

# **NALA LOCAL MUNICIPALITY**



## **ANNUAL PERFORMANCE REPORT 2005/06**

# **CHAPTER 1.**

## **1. INTRODUCTION**

### **1.3. Overview of the Municipality**

Nala Local Municipality is comprised of two former TLCs ( Bothaville/Kgotsoong and Wesselsbron/Monyakeng ). Bothaville/Kgotsoong is situated in the north western part of the Free State, approximately 40km south west of Moqhaka Local Municipality, 70km north west of Matjhabeng Local Municipality, 60km south of Klerksdorp (North West Province) and 200km south of Gauteng Province.

Wesselsbron/Monyakeng is situated approximately 70km south west of Bothaville, approximately 35km west of Matjhabeng and 55km east of Hoopstad in Tswelopele Local Municipality. The literal meaning of the word Nala in southern Sotho is prosperity, meaning a place of abundance and opportunities unsurpassed. Potentially, Nala could be one of the richest local municipality in South Africa, if all its resource capacity is fully employed and developed. Currently, it is still regarded as jewel of South Africa's maize sector.

#### **1.3.1. Service Delivery Profile**

Nala Local Municipality, whilst in semi – urban towns, with an approximate population of hundred and ten thousand (110 000), boasts of a well developed modern infrastructure in Bothaville and Wesselsbron, and uneven infrastructural development in Monyakeng and Kgotsoong. In Bothaville and Wesselsbron there are more tarred roads than there are in Kgotsoong and Monyakeng. In the former, sewer and water reticulation network system is much more developed than is the situation in the latter.

Both Bothaville and Wesselsbron have water-borne toilet and sewer reticulation system. In Monyakeng and Kgotsoong there is uneven development with the former having the larger, but not all portion of its residential area without waterborne toilets compared to the latter.

Whilst both Bothaville and Wesselsbron have an easily serviceable and maintainable infrastructure (roads/streets, sewer and water reticulation ) with a lifespan of at least more than twenty (20) years, indicating type and quality of design, Monyakeng and Kgotsoong have shown a different picture of poor quality in this regard and lesser lifespan of less than twenty years with complications in terms of easy access to serviceability and maintenance.

It is also indicated particularly during raining seasons that this type of drainage system is often overflowed and cannot easily and speedily channel the flow of water resulting in floods. This points to poor planning of infrastructure network which is not even compatible to the contour of the earth surface in the area.

### **1.3.2. Economic Profile**

The economy of Nala Municipal area consists mainly of agricultural activities. Limited manufacturing has taken place as subsidiary sector to agriculture.

#### **1.3.2.1. Manufacturing**

However the recent closure of the New Holland plant which manufactures mainly agricultural implements, in Bothaville has impacted negatively on employment opportunities in the region. The bio-fuel Ethanol plant in Bothaville, which is still under construction with secondary industries, will act as impetus to counter this closure and loss of jobs. However, the delay in promulgating a regulatory framework may have negative impact in the implementation of the whole project. Manufacturing sector in the agriculture should be developed and enhanced especially as a value adding action to raw materials produced in this sector.

#### **1.3.2.2. Agriculture**

Bothaville was officially declared the Maize Capital of South Africa in February 1995. This city is not only the maize jewel of the country, but also the most important town in the summer grain area. Both Bothaville and Wesselsbron produces a combined average of 550 000 tons of maize annually making it the most single district producer in South Africa.

Bothaville does not only produce maize, there is also quality vegetables, lovely export roses, authentic pottery, handsome articles, stock-farming, agro-processing and bio-fuel plant still under construction.

There is also annual Nampo Harvest Show every May month, which attracts about 50 000 thousand people world wide. This show dates back to 1967, and its main objective is to enable farmers to compare farming products. More than 600 exhibitors take part in this annual show. During this show hundreds of temporary jobs are created for the local community. However. a negative growth rate is anticipated this season due to low rainfall and drought that has struck most commercial farmers and small-scale farmers alike.

#### **1.3.2.3. Mining**

The proposed mining activities ( titanium and gold ) located between Bothaville and Allanridge and to the northwest of Bothaville will also increase economic development. This is only in the long-term, as development in this sector is not foreseen in the short to medium term.

#### **1.3.2.4. Tourism**

Tourism sector is not fully developed because of lack of natural attractions and appropriate tourist strategy. The existing historical sights owe their existence to the white supremacy. There is still a need to map out a common unifying tourist strategy, whose features should embrace all

cultures in the sub-region. This strategy should encompass specific areas such as eco-tourism, game-farming, cultural tourism and major sport events.

A number of tourist sights were identified in this sub – region and these include;

- Bushman paintings on the farm Boskop.
- Baptismal Tree on the farm Besempan.
- Game hunting and water ski trips on the Vaal river.
- Macaca’s cave in Balkfontein.
- The Anglo – Boer War Battlefield.

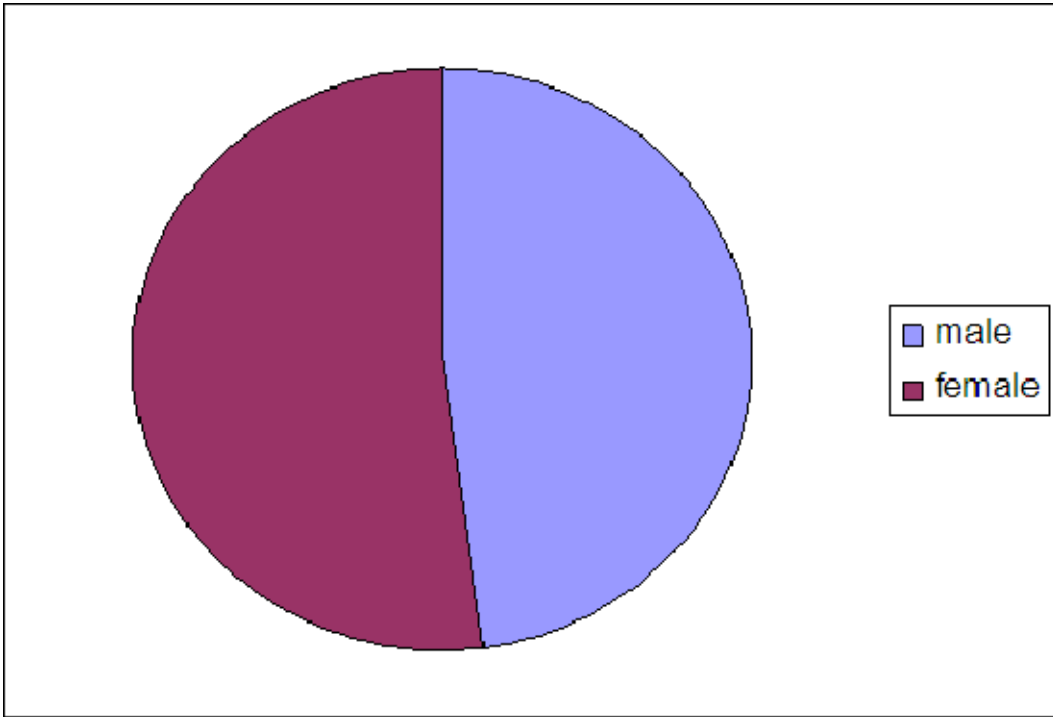
### **1.3.3. Environmental Profile**

#### **1.3.3.1. Climate**

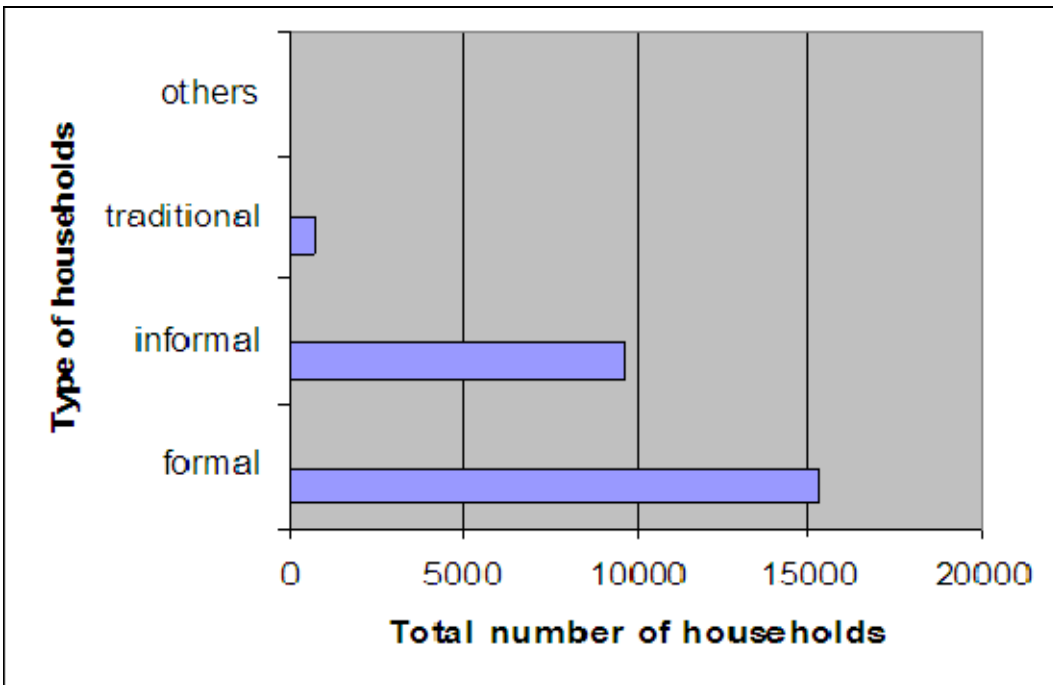
There is hot to very hot summer days with hot north easterly winds. Temperatures rises up to 35C with striking afternoon thunderstorms. In winter there is sunny, cold days with dry south easterly chilling winds, and very cold nights with frost. Spring and summer rainfall ranges from 500 – 600mm per year.

#### **1.3.3.2. Demographic Profile**

The total population of Nala stands at 98262. Of this number 46909(47%) is male of ages between 0 – 65, and 51353(53%) is female of the same age category. Between 15 – 65 age category there is about 30926(31%) male and 35 275(36%) is females of the same age group. Between age category 4 – 14, there is about 15 983(16%) males, and 16 078(17%) females of the same age category. Furthermore, according to Statistics SA, about 22% of the local population is unemployed with 35% of this prevalent amongst youth.



According to these statistics, Nala has a total household number of 25 840. Of this number 15 327(59%) falls under category of formal settlement, 9707(38%) is informal, and 761(3%) falls under traditional form of housing, while 45 which is less than 1% falls under other forms of housing.



## Chapter 2.

### Leadership and Management

#### 2.1: Political Leadership

The municipality has both political as well as administrative structure. The political structure constitute of the entire municipal council and EXCO. The administrative structure in turn is embodiment of all municipal employees, with the municipal manager serving as its head. The administration has appointed on fixed contractual agreement, two section 57 managers, who also serve as heads of various departments in the municipality.

##### 2.1.1. Municipal Council

The municipal council is the highest decision making body which constitute of twenty four (24) PR and ward councillors from different political parties. The mayor and the speaker also form part of this council.

##### 2.1.2. Executive Council (EXCO)

The EXCO members are appointed by the mayor as political heads of various departments and section 79 committees. Nala Local Municipality is collective municipality whose powers are separated between the speaker as Chairperson of Council and under which various ward committees report through ward councilors. The mayor in turn execute his/her duties as political head of the entire municipal administration including finance. The Municipal Manager is administrative head of the institution, who as a functionary ensures implementation of council resolutions.

The Mayor as custodian of municipal finance is also responsible for chairpersonship of EXCO, whilst the council is the overall decision-making body in whom the EXCO reports progress on identified programmes. For the first nine (9) months EXCO members consisted of councilors from the past term until 1 March 2006. These are Nala Local Municipality EXCO members for the financial year under review.

#### Local Mayor and Political Heads of Departments.

Ms. MM Mohorosi	: Local Mayor
Ms. NM Mashiya	: Council Speaker
Mr. RD Mpatane	: Finance Committee
Ms. DA Mahalapa	: Public Works Committee
Ms. MS Mabaso	: Housing and Corporate Services

### 2.1.3. Other members of Section 79 Committees

<b>Year – 2005</b>	<b>From 1 March 2006 to date</b>
1. Cllr. G M Tsoai Chairperson	1. Cllrs. T S Nkone/ M M Mohorosi
2. Cllr. N G Swartbooi	2. Cllr. N M Mashiya
3. Cllr. K J Letsoara	3. Cllr. R D Mpatane
4. Cllr. J Pholo	4. Cllr. D A Mahalapa
5. Cllr. S Thedisi	5. Cllr. M S Mabaso
6. Cllr. M Mepha	6. Cllr. D C Ross

The following councillors were deployed in section 79 committees for the year under review. These committees are responsible for implementation of specific committee related programmes and members of EXCO serve as chairpersons in these committees and political heads of various departments.

#### 2.1.3.1. Public Works Committee

<b>Year – 2005</b>	<b>Year – 2006</b>
1. Cllr. K J Letsoara	1. Cllr. DA Mahalapa – Chairperson
2. Cllr. NA Swartbooi	2. Cllr. MR Zodala
3. Cllr. MD Leseane	3. Cllr. T F Ntshabiseng
4. Cllr. TA Ndonga	4. Cllr. FD Maphisa
5. Cllr. S Thedisi	5. Cllr. MM Mpesi
6. Cllr. MF Moletsane	6. Cllr. MS Sebokolodi
	7. Cllr. E Molotsi
	8. Cllr. M E Diphahle

#### 2.1.3.2. Finance Committee

<b>YEAR – 2005</b>	<b>YEAR – 2006</b>
1. Cllr. M Mepha	1. Cllr. RD Mpatane – Chairperson
2. Cllr. D Ross	2. Cllr. TA Mogoje
3. Cllr. BP Kgang	3. Cllr. ZS Sikade
4. Cllr. TA Mogoje	4. Cllr. MA Nyamane
5. Cllr. LD Lekhelebane	5. Cllr. DJ Kulashe
6. Cllr. IT Masumpa	6. Cllr. D Ross
	7. Cllr. KJ Maselo

### 2.1.3.3. Housing and Cooperate Services

YEAR – 2005	YEAR – 2006
1. Cllr. I T Masumpa	1. Cllr. MS Mabaso – Chairperson
2. Cllr. S Matsepe	2. Cllr. S Le Roux
3. Cllr. KJ Molisenyane	3. Cllr. MM Stander
4. Cllr. MR Mathibe	4. Cllr. DM Masisi
5. Cllr. J Pholo	5. Cllr. TL Thebeahae
6. Cllr. T M Mabaso	6. Cllr. MR Lenake
	7. Cllr. JM Mabeleng
	8. Cllr. E Molotsi

### 2.2. Administrative Structure

The head of administrative structure at Nala Local Municipality is the Municipal Manager who is accountable to Council in consultation with the political head of the institution. In execution of his/her duties s/he is assisted by three section 57 managers( MFMA, 2003) who serves as departmental heads and are usually employed on a five year contractual agreement for each head of department. These are senior managers of the municipality including the municipal manager.

Mr. T E Tokwana : Municipal Manager  
 Mr. R D Mabunda : CFO  
 Mr. J H Jooste : Director Corporate Services  
 Mr. NW Truter : Acting Director Technical and Engineering

### 2.3. Personnel Breakdown per Department (2005/ 2006)

No	Department	Staff Complement	Total	Filled	Vacant
1.	Municipal Manager's Office	Municipal Manager Staff Complement	1 6	1 6	–
	<b>SUB-TOTAL</b>		<b>4</b>	<b>4</b>	–



2.	Finance	CFO Complement	Staff 1 43	1 43	-
	<b>SUB-TOTAL</b>		44	44	-
3.	Corporate Services	Director Corporate Services Staff Complement	1 48	1 48	-
4.	Technical Services	Director(Acting) Staff Complement	1 257	1 257	-
	<b>TOTAL</b>		341	341	-

There are two (2) combined additional staff in two (2) political offices, namely Mayor's and Speaker's office.

1.	<b>MAYOR'S OFFICE</b>	PA Staff Complement	1 11	1 11	- -
	<b>SUB-TOTAL</b>		12	12	-
2.	<b>Speaker's Office</b>	PA Staff Complement	1 1	1 1	- -
			2	2	-
	<b>TOTAL STAFF</b>		14	14	-

## 2.4. Senior Management and Councilor's remuneration costs

### 2.4.1. Remuneration of the Municipal Manager

Financial Year	2005/2006	2004/2005
Annual Remuneration	R237 362.04	R217 581.87
Transport Allowance	R111 564.00	R102 267.00
Sundries Taxable	R 98 518.52	R 90 308.64
Housing Allowance	R 50 000.04	R 45 833.37
<b>TOTAL PACKAGE</b>	<b>R497 444.60</b>	<b>R455 990.88</b>

### 2.4.2. Remuneration of the Deputy Municipal Manager

<b>Financial Year</b>	<b>2005/2006</b>	<b>2004/2005</b>
<b>Annual Remuneration</b>	<b>R 237 362. 04</b>	<b>R217 581. 87</b>
<b>Transport Allowance</b>	<b>R 110 117. 02</b>	<b>R100 940. 16</b>
<b>Sundries Taxable</b>	<b>R 98 518. 52</b>	<b>R 90 308. 64</b>
<b>Housing Allowance</b>	<b>R 50 000.04</b>	<b>R 45 833. 37</b>
<b>TOTAL PACKAGE</b>	<b>R 495 997.62</b>	<b>R 454 664.04</b>

#### **2.4.3. Remuneration of the Corporate Services Director**

	<b>2005/2006</b>	<b>2004/2005</b>
Annual Remuneration	R 162 000.00	R 148 581.87
Sundries Taxable	R128 736.24	R 118 008.22
Travelling	R 60 345.00	R 55 316.25
Housing Allowance	R 42 000.00	R 38 500.00
Pension	R 44 145.00	R 40 466.25
Cell Phone Allowance	R 12 000.00	R 11 000.00
<b>TOTAL PACKAGE</b>	<b>R449 226.24</b>	<b>R413 872.59</b>

#### **2.4.4. Remuneration of the Chief Financial Officer**

	<b>2005/2006</b>	<b>2004/2005</b>
Annual Remuneration	R162 000	R148 581.87
Travelling	R104 701.08	R 95 975.99
Housing	R 42 000.00	R 38 500.00
Sundries Taxable	R 72 345.00	R 66 316.25
Provident Fund	R 12 000.00	R 11 000.00
Cell Phone	R 12 000.00	R 10 500.00
<b>TOTAL PACKAGE</b>	<b>R405 046.08</b>	<b>R370 874.11</b>

#### **2.4.5. Councilors Salaries for July 2005 to 2006**

	Month Salary	Pension Fund	Medical Fund	Travelling	Housing	Personal Facilities	Total Month
Mayor	148 69.17	2230.37	1014.	3717.29	3187.16	260.14	25277.99
Speaker	11,962	1794.3	1014.	2990.50	3187.16	260.14	21207.96
EXCO	6332.41	949.86	1014.	1585.10		260.14	10139.37
Ordinary council	3377.33	506.69	1014.	844.33		260.00	6002.25

<b>BUDGET</b>	<b>NUMBER</b>	<b>TOTAL</b>
Mayor	1	R 303 335.88

Speaker	1	R 254 495.52
Exco members	4	R 486 689.76
Ordinary Councilors	16	R1 152 432.00
<b>TOTAL</b>	22	R2 196 953.16
2005/2006 Budget		R3,932 269.00
Actual as per calculation		R2 196 953.16
Budget Shortage or Surplus		R1 735 315.84

## **2.3. Office of the Mayor.**

### **2.3.1. Mayoral Bursary Fund**

This issue was pondered upon for reflection in the next financial year. Since it was never formalized during the financial year in question, the municipality could not make any financial assistance to deserving students in Nala.

### **2.3.2 Poverty Alleviation Programme**

During this financial year about R2 915 911.42 was allocated on this programme to pay for salaries of temporary workers at Nala as proposed by the then Mayor of the Municipality. About eighty (80) temporary workers were employed on various tasks by the municipality under this programme.

An amount of R129 990.00 was allocated as mayoral discretionary fund for assisting indigents for the financial year in question. In the main this amount of money was used to buy food parcels for indigent families, particularly from farming communities in Nala.

### **2.3.3. Youth Development**

Computer laboratory was added as one of the programmes run at Kgotsoong Youth Centre. About twenty (20) computers were installed as a donation from Anglo-Ashanti Gold. This facility is run to provide basic computer literacy courses for the local unemployed youths as part of skills development strategy.

A similar initiative is earmarked for the youth of Monyakeng and about twenty computers were purchased by Nala Local Municipality at a cost of R500 000,00 from *Prism Tech*.

However, accreditation from the relevant qualifications authority is still being sought to formalize recognition of certificates obtained by beneficiaries of this programme.

### **2.3.4. Nala Local Aids Council.**

During this financial year the municipality managed to establish the above structure at an undisclosed amount of money. The following programmes with specific task teams were established, namely: Health, Orphanage, and Poverty Alleviation.

These were members of the Nala Local Aids Council:

1. Chairperson: Cllr. Flackey Masumpa
2. Sr. Nabal
3. Pastor Mapheto
4. Ms. E M Moletsane
5. Ms. E Lehloo
6. Ms. F Mokopu
7. Ms. M Radebe

8.Ms. M. Sebate ( LAC Coordinator)

## **2.4. Corporate Services**

### **2.4.1. Building and other property management issues**

An amount of R120 000-00 was allocated for each unit (Wesselsbron and Bothaville) for financial 2005/06. However, no significant developments in terms of renovation did take place because of reluctance of finance department to allow utilization of money allocated.

### **2.4.2. Fleet Management**

Vehicles are the property of the Council of Nala Local Municipality and should be used as prescribed by its policy. All municipal employees, political office bearers and council are expected to observe the contents of this policy.

Fleet management policy for the Nala Local Municipality was tabled at the EXCO meeting on the 18 May 2006. In it there is prescription in terms of usage of municipal vehicles. So far this policy seem to have been adhered to by all users of municipal/ official vehicles.

### **2.4.3. Council Facilities**

The municipality has put measures aimed at regulating usage of Council facilities such as telephones, photocopiers, internet services, and faxes. To control how telephones should be used, senior managers were allocated pin-codes to allow them to make external calls without going via the receptionist. These measures have contributed greatly to cost-effectiveness.

### **2.4.4. Training and Development**

The municipality has adhered to minimum requirements set by the Skills Development Act to ensure that there is upward mobility amongst employees through continuous training and skills development, to enhance their performance in their various tasks and responsibilities in the municipality.

### **2.4.5. Human Resources**

Owing to lack of clear organizational structure, developing job descriptions for mainly lower ranking employees has been a difficult task. The municipality has identified this and is rectifying this problem. During this financial year an organizational structure was developed, but was never implemented.

### 2.4.6. Legal Services Unit.

The municipality has appointed a legal advisor by the name of D A Horn Attorneys on a five (5) year contract. During the financial year under review the legal section of the municipality had handled a number of civil cases. These are some of the cases that were handled by this department:

NO.	LEGAL FIRM	MATTER	COST
1.	D A Horn	Nala/Brink Roux	R 57 126-28
2.	D A.Horn	Nala/De Kock	R 5 000-00
3.	D.A Horn	Nala/H Smith	R 15.000-00
4.	D A Horn	Nala/MZ Majoe	R 15.000-00
5.	D A.Horn	Nala/Majoe and Jasone	R 15 000-00
6.	D A Horn	D.A Horn/van Biljon	R 20 000-00
7.	D A Horn	Nala/Millenium Blinds	R 15 000-00
8.	D A Horn	Nala/PC Oberholzer	R 10 000-00
9.	D A Horn	Nala/Ninham Shand	R 28 000-00
10.	D A Horn	Nala/Ninham Shand	R 50 000-00
11.	D A Horn	Nala/Narac and Others	R 40 000-00
12.	D A Horn	Nala/MZ Majoe	R 30 000-00
13.		Nala/ML Segopolo	R 160 624.10
14.	D A Horn	Nala/MZ Majoe	R 30 000-00
15.	D A Horn	Nala/H Smith	R 45 000-00
16.	D A Horn	Nala/PC Oberholzer	R 30 000-00
17.	D A Horn	GB van Biljon/D A Horn	R 50 000-00
18.	D A Horn	Nala/Vukani Catering	R 25 000-00
19.	D A Horn	Nala/Millenium Blinds	R 15 000-00
20.	D A Horn	Nala/Mangaung Mun.	R 550-00
21.	TOTAL		R 656 300.38

### 2.4.7. Council and Mayoral Committee meetings

In terms of the following pieces of legislations, namely; Local Government Municipal Structures Act,117 of 1998, MFMA, 56 of 2003 and Local Government Municipal Systems Act, 32 of 2000, council and mayoral committee meetings should be convened. Nala Local Municipality has held its council and EXCO Meetings for the financial year 2005/2006 as illustrated below.

	COUNCIL	DATES	EXCO	DATES	COMMENT ON

					ATTENDANCE
Ordinary Council Meetings	11	26/07/2005 30/08/2005 25/10/2005 29/11/2005 14/02/2006 15/03/2006 25/04/2006 30/05/2006 11/06/2006 28/06/2006	10	19/07/2005 23/08/2005 20/09/2005 13/10/2005 17/11/2005 20/01/2006 07/02/2006 28/03/2006 1 3/04/2006 18/05/2006	<b>Well Attended</b>
Special Meetings	09	21/02/2006 31/03/2006	08		
		10/05/2006 07/06/2006 21/06/2006			
Inaugural Meeting	01	15/03/2006	0		
<b>Total</b>	21		18		

### **Social and Community Related issues**

Furthermore, the department of Corporate Services has the following units as its core functions namely:

- Housing
- Records and Archives
- Library Services
- Traffic and Public Safety

#### **2.4.7.1. Housing**

During this financial year no houses were allocated by the Provincial Department of Housing and Local Government to this municipality. However, a number of residential erven were sold by the municipality particularly for upmarket housing construction mainly in town.

#### **2.4.7.2. Records and Archives**

Records and archives system in Nala Local Municipality is still rudimentary with documentary information that contains records of classified municipal information being exposed to possible

misplace or loss. There is a need for improvement in terms of filing and keeping of municipal records and classified information for easier retrieval and accessibility in times of need by different departments and units of the municipality.

#### **2.4.7.3. Library Services**

There are four (4) libraries in Nala Local Municipality. In Bothaville/Kgotsoeng there are two (2) and Wesselsbron / Monyakeng there is two as well. The total capacity of all the four (4) libraries is 54 941 books.

#### **2.4.7.4. Traffic and Public Safety**

According to the Municipal Structures Act no. 117 of 1998, the municipality has established the services of Traffic and Public Safety. Units found in this department, which is also a jurisdiction of the Corporate Services, is traffic, public safety under which the service of disaster management operates, fire brigade, occupational health and environmental health. During the financial year under review, this department bought a fleet of seven (7) traffic regulation vehicles, one (1) bakkie for fire brigade, and veld fire fighting unit for Wesselsbron.

### **3. Executive Summary**

#### **3.1. Our Vision**

The 2005/2006 vision of Nala Local Municipality as was reflected in that year's IDP read:

“To render effective and sustainable services to the community of Nala”.

To achieve this vision the Nala Local Municipality is committed to effective service delivery through;

- Transparent Governance.
- Economic Development.
- Infrastructure Development and Investment.
- Sound Financial Management.
- Skills and Human Development.
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The IDP document is a legal requirement in terms of the Municipal Systems Act (MSA), however it is not the only reason why municipalities should prepare the plans. Under the new constitution, municipalities have been awarded major responsibilities in terms of development to ensure the quality of life of its citizens is improved.

In the final analysis through the IDP the municipalities should be able to address at least the following key performance areas, *viz*;



- Provision of basic services.
- Creation of jobs and Eradication of Poverty.
- Promotion of democracy.
- Accountability and Public Participation
- Infrastructure Development.

## **Chapter 5. Municipal Performance**

### **5.1. KPA: Transformation and Institutional Development.**

#### **Overview of legislative compliance and related issues**

##### **5.1.1. Departmental PMS**

The municipality employed the services of a consultant to review and develop a performance management system policy. The consulting firm known as Sithole Human Capital was appointed by the municipality to develop performance management scorecard for the financial year 2005/2006. Since its development this performance management system scorecard was not implemented.

##### **5.1.2. Integrated Development Plan**

The IDP of the municipality was developed and adopted in the preceding year. However, this document could not be aligned with the Provincial Growth and Development Strategy nor could it be aligned within the then budgetary processes of the municipality. Nevertheless the development of the document did comply with Chapter 5 of Municipal System Act 2000.

##### **5.1.3. MFMA**

The municipality did not comply with section 166 of MFMA 2003 in terms of submission of monthly financial reports to provincial and national institutions as per this given piece of legislation. However, the municipality is complying with section 71 of MFMA,2003 in terms of submission of financial statement to the mayor and the provincial treasury department as well monthly reports on management of grants and subsidies from national treasury, provincial government, and the district municipality.

##### **5.1.4. Capacity Building Programme**

No.	Names	Institution	Course	Amount
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			Registered	
1.	Mr. T S Mahasane	Damelin	Project Management	R 3985 – 00
2.	Mr. T Els	INTEC	Matric	R 3570 - 00
3.	Mr. M Kareli	CUT	B Arts	R 4142 - 00
4.	Mr. D D Mekgoe	UNISA	Certified Theory of Accounting	R10 417- 00
5.	Mr. K R Kgothule	CUT	Tax and Accounting	R 5620 - 00
6.	Mr. S Petse	INTEC	MS Certified Software Engineer 2003	R14451 - 00
<b>Total</b>				<b>R42 185 – 00</b>

### 5.1.5. Implementation of Municipal Policies

The Municipality developed and implemented a range of policies in line with the existing national legislations and relevant policies for 2005/2006. These policies were eventually adopted by council. The following policies were adopted.

- **Human Resource policy**

This policy defines the overall municipality’s human resource and development strategy and how such complies with and adhere to broader relevant national legislative framework to achieve it. Issues such as recruitment, selection and appointment, equity and skills development, performance and appraisal of employees form part of this broadly defined policy. Each municipality is required by law to develop such a policy. For the financial year under review the municipality could not develop such policy hence occurrence of irregular recruitment and promotions.

- **Supply Chain Management Policy**

According to sections 111 and 112 (1&2, articles a-q) of the MFMA 2003, each municipality must have and implement supply chain management policy that is; fair, equitable, transparent, competitive and cost – effective. Compliance of the municipality in terms of this piece of legislation was fairly consistent and the supply chain management policy was developed.

- **Communication Policy**

In the office of the municipal manager there is communication unit that was developed to manage the public relations, marketing and promotion strategy of the municipality. Nala News is used very extensively to carry out this enormous task for the municipality. Its core functions are to implement, review and drive the overall communication and marketing strategy of Nala Local Municipality. This paper is completely owned, funded and controlled by the municipality.

## **5.2. KPA: Good Governance and Community Participation.**

Community participation and involvement in governance derives from section 16(1) of the Local Government: Municipal Systems Act, 2000 and section 152(1) (a) of the RSA Constitution, Act 108 of 1996 which prescribes to Local municipalities the framework for community participation. The budget and IDP processes have also strengthened this aspect. The following programmes were completed as a measure to foster community participation;

### **5.2.1. Ward Committees**

These structures were set up in twelve (12) wards in Nala Local Municipality to assist ward councillors in their various duties and functions within their respective wards. Induction workshops were also done for both ward councilors and ward committees during the financial year under review.

A comprehensive programme was developed at a district level that has included all municipalities for re-establishment and renewal of mandates of ward committees. About twelve ward committees were established in Nala as a whole during the latter quarter of this financial year. To date, all ward committees have been established and are fully operational.

### **5.2.2. Ward Committee capacity building programme**

A total of 120 ward committee members from Nala Local Municipality formed part of induction workshop on the functions of ward committee system. This workshop was organized under the auspices of the Lejweleputswa District Municipality's Speaker's office.

### **5.2.3. Councillor Training**

On the 28 – 30 June 2006, the office of Lejweleputswa district speaker in conjunction with the LGSETA had a joint Training Workshop for all the councilors in the district. About twenty two(22) councilors of Nala Local Municipality attended the workshop whose main purpose was to empower and inform councillors as to the legislative framework within which they perform their duties. Relevant legislations in the local government system were observed including guidelines on Protocol and Discipline of public representatives.

### **5.2.4. District Ward Committee Competitions**

It is with delight and sense of pride to announce that one of the ward committee from Nala won the prize in these competitions. Ward four (4) was nominated as one of the best performing ward in the district in general and Nala in particular.

### 5.3. KPA: Service Delivery and Infrastructure

The following amounts were allocated for infrastructure development:

Municipal Infrastructure Grant(MIG)	= R	2 4 418 537.00
Provincial Infrastructure Grant (PIG)	= R	3 274 933.47
National Lottery	= R	3 217 456.60
LDM	= R	2 660 000.00
Premier's Infrastructure Grant	= R	9 500 000.00
<b>Total</b>	<b>= R</b>	<b>43 070 926.07</b>

The following projects were identified and implemented:

(a) **MIG, PIG, and Others.**

**CAPITAL PROJECTS 2005/2006**

PROJ. DESCRIP.	FUND. 1	AMT.	FUND. 2	AM T.	TO T.	CNTRCTR.	CONS UL.	STATUS	REASON
Bucket eradication	MIG	R10 000 000				Rekaofela	NEP	Completed	
Kgotsoeng High Mass Lights	MIG	R3 500 000.00				Fanie minerals and mining	Dihlase	Completed	
Purification plant Phase 1	MIG	R5 918 537.00	LDM	R2 660 000 .00	R8 57 8 53 7.00	Patula/Balekane	NEP	Completed	
House electrification	NER	R1 000 000.00				Khumalo Electrical	Dihlase	Completed	
WBN Taxi rank	MIG	R2 000 000.00				Rekaofela	Issa & Partners	Completed	
Kgotsoeng Sport Stadium	MIG	R3 000 000.00	National Lottery	R50 000 .00	R3 50 0 00 0.00	Ezekiel Moeti	NEP	Construction	Handover to be done
Monyaken g Sport Stadium	National Lottery	R2 717 456.00				Ezekiel Moeti	NEP	Construction	Gas for swimming pool should be bought.
Upgrading of Emergency Storm water	PIG	R127 74 933.47				Gold Fields Developing	Issa and Partners	Construction	Dispute between Consultant and Contrac



breeding chickens for sale to individuals and various retail sectors, *Vegetables and Crops* which specializes in horticulture of various kinds of vegetables and maize, and *Beef Cattle Farming* which specializes in breeding beef cattle for sale. This LED project seems the fairly successful in terms of job creation. It has employed the services of a secretary and a supervisor on a permanent basis. Its assets include two (2) tractors, one (1) plough, a bakkie, chicken abattoir.

## **2. Lerato Ladies**

This LED project has a management committee called Kgotsong Commonage Committee and manages the whole of Taaiboschpan commonage. It has established a share-cropping agreement with a certain white commercial farmer who assists mainly with tractors and other farming equipments. Within this project there are several other projects, namely: *Kopano Ke Matla Crop*, *Gardening Services*, *Kopano Beef Masters*, *Matla Crop* and *Batho Crop*.

### **3. Economic Development and Tourism Related Issues.**

Two major tourism events were held during this financial year at a cost of R113 812-00. These events featured eleven jazz groups and some of these activities coincided with celebration on Heritage Day.

## **5.5 Financial Viability and Management**

### **KPA: Financial Viability and Financial Management**

**Objective: To develop and implement sound financial management systems**

#### **5.5.1. Financial Management Systems**

The municipality has two programmes which assist in improving and strengthening its financial management systems, namely *Finstel* and *JDEdwards*. The former is used for billing and payroll, whilst the latter is used in preparing ledger, bank reconciliation and monitoring of cash flow.

According to the financial statement of the municipality for the year 2005/2006 at the year ending on the 30 June 2006, the total actual expenditure was R120,882,969, and the total actual income was R92,038,653.00.

For the year 2005 the actual revenue from grants and subsidies from the central government were R23,171,636.00 and for 2006 the actual revenue had gone up to R35,987,000, and the actual budget in this regard was R30,437,000.00 incurring an underestimation of R5,550,000.00.

The operating income for the year 2005 was R68,709,404.00, and for 2006 it has gone up to R84,895,969.00 and the budget was R37,402,868.00 reflecting an underestimation of R47,493,101.00.

On expenditure for the year 2005, the actual total salaries, wages and allowances were R32,492,039.00, and for 2006 it had gone up to R36,729,428.00. The budget for the year was R33,692,167.00, resulting in underestimation of R3,037,261.00.

The general expenses (this include purchase of electricity and water and other expenses ) amounted to R40,778,625.00 and for 2006 it had gone slightly up to R41,554,723.00. The budget in this regard was R53,241,948.00 resulting in overestimation of R11,687,225.00.

On rates and general services, the actual revenue for the year 2005 was R42,348,008.00 and the actual expenditure was R64,386,034.00, resulting in a deficit of R22,038,026.00. For 2006 the actual revenue was R56,691,782.00 and the actual expenditure was R92,044,698.00, incurring a deficit of R35,352,916.00 and budget R7,262,629.00.

On Community Services for 2005 the actual revenue was R14,214,508.00, whilst the actual expenditure was estimated at R64,386,034.00, resulting in a deficit of R21,861,020.00. For 2006, the actual revenue was R24,594,336.00, and the actual expenditure was R66,985,935.00, resulting in R42,391,599.00 and a budget deficit of R10,075,693.00.

On subsidized services for 2005, the actual revenue was R17,803,343.00, whilst the actual expenditure was R17,022,113.00, resulting in R781,230.00. For 2006 R20,23,513.00 was raised as actual revenue, whilst the actual expenditure was R21,025,145.00, incurring a deficit of R801,632.00 and a budget deficit of R13,637,791.00.

On Economic Services for 2005 the actual revenue raised was R10,330,157.00, whilst R11,288,393.00 represented the actual expenditure with a deficit of R958,236.00. For 2006 the actual revenue raised was R11,873,934.00, and the actual expenditure was R4,033,618.00, resulting in a surplus revenue of R7,840,316.00 and a budget deficit of R10,824,727.00.

On trade services for the year 2005, the actual revenue raised was R49,690,645.00, whilst the actual expenditure was R34,671,211.00, resulting in a surplus revenue of R15,019,434.00. For 2006, the actual revenue raised was R64,191,186.00, whilst the actual expenditure was R27,737,901.00, resulting in R36,453,286.00 as surplus revenue and budget surplus of R9,993,128.00.

The total actual revenue for 2005 was 92,038,653.00 and the total actual expenditure of the municipality was R99,057,245.00, causing deficit of R7,018,592.00. The actual total revenue for 2006 was R120,882,969.00, with actual total expenditure of R119,782,598.00, resulting in surplus revenue of R1,100,370.00 and a budget surplus of R2,730,499.00.



The net deficit for the year 2005 was R6,458,007, and retained deficit at the beginning of the year was R25,654,530.00. Accumulated deficit at the end of the year was R32,103,537.00. For 2006 the net deficit was R1,750,938.00 and retained deficit at the beginning of the year was R32,103,537.00, whilst accumulated deficit at end of the financial year 2005/2006 was R33,854,475.00. The financial statements attached hereto as Annexure “A” is unaudited and as soon as such is audited will be made available to public in terms of disclosure of information act.

## **5.6 Challenges and Plans for the Year Ahead**

The broader challenges facing the municipality in Nala should include compliance with relevant national legislations and policies of the central government. In this regard the municipality seems to have performed inconsistently and in some instances, fairly poor.

In terms of the IDP and its alignment with appropriate budgetary processes, the municipality has not performed well. To make matters worse the IDP document for the year under review could not be traced, making it difficult to confirm whether or not it was developed. The municipality must ensure that in the next financial years this loophole is addressed as a matter of urgency.

The process to formulate performance management system and its scorecard was outsourced and done by a service provider called Sithole Human Capital but it was not implemented. The incapacity to formulate the policy has been the major setback for the municipality. Due to lack of capacity to formulate and develop such policy, the municipality could even implement it.

During the compilation of this report certain information regarding quarterly performance and progress reports in various units and departments of the municipality, could not be traced, pointing to lack of proper monitoring mechanisms. Should proper monitoring mechanisms have been employed, the chaotic state in which the municipality finds itself in would be cleared.

Records keeping and administration of municipal information was also not up scratch. The inability to trace or access certain information for purposes of this report, points to lack of proper administration and management of municipal records and classified information. There is a need to create a post of, and employ the services of a suitably qualified manager for administration who will deal specifically with improving records keeping of the municipality.

The municipality seems to have incurred highly unnecessary legal expenses during the financial year under review. And the majority of these is civil cases which could have been avoided, should the municipality have honoured the principle of the law. The municipality seems to have lost majority of cases with huge legal expenses eventhough it had a legal advisor.

There is a need also, to reduce reliance of the municipality on external grants as this would indicate lack of financial viability. To ensure this the municipality will have to focus on augmenting internal revenue collection mechanisms. This should include campaigns to encourage local community to pay for municipal services, and where necessary to employ coercive methods to do so.

Equally important is to increase the revenue base of the municipality, by encouraging capital to invest in various economic sectors. This will require the municipality to develop and implement a comprehensive LED strategy as well as detailed list of investment incentives to attract investors.

There seem to be progressive accumulation in the municipal deficit from one financial year to the other and without any improvement. From financial year 2004/2005 there was an accumulated deficit from R25, 654,530.00 to R33, 854,475.00 by the end of financial year 2005/2006. This pattern may be attributed to poor planning and control measures in budget implementation of the municipality, and ineffective revenue collection methods.