        |
| Vumesa (PTY)(LTD                           | Kekeni Gravel Road: Consultant   |   | 4 |   |   |   | None.                          | None.  | R 447 346.94         |



# Chapter 3

| External Service Provider Service provided | Actual Performance as at 30 June 2015                   | Assessment of Service Providers performance |   |   |   |   | Challenges                      | Corrective measure in case of underperformance                                       | Value of project |
|--|---|---|---|---|---|---|---------------------------------|--|------------------|
|  |   | 1   | 2 | 3 | 4 | 5 |                                 |  |                  |
| Shikane Trading Enterprise                 | Kekeni Gravel Road: Contractor                          | 3   |   |   |   |   | Not meeting planned targets     | Issued letter notifying the contractor of the delays and corrective measures thereof | R3 727 891,20    |
| TL Engineering Consultant                  | Pedestrian Bridges: Consultant                          | 2   |   |   |   |   | Materials not delivered on time | Following phase of the projects will be awarded to GRADE 2 suppliers                 | R 195 922.12     |
| Awa Consulting                             | Magangangozi Community Hall and Creche: Consultant      | 3   |   |   |   |   | None.                           | None.  | R 187 597.13     |
| Eyethu Construction                        | Magangangozi Community Hall and Creche: Contractor      | 4   |   |   |   |   | None                            | None   | R 1 875 971,33   |
| Mgamule Consulting                         | Khethani Community Hall: Consultant                     | 4   |   |   |   |   | None.                           | None.  | R 921 674.08     |
| Nhloso rural Developemnt Consultant        | Khethani Community Hall: Contractor                     | 4   |   |   |   |   | None                            | None   | R 6 583 386.27   |
| LLifa Africa Consultant                    | Rockdale Community Hall and Creche facility: Consultant | 3   |   |   |   |   | None.                           | None.  | R                |
| Nkhodiseng Construction                    | Rockdale Community Hall and Creche facility: Contractor | 4   |   |   |   |   | None                            | None   | R 1 865 102.03   |
| Sika Engineering                           | Bergville Testing Centre: Consultant: Consultant        | 2   |   |   |   |   | Poor Performance                | Services were terminated.  | R 1 927 966.31   |
| Thubalethu Architects                      | Bergville Testing Centre: Consultant: Consultant        | 4   |   |   |   |   | None                            | None   | R 314 640.00     |
| ECA Consulting                             | Bergville Testing Centre: Consultant: Consultant        | 4   |   |   |   |   | None                            | None   | R 219 769.20     |
| Micro Vulintuthuko Business Enterprise     | Bergville Testing Centre: Consultant: Contractor        | 4   |   |   |   |   | None                            | None   | R 13 771 187.91  |
| Esicongweni Engineer                       | Bergville Fresh Produce market: Consultant              | 3   |   |   |   |   | None.                           | None.  | R 1 073 859.43   |
| Siyajuluka Trading Enterprise              | Bergville Fresh Produce market: Contractor              | 4   |   |   |   |   | None                            | None   | R 7 670 424.50   |

# Chapter 3

## Performance Assessment of Long-Term Service Providers

| External Service Provider                     | Service provided   | Performance Target/ Time-frames | Actual Performance as at 30 June 2014 | Assessment of Service Providers performance |   |   |   |   | Challenges   | Corrective measure in case of underperformances | Value of project   |
|---|--|---------------------------------|---------------------------------------|---|---|---|---|---|--|---|--------------------|
|   |  |                                 |                                       | 1   | 2 | 3 | 4 | 5 |  |   |                    |
| Red Spike Services                            | Safety & Security  | 4                               | 3                                     | 4   |   |   |   |   | None   | None  | R2 929 936,96      |
| VIP Sage                                      | Payroll system   | 4                               | 3                                     | 4   |   |   |   |   | System deficiency, in picking up duplicated information entered in the system. | C FO/Payroll                                    | Annual License fee |
| Pricewater House Coopers Inc Combined Systems | Update for Assets Register & 2012/ 2013 Financial System                                 | 4                               | 4                                     | 4   |   |   |   |   | None   | None  | Invoice based      |
| Mills Fitchet                                 | Municipal Valuers  | 4                               | 3                                     | 4   |   |   |   |   | None   | None  | R2 996 953,00      |
| Lateral Unison (Pty) Ltd                      | Short term insurance broker  | 3                               | N/A                                   | 3   |   |   |   |   | Turn around time in approving claim  | Constant follow ups done.                       | R294 517,00        |
| FNB   | Banking Services   | 4                               | 4                                     | 4   |   |   |   |   | Problems with referencing of receipts from customers.                          | Bank Statement was used                         | Bank Charges       |
| Ntshidi & Associates                          | VAT Review   | 4                               | 4                                     | 4   |   |   |   |   | None   | None  | 9%                 |
| Ngubane & Co                                  | IT Support and supply  | 4                               | N/A                                   | 4   |   |   |   |   | None   | None  | R1 643 481         |
| Courtesy Marketing                            | Design, editing, translation, and delivery of Okhahlamba Official Municipal News Letters | 4                               | N/A                                   | 4   |   |   |   |   | None   | None  | Per Publication    |
| Bergville Garage                              | Supply of fuel   | 4                               | 4                                     | 4   |   |   |   |   | None   | None  | Invoice based      |

# Chapter 3

| External Service Provider | Service provided                                | Performance Target/ Time-frames | Actual Performance as at 30 June 2014 | Assessment of Service Providers performance |   |   |   |   | Challenges | Corrective measure in case of underperformances | Value of project |
|---------------------------|---|---------------------------------|---------------------------------------|---|---|---|---|---|------------|---|------------------|
|                           |   |                                 |                                       | 1   | 2 | 3 | 4 | 5 |            |   |                  |
| Clean Sport Laundry cc    | Supply and delivery of cleaning material        | 4                               | 4                                     | 4   |   |   |   |   | None       | None  | Price per item   |
| Bidvest steiner           | Delivery/lease of hygiene material and services | 4                               | 4                                     | 4   |   |   |   |   | None       | None  | Price per item   |
|                           |   |                                 |                                       |   |   |   |   |   |            |   |                  |

# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

#### **Departments**

The Municipality has the following four administrative departments namely the Office of the Municipal Manager, Social and Economic Services, Technical Services and the Financial Services.

#### **Administration**

The administration of the municipality is headed by the Municipal Manager. The municipality has four administrative departments, each being headed by a Director.

#### **Office of the Municipal Manager**

The Office of the Municipal Manager is responsible for the Internal Audit as well as the IDP/PMS and Communications.

#### **Social and Economic Services**

Responsibilities for this department include Community Facilities, Library, Thusong Centres Management, Museum, Tourism, Local Economic Development, Traffic/ Law Enforcement and Town Planning.

#### **Technical Services**

This department is responsible for the implementation of all MIG projects (Housing/Roads/ etc), community services which includes Waste/Landfilled sites, Parks/Cemeteries, Pounding as well as Building Infrastructure.

#### **Financial Services (Treasury)**

The primary responsibility for ensuring transparency, accountability and sound financial management. This means ensuring that: - all statutory requirements are adhered to monthly management reports, National Treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilised, and there is efficient implementation of the Supply Chain Management Policy.

#### **Corporate Services**

Derives its mandate from Council's key development objective (institutional development). It is largely an internally focused department with its primary objective on employee recruitment, skills development and enhanced administrative systems. It is the responsibility of this

# Chapter 4

department to ensure that the Municipality addresses human resources related issues and to amplify technological applications within the municipality. Records Management, Receptionist, Committee/ Secretary, Messenger, Cleaning of the municipal buildings, Information Technology and legal.

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS

#### Staffing Information

The Municipality currently have 169 staff members employed excluding Councillors (28), with 80 vacant posts as illustrated in the following table:

| FUNCTION                     | NO. OF STAFF   | NO. OF VACANCIES |
|------------------------------|----------------|------------------|
| Mayor                        | 28 Councillors | None             |
| Municipal Manager's Office   | 7              | 03               |
| Corporate Services           | 22             | 06               |
| Financial Services           | 26             | 7                |
| Social and economic services | 70             | 53               |
| Technical Services           | 75             | 23               |
| Total                        | 200            | 92               |

Approved Posts

#### Medical Aid Schemes

All employees excluding section 57 employees have the benefit of partake or contribute towards medical aid accredited by SALGBC.

Medical Scheme members currently employed belong to the following Medical schemes accredited by SALGBC:

- ❖ KeyHealth;
- ❖ Bonitas;
- ❖ LA Health;
- ❖ Hosmed;
- ❖ Samwumed;

Section 57 employees can take any Medical Aid of choice.

# Chapter 4

## **Pension/Retirement Funds**

All municipal employees are compelled to take the Natal Joint Municipal Pension Fund (NJMPF) from the date of their employment.

The following benefits are available for all municipal employees:

- ❖ The municipal employee has two kinds of pension fund, namely, the GEPF for employees who were transferred from NPA to the municipality in July 1996 and NJMP Fund with three option (Provident, Retirement & Superannuation)
- ❖ Municipal Councillors Pension Fund (MCPF) for Councillors who joined the municipality between 2000 to 2003 and were allowed to join and not to resign from the pension unless they resigned/death/not elected.
- ❖ Insurances/ Group Life covers are of choice.
- ❖ Housing Subsidy – applicable to employees with a bond from registered financial institutions.

## **Occupational Health & Safety (OHS)**

The municipality established the OHS Committee in December 2012. The Committee consist of employees from different departments, the committee operates under the department of Corporate Services and terms of reference have been developed in line with OHSA. Training has been provided to the Committee; OHS level 2 and First Aid training on level 3 in 2013/2014. It is co-ordinated under Corporate Services while an employee representative has not been appointed in terms of the Act.

Challenges:-

- ❖ Safety and health hazard to employees in the building which includes none functioning properly of the toilets and no signs in place.
- ❖ No one appointed as Health Representative in terms of the Act.

# Chapter 4

## 4. 2 TRAINING AND DEVELOPMENT

### The Workplace Skills Plan (WSP)

The status with the work skills plan is that in 2012/2013 we have implemented at 93% and Bursary.

### Training Implementation 2012/2013

| AREA OF FOCUS                | NO. OF LEARNERS ON BURSARY | SKILLS PROGRAMME   |
|------------------------------|----------------------------|--------------------|
| Finance                      | 3                          | 152 staff members; |
| Social and Economic services | 7                          |                    |
| Technical Services           | 3                          |                    |
| Corporate Services           | 2                          |                    |
| Municipal Manager            | 2                          |                    |
| Councillors/EXCO             | 0                          | 28                 |
| <b>Total</b>                 | <b>17</b>                  | <b>180</b>         |

### Internship and In-Service Training Programme

The Municipality embarked on an aggressive internship programme, with a view to providing qualified, in-service training and unemployed graduates with practical experience in order that they become employable.

**The distribution of Interns/ In-service Trainees was as follows:**

| AREA OF FOCUS                | NO. OF INTERNS | NO. OF IN-SERVICE TRAINEE |
|------------------------------|----------------|---------------------------|
| Finance                      | 5              | 12                        |
| Social and Economic services | 0              | 11                        |
| Technical Services           | 0              | 4                         |
| Corporate Services           | 0              | 12                        |
| Municipal Manager            | 0              | 01                        |
| <b>Total</b>                 | <b>5</b>       | <b>40</b>                 |

**Table 5:** Distribution of Interns/Students

# Chapter 4

## 4.3 DISCLOSURES

### Remuneration of Councillors

| COUNCILLOR                  | TOTAL COST (R)   |                  |
|-----------------------------|------------------|------------------|
|                             | 2014/2015        | 2015/2016        |
| Mayor                       | 663 759          | 745 797          |
| Deputy Mayor                | 519 894          | 600 719          |
| Speaker                     | 519 894          | 600 441          |
| Executive Committee Members | 861 579          | 945 626          |
| Ordinary Councillors        | 4 716 304        | 5 333 781        |
| UIF & SDL                   | 50 751           | 59 765           |
| <b>Total</b>                | <b>7 281 432</b> | <b>8 286 129</b> |

**Table6:** Remuneration of Councillors

### Remuneration of Senior Managers- Total Cost to Employer

|                                       | 2014/2015      | 2015/2016        |
|---------------------------------------|----------------|------------------|
| Director Corporate                    | 0              | 184 068          |
| Director Technical                    | 801 247        | 891 750          |
| Director Social and Economic Services | 739 591        | 864 140          |
| <b>TOTAL</b>                          | <b>897 767</b> | <b>1 939 958</b> |

**Table7:** Remuneration of Social Managers

### Remuneration of Municipal Manager- Total Cost to Employer

|                     | 2014/2015        | 2015/2016        |
|---------------------|------------------|------------------|
| Annual Remuneration | 870 035          | 1 068 312        |
| Car allowance       | 132 000          | 145 000          |
| Performance Bonus   | 119 526          | 127 646          |
| UIF                 | 1 784            | 1 785            |
| <b>TOTAL</b>        | <b>1 123 346</b> | <b>1 342 743</b> |

**Table8:** Remuneration of Municipal Manager

### Remuneration of Chief Financial Officer- Total Cost to Employer

|                                    | 2014/2015      | 2015/2016        |
|------------------------------------|----------------|------------------|
| Annual Remuneration                | 636 017.       | 874 204          |
| Leave Encashed                     |                |                  |
| Car allowance                      | 182 400        | 182 400          |
| Subsistence & Travel Reimbursement | 11 740         | 13 130           |
| Housing and other allowances       | 55 500         | 84 623           |
| <b>TOTAL</b>                       | <b>885 658</b> | <b>1 154 357</b> |



# Chapter 4

## 4.4 EMPLOYMENT EQUITY

The following table provides staffing information:

|                 | Region Demographics | OKHAHLAMBA LOCAL MUNICIPALITY |       |      |                   |       |      |                   |       |      |                   |       |      |                 |       |      |
|-----------------|---------------------|-------------------------------|-------|------|-------------------|-------|------|-------------------|-------|------|-------------------|-------|------|-----------------|-------|------|
|                 |                     | TOP MANAGEMENT                |       |      | SENIOR MANAGEMENT |       |      | MIDDLE MANAGEMENT |       |      | JUNIOR MANAGEMENT |       |      | GENERAL WORKERS |       |      |
| LEVEL           |                     |                               |       |      |                   |       |      |                   |       |      |                   |       |      |                 |       |      |
| Nos. OFF        |                     |                               |       |      |                   |       |      |                   |       |      |                   |       |      |                 |       |      |
|                 |                     | Exist                         | Ideal | Diff | Exist             | Ideal | Diff | Exist             | Ideal | Diff | Exist             | Ideal | Diff | Exist           | Ideal | Diff |
| African Males   |                     | 26                            |       | 0    | 11                |       | 0    | 7                 |       | 0    | 27                |       | 0    | 26              |       | 0    |
| African Females |                     | 7                             |       | 1    | 7                 |       | 0    | 11                |       | 0    | 23                |       | 0    | 43              |       | 0    |
| Total           |                     | 32                            |       | 1    | 18                |       |      | 18                |       |      | 50                |       |      | 69              |       |      |

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

The Okhahlamba Municipality's most significant source of revenue is from grants. The contribution of the various alternative streams of revenue will be subject to review. Revenue raising strategies are listed as follows:

- ❖ Parking metres / Reserved parking fees: Due to the fact that we have limited parking available in Bergville and Winterton, charging parking fees will help control parking congestion, and only people who have come to do business in town will park in town.
- ❖ Business License: Businesses should be required to have licenses to operate, and these should be renewable annually.
- ❖ Photocopier Register: A register should be kept for photocopier machines in order to record meter readings and the municipality should record copies made for private purposes, and minimal fees should be charged for these.
- ❖ Interest on Investments: Excess funds that are not due to be used in the current month should be invested with an approved financial institution so that extra interest can be earned from these funds.
- ❖ Asset management: It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilised/ uneconomic assets with a view to disposal as previously indicated.

Okhahlamba has a rates policy, which is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy. This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

# Chapter 5

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

#### **Municipal Consumer Debt Position**

This municipality raises income from property rates, refuse removal, letting of properties, rates clearances and building plans. Other services are rendered on cash basis, meaning you first pay and then a service is rendered, except for property rates, refuse removal and letting of properties. When the municipality bill, income is recognised, but not all of this income reaches the municipality. Our current recovery rate is sitting at 76.9%, meaning the municipality needs to establish a serious debt management and recovery strategy. It should be noted though that we've experienced a significant improvement in terms of our debt collection to the tune of 15%.

The municipality has since implemented a credit control policy, which prescribes steps to be taken to recover debt, more especially long outstanding debts. Firstly, the municipality has planned on granting customers relief on interest and penalties for at least two months in a year. During this period, all customers who pay all their accounts in full will receive a relief on their interest and penalties.

The municipality has extended an invitation to the public to settle their outstanding debts through council incentives to write off interest. We have also initiated legal processes to recover debt through our debt collection strategy.

Even though the municipality has implemented these relief measures, the municipality still faces challenges in long outstanding debt recovery. As a result we have performed data cleansing and have written off an amount of R254 599.79. Provision has also been made for a write-off of R93 736.45. The municipality will issue two notices thereafter will issue a final notice for payment. Once a final notice is issued, we will institute legal action against defaulting debtors. Thereafter, the municipality will attach properties.

#### **Grants & Subsidies**

A municipality is supposed to be self-sufficient or at least largely self-funded. Access to funds is a key to the fulfilment of local government objectives and is a major enabler for delivery of sustainable services. However, the fiscal arrangement set out in Chapter 13 of the Constitution provides that local government is 'entitled to an equitable share of revenue raised nationally' and may also receive additional conditional transfers from national and provincial government. The Constitution also requires a municipality to raise its own funds through property rates, surcharges, service fees, etc. To this end, the local government fiscal framework provides a range of sources of funds, and does not limit municipal funding simple to own funds.

# Chapter 5

---

Okhahlamba is heavily reliant on grant funding, which accounts for 59% of revenue in the Final Annual 2014/2015 budget. Equitable share accounts for 63% of grants, while Municipal infrastructure grant accounts for 21% of the Final Annual 2014/2015 budget. Other grants include Grant Finance Management, MSIG, Small Town Rehabilitation, EPWP, Art & Culture subsidy and the Provincialisation of Library grant.

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/ 2015 FINANCIAL YEAR

#### 6.1 AUDITOR GENERAL REPORTS 2014/ 2015

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Okhahlamba Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

# Chapter 6

expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Okhahlamba Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Additional matter**

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## **Unaudited supplementary schedules**

8. The supplementary information set out on pages ... to ... do not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## **Predetermined objectives**

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priority. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for Managing Programme Performance Information (FMPPPI).

# Chapter 6

---

12. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

## **Additional matters**

14. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

## **Achievement of planned targets**

15. Of the total number of 50 targets planned for the year under review, 19 of the targets were not fully achieved, four of which were 90% complete. This represents 38% of total planned targets that were not fully achieved for the year. This was as a result of a lack of capacity in the technical department.

## **Material adjustments to the annual performance report**

16. Material audit adjustments in the annual performance report were identified during the audit, all of which were subsequently corrected by management.

## **Compliance with laws and regulations**

17. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

# Chapter 6

## COMPONENT B: AUDITOR-GENERAL OPINION 2014/ 2015 FINANCIAL YEAR

### 6.2 AUDITOR GENERAL REPORT YEAR 2014/ 2015

#### Introduction

1. I have audited the financial statements of the Okhahlamba Local Municipality set out on pages ... to ..., which comprise the appropriation statement, the statement of financial position as at 30 June 2015, the statement of financial, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.
2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence have obtained is sufficient and appropriate to provide a basis for my audit opinion.



# Chapter 6

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Okhahlamba Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with Standards of GRAP and the requirements of the MFMA and DoRA.

## Additional matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Unaudited supplementary schedules

8. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.
10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for Service delivery and infrastructure development presented in the annual performance report of the municipality for the year ended 30 June 2015.
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

# Chapter 6

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme: delivery and infrastructure development.

## Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matters:

### Achievement of planned targets

16. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

### Unaudited supplementary information

17. The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

## Compliance with legislation

18. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## Internal control

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

## Other reports

### Investigations

20. An independent consulting firm performed an investigation, at the request of the municipality; on allegation of possible misappropriation of assets which covered the period 2007/2008 to 2009/2010. The investigation is in progress.
21. Internal audit performed an investigation into ghost employees identified in the current year. This was escalated to the South African Police Services and is an ongoing investigation. The investigation is in progress

*Quator-General*

Pietermartizburg

30 November 2015

# Chapter 6

## COMPONENT C: AUDITOR-GENERAL OPINION 2014/ 2015 FINANCIAL YEAR

### 6.3 AUDIT & PERFORMANCE AUDIT COMMITTEE COMMENTS YEAR

#### AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT 2014-2015

Audit Committee members and attendance:

| Details                  | Qualifications | Meetings | Status |
|--------------------------|----------------|----------|--------|
| Mr. P Mntambo – AC Chair | Bcompt         | 10       | Active |
| Mrs. S Kheshav           | LLB            | 10       | Active |
| Mr. LB Van Der Merve     | Bcompt         | 10       | Active |
| Mr. C Rautenbach         | Bcompt, CA(SA) | 10       | Active |

The Committee performed its responsibilities in terms of the Municipal Finance Managed Act, the Audit Committee Charter as well as the Code of Corporate Governance. By law the Committee is expected to meet at least four times during the year. The Committee had ten meetings, two of which were special meetings dealing with the Performance Management System.

The Committee received audit reports from Internal Audit in accordance with the Internal Audit Plan that was approved by it in August 2014. The Internal Audit and Performance Unit performed their responsibilities diligently and objectively and the reports were of a high standard.

Reports were focused on the high risk issues as identified in the risk assessment process and action plan.

The committee assessed some internal financial controls and the auditing thereof and made some recommendations and suggested improvements. It was satisfied that the risk assessment was relevant.

# Chapter 6

---

Assurances were given to the Committee that the internal financial reporting was in place and that regular reports were submitted to the Council. Compliance with the MFMA was the focus of the financial administration and some challenges in the application of the SCM policy of the Municipality were identified and corrected.

The status of the performance management system remained a cause of concern for the Audit Committee. Limited progress was made with the implementation of a proper performance evaluation system, since it expressed its concern at the end of the previous financial year.

The final Annual Financial statements were discussed by the Committee and the committee was satisfied that the statements reflect a true account of the financial situation at the end of the financial year. The annual financial statements were prepared internally by the municipality's own employees.

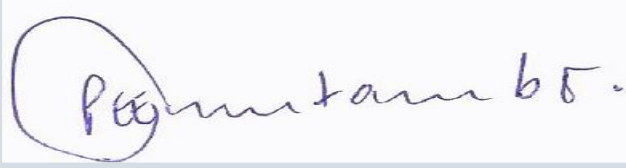
The working relationship between the Audit Committee and the MPAC still need to strengthen in order to improve the governance of the municipality.

The audit committee was satisfied with the following:

- Performance Management Reports was prepared on a quarterly basis and reviewed bi-annually by the Performance Committee.
- Financial internal controls were implemented and monitored in the municipality in particular in the supply chain.
- The Draft Annual Financial Statements for 2014/2015 were reviewed. They appeared credible.
- Monitoring the progress of council projects and ensure that all projects are completed on time and no budget overruns or unused funds.

# Chapter 6

---

A handwritten signature in blue ink on a white background. The signature is written in a cursive style and reads "Phumlani Mntambo". The first letter "P" is capitalized and the rest of the name is in lowercase. There is a small mark at the end of the signature that looks like a stylized "b" or "5".

Phumlani Mntambo

Chairperson of the Audit Committee

## GLOSSARY

|                                       |   |
|---------------------------------------|---|
| <b>Accessibility indicators</b>       | Explore whether the intended beneficiaries are able to access services or outputs.  |
| <b>Accountability documents</b>       | Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| <b>Activities</b>                     | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.  |
| <b>Adequacy indicators</b>            | The quantity of input or output relative to the need or demand.   |
| <b>Annual Report</b>                  | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.           |
| <b>Approved Budget</b>                | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.  |
| <b>Baseline</b>                       | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.  |
| <b>Basic municipal service</b>        | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.  |
| <b>Budget year</b>                    | The financial year for which an annual budget is to be approved – means a year ending on 30 June.   |
| <b>Cost indicators</b>                | The overall cost or expenditure of producing a specified quantity of outputs.   |
| <b>Distribution indicators</b>        | The distribution of capacity to deliver services.   |
| <b>Financial Statements</b>           | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.  |
| <b>General performance indicators</b> | <b>Key</b> After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.  |
| <b>Impact</b>                         | The results of achieving specific outcomes, such as reducing poverty and creating jobs.   |

# Chapter 6

|  |  |
|--|--|
| <b>Inputs</b>                            | All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.   |
| <b>Integrated Development Plan (IDP)</b> | Set out municipal goals and development plans.   |
| <b>National Key performance areas</b>    | <ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>   |
| <b>Outcomes</b>                          | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".   |
| <b>Outputs</b>                           | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.   |
| <b>Performance Indicator</b>             | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)  |
| <b>Performance Information</b>           | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.   |
| <b>Performance Standards:</b>            | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| <b>Performance Targets:</b>              | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.  |



# Chapter 6

|  |  |
|--|--|
| <b>Service Delivery Budget Implementation Plan</b> | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.  |
| <b>Vote:</b>                                       | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p> |