

CHAPTER 3

Management team of the KwaDukuza Municipality

Executive Director: Municipal Services



Mr Sibusiso Derrick Gabela is the Executive Director of Municipal Services. His Directorate's primary functions are Traffic and Protection Services, Motor Vehicle and Driver Licensing and Testing, Parks & Gardens, Amenities , Beaches and Waste Management , Primary Health Care.

Executive Director: Technical Services



Mr Leon Francois Klopper is the Executive Director of Technical Services. His Directorate's primary functions are Electrical Engineering, Costumer Care, Fleet Management & Civil Engineering

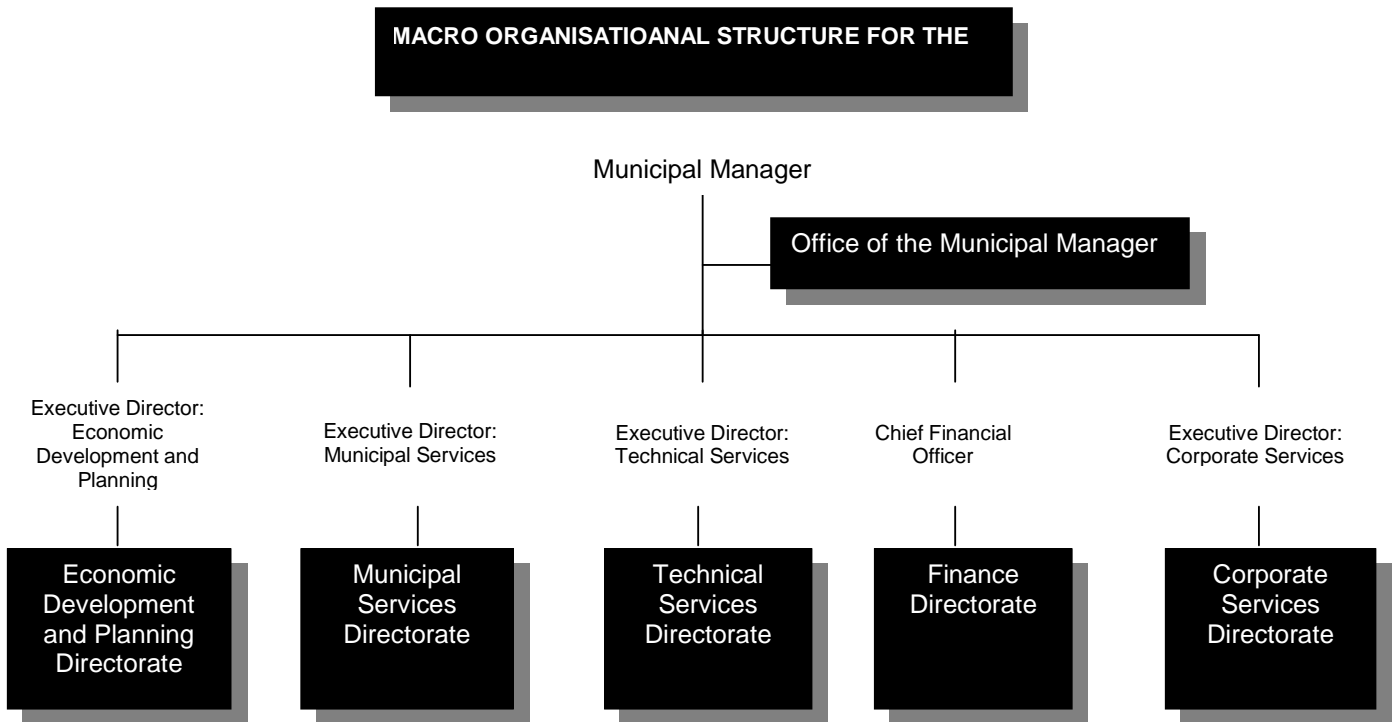
Executive Director: Corporate Services



Mr Nicolaas Jacobus Maree is the Executive Director: Corporate Services. His Directorate's primary functions are Administration, Human Resources, Communications & Information Technology

ORGANISATIONAL STRUCTURE

The KwaDukuza Municipality has five directorates i.e. Economic Development and Planning, Municipal Services, Technical Services, Finance and Corporate Services as depicted on the following organogram:



STAFF PROFILE

Staff by occupational category and level

The Municipality has a total staff complement of 740 and the number and percentage of staff in occupational levels as per the EE Regulations, broken down by race and gender as at 30 June 2006 are as indicated below:

Table 9: Staff occupational category and level

Occupational Categories	Total no of staff	Male								Female							
		African		Coloured		Indian		White		African		Coloured		Indian		White	
		No of staff	%	No of staff	%	No of staff	%	No of staff	%	No of staff	%	No of staff	%	No of staff	%	No of staff	%
Legislators, senior officials and managers	62	22	35	1	2	13	21	12	19	9	15	0	0	3	5	2	3
Professionals	8	1	13	0	0	3	38	2	25	0	0	0	0	0	0	2	25
Technicians and associate professionals	54	11	20	0	0	13	24	1	2	16	30	0	0	11	20	2	4
Clerks	131	34	26	1	1	33	25	0	0	20	15	0	0	35	27	8	6
Service and sales workers	102	61	60	1	1	22	22	8	8	7	7	0	0	2	2	1	1
Skilled agricultural and fishery workers	4	1	25	0	0	2	50	0	0	1	25	0	0	0	0	0	0
Craft and related trades workers	91	64	70	1	1	22	24	3	3	1	1	0	0	0	0	0	0
Plant and machine operators and assemblers	27	17	63	0	0	10	37	0	0	0	0	0	0	0	0	0	0
Elementary occupations	261	164	63	0	0	12	5	1	0	82	31	0	0	2	1	0	0
Total	740	375	51	4	1	130	18	27	4	136	18	0	0	53	7	15	2

TRAINING AND SKILLS DEVELOPMENT

The KwaDukuza Municipality values its staff and considers training as imperative for continued service delivery and improvement. Several workshops and training sessions took place for both Councillors and staff. The following table gives an indication of training underwent by Councillors during 2005/6:

Table 10: Councillor training: 2005/6

Course : New Councillor Induction Training
Date: 3 - 7 April 2006 at Ilembe Wellness Centre, 1st Floor, Stanger Mall, 54 King Shaka Street

This course was attended by the following Councillors:

Clr SA Dawood
HM Hlatshwayo
MB Khuzwayo
CR Marsh
MB Mazive
GN Mbonambi
SPC Mdletshe
MS Mhlongo
C Mkhize
NG Mthethwa
BM Ngwane
OL Nhaca
S Oudhram
RN Pakkies
R Parumaul
M Sibangeni
JLT Sibiya
GJ van Whye

Course : National Youth Conference (C.T.) Local Govt. Office of the Presidency
Date: 8 – 11 May 2006

This course was attended by the following Councillors:
Preva Khumalo

CHAPTER 4
Human Resources

Course: Provincial Gender Workshop by the Office of the Premier, Karridene
Date: 18 – 20 May 2006

This course was attended by the following Councillors:
Veli Luthuli
Nomonde Mthethwa

STAFF TRAINING 2005/2006

TRAINING	NAME & DATE
Traffic Officer's Diploma course - Department of Transport	Ms Q. Sikhahane & Ms N.B. Makhoba 28 th June 2006
Job Description Training – Ariano 203	W. van Eeden – 05/09/2006
Evaluation Shoots SAPS exercise 11 – Business Protocol Projects	G.N. Pearce – 17/05/06
Pietermaritzburg YMCA	G.N. Pearce – 20/06/06
Training – T.A. Mhlongo	W. van Eeden – 11/05/06
Business Analysis & Systems Analysis Course – Astro Technical Solutions cc	Harry Orié – 21/10/05
Hazmat Awareness & Operational NFPA 472 – Africa Fire Rescue Institute	Emergency Services – 18/04/ - 15/06/06
Medium Voltage Training – Ethekwini Electricity	I. Naicker – 01/11/05 – 10/11/05
Disciplinary Skills – CBA Training	Zodwa/Shireen – 15/09/05
Driving Licence Examiners – Department of Transport	S.Y. Pillay – 03/10/05 – 21/10/05
Business & Systems Analysis – Astrotech Accommodation	Harry Orié – 22/11/05 – 25/11/05
Certificate of Crime Prevention – Business Protocol Projects	16-17/02/06 – 07-08/03/06
LED Learnerships – Twekwini College	Zodwa – (08) Learners 22/11/05
Introduction to Gamap – Institute of Municipal Finance Officers	S.M. Rajcoomar, N. Chetty, T.G. Simelane – 26-27/07/06
Registration Fees – E.M. Khuluse	BSP. Pillay – 15/05/06
Job Description Training – Ariano 203	BSP. Pillay – 04/05/06
Course for Driving Licence – Department of Transport	Mr E.M. Khuluse – 18/04/06 – 10/05/06
Labour Relations Workshop - Kwanaloga	Zodwa Mbatha, N.Maree – 01-02/12/05
Training – S.A. Red Cross Society	No info.

CHAPTER 5

KwaDukuza Municipality's Vision

A vision is a statement that indicates a desired future scenario, which may be idealistic, and which describes the desired future state towards which the Municipality is working. It must paint a picture that all can embrace and must be sufficiently detailed for everyone to see the same picture.

With this in mind the KwaDukuza Municipality adopted the following vision which will be the strategic thrust of the Municipality in the medium to long term.

“By 2010 KwaDukuza will, through unity and good governance be an economic powerhouse, delivering services in an affordable and sustainable manner within a safe and healthy environment”

Introduction

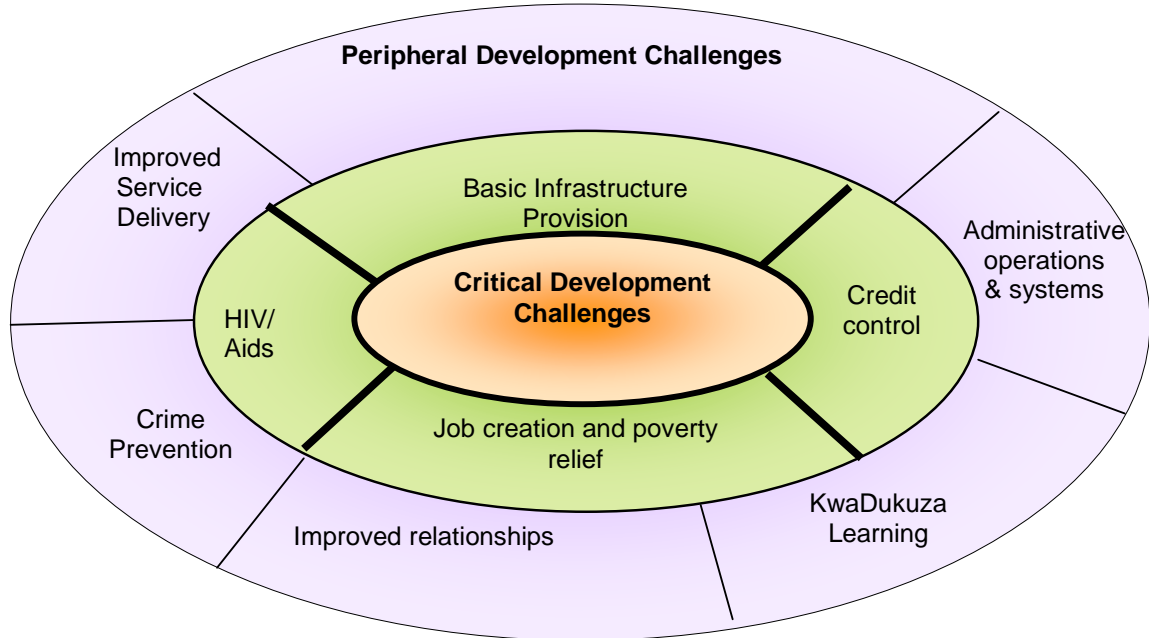
The Development priorities and strategies are articulated in the Integrated Development Plan (IDP) of the KwaDukuza Municipality. The essence of integrated development planning has been summarised in the Department of Provincial & Local Government's (DPLG) Guide Pack. "It is about the municipality identifying its priority issues and problems, which determine its vision, objectives and strategies, followed by the identification of projects to address issues. A very critical phase of the IDP is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified project) because this will ensure that implementation of projects, and hence development, is directed by the IDP."

Key development challenges

Through an intensive consultative and participative process with communities and stakeholders, KwaDukuza Municipality was able to identify and prioritised eight development challenges that the Municipality is faced with. It is important to note that KwaDukuza Municipality has combined these development challenges into one single challenge in order to address them holistically. These development challenges hold the key for KwaDukuza Municipality to realise its Vision 2010 as set out in Chapter 5. The current programmes and projects of KwaDukuza Municipality are aimed at addressing these challenges. Therefore it is important to state that the programmes and projects that KwaDukuza Municipality is engaged in are not in any way incidental but they are well planned with the aim of realising KwaDukuza Vision 2010. It must be noted that these challenges are complex and are developmental, institutional and managerial in nature.

Key Development Challenges and Spatial Development Framework

These eight identified critical challenges are to:



i. Provision of basic services

The municipal area is characterised by areas where major service backlogs exist. This is in comparison with areas where the full range of services exists. In KwaDukuza it is easy for a person to draw a line between the first and the second economy. One of the challenges which KwaDukuza is facing is that while we promote property development along the coast of KwaDukuza, we must also ensure that we provide basic services for the poor communities. This makes it important for us to forge good working relationships with sector departments and all stakeholders so that they will be able to play their part in as far as the provision of basic services to poor communities is concerned. One of the proposals that the municipality is still working on is to ensure that in agreements that we enter with the property developers along our coast include a clause on social responsibilities.

Key Development Challenges and Spatial Development Framework

This will ensure that while the upmarket development is going on, the needs of the poor communities are addressed in the most robust manner given existing financial and discal constraints.

ii. Improvement of service delivery

The improvement of service delivery is really one of the critical challenges that should be taken very seriously. A proper programme is being developed in order for KwaDukuza Municipality to address this challenge. This challenge will be addressed together with the challenge of ensuring strict credit control.

iii. Development of our people

People of KwaDukuza are our greatest asset. There are programmes that have been identified that will in way address this challenge. The Municipality is working with some SETA's and it will be important to strengthen these relationships to the benefit of all the people. People development means nothing if does not address economic development. That is why KwaDukuza Municipality is busy reviewing its Local Economic Development Strategy. The strategy is aimed at building the economy of KwaDukuza and empowering people in the process.

iv. Addressing poverty and unemployment

At the centre of KwaDukuza's development challenges is the need to create employment opportunities and the need to strengthen the economic base of the area. As mentioned earlier on, development which is taking place within KwaDukuza is not co-incidental, these development initiatives are aimed at creating employment opportunities for the community of KwaDukuza. Most of these employment opportunities that created are temporal, but they are playing a very important role in a fight against poverty and unemployment.

v. Managing the health environment and the HIV/Aids pandemic

Council is faced with the major challenge of responding to the issue of HIV/AIDS and AIDS-related issues, such as Aids-orphans. To this end the Council has approved a number of projects that are aimed at providing care for AIDS orphans. The Belgian government has also funded an AIDS Orphanage Project. This Orphanage will be incorporated within the Groutville Priority 2 Housing Project.

vi. Ensuring strict credit control

It has been mentioned that KwaDukuza has to deal with the challenge of a very high percentage of unemployment and poverty. With this scenario it becomes critical for council to realise what the affordability levels for payment of services are and then to adopt appropriate credit control policies.

vii. Improving relationships

It is a legal imperative for the municipality to act in a more developmental way, and to provide an enabling environment for all its stakeholders to engage in a meaningful partnership with the council to ensure that the relevant needs are met.

viii. Ensuring a safe and secure environment

If the municipality is to meet its vision, the issues of crime, traffic-related offences, fire and emergency services, disaster management and prevention and households subject to flood risks will have to be addressed even more robustly than at present.

CHAPTER 6

Key Development Challenges and Spatial Development Framework

KwaDukuza Spatial Development Framework (SDF)

Based on the development perspective, vision, goals and strategies as set out in the KwaDukuza IDP, the Spatial Development Framework (SDF) is intended to guide all future physical / spatial development within KwaDukuza Municipality. The Spatial Development Framework as provided by the District council, as well as proposed for KwaDukuza Municipality suggests that an important component in the structuring of the future development of the area should consist of a focus on locating activities in areas of higher accessibility, within the various corridors and SDI's where higher accessibility exists.

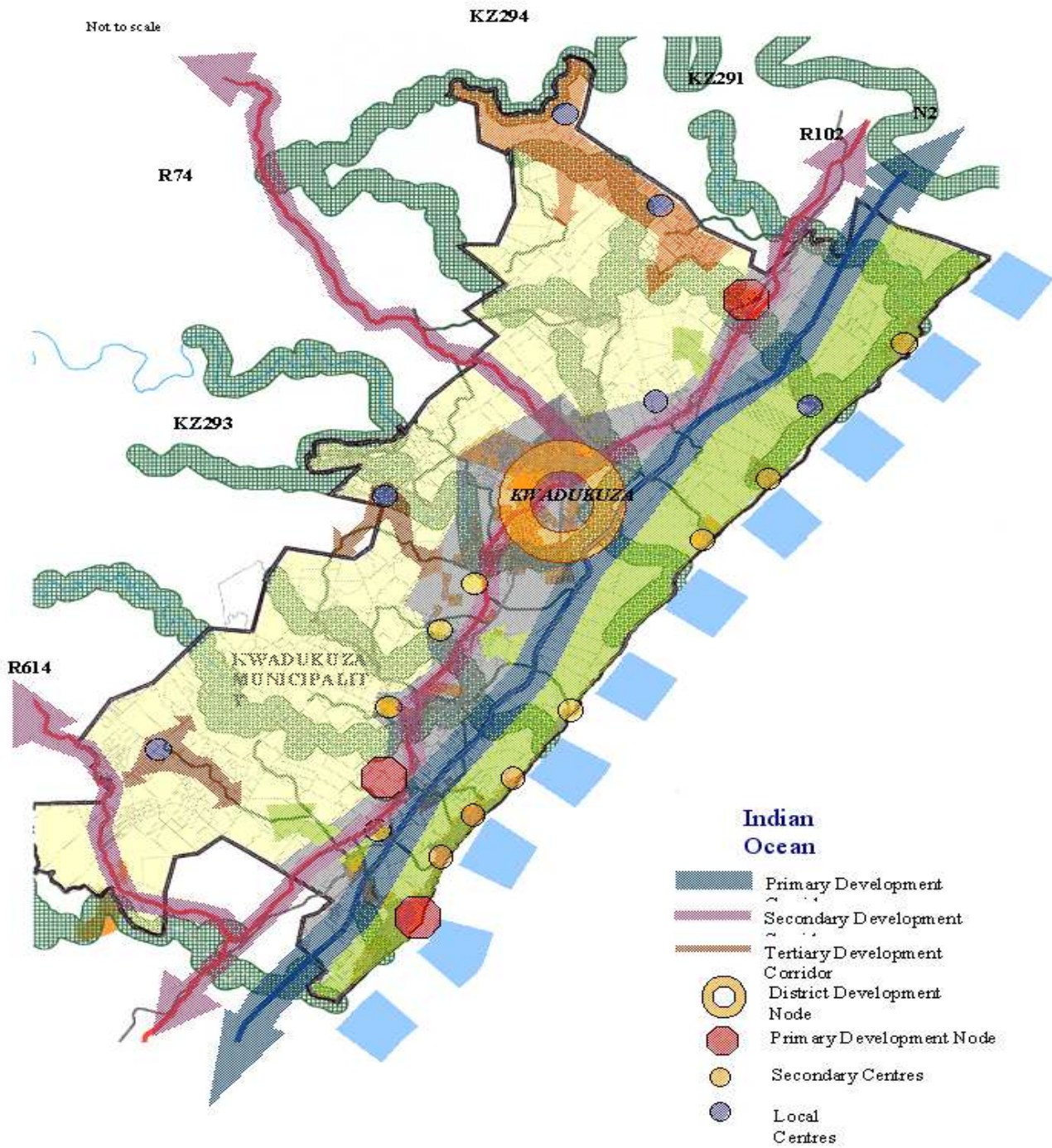
The following hierarchy of development corridors exists:

- Primary development corridor – N2 Highway – Provincial growth and development corridor, external linkage, serving the whole district.
- Secondary development corridor – R102, R74 and R614 – Major urban and urban to peri-urban linkage, social, institutional development serving the entire district, external linkage, area of prime accessibility, linkage and visibility, internal linkage.
- Tertiary development corridor – existing local roads providing linkage within the municipality, linking local areas and nodes into the primary and secondary system.

The following hierarchy of nodes and centres are proposed:

- District development node – KwaDukuza – major district centre accommodating urban, economic, social and institutional development serving the district as a whole.
- Primary development node – Darnall, Umhlali, and Ballito – major local municipal centre accommodating urban, economic, social and institutional developments serving a relevant local area and beyond. Located along primary and secondary corridors and unique opportunities exist.

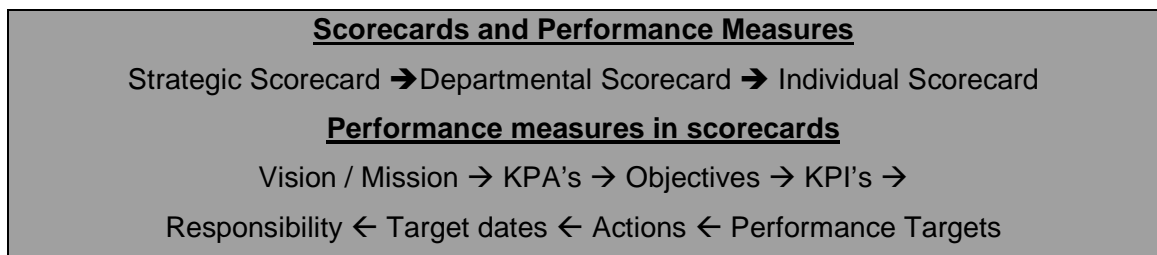
KwaDukuza Strategic Spatial Framework



Introduction

Legislation requires that a Municipality develop and adopt a performance management system (PMS) to measure the progress made in achieving its objectives as set out in the IDP. KwaDukuza is in the process of reviewing its PMS. The review of the PMS is consistent with the approach followed during the 1st phase of development and implementation. The approach is aimed at focusing all senior managers on vision achievement, and revision of the organisational balanced scorecard. Strategic objectives will then be cascaded into departmental business plans.

In the process of reviewing the departmental business plans, the various performance targets will be allocated to members of the management team. These allocated responsibilities will then be incorporated into the individual performance plans that will be attached as an annexure to the performance agreements of section 57 employees. The process is depicted in the diagram here below.



This approach facilitates the cascading of the PMS to the rest of the staff of the organisation. Included in this process is the compilation of job descriptions for all staff in all departments. The performance plans will be the same format as those compiled for the section 57 employees and will contain performance measures as reflected in the diagram below.

The process of cascading the PMS to the rest of the organisation will involve all staff, and focus groups will be facilitated in 26 sessions. All relevant documentation such as the organisational structure, workplace skills plan and existing job descriptions will be revisited.

The revised KwaDukuza PMS will therefore comprise of the following:

- A review of the current PMS system
- Cascading the system throughout the Municipality hierarchy
- Automating the manual system of managing performance by using an appropriate computer software programme.

In this chapter the performance of the KwaDukuza Municipality in achieving its organisational performance targets will be reviewed and compared with its performance during the previous financial year. Before looking at a detailed overview of the performance of the Municipality an overview will be given of the key performance highlights for the financial year 2005/6.

Performance Summary

Performance Highlights for the year 2005/2006:

The following are the achievements of the Municipality in Service Delivery:-

Socio and Economic Development

- ❖ Funding was secured from Gigima for the development of an Led Strategy.
- ❖ A consultant was appointed to develop the Led Strategy.
- ❖ A strategic plan for a safe environment was prepared and implemented by the 31 January 2006.
- ❖ A youth and sports development unit was established, in conjunction with Umsombovu Youth Fund, in order to engage and develop our youth.

Infrastructure and Services

- ❖ 6793 houses received free basic electricity.
- ❖ 6000 new households were provided with a Refuse Removal service.

CHAPTER 7

Municipal Performance 2005/6

- ❖ 3000 new homes were developed and handed over to beneficiaries.
- ❖ The municipality won the KZN Provincial Housing Awards from the Institute of Housing and the National Housing Award, for the development of Sustainable Human Settlements.

Democracy and Governance

- ❖ Held a successful Local Government Election in March 2006, that was free and fair.
- ❖ Ward Committee Structures were elected and have been given training, in order that they participate effectively in Council matters.
- ❖ Ward Committees have been participating in Council Activities and IDP representatives forum.

Financial Management

- ❖ The Auditor-General has issued an unqualified audit report, and this being the first unqualified report issued to the Municipality.
- ❖ Establishment of the Audit Committee.

Integrated Development Planning

- ❖ The IDP has been successfully received and adopted by Council.

Detailed Performance Overview

The following reflects the development objectives, key performance indicators and targets of the KwaDukuza Municipality and what has been achieved in 2005/6 compared with 2004/2005:

Detailed Performance Overview

The Municipality has made significant improvement in service delivery since the previous financial year 2004/2005. This may be attributed to but not limited to the following, Capacity Building, improved Financial Management, Integrated Development Planning, and both Political and Administrative commitment to service delivery.

The comparison of the 2004/2005 financial year and the 2005/2006 financial year is as follows:

Social and Economic Development

To promote social and Economic Development during the period 2004/2005, Council identified two key performance indicators to address the KPA (key performance areas).. The application for funding of the project was then submitted to funding agencies with little success, and Council was not in a position to fund the relevant programmes internally. In the period 2005/2006 an application was then submitted to Gigima to fund the Led (Local Economic Development) Strategy. The application was approved, and Urban Econ were the Consultants who were appointed to prepare the Led Strategy for the KwaDukuza Municipality.

To Create and Maintain a Safe Community Environment

The strategic plan was developed for a safe environment. The plan included the crime prevention operation, bathing safety, operational plans and emergency safety operational plan. The strategic plans for both the financial years were implemented on 31 January 2006.

Combating HIV/Aids

During the 2004/2005 financial year, the goals that were set out were met. The targets were as set out in the ABC strategy. During the 2005/2006 financial year the target again was to implement the ABC Strategy. The HIV/Aids forum was established, and 6

Council meetings were held. Significant progress was made with the establishment of the new clinic and the creation of awareness on the part of the persons attending the clinic sessions.

Development of Designated Groups for the Municipality

A youth development strategy was developed during 2004/2005. The implementation of the strategy did take place during the 2005/2006 year. A youth development unit was established within the EDP department. The Unit has had a positive impact in the community with its outreach programmes and community involvement. The municipality has established a partnership with Umsobumvu Youth Fund and are recipients of the Youth Advisory Centre, that is being funded by UYF.

Integrated Development Plan

The integrated development plan was prepared and adopted by council by the end of March for both the financial years. The IDP has been submitted to the DLGTA. There have been gaps that were identified for the 2004/2005 year, but these were addressed. The IDP representative forum meetings occur every four months and are well represented by ward committee members and councillors.

Infrastructure and Service Delivery

Provision of Sustainable Basic Services

During the 2004/2005 financial year, the emphasis was on the provision of sustainable basic services. This included the adoption of a free basic services policy and increasing access to the refuse removal service rendered. The refuse removal service was further expanded during 2005/2006, and was rendered to 6000 new households. Emphasis was placed on increasing the provision of basic services during the 2005/2006 financial year, and this manifested by the number of houses which received electricity and the kilometres of roads which were developed and upgraded.

Implementation of the Integrated Human Settlement Programme

The implementation of the human settlements programmes were successfully achieved. The applications were submitted to the department of Housing for approval, during the 2004/2005 financial year. Projects were implemented. During the 2005/2006 financial year a Human Settlement Development Plan was developed at a Human Settlement summit. The Human Settlement Plan forms part of the IDP. The projects are being implemented and are in line with the development plan.

Governance and Democracy

Communication of Service Delivery Standards to those we serve

The service commitment charter was not reviewed during the 2004/2005 financial year. During the 2005/2006 financial year there was increased emphasis on engagement with those who were served by this municipality. This included the introduction of SDBIP and performance reports which are submitted to Council on a regular basis. A process was commenced regarding the cascading of the Performance Management System to level 5 employees.

Ensuring Community Participation in Affairs of Local Government in the KwaDukuza Municipality:

The level of community participation in Council affairs has been increasing since the 2004/2005 financial year. Ward Committee structures were established during this period and members participated in ward meetings, IDP meetings and Council affairs. This has been further developed to the extent where Council intentions are advertised and public comments are received. This has been further developed and maintained during the 2005/2006 financial year, with all the wards being represented at ward committee meetings and the IDP representative Forum.

Compliance with the Local Government Municipal Finance Management Act

There has been compliance with the MFMA for both the financial years. The relevant performance reports were submitted. An Audit Committee was established and the Inaugural Meeting was held on 20 January 2005. A Performance Audit Committee was also established, but did not function during the year under review. The Council also established an Internal Audit Unit headed by the Director: Internal Audit who commenced duties in April 2006.

Effective Functioning of Council

This was introduced during the 2005/2006 financial year, to ensure that Council meets as per the approved schedule, and that council resolutions are implemented timeously.

Meetings are held with sector departments and parastatals, that is Eskom, Dme, and Mig, to align medium term expenditure frameworks.

Financial Management

Improvement of Financial Management and Increase Revenue of the Municipality

During the 2004/2005 financial year, the strategies that were implemented included the revision of the credit control policies, revenue enhancement plans, Map and DBSA interventions, and the appointment of a service provider to do debt collection. 90% of the Capital Budget that was provided was spent. During the 2005/2006 financial year, the available cash and investments increased from R21 million to R58 million. Debt which was more than 90 days overdue was reduced by 40%.

Annual Financial Statements

The annual financial statements were delivered to the Auditor-General. This municipality, which is classified as a high capacity municipality, has received an unqualified report for the 2005/2006 financial year.

Institutional Transformation

The object of this transformation process was to empower staff, and to ensure that they are better equipped to render quality service. The WSP was revised, and a training committee was set up. 84% of the training budget was spent during the 2004/2005 financial year and a 80% compliance with the requirements of the employment equity plan was achieved during the 2004/2005 financial year. During the 2005/2006 financial year, 100% of the employment equity plan objectives were achieved.

KPA	Development Objective	KPI	Performance Target	Progress at year-end
Stakeholder Perspective <i>The mission of the municipality is to fulfil public policy expectations</i>				
KPA: Socio and Economic Development	To promote and measure socio-economic impact of LED	Survey on Socio-economic impact of LED	Socio Economic Survey Report adopted by 30 January 2006	Application for funding submitted to Gigima, work in progress
		Adopt revised LED % implementation of the LED strategy	80% of targets met by 30 June 2006	LED Strategy being prepared, Urban Econ appointed
	Create and maintain a safe community environment	Prepare a strategic plan for a safe environment	Strategic plan implemented by 31 January 2006	Strategy was developed and implemented in partnership with other safety and security agents
	HIV/ AIDS	Contribute towards reducing HIV/ AIDS infection	Implement the ABC Strategy	Policy was developed 6 HIV/AIDS Council meetings held



KPA	Development Objective	KPI	Performance Target	Progress at year-end
	Youth and Designated Groups	Number of programmes in the plan implemented	Annual targets achieved	~22 outreach programmes ~Interacted with over 2500 youth ~470 walk-ins The sport programmes completed included the following: Interward games 2006 Intermunicipality games Siyadlala Mass participation Kwanaloga Games



KPA	Development Objective	KPI	Performance Target	Progress at year-end
KPA: Infrastructure and Services	To increase the provision of basic services	% against national KPIs	80% of the targets in the departmental plans achieved	
		No. of households receiving free basic energy.	12 000 households covered in the indigent policy of the municipality.	6793 households received free basic energy – Not all 12 000 re-apply
		No. of BEC meters installed.	To install 833 BEC meters by end June 2006.	849 BEC meters were installed.
		Km. of roads re-gravelled and repaired.	To re-gravel 35 km. of roads.	28 km. roads re-gravelled and 2338 sq.m repaired.
		Km. of new roads build	To build approx. 13,57 km new roads.	5,23 km. completed by end June 2006. 8,34 km. completed by Aug 2006.
		Number of new households receiving refuse removal service	5000 new households to receive refuse removal service	6000 new h/h were serviced



KPA	Development Objective	KPI	Performance Target	Progress at year-end
Customer Perspective <i>To achieve our mission, how must we look to our customers?</i>				
	To implement Integrated Human Settlement Programme	% approval and implementation of prioritised projects	80% of targets for the current financial year achieved by 30 April 2006	Human settlement programme is complete. A workshop was held in may 2006 to review the programme. All wards were represented by 2 members and the ward councilor. Housing projects: Slums Clearance Groutville Priority One – 1763 sites Dube Village -682 sites Aldinville: 400 sites Extension 38 – 281 sites Etete Phase 4 Ethafeni – 800 sites Chief Albert Luthuli Rural Housing Siyembezi Phase 2 – 1100 sites Shakashead Phase 2 – 500 sites Nkobongo



KPA	Development Objective	KPI	Performance Target	Progress at year-end
				Mbozambo Ext Etsheni, Njekane & Mnyundwini Ntshawini Rural Housing Driefontein Mgigimbe Sakhamkanya Consolidated Subsidy Projects Extension 46 Phase 2-572 sites Extension 46 – 284 sites OTHER PROJECTS Melville Mill Close-out Projects Siyembezi Phase 1 Shakashead P1 Steve Biko P1 Etete P2B Senzagkhona/Maz akhele Emdlebeni



KPA	Development Objective	KPI	Performance Target	Progress at year-end
Internal Process Perspective				
<i>To satisfy our customers, financial donors and mission, what business process must we excel at?</i>				
KPA: Democracy, governance and co-operative governance	To improve accountability to, and business processes, in partnership with those served	% improvement of the level of customer satisfaction survey	Improve the level of customer satisfaction with services by 40% by 30 June 2006.	Baseline could not be established due to lack of skills and resources
		% utilisation of resources	100% of budget spent by June 2005	12.81% expenditure by 30 April 2006
		Frequency of performance report	Submission of a Performance Report and SDBIP every four months to Council and the public	Section 57 employees submitted performance reports to MM on quaterly basis. SDBIP submitted
		Revise the PMS and cascade throughout the organisation	Section 57 Contracts signed by 30 July 2006. Task Compliant Job Descriptions by 30 August 2006. Cascade completed by January 2006.	Most departments cascaded PMS down to post level 5. Rest of the staff exposed to the concept of PMS
	To ensure community participation in the affairs of local government in KwaDukuza	Number of wards participating in the affairs of local government in KwaDukuza	100% involvement at Ward Committee Level and at IDP Rep Forum level	All 20 wards involved in Ward Committees and Wards involved in revision of IDP



CHAPTER 7
Municipal Performance 2005/6

KPA	Development Objective	KPI	Performance Target	Progress at year-end
	To comply with MFMA in regard to Performance Management	A Functional Performance Audit Committee	By 30 August 2006	Performance Audit Committee established but did not function
	Effective functionality of Council	Regular Council meetings per approved schedule % implementation of Council Resolution	100% adherence to schedule 100% implementation of Council Resolutions	Target met Implementation of all resolutions activated
	To integrate other service providers and sector department MTEF's and annual programmes with EDO department's annual programme	Number of external sector meetings. Number of internal IDP representative forums.	4 meetings per annum and implementation programme completed by end February annually.	Several meetings were held with ESKOM, DME the District Council and MIG as well as the IDP Sectoral Committee Sector meetings and other interested parties involved in IDP review according to approved implementation plan
	To communicate the service delivery standards to those we serve	Revise the Service Commitment Charter	30 June annually	Reviewed EXCO 21 June 2006



KPA	Development Objective	KPI	Performance Target	Progress at year-end
	To ensure customer satisfaction with the delivery of our services	% improvement in the level of customer service satisfaction with the delivery of our services	Improve the level of customer satisfaction with our services with 20% by 30 June 2006	Baseline not established due to shortage in skills and capacity
KPA: IDP	To ensure integrated development and planning	Review and implement the annual KwaDukuza IDP implementation plan	30 June annually	
KPA: Financial management	To improve financial management of the Municipality	Established and functional Audit Committee	Four meetings annually	Audit committee established. Held in excess of 4 meetings
		Implement relevant Secs of MFMA	Quarterly reports to Council	Monthly reports submitted to Council
		% achievement against targets and cash flow projections	100% achievement by 30 June 2006	Available cash and investments increased from R21m (2005) to R58m (2006)
		% improvement in revenue collection	40% reduction of debts aged over 90 days by December 2005	Experienced delays in generating and issuing of summons therefore target was not met. This matter is ongoing



CHAPTER 7
Municipal Performance 2005/6

KPA	Development Objective	KPI	Performance Target	Progress at year-end
		% utilisation of capital budget	100% of capital budget (as provided for in the budget) spent on capital projects by 30 April 2005	Target not achieved due to the fact that various grants did not materialise.
		Timeous delivery of AFS and positive audit reports	31 August 2005/6. Ongoing from 2005/ 2006 financial year.	AFS delivered to Auditor-General on 31 August 2006. Draft 2006 audit report indicates unqualified report.
		% Operating & Capital Budgets spend by 30 June 2006	90% Operating Budget to be spend by 30 June 2006. 90% Capital Budget to be spend by 30 June 2006	<u>Electrical Eng. Services</u> 90% Opex spent. <u>Civil Eng. Services</u> 83,18% Opex spent. <u>Mech. Workshop</u> 100,86% Opex spent. <u>Electrical Eng. Services</u> 71,78% Capex spent.



CHAPTER 7
Municipal Performance 2005/6

KPA	Development Objective	KPI	Performance Target	Progress at year-end
				<u>Civil Eng. Services</u> 45,12% Capex spent <u>Mech. Workshop</u> 64,35% Capex spent. <u>Fleet Management</u> 91,32% Capex spent.
KPA: Institutional transformation	To empower staff to be better equipped to render quality services	Implemented Workplace Skills Plan	Municipality receiving maximum rebates from Skills Development Levy by 30 June 2006	SP not compiled due to lack of skills and capacity due to resignation of HR Head
		EE Plan implemented	100% of the Municipal EE Plan objectives achieved for the year	Objectives achieved within environmental constraints
	To improve institutional capacity through partnerships	Operational (DBSA) Technical support programme Partnerships/ MOU's with corporate partners	100% compliance with terms of agreement from October 2005 At least three working MOU's	



Performance Challenges for the Year Ahead

The following are the major challenges facing the municipality in 2006/07:

1. **INFRASTRUCTURE:**

In terms of infrastructure (electricity, roads, water, sanitation, and stormwater), there are still huge backlogs. The KwaDukuza Local Municipality is the responsible authority for electricity, roads and stormwater in this Municipality, but the responsible authority for water and sanitation is the Ilembe District Municipality.

Due to financial and fiscal constraints it has not been possible for this Municipality to maintain the infrastructure for which it is responsible, to the desired standard. This challenge is being addressed.

2. **HOUSING:**

The level of service in the low income group housing developments, such as communal stand pipes instead of house connections, VIP's instead of Flush Toilets, are below desirable levels.

There is a huge demand for affordable housing. The focus in this Municipality has, due to circumstances, been mainly on low-income and high-income housing, with the result that affordable middle-income housing has not received the desired level of attention. There is also a lack of land to build houses, and where there is land available, landowners are requesting exorbitant prices. Remedial action in this regard is of an ongoing nature.



3. FINANCIAL CONSTRAINTS:

Due to financial and fiscal constraints, this Municipality has not been able to meet all the challenges in cases where funding is required. Council is cautiously optimistic that matters will improve in the years to come.

4. HUMAN RESOURCES:

Job evaluations have taken a long time to finalise. This delay is a cause for concern and uncertainty amongst the staff of this Municipality. The staff turnover in the 2005/2006 financial year was unacceptably high. Skills Development has been rather slow due to the fact that there was no approved Skills Development Plan, but the matter is being addressed.

5. LOCAL ECONOMIC DEVELOPMENT:

This Municipality does not own land which can be developed for industrial purposes. The financial capacity of this Municipality, as well as fiscal constraints on expenditure, has hampered progress with respect to the implementation of LED programmes. This Municipality's LED Department is severely under-staffed. This aspect is being addressed on a staged basis. Development is mainly focussed on the coastal belt, hence the first economy has received more attention than the second economy, which is equally important for the stimulation of growth, and the alleviation of poverty. A strategy to address the issue in an holistic manner is being formulated.



6. DEVELOPMENT PLANNING:

This section is under-staffed; and as a result hereof, the rapid pace of development is putting unprecedented pressure on staff members. Development in KwaDukuza is mostly on private sector land, hence developers are dictating where developments should be situated, and this is NOT addressing the Municipality's goals as regards sustainable development, which stimulates the local economy and alleviates poverty in an ongoing manner. The plan tracking system is outdated. This needs to be reviewed and put into place as soon as possible. The long turn around time for planning applications at the provincial level causes delays in plan approvals, this places pressure on the Municipality and exposes it to criticism.



DIRECTORATE OF ECONOMIC DEVELOPMENT AND PLANNING

Introduction

In this chapter an overview will be given of the performance of each Directorate of the Municipality and its achievements during 2005/6.

Economic Development and Planning Directorate

Overview of the Economic Development, Planning, Community Development and Housing Department

Mission Statement

To promote the creation of an environment within which KwaDukuza can become an economic powerhouse on the North Coast through co-ordinating integration and strategic processes in delivering sustainable housing opportunities, social development and economic growth and development, and by doing so, make use of strategic policy interventions and ensuring consultation and participation.

Strategy

The Economic Development and Planning Directorate aims to address the strategic issues as highlighted in the Integrated Development Plan of the municipality. The human, technical and financial resources provided to this department shall be directed towards the achievement of the IDP vision and programs.

“KWADUKUZA 2014”

Departmental Objectives and Strategic Implications

Here below follow objectives in respect of the directorate as a unit. Individual objective statements also exist for each of the sub-directorates. The latter will be discussed under the headings of the individual sub-sections.

The EDP Directorate is accountable and responsible for the strategic alignment of the administration in respect of integrated and sustainable delivery of services. Key areas of concern in respect of delivering the service required are:

- Strategic in approach and function.
- Stimulation of opportunities in tourism, commercial, SMME, BEE's, agriculture and Economic sector growth and development.
- Attract investment, retain and expand existing.
- Strategic partnership involvement by and with the municipality.
- Advise on major policy issues and impact on Council and administration.
- Ensure conditions supportive of sustainable development and best practice.
- Building intergovernmental relations and building partnerships.
- Facilitate community participation in affairs of council.
- Provide structured participation by council in other external and internal development initiatives, for example, North Coast Economic Development Cluster, Economic Board and Development Trusts' relationships.
- Development framework for the development of the region.
- Integrate and ensure co-ordination and alignment of council activities.
- Policy research and implications for council and the administration.
- Alignment of council's policies and by-laws to those functions as required in terms of the integrated development plan.

Departmental structure

The following structure is based on the core functions that were incorporated into the Directorate in 2003. The Directorate presently provides 5 different but inter-linked business units, matching the development challenges as contained in the IDP document.

1. Local Economic Development and enterprises;
2. Housing development;
3. Development planning and Building control.
4. Community Liaison / Development Facilitation
5. Youth Development and Sports & Recreation Development
6. Community Facilities, including Libraries, Museums and Halls

Departmental Highlights 2005/6

Human Settlement

Three National Housing Awards (National Govan Mbeki Awards, Provincial & National Awards – Institute for Housing of Southern Africa)

KwaDukuza Municipality won the award in the category of ‘Best Local Municipality (from a human settlement perspective)’ in the first ever National Govan Mbeki Awards. KwaDukuza Municipality also scooped the Provincial and National Awards in the category of provision of sustainable Human settlements under trying circumstances.

Holding of a successful KwaDukuza Summit

The outcome of the summit was a Housing Plan for KwaDukuza and housing priorities for the next five years. The plan forms part of the IDP of KwaDukuza and directs sustainable Human Settlements.

Capacitation of the housing department

As per the Skills Development Plan, Human Settlement Staff have been trained in Project Management, Project packaging and subsidies and Housing Implementation.

Local Economic Development

- Development and Adoption of the KwaDukuza LED Strategy
- Establishment of the KwaDukuza Heritage Forum
- Commencement of construction of the Amadumbe Indigenous Processing Plant – R1.4m
- The commencement of construction of Upgrade to Nokhukhanya Road, Groutville – Phase 2 Albert Luthuli Legacy Project – R7,5m
- The launch of the annual lifestyle festival – Umdwebo 2006

Youth & Sports Development

- Establishment of the Youth Development Desk
- KwaDukuza represented at the Kwanaloga Games, Interward Games and Inter-Municipal Games.
- Numerous awards received for various sporting codes

Libraries, Community Halls and Museums

- The Commencement of construction of the new BW Charles Library – R6 179 011,73
- The building of the Glenhills Multi-purpose Centre.

Planning Development & Building Control

Present growth indicators

At this stage the following norms are utilized in determining economic growth in the area:-

Rates Income

During the period 2000-2005 municipal rates income has increased by 96,8%. Of that percentage 58% can be attributed to growth in the area – the remainder being due to annual rate increases.

Electricity Consumption

In the southern sector – where most development has taken place thus far – electricity consumption during the period 2000-2005 has increased by 60%. Globally seen this represents an increase of 28% for the whole municipal area. However, electricity consumption normally takes place later than land development and would ultimately show the same percentage increase.

Building Plan Approvals

Over the past three financial years building plan approvals amounted to –

2004-05	-	R1 292 030 800
2005-06	-	R1 986 989 000
2006 – to date	-	R 688 299 089

- Construction and opening of the Alberlito Private Hospital

CHAPTER 8

Departmental Performance: 2005/6

- Undertaking key strategic planning projects to facilitate & manage development i.e. Strategic Environmental Assessment (SEA), Spatial Development Framework (SDF) & Land Use Management System (LUMS).
- Capacitation of department at middle management level.

Overall Growth Indicators

Based on the above the **annual economic growth rate** in the area can be set at between **10 and 12%**. The impact of such a high growth rate on the existing infrastructure requires a massive upgrading programme.

Challenges of the Directorate:

- Lack of capacity to deal with volume of work and in key sections e.g. LED. However, this is being addressed.
- High staff turnover due to various reasons especially in the Development Planning Section.
- Inadequate resources e.g. vehicles, computers, etc.
- The high rate of coastal development poses a number of challenges for the Municipality in the forms of service delivery, capacity to deal with development, within the constraints of the existing infrastructure and capacity of staff.

FINANCE DIRECTORATE

What we do

The Finance Directorate comprises of the following functions:-

- Asset and Risk Management
- Budget and Treasury

- Revenue Management
- Expenditure
- Supply Chain Management

What are our objectives

- The Management of Municipal Assets and Risk;
- The Management of Municipal Budgets and Treasury;
- The Management of Municipal Revenues and the collection of debts;
- The Management of Municipal Expenditure and the timely payment of Council's creditors;
- The Management of the Supply Chain Management Processes;
- The Provision of Leadership, Management, Support and Guidance to the staff;
- Communication and Reporting;

What functional activities are performed

Budget and Treasury

- Support services.
- Budgeting and budget reviews.
- Monthly reporting on performance against budget.
- Annual Financial Statements
- Adjusting budget.

Revenue

- Valuation and calculation of rates for all properties.
- Read Meters (Electricity), calculate refuse charges and sundry services.
- Produce and mail the monthly service accounts to the consumers.

CHAPTER 8

Departmental Performance: 2005/6

- Collect all consumer service payments and attend to all consumer accounts related queries.
- Enforce Council's Credit Control Policy.
- Disconnect electricity for arrears.
- Training and development of staff.

Asset and risk management

- Financial Accounting
- Asset Management
- Administration of insurance over assets

Expenditure

- Expenditure processing
- Payroll and staff costing
- Monitor adherence to policies, procedures and accounting practices

Supply chain management

- Develop, implement and monitor Supply Chain Management Policy
- Purchase of goods and services
- Maintain optimum stock levels for user departments
- Scrutinise and assess all tender documentation

Some highlights of the Finance Directorate

- Significant improvement in cash and cash equivalents:
 - Short term investments increased from R644k (2005) to R21.2m (2006). This represents an increase of over 3186%.
 - Bank balances and cash increased from R20.9m (2005) to R36.6m (2006). This represents an increase of 75%.
- Successful conversion from fund accounting to GRAP/GAMAP
- A significant reduction in the number of audit queries
- An unqualified audit report for 2006 after receiving three successive disclaimer audit opinions
- Utilised R14.1m of the DBSA loan for the purpose of electrical capital infrastructure expenditure
- Complied with MFMA timeframes in respect of annual budgets, compilation and submission of Annual Financial Statements and MFMA S71 and S72 reporting
- The department spent 100% of its approved capital budget
- Billed and/or collected revenue exceeded budget by 40%
- Achieved 68% spend on operating budget despite large staff vacancy rates

Some challenges ahead

- Implementation of the Municipal Property Rates Act
- Implementing sound Asset Management
- Implementing rates and tariff policy
- Implementing proper GRAP/GAMAP budgeting
- Rolling out GRAP/GAMAP training
- Compliance with relevant International Accounting Standards

CHAPTER 8

Departmental Performance: 2005/6

- Re-drafting affected policies in light of GRAP/GAMAP
- Ensuring vacant posts are filled
- Compliance with all applicable legislation

CORPORATE SERVICES DIRECTORATE

Although still under pressure due to vacancies the **Administration Department** made great progress in meeting the requirements of KZN Archives, and the amendments to the filing index accommodating all the records of the municipality were approved. Great progress was also made in the compilation of a Surety and Contract Register.

The **Administration Department** successfully compiled the agendas and minutes of all meetings of Council and its Portfolio Committees.

The **Administration Department** completed, translated and published the remainder of Council's Bylaws and Council now have a complete set of uniform bylaws in place.

The **Corporate Communications Department** and **Information Technology Departments** jointly made great progress in the development of a Website for KwaDukuza Municipality. This Website will form the basis for further development of an interactive Website which will greatly improve service delivery to the municipality's customers.

In a joint project the **Information Technology Department** and the **Human Resources Department** upgraded the VIP staff management and salary system and established an interface between the VIP system and Council's financial system. Once all the relevant data has been captured on the VIP system the system will greatly assist in the compilation and monitoring of Council's Employment Equity Plan and will also form the basis for the formulation of Council's Workplace Skills Development Plan.

CHAPTER 8

Departmental Performance: 2005/6

The **Information Technology Department** improved the municipality's IT network system and upgraded hardware where necessary in order to ensure service delivery to Council's customers.

The **Human Resources Department** was instrumental in the compilation of a new Human Resources Policy Manual which brought an end to the differentiated conditions of service which were applicable since the amalgamation of the three previous municipal entities. The Organigram of the municipality was reviewed during the course of the year leading to a leaner and more cost effective structure. Although not all vacancies were filled during the course of the year, all strategic posts identified by Council were filled.

MUNICIPAL SERVICES DIRECTORATE

Achievements for 2005/6

HIV/AIDS

- Able to review the HIV/AIDS strategy
- Formation of the HIV/AIDS Council
- Ensured regular meeting of the HIV/AIDS Council

Health forum

- Achieved 60% representation of wards in the Health Forum meetings

Access to PHC

- Extended service hours to 12 hours and opening up on Saturdays and public holidays at the KwaDukuza Clinic
- Opened up a new mobile point at KwaNyathikazi

Waste Management

- Extended the refuse removal services to the following wards 9, 10, 11 & 14.
- Provided additional street litter bins
- Won a category in the Cleanest Town Competition
- Sustained Clean and Green Programme

Cemetery

- Re-opened Nkobongo Cemetery

Testing and Licencing

- Improved on the service delivery by reducing the waiting times
- Opened an new service point in Ballito
- Revenue was increased by more than 10%

Road safety

- Maintained a six months turn around time
- Road signs and marking have been put up in previously unserviced areas
- Road safety awerness programme implemented in schools
- Additional scholar patrols instituted at some of the schools

Fire and emergency

- Disaster Managment Plan was updated and compiled
- Roll out time has been maintained

Verge maintenance

- Once a month verge maintenance has been maintained
- Job creation and poverty alleviation has been achieved through this programme

Development of Sport and Recreational facilities

- Maintained existing facilities
- Four new childrens' play grounds were developed

Lifesaving Services

- Existing facilities were maintained
- Four bathing beaches were converted into permanent bathing beaches and provided with the lifeguards

TECHNICAL SERVICES DIRECTORATE

The Technical Services Directorate is primarily responsible for the maintenance of existing Municipal assets and service delivery. It consists of three technical departments viz

- Electrical Engineering Services
- Civil Engineering Services
- Fleet Management & Customer Services

Notwithstanding severe financial and staffing constraints during the year under review, the respective departments managed to maintain important assets and expand technical services to previously disadvantaged communities.

Service Delivery Review

Electrical Engineering Services strives to provide and maintain a safe, economical and reliable electricity infrastructure to all citizens through the effective utilization of allocated resources.

- Lighting: - A total of 124 new streetlights were installed and 226 defective fittings replaced.
- LV & MV Networks: - The Eskom Driefontein feeder and the Business Park Substation were installed to supplement the bulk supplies to the Southern area.
- Service Connections: - A total of 849 BEC meters were installed in developing areas during the year.

Civil Engineering Services strives to provide and maintain a safe and economical roads and stormwater infrastructure and civic buildings through the effective utilization of allocated resources.

- Re-gravelling of roads: - 28 km roads were re-gravelled and approx. 2338 m² roads were repaired.

CHAPTER 8

Departmental Performance: 2005/6

- New roads: - 5,23 km of new roads were built by end June 2006 and a further 8,34 km by August 2006.

Fleet Management Services strives to provide and maintain a safe, economical and reliable municipal vehicle fleet through the effective utilization of allocated resources to ensure timeous availability of vehicles.

- Fleet Availability: - The overall average municipal fleet availability for the 05/06 year was 85,72%.
- New vehicles: - A total of 8 units were replaced during the year which include a Grader, a sedan, LDV's and a tractor.

Financial management review

As stated above, the Directorate operated under severe financial constraints which prevented it from reaching all its service delivery goals. However, notwithstanding the challenges in question, the respective departments managed to remain within the approved budget.

Electrical Engineering Services

- Operational Budget: - Income 103,8% & Expenditure 90,00% of budgets.
- Capital Budget: - Spend 71,78% of budget.

Civil Engineering Services

- Operational Budget: - Income 105,6% & Expenditure 83,18% of budgets.
- Capital Budget: - Spend 45,12% of budget.

Mechanical Workshop

- Operational Budget: - Income 100,69% & Expenditure 100,86% of budgets.
- Capital Budget: - Spend, 64,35% of budget.

Fleet Management Services

- Capital Budget: - Spend, 91,32% of budget.

Human Resources Review

Due to financial constraints during the year under review, it was not possible to fill all vacant posts which obviously had a negative impact on service delivery.

The % vacant posts as at end June 2006 for the respective departments were:

Electrical Engineering Services: 32,04%

Civil Engineering Services: 28,26%

Fleet Management & Customer Services: 21,43%

Conclusion

Notwithstanding the financial and staffing constraints that existed during the 05/06 financial year, the Technical Services Directorate succeeded in continuing with service delivery and the maintenance of important assets.

CHAPTER 9
Auditor-Generals Report: 2005/6

The KwaDukuza Municipality received an unqualified report from the Auditor-General for the year ending 30 June 2006. In the report a number of matters of non-compliance with laws and regulations were however raised by the Auditor-General.

The full report from the Auditor-General is attached as annexure "A".

The audited financial statements of the KwaDukuza Municipality for the 2005/6 financial year is attached as annexure “B”. The Acting Chief Financial Officer provided the following comments on the financial statements.

Comments on the financial statements

The 2006 Annual Financial Statements have been compiled using approved standards of GRAP/GAMAP as well as various International Accounting Standards. These standards are disclosed in the notes to the annual financial statements. The implementation of these standards represents a significant departure from previous reporting standards that were applicable in prior years. The effect of these changes has also been disclosed in the notes to the annual financial statements.

Of significance are the reserves that have been set up as a consequence of these new accounting standards. These include the following:

- The Government Grants and Subsidies Reserves
- The Public Contributions and Donations Reserve
- The Capital Replacement Reserves

These reserves are a consequence of the unbundling process prescribed by the National Treasury and these reserves have been created from the previous statutory funds that found origin in the Local Authorities Ordinance, 1974, (No 25 of 1974). They have thus been created from the Public Improvement Fund, Consolidated Capital Development Fund, and the Loans Redemption Fund.

The government grants and subsidies reserve as well as the public contribution and donations reserve have been created in order to off-set depreciation on assets that were funded from those sources.

These reserves will in future be credited with all similar funds received and will be used to off set depreciation relating to assets funded from those sources in order to prevent double taxation. Backlog depreciation has been funded from the previously know Loans Redeemed and Other capital Receipts balance that existed prior to the unbundling process referred to above.

The Capital Replacement Reserve is the only source of internal funding that is available to the Council for the financing of assets. In order to utilize this reserve for the purposes of financing capital expenditure, it must be cash backed at all times.

In order to ensure compliance with IAS19, actuarial valuations had to be obtained in respect of post retirement medical aid benefits as well as staff long service awards and gratuities. Consequently, a provision of approximately R26m had to be made in this regard.

In order to ensure compliance with IAS32, the provision for bad debts has been significantly increased. The bad debt provision as at 30 June 2006 stands at approximately R59m, and this reflects compliance with IAS32.

As a consequence of complying with IAS19 and IAS32, the accumulated surpluses of the Council decreased from R50.3m (2005) to R22.6m (2006).

Annexure A Auditor-Generals Report 2005/6

Annexure B

Audited Financial Statements

2005/6

Annexure C

Auditor-General Factual Findings

Report on Performance

Measurement

Report of the Auditor-General on factual findings on performance measurement to the council of the KwaDukuza Municipality for the year ended 30 June 2006

1. ASSIGNMENT

The compilation, presentation and publishing of performance measurements and the implementation, management and internal control of supporting systems are the responsibility of the accounting officer.

As required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) my responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's performance management system. My role is not to assess or comment on the municipality's actual performance.

2. NATURE AND SCOPE

I have performed the procedures agreed upon and described below regarding the performance management system of KwaDukuza Municipality. The assignment was undertaken in accordance with the International Standard on Related Services (ISRS 4400) applicable to agreed upon procedure engagements.

The procedures were performed solely to evaluate the controls implemented and managed by the accounting officer regarding the municipality's performance management system against the criteria set out in:

- chapter 6 of the Municipal Systems Act
- the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796).

The procedures performed during my assignment were based on the high-level overview checklist completed by the accounting office and included a review of the following aspects:

- 1. Development of an integrated development plan*
- 2. Development of a performance management system*
- 3. Development and implementation of key performance indicators*
- 4. Setting of targets for key performance indicators*
- 5. Actual service delivery process*
- 6. Internal monitoring of performance measurements*
- 7. Internal control of the performance management system*
- 8. Performance measurement and reporting*
- 9. Revision of strategies and objectives*

3. FACTUAL FINDINGS

I report my findings below:

3.1. Integrated Development Plan (IDP)

The IDP has been reviewed in terms of section 34 of the Municipal Systems Act, adopted, implemented and contained the characteristics required in terms of regulation 2.

3.2. Performance management system (PMS)

The municipality developed, adopted and implemented a formally documented PMS in compliance with sections 38 and 39 of the MSA. However, an organisational performance management framework had not been fully developed, adopted and implemented [regulation 7(1)].

3.3. Key performance indicators (KPIs)

3.3.1 The municipality formally developed, adopted and implemented KPIs. However, a formal performance management system had not been developed for all levels of staff. Therefore the job descriptions of lower levels of staff were not aligned to the organisational KPIs [regulation 9(2)(b)(i)].

3.3.2 The KPIs set by the municipality did not include input indicators for each of the development priorities and objectives identified in the IDP [regulation 9(1)(a)].

3.3.3 A formal performance management system was not developed for suppliers and service providers.

3.4. Setting of targets for KPIs

There were no performance targets set in respect of lower levels of staff and suppliers and service providers [regulation 9(2)(b)(i)].

3.5. Actual service delivery process

A framework for tracking the performance of staff in terms of the performance management system had been developed. However, due to the PMS not being cascaded to all levels of staff, actual monitoring of service delivery was not consistent throughout the municipality [regulation 9(2)(b)(i)].

3.6. Internal monitoring of performance measurement

Due to the PMS not being cascaded to all levels of staff, the monitoring process had been limited to those employees for whom KPIs had been developed and implemented [regulation 9(2)(b)(i)].

3.7. Internal control of the PMS

Mechanisms, systems and processes for auditing the results of performance measurement as part of the internal auditing processes did not exist during the year under review [regulation 14(1)(a)].

3.8. Performance measurement and reporting

A formal process of regular reporting to, *inter alia*, the council, other political structures and the public on performance management as required by section 41(1)(e) of the MSA was not in place during the year under review.

3.9. Revision of strategies and objectives

A high level review indicated that the revision of strategies and objectives took place according to a formally documented revision process [sections 34 and 41(1)(c) and (d) of the MSA, regulations 7(1) and 13(1)].

4. STATEMENT

Because the above procedures constitute neither an audit nor a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the results of the performance measurements as at 30 June 2006.

Had I performed additional procedures, or an audit or review of the performance measurement in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to my attention that would have been reported to you.

This report relates only to the purpose set forth in the first paragraph of this report and does not extend to the financial statements of the KwaDukuza Municipality, taken as a whole.

5. APPRECIATION

The assistance rendered by the staff of the KwaDukuza Municipality during the assignment is sincerely appreciated.

H van Zyl *for* Auditor-General

Pietermaritzburg

28 February 2007



A U D I T O R - G E N E R A L

Annexure D

Statement on Arrears by Accounting Officer

Total debtors stands at R141m (2005 : R128m). This increase in debtors is attributable to the fact that the credit control function within the Council is not sufficiently capacitated in order to perform an effective credit control function. In order to address this shortcoming, the Council, in the previous year, appointed a service provider to assist with this function as well as capacitate existing credit control staff to perform this task more efficiently. As at 30 June 2006, 518 summons were issued. This prompted 114 debtors to settle their arrears. A further 58 debtors made firm arrangements to settle their accounts. As at the year end, 58 summons were prepared by the Council but not yet issued. During the 2006/2007 financial year, additional staff will be appointed to this function and the Council will in future see a decrease in this debt.

In compliance with IAS 32, the bad debt provision now stands at R59m (2005 : R26m). This has resulted in net debtors of R82m (2005 : R102m). Although sufficient provision for bad debts exist, every attempt will be made in order to collect the outstanding amounts.

MR. WT BYRNES

ACTING MUNICIPAL MANAGER: KWADUKUZA MUNICIPALITY

Annexure E

Recommendations by Audit Committee