

- 3.1.6.5.2.2 Final scoring procedure to be: by decision of the Municipal Manager under advice from the panel; or by averaging the scores of panel members; or other.
  - 3.1.6.5.2.3 Procedures for officials' right to appeal the results of the review process.
  - 3.1.6.5.2.4 Auditing of the process by the performance audit committee to include an independent performance management specialist.
  - 3.1.6.5.2.5 Structures and procedures for reporting the results and recommendations of the review to Council which must include the performance audit committee and might include finance committee and mayoral committee.
- 3.1.6.6 Review dates should be scheduled annually as high priority dates on the Municipal Calendar.
- 3.1.6.7 Every effort should be made to include at least one more level of management in the 2008/9 reviews.

### 3.1.7 Conclusion

#### 3.1.7.1 Performance Bonus Considerations

Although the primary purpose of the PMS is to evaluate and report on progress in the delivery of the IDP, the performance review results can be used as a guide in determining promotions or the payment of incentives and performance bonuses by comparing the overall % Scores to the benchmark scores on the scale for awarding of incremental bonus amounts provided by the DPLG.

After discussion with the Municipal Manager it was agreed that the current reviews cannot be regarded as reliable measurements of the Municipality's performance in delivering the IDP owing to:

- 3.1.7.1.1 The rushed manner in which the plans were accepted and signed
- 3.1.7.1.2 The condensed time in which the 2006/7 Financial Year was reviewed.
- 3.1.7.1.3 The scope of the review still being limited to the five senior managers only.

However, this does not preclude the possibility of Council using its discretion to motivate and award performance bonuses, using the results as a general guide, in order to maintain morale and to recognize outstanding effort where credit is due, **as long as the following is taken into account:**

- 3.1.7.1.4 The likely response to the awarding of bonuses from the general community.
- 3.1.7.1.5 The consequences of possible qualifications from the Auditor-General.
- 3.1.7.1.6 The DPLG has indicated that where the change in criteria for the awarding of bonuses in August 2006 negatively affected officials whose five year employment contracts were signed before this date, the matter should be settled by negotiation between Council and the Section 57 Officials concerned.
- 3.1.7.1.7 Despite direct enquiries made to the DPLG, the Assessment Rating Calculator referred to in the DPLG Regulations for the purpose of determining performance bonuses has not been made available to municipalities.

#### 3.1.7.2 The Question of Individual and Institutional Assessment

The performance management model adopted by this Municipality acknowledges that the collective performance of a team might be excellent although none of the individual performances are outstanding. Conversely it is possible for the performance of individuals to be outstanding while the overall performance of the team is unsatisfactory. This happens when

there is a lack of support, poor relations and inadequate communication between members of the team.

This system also acknowledges that, for the purposes of motivation, it is important to give due recognition to both individual and team performance where it is appropriate.

However, to separate institutional performance from individual performance completely assumes that the institution, as an entity, is capable of performance and corrective action.

In the Howard Cook system, it is understood that the performance plan for each team leader constitutes the overall performance plan for his/her team. This is because each team leader identifies and delegates the work to be done by each team member in order to achieve the required results for the team. Hence, the performance plan for the Manager Technical Services, for example, constitutes the overall plan for that department and so forth. It follows, therefore, that the performance plan for the Municipal Manager constitutes the overall plan for the Municipality.

Since Key Performance Indicators (KPIs) are the standards for **overall** performance of a job, team or institution, it is reasonable to conclude from the DPLG Regulations of 2006 that the National KPIs are the standards against which the overall performance of municipalities should be measured nationally. A summary of these results, therefore, provides the institutional assessment. Such an assessment is validated by the fact that it is not based on anonymous institutional ratings but on the ratings agreed to for the Municipal Manager.

This system ensures that all plans are linked to one overall plan (ultimately the IDP) and, therefore, that all work, effort and resources are deployed for the achievement of the same, single, overall purpose i.e. the attainment of the municipality's vision and mission as embodied in the performance plan of the Municipal Manager, which amounts to the execution of all the policies, procedures and strategies of Council for the delivery of the IDP as delegated to the Municipal Manager by Council.

This logic is based on the premise that, ultimately, the achievement of desired results is the accountability of the people in the positions to which work and decision-making authority have been delegated. The combination of KPIs and critical standards for individual ongoing work (CPIs) in all performance plans acknowledges the interdependence of all team members for effective performance while allowing for recognition of outstanding individual performance.

This approach is simpler, more consistent and more in line with the requirements of the National Department than the approach of developing multiple scorecards for different levels and aspects of the institution. The latter approach also runs the risk of, firstly, reducing the focus of effort and resources on a single master plan and, secondly, diluting the individual accountabilities of managers, leading to a culture of non-performance.

## 3.2 Analysis and Interpretation of Performance Results by Major Function

### 3.2.1 FUNCTION: EXECUTIVE AND COUNCIL

This function includes all activities related to the executive and council function of the municipality, including costs related to councillor and committee expenses and governance.

Costs relating to function: Executive and Council: 2006/2007

Council Expenses	R	1,670,403
Secretariat	R	
Other	R	
Total	R	1,670,403
Office of the Municipal Manager	R	685,817
TOTAL: EXECUTIVE AND COUNCIL	R	2,356,220

#### 3.2.1.1 Description of Activity

This function is administered by the office of the Municipal Manager in consultation with the Mayor/Speaker.

All decisions are taken by the Council, Mayor/Speaker or senior officials in terms of the authority delegated by legislation and/or the delegation of authority adopted by Council on 1 August 2003.

The following committees have been established to deal with specific issues at operational level and make recommendations thereon to Council:

- Finance and Management Committee
- Infrastructure and Technical Committee
- Social and Community Development Committee
- Local Economic Development Committee.

Other Committees:

- Remuneration Committee
- Internal Audit Committee
- Local Labour Forum
- MFMA Implementation Steering Committee
- Bid Specification, Evaluation and Adjudication Committees.

#### 3.2.1.2 Analysis of function

- Total number of councillors 10
- Full-time Mayor/Speaker 1

Number of Council and Committee meetings held during the year under review:

	Number of Meetings 2006/2007
Council	6
Special Council	16
Ward Committee	21
Internal Audit Committee	3
Bid Committee	1
Local Labour Forum	2
Standing Committees	9
Budget Meetings	2

### 3.2.1.3 Key Performance Indicators, Targets and Variances

Project	Key Performance Indicator	Target 2006/2007	Actual 2006/2007	Target 2007/2008
Oversight Council operations and exercise delegated authority	Planned meetings held	30 meetings		Not monitored as part of SDBIP
Ensure the institution is managed in an efficient and effective manner.	% of SDBIP implemented	100%		100%

### 3.2.1.4 Key Issues for 2006/2007

- Outreach to the Business Sector in the area.
- By-laws promulgated for the municipality by 30 June 2007
- Training on the by-laws conducted for councillors and officials
- Organisation restructured to facilitate achievement of development objectives.

### 3.2.1.5 Objectives

- Improve municipal governance
- Promote effective and transparent communication

## 3.2.2 FUNCTION: PLANNING AND DEVELOPMENT & OTHER

### 3.2.2.1 Sub-Function: Economic Development & Tourism

#### 3.2.2.1.1 Overview

This sub-function includes all activities associated with economic development and tourism initiatives. Local Economic Development (LED) is an approach to economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life of all in the local community.

#### 3.2.2.1.2 Description of activity

The function of economic development / planning within the municipality is administered through the LED Unit and includes:

- Strategic planning
- Providing of support to SMME's
- Providing a linkage between SMME's, government institutions and other financial institutions
- Provision of Land to SMME's
- Providing support to SMME's to promote tourism
- Encourage the formation of new enterprises
- Protect existing businesses from leaving or relocating
- Attracting external investment (nationally & internationally)
- Investing in physical infrastructure
- Investing in soft infrastructure (educational workforce development , institutional support systems and regulatory issues
- Supporting the growth of a particular clusters of businesses
- Targeting particular parts of the municipality for generation or growth
- Support informal & emerging businesses
- Targeting certain disadvantaged groups

#### 3.2.2.1.3 Analysis of the function

Number and types of grants:

- |   |             |
|---|-------------|
| • Land affairs for purchasing of Cornucopia farm (23/12/06) | R 6,900,000 |
| • DEAET for Rock Art project at Joubertina                  | R 2,925,000 |
| • DEAET for Honey Bush Tea (returned)                       | R 1,300,000 |
| • DEAET for Two Streams (reallocated)                       | R 600,000   |
| • SDF from HLGTA  | R 150,000   |
| • Woodlands flower project from DEAET                       | R 500,000   |
| • Tourism sector plan from DBSA & DEAET                     | R 200,000   |
| • Department of Agriculture                                 | R 2,100,000 |

#### 3.2.2.1.4 Key performance indicators, targets and variance

PROJECT	Performance indicator	Actual 2005/6	Target 2006/7	Actual 2006/7	Target 2007/8
Rock Art: Building of a rock art centre at Joubertina	Implementing agent hand over the complete project to Koukamma	Implementing agent appointed	Complete building of the centre	Recruitment & training of labour force	Handing over complete project

PROJECT	Performance indicator	Actual 2005/6	Target 2006/7	Actual 2006/7	Target 2007/8
	Municipality				
Honey Bush Tea	Fully functional organisation established	Stakeholders identified and registered	Business plan drawn & funding received	Funding never reached Municipality and was returned	Business plan drawn and funding received & organisation commences
Two streams charcoal	Lease out the project to private operators	Leased out to Silicon Smelters			
Formulation of Tourism sector Plan	Complete a tourism plan for Koukamma Municipality	Funding was only received from DBSA and nothing from DEAET	Tourism plan completed and handed over for implementation	All funds were received and PSC established	Complete the sector plan for implementation
Development of an LED Strategy	Identify funding to do LED strategy for Koukamma	No funder responded positively	Identify funding from other sources	Approximately 600,000 has been sourced through Thina Sinako & Service Provider is Identified & project approved	Complete the project about October 2008
SDF	SDF approved	Draft SDF approved	SDF completed and approved	Final draft completed and council adopted it in June 2007	Review SDF
Woodlands flower project: Growing of flowers which are sold to Loerie	Funding sourced, Planting commences and labour force trained	Funding Sourced	Establish PSC, sort land issues and employ a service provider	Commence with planting and source more funding	
Cornucopia Farm: Used to be a tomato farm, currently bought for the Sandrift/Stormsriver community. To grow flowers using channels and to export to overseas markets	Purchase the farm and install the necessary infrastructure	Contracts signed & farm purchased & farm manager employed & Community trust established	Receipt of funds for the installation of the necessary infrastructure and commencement with farming activities	No action	Receipt of funds and drawing up of business plans
Koukamma Fruit packers: Building of cold storage and facilities to sort and pack fruit in such a way that it is ready for overseas	PDI's to get a 35% share in the business	Project completed and is functional			

### 3.2.2.1.5 Key issues for 2006/2007

- Adoption of Spatial Development Framework in May 2007
- As far as charcoal at two streams, a lease contract with Silicon Smelters, Willie was signed
- Provided land for the development of a cool storage by Koukamma Fruit Packers
- A contract for the woodlands flower project was concluded with CDM
- Facilitate the sale of Cornucopia farm to the communities of Mandela park and Stormsriver
- Successfully sourced funding for Tourism Plan Development from DBSA & DEAET
- Project Steering Committee for tourism sector plan established

### 3.2.2.1.6 Strategic objectives

The economy of Koukamma area to achieve the following targets

- Increase employment in the Koukamma area so as to reduce high unemployment
- Provide sustainable employment creation in the area
- Create key economic empowerment mechanism
- To promote tourism planning
- Transform the tourism sector to open it to more participants, particularly Previously Disadvantaged Individuals (PDI's)

### 3.2.2.1.7 Progress on Projects

#### Highlights

Despite the many difficulties there were highlights during the year including the following:

- The opening of Koukamma Fruit packers at Joubertina. This is a joint venture between commercial and emerging farmers. The funding for the emerging farmers was received from the Department of Agriculture. This initiative provided jobs to many previously disadvantaged individuals.
- A Business breakfast was held at Tsitsikamma and at Langkloof on 2 and 28 November on 2006. This is a municipal initiative to improve relationship between the municipality and private sector. The main aim was to encourage and improve dialogue between the municipality and business and also how business sector can be of assistance in implementing its local government mandate.
- The first Tourism Sector Plan Steering Committee meeting was held on 17 April 2007, but it was not possible to go further due to funding constraints
- An LED workshop to broadly discuss issues affecting LED was held on 10 May 2007
- Good cooperation between the municipality and the two tourism associations of Koukamma emerged
- The intention and willingness to establish at a higher level, a single tourism organisation which will include the private associations, the Koukamma municipality and previously disadvantaged communities. This new association will be able to fundraise with both the government and private sector.

#### Challenges

The year under review had many challenges which resulted in the LED Unit being unable to develop an LED strategy for Koukamma. The same challenges negatively affected the development of a tourism sector plan for Koukamma municipality. It was a struggle for the municipality to receive enough funds for the formulation of a tourism sector plan. The municipality took a decision to establish a Koukamma LED Agency; however, this was also unsuccessful due to funding. Other challenges include:

- Lack of capacity in terms of support staff as well finances
- Honey Bush Tea project remains a challenge
- Previously disadvantaged individuals are not participating in the tourism sector
- The municipality owns very little land and available land in the market is very expensive
- Infrastructure such as roads remains a big challenge

### 3.2.2.1.8 Proposed Corrective Actions

## **3.2.2.2 Sub Function: Integrated Development Plan**

### **3.2.2.2.1 Overview of IDP**

The Integrated Development Planning (IDP) Process is a process through which municipalities prepare strategic development plans for a five-year period. An IDP is one of the key tools for Local Government to cope with its new developmental role and seeks to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development, and institutional transformation in a consultative, systematic and strategic manner.

In terms of legality, IDP is based on the constitution of the country, the Municipal Systems Act (MSA) of 2000, and the Municipal Planning and Performance Management Regulations (2001): as well as The Municipal Finance Management Act No 56 of 2003, Section 21.1(a) (referred to as the "MFMA"). As the IDP is a legislative requirement, it has a legal status and it supersedes all other plans that guide development at local government level.

### **Challenges**

- Public participation remains a challenge in terms of meaningful participation, logistics and budget;
- SDBIP includes unfunded projects;
- Review of institutional performance management does not include participation of public
- Departments lack capacity to conduct IDP performance review, hence, analysis reports are lacking
- Due to the constant use of service providers in the IDP formulation and review stakeholders in the lack of enthusiasm, self trust, self confidence and has created a dependency syndrome
- The municipality lacks the capacity to conduct community based planning
- Due to the vastness of the area and lack of financial resources, it is difficult to hold IDP rep forums, printing and distributing enough IDP documents to effect public participation
- Lack of capacity (expertise and experience) to review SDF
- Lack of capacity (expertise and experience) to develop and review Sector Plans
- Lack of capacity (expertise and experience) to deal with section 78 applications as well as service level agreements

### **3.2.2.2.2 Proposed Corrective Actions**



### 3.2.3 FUNCTION: COMMUNITY SERVICES

The Community Service Department is one of four Departments that has been established during 2001 subsequent to the establishment of the Koukamma Municipality in 2000.

The purpose for having established this Department was to facilitate the opportunity for all citizens of the Municipality to have equal access to Community Services such as:

- Housing
- Protection Services – (Traffic - E-NaTis)
- Fire Services
- Disaster Management
- Sports, Recreation
- Cemeteries
- Library
- Municipal Health

In so doing, it strives to exercise the correct behavior in order to uphold Koukamma's values of **transparency, honesty and commitment.**

#### NUMBER OF MUNICIPAL STAFF EMPLOYED:

- Housing 1 Housing Clerk
- Protection Services – Traffic 7 Traffic Officers
- E-NaTis 1 e-Natis administrator, 1 snr clerk 2 clerk one examiner of vehicles, one examiner for drivers licences, one filing clerk one pit assistant
- Fire Services 1 Fire Services Officer 2 secondments from parks and recreation department as firemen
- Disaster Management 1 Disaster Manager (Cacadu Employee shared with Kouga)
- Library 4 Library Assistants and 4 cashier clerks in satellite office performing the function of library assistant.
- Sports, Recreation 1 Attendant for each cemetery (on contract)
- Cemeteries 1 Attendant for each cemetery (on contract)

Department	Top Management	Senior skills Management	Professional	Skills Technical & Academics	Office / Administrative	Non Professionals
Housing				1		
Protection Services – Traffic	1	1	2	3		
E-NaTis		2	2		3	1
Fire Services				1	1	2
Disaster Management		1				
Library					4	6
Sports, Recreation						
Cemeteries						
Environmental Health				1		

BUDGET

<b>PROJECT NAME</b>	<b>NODE</b>	<b>WARD</b>	<b>BUDGET</b>
Formulate an integrated Environmental Programme	ALL NODES	ALL	R 50,000.00
Establish Low Income Housing Insurance Scheme	ALL NODES	ALL	R 15,000.00
Kareedouw Building of 447 Houses	KAREEDOUW	3	R 8,984,700.00
Ravinia-Building of 300 houses	RAVINIA	2	R 6,930,000.00
Krakeel Rivier Building of 189 houses	KRAKEEL-RIVIER	2	R 4,424,632.00
Louterwater- building of 589 houses.	LOUTER-WATER	1	R 11,838,900.00
Griqua Rust- 60 houses	GRIQUA RUST	5	R 360,000.00
Training progs,job creation & recreational progs	ALL NODES	ALL	R 20,000.00
Lobby Dept. Education to upgrade facilities	ALL NODES	ALL	R 500.00
Lobby Health Auth. To provide more Mobile clinics	ALL NODES	ALL	R 0.00
Establish Health Care Forum	ALL NODES	ALL	R 1,000.00
Investigate registering local Traffic police as Peace Offices.	ALL NODES	ALL	R 5,000.00
Participate in the Formulation of Disaster Management Plan.	ALL NODES	ALL	R 0.00
Establish Disaster Management Forum.	ALL NODES	ALL	R 0.00
Kwaaibrand Transfer Safcol Houses to Occupants	KWAAIBRAND	4	R 5,100.00