



Chapter One

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Mayor's Foreword

It is a matter of great pride and satisfaction that I present this 2006/2007 Annual Report, a report that reflects the total commitment of our collective work as Council.

During the period under review, we took our commitment of providing a better life for our people to new heights. We demonstrated in practical terms what this commitment means to us and it is no wonder that we won the best organised district award, at the Vuna Awards provincially, as well as emerging as runners up at the national level. We are humbled by these accolades. We are, however, mindful of the challenges that still lie ahead of us. We remain focused on our key service delivery and development performance areas and for us, the work continues.

We are also very humbled by the unqualified audit report that the Auditor General has given us yet again. Indeed, we record our appreciation to the collective political and administrative leadership of our district for achieving this success.

I must place on record my sincere appreciation to my fellow councillors, our officials and staff, our NGO and private sector stakeholders and, of course, our community as a whole, for their cooperation and partnership in ensuring that we continuously raise the bar with regards to service delivery and development. Ours is a service of the people and we remain committed to the vision of improving the lives of our people for the better.

I thank you.

**CLLR SB CELE
MAYOR**





Municipal Manager's Statement

For the Ugu District Municipality, the period under review has been a change of strategy in line with the new development strategies following the local government elections in 2006 and the new Integrated Development Plan (IDP) (approved in June 2006) for the current term of the elected Council.

I am very pleased that the report we have collectively compiled on the service delivery activities for the year 2006/2007 is packaged in accordance with the five national Key Performance Areas for local government in South Africa, recording clear achievements for the year and the reports of the Audit Committee and the Auditor-General.

It is very pleasing to again mention in a reporting form that the municipality has received recognition as being the best performing district municipality in the Province of KwaZulu-Natal through the Municipal Vuna Awards competition held at the end of 2007 and went on to get a first runner-up position at national level, thereby being the second best performing district municipality in the country. Needless to say, this is one of the major highlights of the year under review. I am also confident that Ugu is destined to assume the first position in the country! This does not mean there are no challenges we continue to face, but recognises the good work we all do in solving our service delivery challenges.

The report takes a serious consideration of the work done against the reality of having to work very hard in achieving the national service delivery targets outlined by the President of the Republic, especially in relation to water and sanitation provision; we are trying hard to live up to the challenge. We must confess that the work ahead is much harder than the progress we have already made to date. Nevertheless, with the support and guidance of the political leadership of the municipality, the community of Ugu, the national and provincial spheres of government, the private sector within Ugu and beyond, as well as our civil society, we are destined to achieve what we have set for ourselves.

I am very pleased to present this report to the Municipal Council and all roleplayers with an Unqualified Audit Opinion by the Auditor-General, this is humbling and encouraging. For this I must thank the entire political leadership, more so His Worship the Mayor and his Executive Committee for the sterling guidance so well exercised over the administration. Management and the entire administration deserve my recognition for the acceptable work done during the year under review.



We invite everybody to read our work for the year under review, arranged on the five Key Performance Areas, being:

- Basic Service Delivery and Infrastructure;
- Local Economic Development;
- Financial Viability and Management;
- Institutional Development and Management; and
- Good Governance and Public Participation

The Municipal Council has established an Oversight Committee which shall review this report on behalf of the Municipal Council in order to determine whether the activities recorded in this report are a true reflection of the work carried out during the year. All community members and their organisations are invited to make comments and representations on the Annual Report until the 7 March 2008.

In conclusion, I would like to express my sincere thanks to God Almighty for guiding us during the year. I also thank all roleplayers for the guidance and direction during the year and at the time of compiling this report we always enjoyed a relationship based on mutual respect and cooperation to ensure that the public needs are served.

I thank you. Enjoy the reading!

KHAYO E MPUNGOSE
MUNICIPAL MANAGER



Audit Committee Chairperson's Report



We are pleased to present our report for the financial year ended 30 June 2007.

1. Audit Committee Members and Attendance

In terms of Section 166(4) of the Municipal Finance Management Act (No 56 of 2003), hereafter referred to as the MFMA and the

Ugu District Municipality's Audit Committee Charter, the Audit Committee consists of at least five members with the majority being external independent members. No councillor may be a member of the Audit Committee.

The Audit Committee consists of the following members listed hereunder and meets at least four times per annum as per its approved charter. During the year under review, the mandatory quarterly meetings and one special meeting were held.

Member	Number of Meetings attended
Mr Anil Ramnath (Chairperson) ^A	5/5
Mr Neil Read ^{1,A}	4/5
Mr David Parry ^A	5/5
Mr Silas Hlophe ^{2,A}	0/0
Mr Khayo Mpungose ^B	2/5
Mr Nathi Ndelu ^C	5/5

- 1 Term expired on the 31st March 2007
- 2 Appointed on the 1st May 2007
- A External member
- B Municipal Manager
- C Deputy Municipal Manager

2. Audit Committee's Responsibilities

The Audit Committee's responsibilities are outlined in Section 166(2)(b) of the MFMA. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its charter is that it is responsible for, among other things, the following:

Auditors and External Audit

Discuss and review with external auditors, *inter alia*:

- the nature and scope of the audit function;
- agreeing to the timing and nature of reports from the external auditors;
- considering any problems identified in the going concern of the municipality;
- review the Auditor-General's management letter and management response; and
- meeting the Auditor-General at least annually to ensure that there are no unresolved issues of concern.

Annual Financial Statements

- Review significant adjustments resulting from the audit;
- review effectiveness of the internal audit;
- review risk areas of the operations to be covered in the scope of the internal and external audits; and
- review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information.



Internal Control and Internal Audit

The monitoring and supervising of the effective function of the internal audit, including:

- evaluating performance, independence and effectiveness of internal audit and external service providers through internal audit;
- reviewing the effectiveness of the internal controls and to consider the most appropriate system for the effective operation of its business; and
- initiating investigations within its scope, e.g. employee fraud, misconduct or conflict of interest.

Ethics

Reviewing the effectiveness of mechanisms for the identification and reporting of:

- any material violations of ethical conduct of councillors and municipal staff;
- compliance with laws and regulations; and
- environmental and social issues.

Compliance

- Carrying out investigations into financial matters as Council may request; and
- reviewing the effectiveness of mechanisms for the identification and reporting of:
 - compliance with laws and regulations, and
 - the findings of regulatory bodies or audit observations.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

3. The Effectiveness of Internal Controls

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, internal audit provides the Audit Committee

and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was effective.

The Audit Committee is satisfied with the internal controls in place and overall adherence to those controls.

4. The Quality in Year Management and Monthly/Quarterly Report Submitted in Terms of the MFMA

The Audit Committee has not received and reviewed certain performance management reports and is unable to comment on the content and quality of these monthly and quarterly reports.

Except for the abovementioned reports, the Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and management during the year under review.

5. Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of projects undertaken by Internal Audit, arising from the risk assessment:

- Asset Management Review
- Financial Statement Close Process
- Order to Cash
- MFMA Compliance Review
- Follow up Reviews



- Performance Management System Review 1 & 2 (Six-monthly Reviews)

The Audit Committee is satisfied with the performance of the internal audit function and reports that all the projects have been completed by the end of the financial year.

6. Evaluation of Annual Financial Statements

The Audit Committee has:

- reviewed and discussed with the Auditor-General and the Accounting Officer the audited Annual Financial Statements to be included in the annual report;
- reviewed the Auditor-General's management letter and management responses;
- reviewed the accounting policies and practices; and
- evaluated the audited Annual Financial Statements to be included in the Annual Report and, based on the information provided to the Audit Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and Treasury Regulations as well as South African Statements of Generally Accepted Accounting Practice (GAAP) and certain statements of Generally Recognised Accounting Practice (GRAP) and statements of Generally Accepted Municipal Accounting Practice (GAMAP).

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

7. Shared Services

The District Municipality has continued operating as principal of the Shared Services, especially Internal Audit. We proudly assert that the Ugu District Internal Audit Shared Services is being used as a model for other Shared Services around the country.

Ezinqoleni Municipality

During the year the District Municipality assisted the Ezinqoleni Municipality which was in financial distress due to mismanagement. The matter is serious enough to question the Ezinqoleni Municipality's ability to continue as a going concern.

At this time, the matter has not been resolved and no financial plan is in place for Ezinqoleni Municipality's rehabilitation. A team of consultants has been appointed and a report is anticipated shortly whereupon an appropriate action plan will be implemented.

8. Conclusion

I would like to thank my colleagues for making themselves available to serve on this committee and for the significant contribution that they have made.

As an Audit Committee, we rely heavily on the Manager: Internal Audit and his staff in the Internal Audit Department for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at Ugu. We are indebted to them for their efficient service and assistance.

We are also grateful to the Chief Financial Officer, the Auditor-General (both of whom were always on hand to provide advice and guidance), and all other invitees to our meetings, including the external service providers, all of whom provided invaluable information to the Committee.

MR ANIL RAMNATH
CHAIRPERSON: UGU DISTRICT MUNICIPALITY
AUDIT COMMITTEE

Date: 3 March 2008



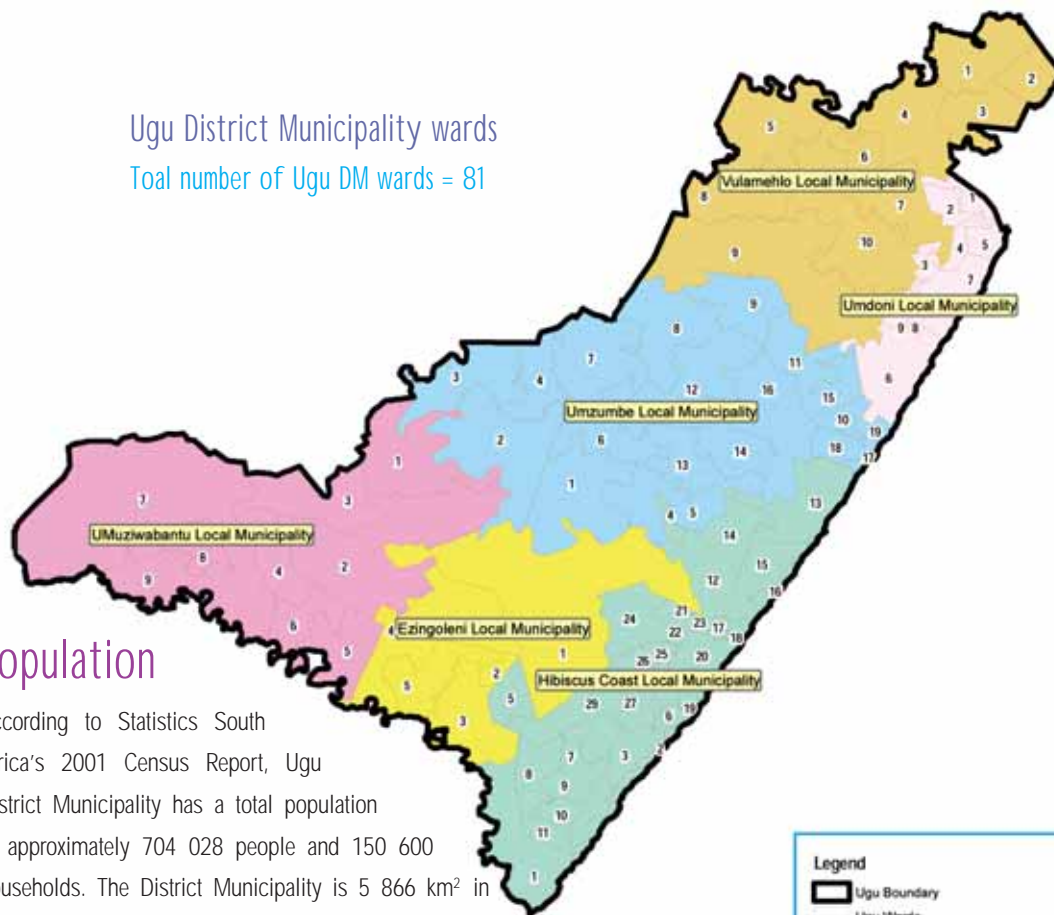
Overview of the Municipality

Profile of the District

The name Ugu is the isiZulu word for "coast". Ugu District Municipality is one of the ten district municipalities of KwaZulu-Natal, located at the most southern tip of the province's coastline, covering 112 km along the Indian Ocean.

It is bordered by the Eastern Cape Province on the south, Indian Ocean on the east, Sisonke and Umgungundlovu on the west and eThekweni on the north. It comprises six local municipalities, namely: Ezingoleni, Umuziwabantu, Hibiscus Coast, Umdoni, Umzumbe and Vulamehlo.

Ugu District Municipality wards
Total number of Ugu DM wards = 81



Population

According to Statistics South Africa's 2001 Census Report, Ugu District Municipality has a total population of approximately 704 028 people and 150 600 households. The District Municipality is 5 866 km² in size. The statistics show that approximately 16% of the population is located within the urban coastal strip, which is 4-10km wide. The balance of 84% resides in the rural areas, which are characterised by a low density and dispersed settlement pattern. The demographic profile calls for initiatives targeting women-headed households. An important aspect of this profile is that it reflects a cohort that is more vulnerable to HIV/AIDS, crime and violence. The population distribution by race is 89% African, 1% Coloured, 4% Asian and 6% White.





Table 1.1 Total number of voters

Municipality	Number of Voters
Ugu	251 569
Umdoni	31 490
Ezinqoleni	19 858
Hibiscus Coast	100 838
Umuziwabantu	32 457
Umzumbe	65 135
Vulamehlo	34 248

Age Breakdown

According to statistics, only 42 241 people are above 65 years of age, while 159 814 are between 35 to 64 years of age, 239 369 are between 15 and 34 years of age, and 360 490 people in the district as a whole are younger than 14 years.

Skills Profile

Analysing further literacy and skills, in 2001 approximately 20% of people in Ugu had not received any schooling, which

is higher than the average for KwaZulu-Natal. A further 38% had attended primary school but did not complete this level of education. In other words, nearly three out of every five people in Ugu have no or incomplete primary school education. There are significant differences between the municipalities, with less than 8% of the population in Vulamehlo, Umzumbe, Umuziwabantu and Ezinqoleni having matric or higher level of education. In contrast, 16% of the population in Hibiscus Coast and 20% of the population in Umdoni has a matric or a higher level of education. This difference further demonstrates the urban/rural divide characterising this district.

Table 1.2 Education levels

Education levels 2005	Black	White	Coloured	Asian	Total
No schooling	50 089	118	92	990	51 289
Grade 0-2	17 177	4	29	115	17 324
Grade 3-6	89 823	150	250	1 766	91 989
Grade 7-9	105 022	2 217	1 080	5 198	113 518
Grade 10-11	60 833	6 010	812	4 654	72 308
Less than matric & certificate/diploma	1 108	816	32	160	2 116
Matric only	35 614	16 349	1 614	10 578	64 154
Matric & certificate	2 271	2 147	38	238	4 694
Matric & diploma	5 353	2 595	73	1 186	9 208
Matric & Bachelors degree	869	1 634	0	836	3 339
Matric & Bachelors & honours	33	310	0	83	426
Matric & Bachelors & diploma	122	267	0	153	542
Matric & Masters degree	42	336	0	166	545
Matric & Doctorate degree	18	105	0	47	171
Matric & Other qualification	2 919	2 261	0	304	5 484
					437 107



From Table 1.2 above one can note that about 11.7% of the population has no schooling and that 97.7% are Black, 0.2% are Coloured and White and 1.9% are Asian. Less than 1% of the population has a Bachelors degree or higher.

Skills Distribution/Categorisation

In terms of skills distribution, the largest category is 'Elementary occupations', which encompasses 33.9% of the skills distribution in the district. This is followed by 'Service

workers, shop and market sales workers'; and 'Technicians and associate professionals', with 10.4 and 9.6% of the skills distribution respectively. There are low levels of 'higher skills', such as managerial and technical skills, within the Ugu district, as shown by the fact that 'Skilled agricultural and fishery workers'; 'Legislators, senior officials and managers'; and 'Professionals' encompass only 4.3%, 4.2% and 3.9% of the skills distribution respectively.

Table 1.3 Skills distribution in the Ugu District

Skills Distribution in the Ugu District	Number	%
Legislators, senior officials and managers	3 592	4.2
Professionals	3 341	3.9
Technicians and associate professionals	8 263	9.6
Clerks	6 519	7.6
Service workers, shop and market sales workers	8 928	10.4
Skilled agricultural and fishery workers	3 726	4.3
Craft and related trades workers	8 012	9.3
Plant and machine operators and assemblers	7 059	8.2
Elementary occupations	29 126	33.9
Undetermined	7 390	8.6
Total	85 956	100

The gap between the available and required skills

It is appreciated that there is a variety of skills available to the economically active population of Ugu which helps to sustain the economy. It is also equally important to acknowledge the gap that exists between the currently available skills and the skills that some portions of the job market and local economy require. All forms of training, whether from the academic sphere or on project basis, should address the need of the economic pillars of the municipality. For instance, agriculture, nature conservation and tourism skills are being offered on a considerably extended basis.

However, according to the sectors that provide information to the South Coast Chamber of Business, there are some skills that are virtually unavailable within the district. Even if the candidates have received training of such skills, they still require further extensive on-job training upon obtaining employment, probably due to inadequate or lack of experience in the same fields of expertise.

Academic training

The Esayidi FET College has an Academic Research Division that conducts research on the skills requirements of the population before opening a satellite campus in a particular locality. The research, as well as the direction



they receive from the Department of Education, informs the skills that they offer on their campuses. The College also occasionally receives requests and funding from the motor industry like Toyota and (mostly) Ford for learnerships in particular technical skills that are in demand in the industry. According to Esayidi FET College, the catering services field has been found to be over-occupied to a point of even being almost saturated. Part of the reason is that the participants in the industry are also the fully and formally employed graduates that seek to improve their personal finances over and above their monthly salaries.

This seems to recommend therefore that the district should consider undertaking a skills development plan that will look at all sectors of the economy.

Skills acquired on project basis

There are quite a number of interventions in the skills *status quo* of the district. This includes interventions by the Expanded Public Works Programme (EPWP) projects implemented by different government departments as well as training by the Department of Labour. The EPWP requires that the beneficiaries be trained while temporarily employed in the project and earning a salary. Thus, a considerably large population of Ugu within the economically active population receives training on a project basis. The skills that they receive are aimed at enabling them to open their own businesses of a more or less similar nature to the project, to be better employable elsewhere after the project cycle and with a few remaining permanent in their positions. After the skills audit has been conducted per project, the training that is offered to the beneficiaries is structured according to need and level of literacy. Over and above technical training, which is mostly accredited, the beneficiaries also receive non-accredited training in other areas like social skills, business management, office administration, supply chain management, computer literacy, conflict resolution, HIV/AIDS, First Aid, etc.

The Department of Labour also offers training to the Port Shepstone prisoners who are on parole as part of the rehabilitation programme of the Department of Correctional Services. According to the Department of Labour the textile industry (sewing) has been found to be saturated and it is almost uneconomical to continue with training in it, and they resolved to offering training in other skills that would equally benefit the beneficiaries in offering them better opportunities in the job market. The construction industry is proving to offer more opportunities to the beneficiaries. For example, the housing project would request training from the Department of Labour for the constructors who would be employed in a particular housing project that would commence in a few months time. On the starting date of the project, the trained prospective employees are often no longer available for employment in the same project as they have already been employed elsewhere after receiving training. Some discover business opportunities and lose the will to be employed again. This cycle has been observed over a long period of time in a number of projects. Although this implies a backlog in terms of delivery target for that particular project, it is a positive indication for skills development and better employability of the population.

Required intervention by the municipality

The information that is currently available is not sufficient to give a full picture of the skills required by the economy and those possessed by the population. Therefore the intervention by the municipality should be the implementation of a skills development plan that will assist with a full understanding of the broader scenario and the relevant steps to be taken.

Household Income

According to the information extracted from Census 2001, statistics show that 532 251 people have no income as compared to 18 236 that earn over R3 201 per month. In addition, there are only 16 142 people that earn between R1 601 and R3 200 per month, 20 265 people that earn between R801 and R1 600 per month, and 117 142 people that earn under R800 per month.



Council and Executive Structure



Cllr SB Cele – Mayor



Cllr RR Pillay – Speaker



Cllr NR Bhengu – Deputy Mayor



Cllr VL Ntanza – Exco



Cllr Y Nair – Exco



Cllr Dr SG Nyawuza – Exco



Cllr MB Khawula – Exco



Cllr T Cele



Cllr BR Duma



Cllr CA Gamble



Cllr NH Gumede



Cllr AC Human



Cllr BT Lubanyana



*Cllr MA Lushaba
(deceased)*



Cllr S Mahomed



Cllr NF Maphumulo



Cllr MG Mchunu



Cllr NA Mhlongo



Cllr WM Memela



Cllr E Moosa Bux



Cllr BO Ngcobo



Cllr MR Ngcobo



Cllr SO Njongo



Cllr M Pillay



Cllr RM Ramdial



Cllr FB Shezi



Cllr BN Shozi



Cllr NF Shusha



Cllr D Snashall



Cllr MG Sonwabo



Cllr L Steyn



*Cllr JP Janse
van Vuuren*



Cllr SM Zuma



Cllr ZJ Zwane



Governance

The Council is the legislative body, which is empowered to take decisions *inter alia* regarding by-laws, IDP and the budget. The Council consists of 34 Councillors, 7 of whom are full-time. Of these Councillors, 32% are

women. With regard to political representation, the African National Congress (ANC) has 22 representatives, the Inkatha Freedom Party (IFP) has 10 representatives and the Democratic Alliance (DA) has 2 representatives.

Table 1.4 Party and Gender Representation at Council

Party	Councillors	Female	Male
African National Congress	22	9	13
Inkatha Freedom Party	10	2	8
Democratic Alliance	2	-	2
TOTAL	34	11	23

The Speaker

The Speaker is the Chairperson of Council elected in terms of Section 36 of the Municipal Structures Act 117 of 1998.

The functions of the Speaker as assigned by Section 37 of the Municipal Structures Act are:

- Presiding at meetings of the Council
- Performing the duties and exercising any powers delegated to the Speaker in terms of Section 32 of the Structures Act
- Ensuring that Council meets at least once every month unless otherwise resolved by Council
- Maintaining order during meetings

- Ensuring compliance in the Council and Council Committees with the Code of Conduct set out in Schedule 1 of the Systems Act (Schedule 5 of the Rules)
- Ensuring that Council meetings are conducted in accordance with the Rules of the Council.
- Assessing Councillors' needs and arranging suitable training in order to develop political governance capability and improving the skills of individual Councillors.

Meetings of the Council are open to the public. The schedule of meetings is advertised in local newspapers to encourage attendance. Attendance of Council meetings during the 2006/2007 financial year is enumerated over the page:

Table 1.5 Attendance of Council meetings

Council Meetings			
Meeting	Present	Absent	Percentage
1	29	5	85
2	29	5	85
3	23	11	68
4	24	10	71
5	32	2	94
6	30	4	88
7	27	7	79
8	25	8	74
9	34	0	100
10	27	7	76
11	26	6	76
12	25	8	74

Committees of Council

The Council of Ugu District Municipality is supported by a Committee System, with Portfolio Committees.

The Municipality currently has four multi-party Portfolio Committees, namely; the Water and Sanitation Committee; Finance, Budget Control and Monitoring Committee; the Planning, Tourism and Economic Development Committee; and the Corporate Services, Human Resources, Health and Safety Committee. The aforementioned committees assist the Executive Committee in policy development and monitoring to accelerate service delivery, as well as the oversight of strategic programmes and projects.

Executive Committee

Mayor SB Cele (Chairperson)

Members: Cllr NR Bhengu (Deputy Mayor), Cllr MB Khawula, Cllr Y Nair, Cllr VL Ntanza, Cllr Dr SG Nyawuza, Cllr RR Pillay (Ex-Officio)



The Executive Committee has delegated plenary powers to exercise any of the powers, duties and functions of the Council excluding those plenary powers expressly delegated to other Standing Committees and those powers set out hereunder which are wholly resolved to the Ugu District Municipal Council:

- the approval of the budget;
- the framing and approval of estimates;
- the assessment and fixing of rates and granting of exemptions and rebates of rates;
- the expropriation of, or the temporary taking of, the right to use immovable property;
- the approval of tariffs;
- the making of rules and bylaws under any law; and
- any power, duty or function which can be exercised



or performed by the Council only in accordance with a resolution passed by either two-thirds or a majority of the total number of Councillors of the Ugu District Municipal Council. Notwithstanding the foregoing, the Executive Committee is authorised to exercise any of those plenary powers delegated to other Standing Committees in circumstances where any matters from other Standing Committees are referred to the Executive Committee.

There are four portfolio committees:



Water & Sanitation Committee

Chaired by: Cllr Y Nair

Members: Cllr AC Human, Cllr MR Ngcobo, Cllr WM Memela,

Cllr MG Sonwabo, Cllr M Pillay, Cllr RR Pillay, Cllr SM Zuma

The Committee advises and recommends to the Executive Committee in respect of the following, amongst others:

- Applicable legislation relating to water and sanitation services;
- Feasibility studies and partnership models of water and sanitation projects;
- Approval of business plans;
- Tariff rates and appeals for reduction in water charges;
- Emergency water and drought programme;
- Status reports of water and sanitation projects;
- Provision of water to informal settlements;
- Water loss programme;
- Water awareness programmes and community participation, water quality/pollution;
- Free basic services;
- Development control (servitudes, new/existing development plans);
- Enforcement of bylaws; and
- Operation and maintenance plans for water sanitation.

Planning, Economic Development & Tourism Committee



Chaired by: Cllr NR Bhengu

Members: Cllr MB Khawula, Cllr NF Maphumulo, Cllr MG Mchunu, Cllr RM Ramdial, Cllr JP Janse van Vuuren, Cllr L Steyn, Cllr ZJ Zwane

The Committee advises and recommends to the Executive Committee in respect of the following, amongst others:

- All applicable legislation relating to tourism, social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, electrification, housing and public works,
- All aspects of local tourism and economic development;
- Activities of economic development and tourism; and
- All fiscal and other incentives designed to promote social and economic development.

Corporate Services, Human Resources, Health & Safety Committee



Chaired by: Cllr VL Ntanza

Members: Cllr CA Gamble, Cllr BT Lubanyana, Cllr NA Mhlongo, Cllr S Mahomed, Cllr SO Njongo, Cllr BN Shoji

The Committee advises and recommends to the Executive Committee in respect of the following, amongst others:

- All applicable legislation with regards to labour-related matters, employment equity, human resources, occupational health and safety, records management, environmental health, fire fighting services and disaster management;
- Various policies, strategies and plans in relation to labour relations, staff appointments, monitoring and evaluation of Key Performance Indicators



set in respect of human resources or corporate administration;

- Enforcing all criminal law the municipality is charged with administering;
- Organisational restructuring;
- Information and Communication Technology, including e-government;
- Facilities management;
- Shared services; and
- Business improvement.

Finance, Budget Control & Monitoring Committee



Chaired By: Cllr Dr SG Nyawuza

Members: Cllr NH Gumede, Cllr E Moosa Bux, Cllr SB Cele, Cllr T Cele, Cllr BR Duma, Cllr NF Shusha, Cllr BO Ngcobo, Cllr D Snashall, Cllr FB Shezi.

The Committee advises and recommends to the Executive Committee in respect of the following, amongst others:

- The budget and reports on economic issues, statistical information, agreements, financial reports, and reports on economic and policy statements;
- Increasing public awareness of the budget and Government financial and economic policies, and

encouraging informed debate on the budget;

- Government's policies as regards to budgets;
- District Municipality's domestic borrowing policies;
- Seeking advice from all three spheres of Government, on financial and other budget-related matters;
- Budget process in terms of legislation, thus ensuring that budgets are based on priorities and realistic income and expenditure;
- Processes that need to be put in place for formulating and monitoring the budget, throughout its cycle, that will enhance the District Municipality's role in appropriating and overseeing the budget, and make the budget process more responsive to stakeholders;
- Budget programmes that need to be given special emphasis during budget implementation;
- Ensuring that the budget of the District Municipality is used as a primary tool for implementing National and Provincial Policies; and
- Relevant legislation and future legislation (bills) with financial and budget implications.

The Committee performs any duties delegated to it by the Executive Committee.

Attendance at Portfolio Committee meetings during the 2006/2007 Financial Year is enumerated below:

Table 1.6 Attendance of Portfolio Committee meetings

Portfolio Committee	Meetings Scheduled	Meetings Held	% Attendance
Corporate Services, Human Resources, Health and Safety	10	7	77
Planning, Economic Development and Tourism	10	10	55
Finance, Budget Control and Monitoring	10	9	72
Water and Sanitation	10	9	81



Executive Summary

This annual report has been prepared in line with the National Treasury guidelines for annual reports. The report has five chapters, being: Introduction and Overview; Highlights and Challenges; Human Resources and other Organisation Management; Financial Statements and Related Financial Information; and Service Delivery Reporting. The chapters focus on the functional areas of the Municipality.

The strategic objectives of the functions are linked with the Integrated Development Plan priorities. The strategic priorities for the Ugu District Municipality are set out in the Integrated Development Plan, which is reviewed on an annual basis and substantially revised every five years as prescribed by the legislation.

Integrated Development Plan (IDP) and Performance Management System (PMS)

IDP and PMS Institutional Arrangements

The IDP/PMS function is institutionally located in the Office of the Municipal Manager with the Manager: Development Planning reporting to the Senior Manager: Corporate Strategy and Shared Services, who then reports to the Deputy Municipal Manager. The Development Planning section consists of five staff members: Manager: Development Planning, three Development Planners and Development Planning Administrator.

Overview of IDP Function

In the 2006/2007 financial year a five-year IDP of Ugu District Municipality adopted by Council in May 2002 remained a principal strategic plan for the Council, which guided and informed all planning and development in the Ugu Municipal Area until June 2007. In compliance with

legislation, Ugu District Council embarked on the process of reviewing its 2006/2007 IDP. The Development Planning section conducted the review process in-house with the exception of sector plans.

The IDP review 2006/2007 document therefore did not supersede the original IDP document that was adopted by Council in May 2002; rather it served as an amendment to certain sections of the document and should be read as a complementary document.

IDP Framework and Process Plan

In August 2006 Ugu District Municipality, pursuant to the relevant legislative directives, adopted its IDP framework to guide the district IDP Process Plan, and consequently the IDP Process Plans of the local municipalities within the area of its jurisdiction. Ugu also embarked on the joint Process Plan for the budget and the IDP process. This was in accordance with the Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) which also requires the IDP and budget to be formulated with each other, thus necessitating this joint process plan. These were done in consultation with the local municipalities through IDP Managers Forums, IDP Representative Forums, Steering Committees, Exco and Councils of the respective municipalities during July and August 2006.

Preparing for the 2006/2007 IDP Review

In order to ensure certain minimum quality standards of the IDP review process, and a proper coordination between and within spheres of government, the IDP Process Plan included the following:

- A programme specifying the time frames for the different planning steps;
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional



authorities, and other role players in the IDP drafting process;

- An indication of the organisational arrangements for the IDP process;
- Binding plans and planning requirements, i.e. policy and legislation; and
- Mechanisms and procedures for vertical and horizontal alignment.

Focus of the 2006/2007 IDP Review Process:

- Provisional comments received from the DLGTA in the assessment of the 2005/2006 IDP Review documentation;
- Provisional comments from the outcome of the IDP Hearings conducted by National government;
- Comments received from IDP/Budget Roadshows;
- Areas requiring additional attention in terms of legislative requirements not addressed during the previous years of the IDP review process;
- Consideration, review and inclusion of any other relevant and new information;
- Shortcomings and weaknesses identified through self-assessment;
- The preparation and review of relevant sector plans and their alignment with the IDP;
- Implementation and review of the Performance Management System (PMS);
- Preparation and finalisation of the annual municipal budget in terms of the relevant legislation;
- Alignment of the various important municipal processes such as the IDP Review, Performance Management and Budget Process;
- Alignment of IDP to the National and Provincial planning and budgeting processes; and
- Continuous alignment of the local and district IDPs through the IDP forums and alignment meetings.

The links from local authorities to Provincial and National Departments occurred through the district:

- Via IDP Representative Forum on an ongoing basis;
- Through requests from departments and state-owned enterprises for information on plans and policies;
- Through informal meetings on a one-to-one basis; and
- Through IDP, PMS and budget alignment cycle jointly developed.

Assessment of Year 2006/2007 progress on IDP What needs to be changed:

- There were no regular IDP Forum meetings;
- The decisions taken were not implemented accordingly;
- There was no adherence to the time frames; and
- There was no platform for the local municipalities to raise issues of the LM's IDPs;

What worked:

- Functional IGR Structure;
- District IDP Representative Forum;
- Information dissemination through Ugu Development Planning section;
- Financial support (DLGTA & DPLG); and
- Good working relations between the district and the local municipalities.

Proposed Interventions:

- IDP Manager's Forum existence and monthly meetings before the IDP Representative Forum. These meetings should be scheduled to take place at least two weeks prior to the IDP Representative Forum;
- Capacity issue with other local municipalities attending is important;
- Explore the shared services-IDP section must be afforded admin support;
- Capacity building on IDP involvement;
- Issues on adherence will be submitted on Municipal Manager's structures;
- Submission or reports to Municipal Managers; and
- Agenda item to be submitted two weeks before or at IDP Managers Forum meeting.



Service Delivery and Budget Implementation Plan (SDBIP) and Performance Management System (PMS)

Beyond fulfilling legislative requirements, Ugu District Municipality developed a system constituted as the primary mechanism to monitor, review and improve the implementation of the Municipality's IDP and budget expenditure. The 2006/2007 Performance Management System and SDBIP framework set out:

- The requirements that the Performance Management System and SDBIP will need to fulfill;
- The requirements for effective implementation of the PMS and Service Delivery and Budget implementation Plan (SDBIP);
- The principles to be adhered to in their development and use;
- The process by which the system will work, and the delegation of responsibilities for different roles in the process; and
- A plan for the development and implementation of the systems.

The IDP and Budget were key documents in preparing the 2006/2007 SDBIP and PMS. This document was adopted by the Municipal Council as its combined SDBIP and performance management system for the 2006/2007 financial year.

The implementation of the combined SDBIP and PMS took the form of assessing performance at an organisational level, departmental level through combined SDBIP and PMS, and Section 57 Performance Agreements in line with the adopted PMS framework. The combined SDBIP and PMS was developed and aligned to the National Key Performance Areas (KPA) and consisted of Input KPI, Output KPI, Process KPI and Outcome KPI.

The Process of Managing Performance and Expenditure

The annual process of managing performance and expenditure through the developed document of Ugu District Municipality involved the following components:

- Combined SDBIP and PMS process plan
- Measurement, analysis and reporting
- Performance quarterly reviews
- Performance auditing.