



# ***DRAFT ANNUAL REPORT***

## ***2010-2011***

Makhuduthamaga Municipality

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<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

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<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

## ABBREVIATIONS

<b>AG</b>	<b>Auditor General</b>
<b>ARV</b>	<b>Anti-Retro Viral</b>
<b>BEE</b>	<b>Black Economic Empowerment</b>
<b>CDW</b>	<b>Community Development Worker</b>
<b>CFO</b>	<b>Chief Financial Officer</b>
<b>CMC</b>	<b>Core Management Competencies</b>
<b>CTO</b>	<b>Community Tourism Organization</b>
<b>DAEA</b>	<b>Department of Agriculture and Environmental Affairs</b>
<b>DBSA</b>	<b>Development Bank of Southern Africa</b>
<b>DIS</b>	<b>District Information Systems</b>
<b>DLA</b>	<b>Department of Land Affairs</b>
<b>DLGH</b>	<b>Department of Local Government and Housing</b>
<b>DM</b>	<b>District Municipality</b>
<b>DME</b>	<b>Department of Minerals and Energy</b>
<b>DSR</b>	<b>Department of Sports and Recreation</b>
<b>DWAF</b>	<b>Department of Water Affairs</b>
<b>EEP</b>	<b>Employment Equity Plan</b>
<b>EIA</b>	<b>Environmental Impact Assessment</b>
<b>EPWP</b>	<b>Extended Public Works Programme</b>
<b>ESDP</b>	<b>Electricity Supply Development Plan</b>
<b>EXCO</b>	<b>Executive Committee</b>
<b>GCIS</b>	<b>Government Communications and Information Systems</b>
<b>GVA</b>	<b>Gross Value Added</b>
<b>HR</b>	<b>Human Resource</b>
<b>IDP</b>	<b>Integrated Development Planning</b>
<b>IDP RF</b>	<b>Integrated Development Planning Representative Forum</b>
<b>KPA</b>	<b>Key Performance Area</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>LA</b>	<b>Local Agenda</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>LGSETA</b>	<b>Local Government Sector of Education &amp; Training Authorities</b>
<b>LM</b>	<b>Local Municipality</b>
<b>LUMS</b>	<b>Land Use Management System</b>
<b>MFMA</b>	<b>Municipal Financial Management Act</b>
<b>MII</b>	<b>Municipal Infrastructure Investment</b>
<b>MIG</b>	<b>Municipal Infrastructure Grant</b>
<b>MIPA</b>	<b>Man In Partnership Against AIDS</b>
<b>MLM</b>	<b>Makhuduthamaga Local Municipality</b>
<b>MM</b>	<b>Municipal Manager</b>
<b>MSA</b>	<b>Municipal Systems Act</b>
<b>MSA</b>	<b>Municipal Structures Act</b>
<b>NQF</b>	<b>National Qualification Framework</b>

<b>PMS</b>	<b>Performance Management Systems</b>
<b>PMU</b>	<b>Project Management Unit</b>
<b>PPP</b>	<b>Public Private Partnership</b>
<b>SCM</b>	<b>Supply Chain Management</b>
<b>SDBIP</b>	<b>Service Delivery and Budget Implementation Plan</b>
<b>SDM</b>	<b>Sekhukhune District Municipality</b>
<b>SEDA</b>	<b>Small Enterprise Development Agency</b>
<b>SLA</b>	<b>Service Level Agreement</b>
<b>SMME</b>	<b>Small Medium and Micro Enterprise</b>
<b>UAP</b>	<b>Universal Access Plan</b>
<b>WSA</b>	<b>Water Service Authority</b>
<b>WSDP</b>	<b>Water Service Development Plan</b>

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## PREFACE

In order to comply with the requirements of *section 46 of the Municipal Systems Act No. 32 of 2000 and section 121 of the Municipal Finance Management Act No. 56 of 2003*, which are hereto referred as MSA and MFMA, Makhuduthamaga Local Municipality has compiled this annual report as a way to establish whether the municipality's performance adheres to the key performance areas set out by Department of Local Government, namely:

- Service delivery and infrastructure development;
- Local economic development (LED);
- Spatial Rational
- Municipal financial viability;
- Municipal transformation and institutional development; and
- Community participation and Good governance.

In accordance with section 121 (2) of the MFMA, the purpose of an annual report is:

- To provide a record of the activities of the Municipality during the 2010/11 financial year.
- To provide a report on performance against the budget of the Municipality for the 2010/11 financial year; and
- To promote accountability to the Makhuduthamaga community for the decisions made throughout the 2010/11 financial year by the Municipality.

# CHAPTER 1

## Mayor's Foreword



### 1.9 Vision

A development Municipality that provides needs satisfying, sustainable services.

### 1.1.10 Mission

To strive for a people centred Municipality that delivers sustainable services underpinned by the following principles:

- Efficiency;
- Effectiveness;
- Economy;
- Integration and
- Accountability

### 1.1.11 Our Values

We believe: That councillors should stand united, trust each other and be trustworthy and at all times be approachable and honest in order to achieve a cohesive, transparent relationship of mutual understanding and tolerance amongst themselves.

We believe: In building a partnership based on trust and fidelity aimed at continued acknowledgement and respect for the respective roles of councillors and staff in order to achieve complementary Municipality building and an amicable resolution of differences through agreed procedures.

We believe: In adherence to the Batho Pele Principles, we councillors and officials, strive to respect and be responsive to our community by being humble, courteous, accountable, transparent, fair and honest while, by being members of the community ourselves, report the service delivery problems we encounter.

We believe: That officials should mutually respect the different roles that each member of staff plays and resolve differences according to agreed procedures to achieve a complementary Municipality building partnership based on trust and fidelity.,

### **1.1.12 Priorities**

The priorities are embrocated within the Local Government Strategic Agenda to instil compliance and acceleration of service delivery. As such the Municipality's main strategic priorities are:

- Service delivery and infrastructure development
- Good governance and intergovernmental relations
- Municipal transformation and institutional development
- Local economic development
- Municipal financial viability and sustainability

The Municipality has a five year strategy in the form of an IDP, which has been adopted by council. The council IDP outlines the priorities and objectives of council on eradicating the legacies of under development and poverty facing the residents of the Municipality.

## 1.1 Municipal Manager's Overview

Our local Municipality has got mandate of ensuring the developmental and transformational local government. We are also duty bound to ensure we partner with strategic governmental institution in making a service delivery a success. We are looking forward to see the Municipality as the centre for strategic implementation of services to our citizens. In realizing this dream we have capacitated our workforce through workshops and training in order to equip them with the relevant skills, competencies and values.

The Municipality has realized service delivery excellence requires integration of world best practices, together with legislative and policy requirements. Our Municipality has done well during its public consultative process of IDPs, SDBIPs, Project management budget and public participation to generate an outcome bearing service delivery.

We have committed ourselves as the Municipality to ensure that we employ enough workforces to accelerate service delivery to the communities in our Municipality. This is dedicated personnel that will from time to time interact with the stakeholders to build a credible image of the municipality.

As the institution we are doing well in terms of working relationship with other NGO, Business and our strategic partners in service delivery. Makhuduthamaga has done well in electrification of villages and majority benefited from free basic electricity, grading of community access roads and bridges. This was the snapshot of the commitment made during 2010/2011 measuring challenges, performance and achievements.

**Acting Municipal Manager: Mr Mogobadi Moropa**

## 1.2 Municipal Functions, Population and Environmental Overview

### 1.2.1 Powers and Functions

Makhuduthamaga Municipality is a **category B** Municipality established in terms of section 12 of the Municipal Structures Act (117 of 1998). The Municipality established to perform the following functions as bestowed upon it by the Constitution in terms of section 156 (1) and the division of powers:

Authorization of functions to the Municipality

<b>FUNCTIONS</b>	<b>MAKHUDUTHAMAGA MUNICIPALITY</b>	<b>LOCAL</b>
1.Air pollution	No	
2.Building regulations	Yes	
3.Child care facilities	Yes	
4.Electricity reticulation	No	
5.Fire fighting	No	
6.Local tourism	Yes	
7.Municipal Airport	No	
8.Municipal Planning	Yes	
9.Municipal health Services	No	
10.Municipal Public transport	Yes	
11.Pontoons and ferries	No	
12.Storm water	Yes	
13.Trading regulations	Yes	
14.Water	No	
15.Beaches and amusement facilities	No	
16.Billboards and the display of advertisements in public places	Yes	
17.Cemeteries,funeral parlours and crematoria	Yes	
18.Cleansing	Yes	
19.Control of public nuisance	Yes	
20.Control of undertakings that sell liquor to the public	No	
21. Facilities for the accommodation, care and burial of animals	Yes	
22. Fencing and fences	Yes	
23.Licencing of dogs	Yes	
24.Licencing and control of undertakings that sell food to the public	Yes	
25. Local amenities	Yes	
26. Local sports facilities	Yes	
27. Markets	Yes	
28. Municipal abattoirs	Yes	
29. Municipal parks and recreation	Yes	
30.Municipal roads	Yes	
31.Noise pollution	Yes	
32.Pounds	Yes	
33. Public places	Yes	
34. Refuse removal, refuse dumps and Solid waste disposal	Yes	

35. Street trading	Yes
36. Street lighting	Yes
37. Vehicle licensing and registration	Yes
38. Learners and Drivers licensing	Yes

### 1.2.2 About Makhuduthamaga

Makhuduthamaga Local Municipality is one of the five local municipalities within the Sekhukhune District Municipality in the Limpopo Province. The municipality spans a total area of 2096, 55 km<sup>2</sup> (Makhuduthamaga Spatial Development Framework). According to Census 2001 Makhuduthamaga had a population of **262,904** and a population density of 113 km<sup>2</sup>, and a population of **285,879** and a density of 123 per km<sup>2</sup> in 2007. The projected population for the current year of **2010** is **287,598** and **300,206** for 2011 at a density of 129/km<sup>2</sup>.



**Figure 1: Location of Sekhukhune District in Municipality in the Limpopo Province**

The diagram above shows the location of Sekhukhune district Municipality within the Limpopo Province. Makhuduthamaga is located in the Sekhukhune district Municipality. The Municipality is also surrounded by four other local municipalities within the Sekhukhune districts.



Figure 2: Location of Makhuduthamaga Local Municipality Sekhukhune District in the Limpopo Province

1.2.2.1 Makhuduthamaga Population Dynamics

The population of the Municipality is estimated to approximately **262 912** according to Census 2001 and is projected to grow to **300,206 by 2011**. This Municipality has a predominantly African population.

The expected population growth and population density, based on the Census 2001 population, is indicated below in table 4:

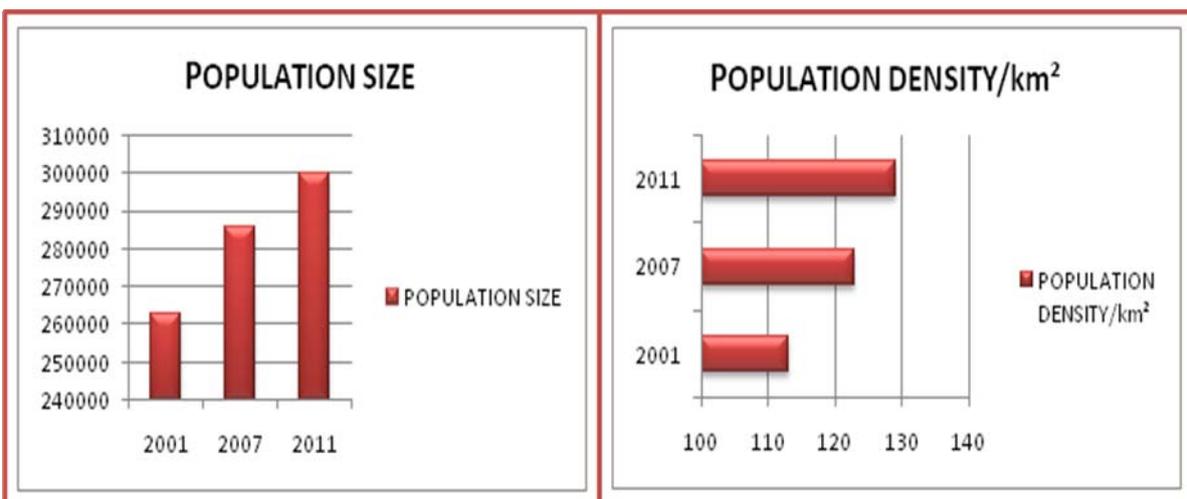


Figure 3: Population Growth and Density Estimates- the Bureau for Market Research

Figure 3 above shows that the municipality has a steady increase in the population over the years. An escalation in the population increases the need for basic services such as

housing, electricity, water and roads to leverage economic growth and improve the standards of living.

### 1.2.2.2 Population Groups

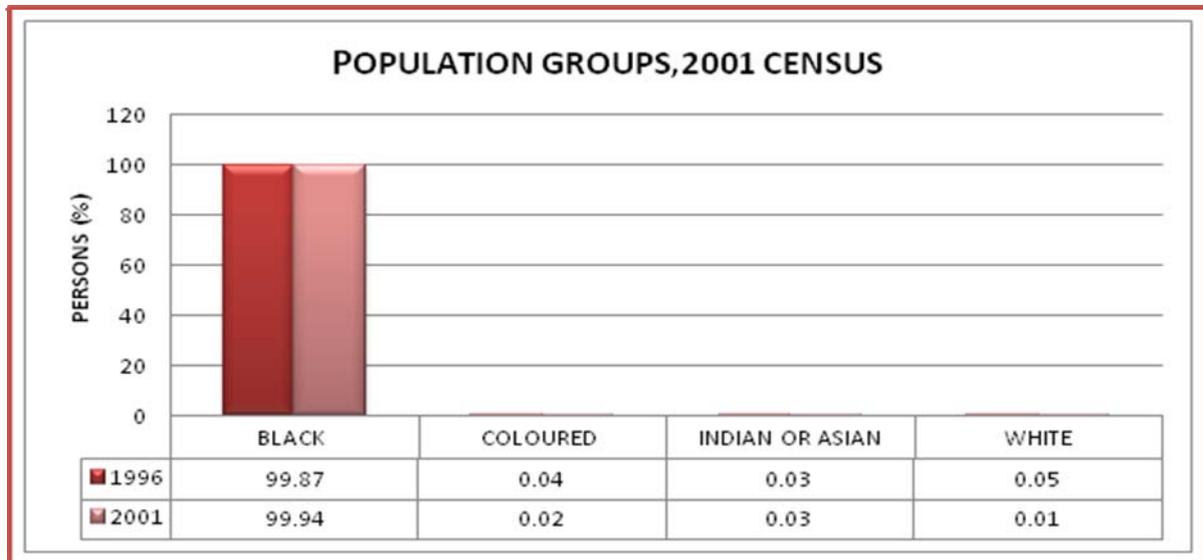


Figure 4: Population Groups within the Municipality (community survey 2007)

### 1.2.2.3 Age Distribution

The age structure of the Municipality's population is typical of that of other developing areas with the trademark characteristic of a pyramid shape. In figure 5, the population is classified into following three age groups from the age of 4 years to above 85 years:

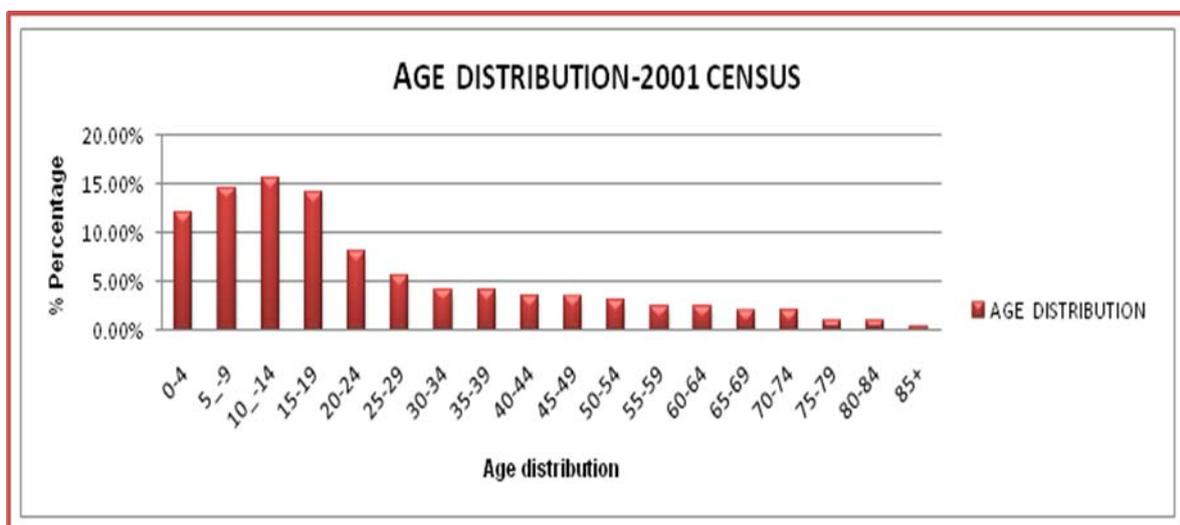
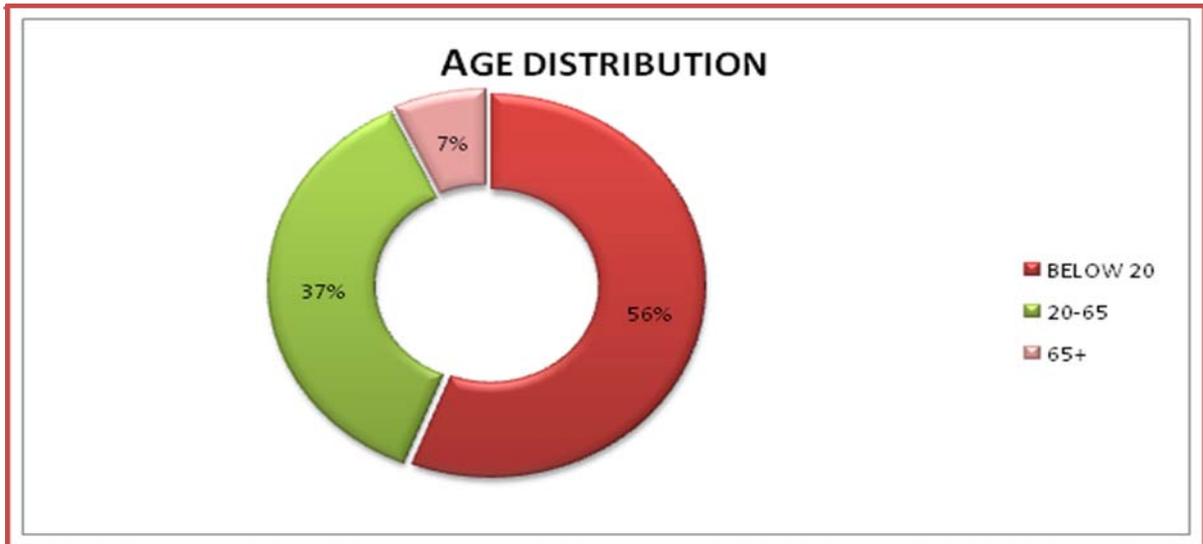


Figure 5: Age and Gender Distribution



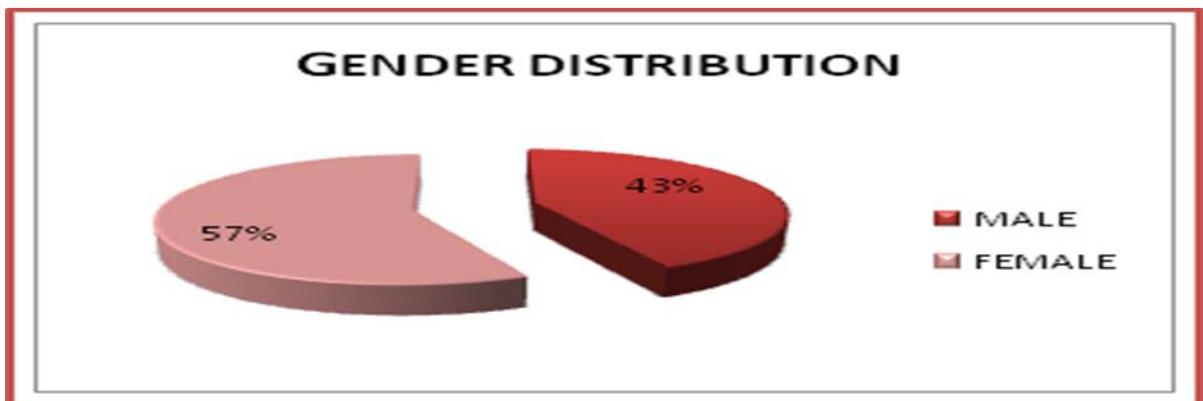
**Figure 6: Age Distribution**

The majority of the population falls in the 5- 19 years age bracket, which is also a reflection of the general national trend. The proportion of male population is higher in the 0-24 year's category. The age composition is an indicator that the Municipality will in the future experience increased demand in services supplying enough services for its population. This is largely due to the large number of the population in the ages of below 39, figure 5.

#### 1.2.2.4 Gender Distribution

Although much of the labour force is represented by males, the female population in the municipality is still higher than the male at 56.6% and 43.3% respectively, in the gender distribution. The main reason this, as is prevalent in most rural areas in the province, e.g. Gauteng is the migration of men to other provinces of higher economic activity in search of employment. The effect of the migration can be attributed to the high level of single parent households and ability to afford the provision of services.

The municipal proportion of females (+/- 52%) is marginally higher than that of males but significantly lower than the national average. Figure 7 compares the municipal gender ratio with the provincial and national ratios.



**Figure 7: Gender Distribution**

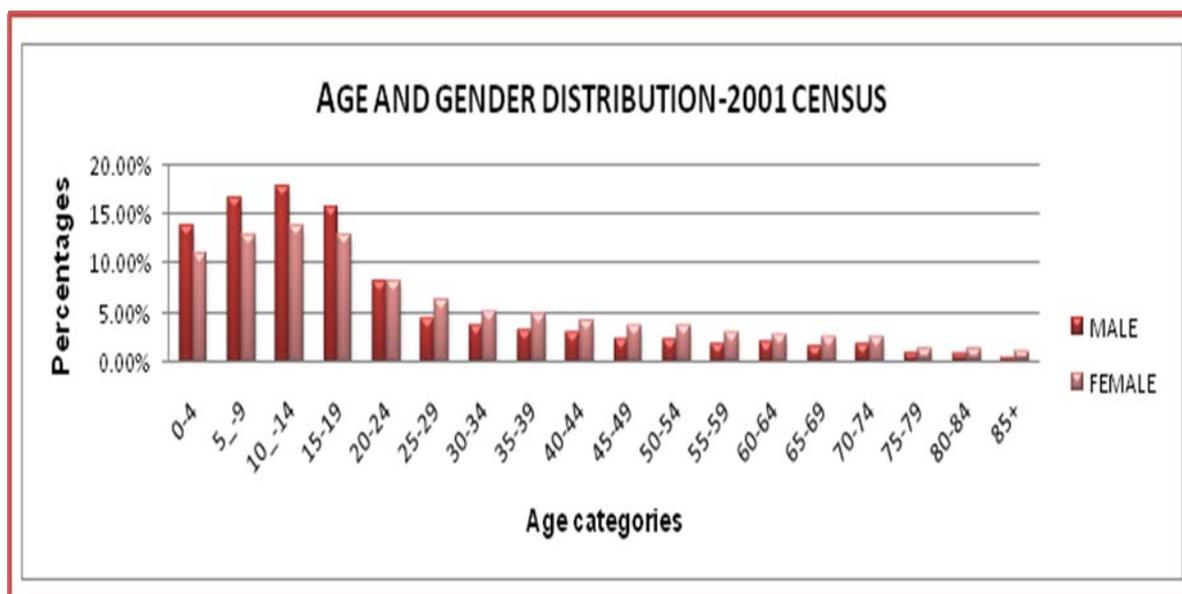


Figure 8: Age and Gender Distribution

#### 1.2.2.5 Persons with Disabilities

The table below depicts the Persons with disability in the Municipality.

Persons	2001	1996
Sight	3609	6945
Hearing	2234	3940
Communication	562	-
Physical	3148	3852
Intellectual	1353	1359
Emotional	1702	-
Multiple	1898	1122

Table 1: Persons with Disabilities in the Municipality- Statistics South Africa, 2001 (Updated 2007)

Table 6 above demonstrate that there has been a significant decline in the numbers of cases of sight and hearing disabilities. The physical and intellectual disabilities have not shown any significant decrease since 1996. The reduction in the number of disability cases are normally attributed to effective implementation of primary health awareness programmes by provincial health department and other social services stakeholders.

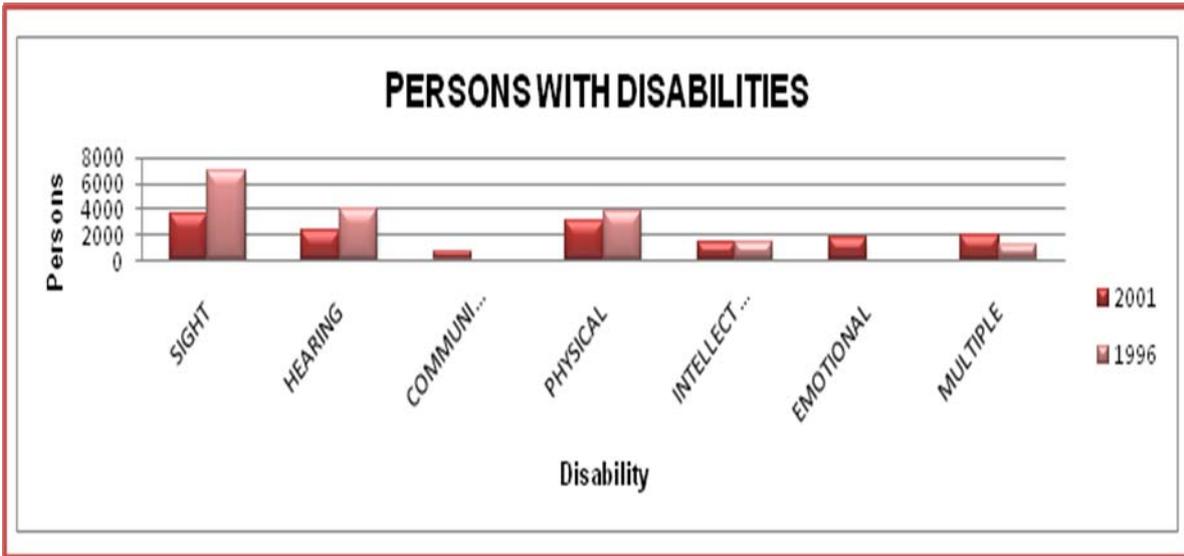


Figure 9: Graphic Profile of Disabilities

Some of the strategic implications of the municipal disabilities profile are the following;

- Improvement and co-ordination of access to primary health care for all communities,
- Improvement and co-ordination of access to health education for all communities.

#### 1.2.2.6 Levels of Education

It is obvious from the pie chart below that the levels of education within the Municipality is generally low when a comparison is made between the numbers of persons with various categories of education and the total municipal population. Only 11% of the population has grade 12 schooling. This highlights the pressure on delivery of educational services, ranging from pre-school level to improvement of opportunities for tertiary education.

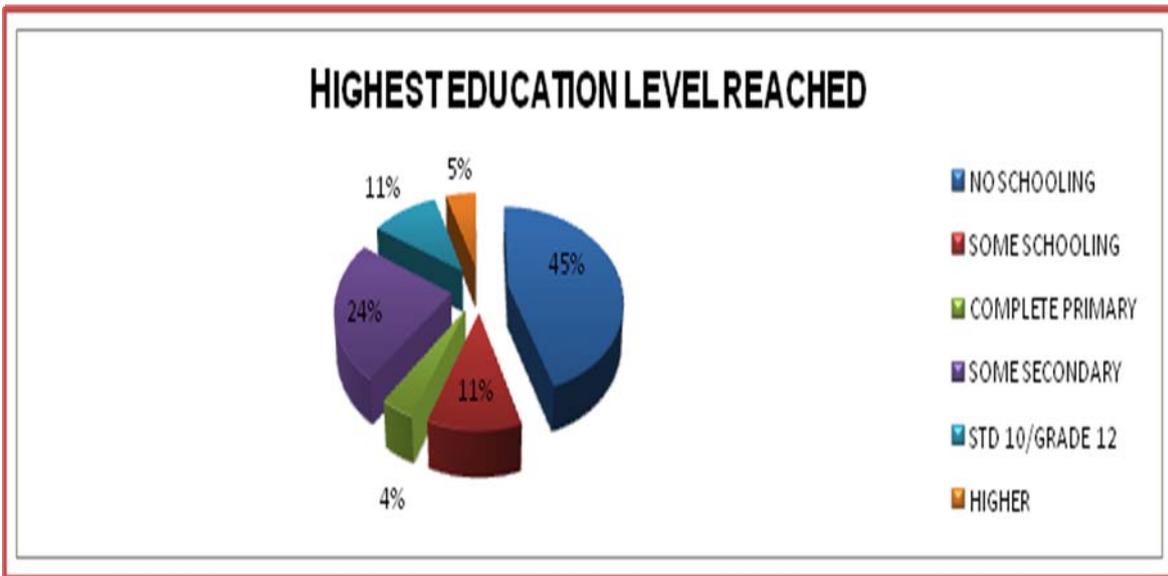
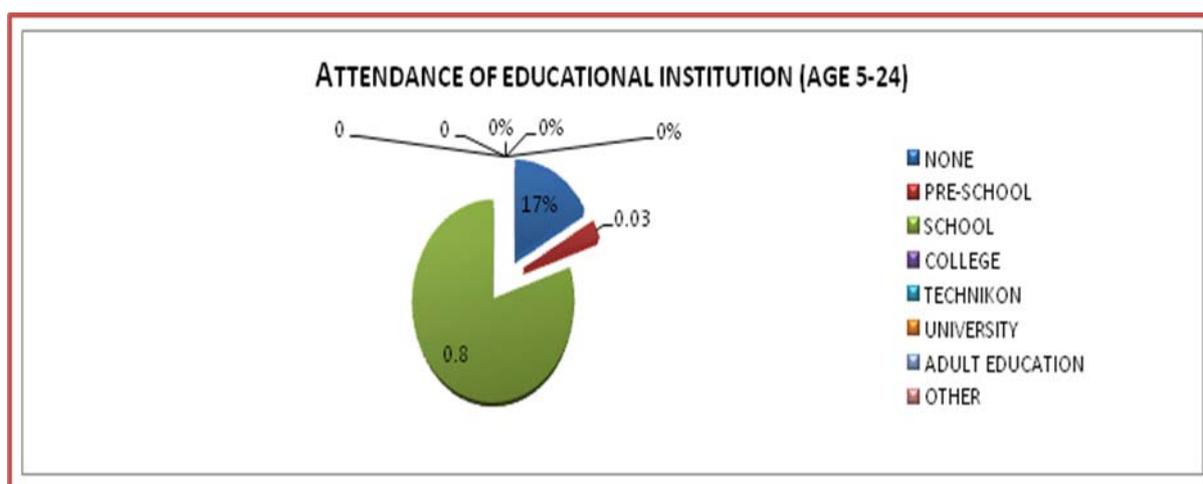


Figure 10: Level of Education



**Figure 11: Educational Institution**

Figure 11 above highlights the need to give more attention to early childhood development and higher education.

### 1.2.2.7 Income Distribution

The majority of households are very poor due to their low income which is constrained by the rural economy which is unable to provide individuals with remunerative jobs or self employment opportunities. An estimated 42% in persons in Makhuduthamaga have no income. The majority of the economically active people are employed in the service sector. This sector is dominated by the civil services in terms of the various departments that render services such as health, justice, local government, education, etc. **Table 6 and figure 12** below indicates the income categories within the Municipality.

ANNUAL HOUSEHOLD INCOME		
Income Categories	No.	Population (%)
No income	22525	41.56
R1 - R4 800	4197	7.74
R4 801 - R 9 600	14546	26.84
R9 601 - R 19 200	6781	12.51
R19 201 - R 38 400	2687	4.96
R38 401 - R 76 800	2346	4.33
R76 801 - R153 600	815	1.50
R153 601 - R307 200	186	0.34
R307 201 - R614 400	57	0.11
R614 401 - R1 228 800	18	0.03
R1 228 801 - R2 457 600	27	0.05
R2 457 601 and more	12	0.02
Total	54198	

**Table 2: Annual Household Income, Statistics South Africa, 2001 (Updated 2007)**

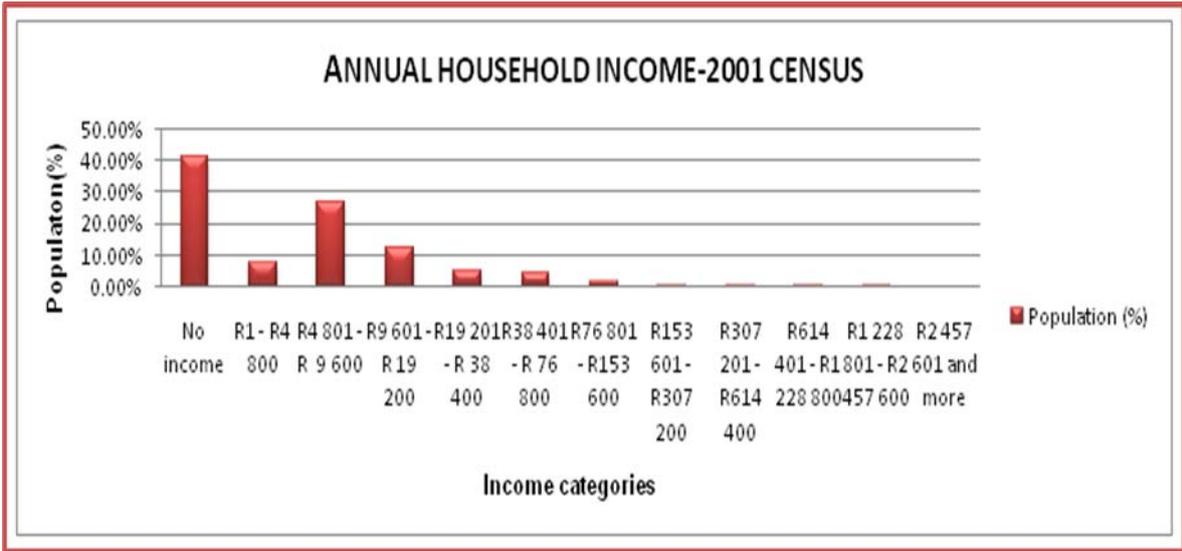


Figure 12: Household Income

The income profile of households within the Municipality has not shown a marked improvement since 1996. This situation can be explained in terms of broader national economic situation which has generally been characterized by high interest rates, high fuel price increases, etc. The number of households with no income has increased since 1996. It should be noted that most of the households with some form of income rely on social grants (pensions and disability grants).

### 1.2.2.8 Economic Analysis

#### Regional and Sub regional Context

**Figure 13** below compares the various economic sectors in terms of economic production between the five local municipalities and district. **Table 8** provides an indication of economic indicators by comparing the five local municipalities. The primary and tertiary sectors are the main dominant sectors in the MLM which implies that MLM has a comparative advantage over Groblersdal and Marble Hall in terms of the share contribution of the primary sector (15%) and over Fetakgomo and Tubatse in the tertiary sector (76%).

	PRIMARY SECTOR (%)	SECONDARY SECTOR (%)	TERTIARY SECTOR (%)
Greater Marble Hall	10.9	8.0	81.1
Greater Groblersdal	7.2	6.8	86.0
Greater Tubatse	33.1	9.5	57.4
Makhuduthamaga	15.4	7.8	76.7
Fetakgomo	39.5	8.0	52.6
<b>Sekhukhune District</b>	<b>22.2</b>	<b>8.1</b>	<b>69.7</b>

Table 3: Source: DBSA, Limpopo Province Socio-Economic Profile, 2003

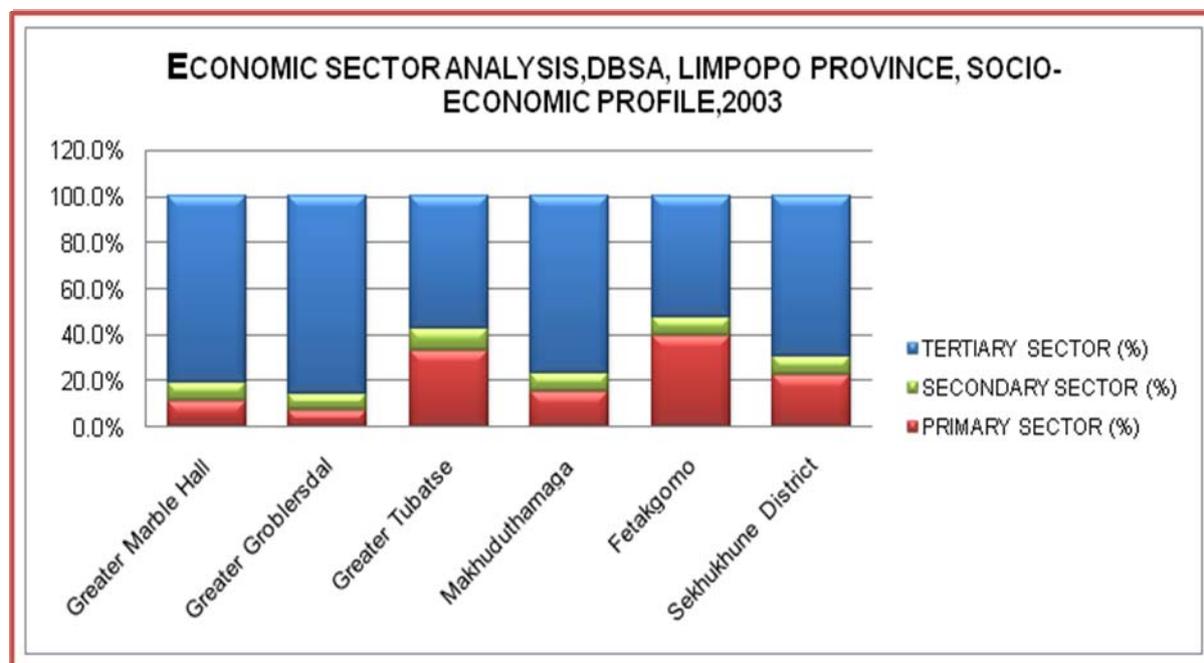


Figure 13: Economic analysis

MUNICIPALITY	NOMINAL GROSS VALUE ADDED (R1000)	PRIMARY SECTOR AS % OF TOTAL	SECONDARY SECTOR AS % OF TOTAL	TERTIARY SECTOR AS % OF TOTAL	CONTRIBUTION OF MUNICIPALITY TO PROVINCIAL GVA (%)	AVERAGE ANNUAL GROWTH, 2000-2003 (%)	EMPLOYMENT PER R1M GVA
Greater Marble Hall	213,317	10.9	8.0	81.1	0.5	0.1	14.4
Greater Groblersdal	343,123	7.2	6.8	86.0	0.7	0.2	14.4
Greater Tubatse	612,080	33.1	9.5	57.4	1.3	5.4	12.4
Makhuduthamaga	943,469	15.4	7.8	76.7	2.1	1.8	14.2
Fetakgomo	417,521	39.5	8.0	52.6	0.9	6.6	12.2
<b>Sekhukhune District</b>	<b>2,529,510</b>	<b>46.5</b>	<b>8.1</b>	<b>69.7</b>	<b>5.5</b>	<b>3.0</b>	<b>13.5</b>

Employment per R1 million GVA is an indicator of the relative labour intensity of the production process involved. From **table 8** and **figure 14** above it is clear that MLM has the largest employment per R1 million Gross Value Added (GVA) in the tertiary sector. On average 17 people are employed in the Municipality to produce R1 million of gross value added, which puts MLM as the highest in the district.

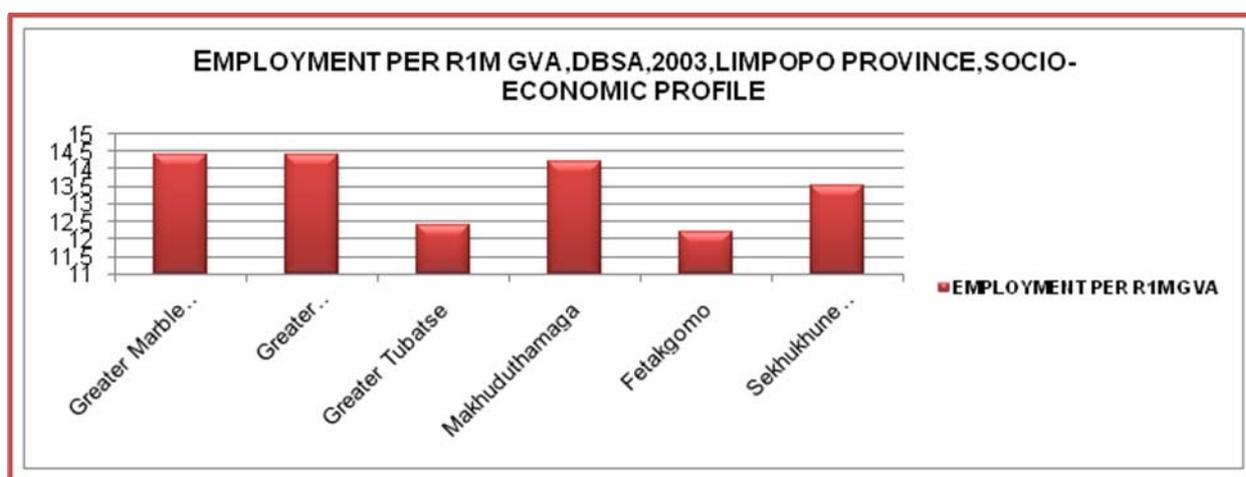


Figure 14: Employment per R1m GVA

### 1.2.2.9 Employment Status

Employment status is a critical factor which gives an indication of the economic stability and financial well-being of the population within a Municipality. The main features in describing

the employment status of the population are economic active population (employed and unemployed persons) and not economic active population. Statistics South Africa defines economically active population as all persons between the ages of 15 and 65 years who are working or are unemployed. The definition excludes people of working age who are not available for work due to age as pupils, aged or are unable to work due to their health status. An estimated 16% of the population in MLM is economically active with only 35% being uneconomically active. The majority (56%) of the economically active population are female.

Unemployed people are defined as those people who during the week prior to Census night did not have a job but were actively looking for work (either full time or part time) and were available to start work.

As at the 2001 Census, MLM had an unemployment rate of 75% and employment rate of 25% Figures 15 and figure 16 illustrate the level of unemployment and employment.

	MALE	MALE	FEMALE	FEMALE	TOTAL	TOTAL
Employed	5655	52.67	5080	47.32	10736	24.93
Unemployed	13121	40.59	19207	59.41	32329	75.07
Economically Active	18776	43.60	24287	56.40	43065	16.38
Not applicable (younger than 15 and older than 65)	60054	47.42	66575	52.57	126630	48.17
Not Economically Active	35155	37.72	58053	62.28	93208	35.45
Total	113985		148915		262903	

Table 4: Economically Active Population by Gender

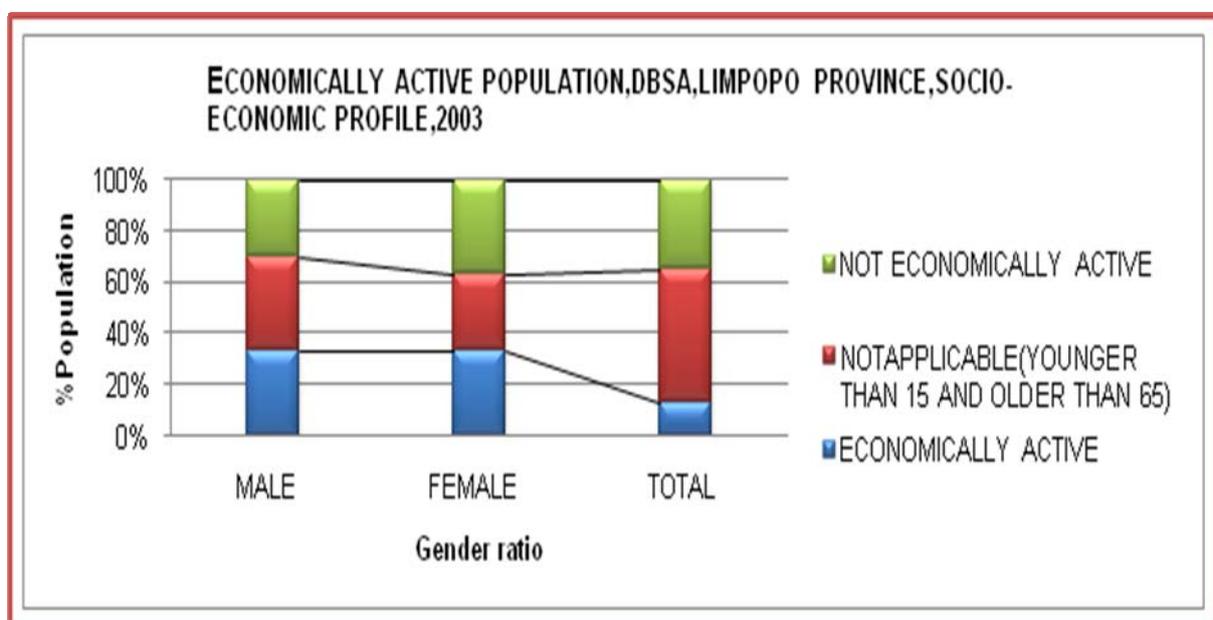


Figure 15: Gender Ratio

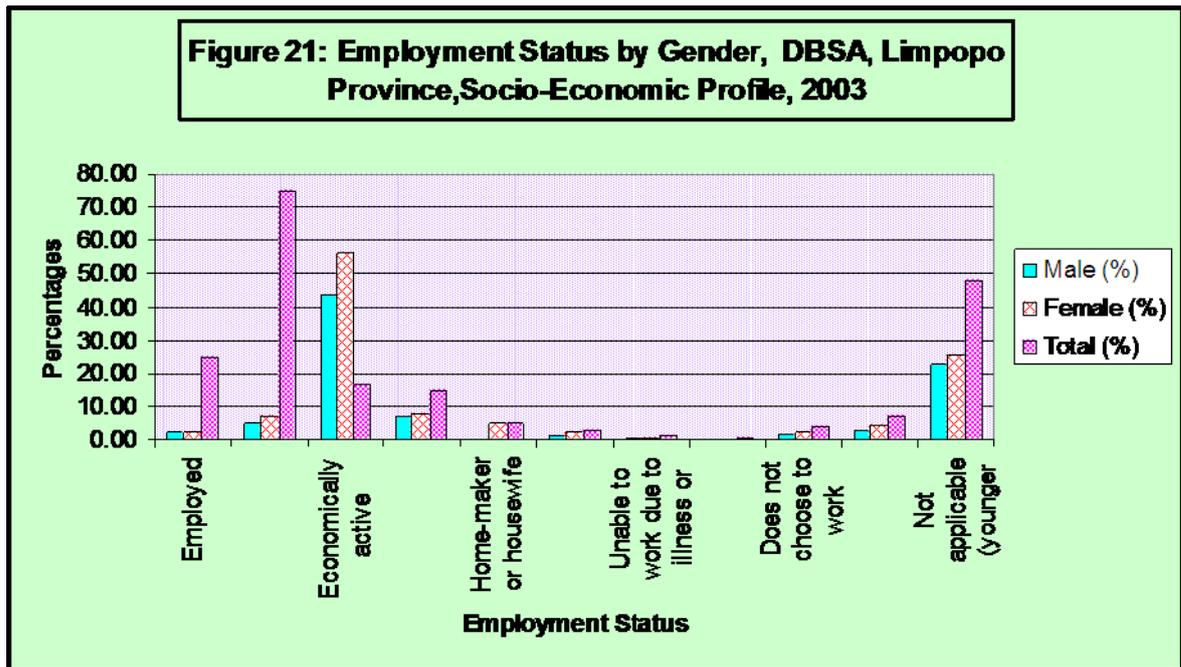


Figure 16: Employment Status

### 1.2.2.10 Economic Sector Analysis

#### Economic Contribution and Job Creation

Table 10 and figure 17 indicates the total labour force of formally employed people per economic activity in the study area. It is clear that most people (35%) in 2001 were employed in the community, social and personal services. The ensuing sections provide an outline of each economic sector.

ACTIVITY	POPULATION 2001	POPULATION (%) 2001	POPULATION 1996	POPULATION (%) 1996
Agriculture/Forestry/Fishing	235	2.19	423	3.07
Community/Social/Personal	4987	46.42	4749	34.51
Construction	563	5.24	1008	7.32
Electricity/Gas/Water	148	1.38	224	1.63
Financial/Insurance/Real Estate/Business	356	3.31	495	3.60
Manufacturing	394	3.67	593	4.31
Mining/Quarrying	147	1.37	819	5.95
Other	0	0.00	0	
Private Households	958	8.92	1476	10.73
Transport/Storage/Communication	502	4.67	879	6.39

Undetermined	896	8.34	1580	11.48
Wholesale/Retail	1558	14.50	1516	11.02
<b>Total</b>	<b>10744</b>	<b>100.00</b>	<b>13762</b>	<b>100.00</b>

Table 5: Source: Municipal Demarcation Board Website, 2003

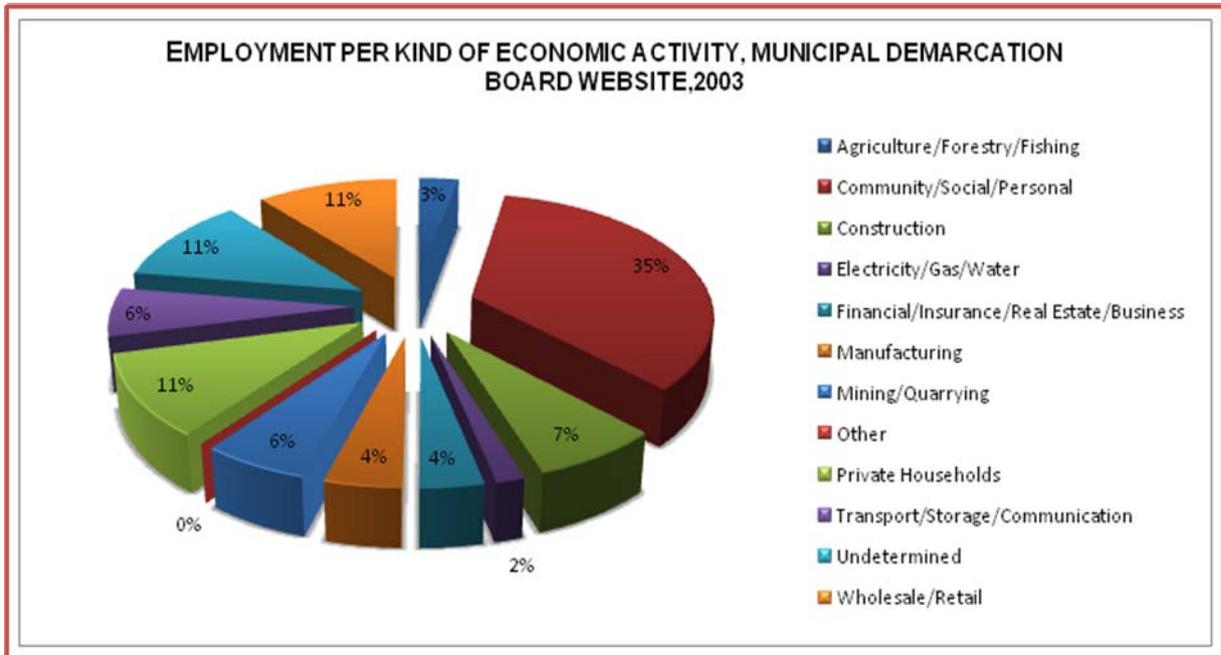


Figure 17: Employment per Economic Activity

### 1.2.2.11 Agriculture, Forestry and Fishing

The sector represents only 2% of all formal sector employment opportunities throughout the Municipality, which is a little less than expected what with the municipality being largely rural. Forestry and fishing activities are not practised in the municipality, and therefore the main contributing activity in this sector is agriculture. Agriculture is the main formal contributor to the economy of the Municipality albeit at very limited scale. There was a slight decline in terms of the contribution of this sector from 1986 to 2001.

### 1.2.2.12 Construction

The construction sector plays a very limited role in the Municipality's economy. The number of formal sector opportunities in this sector within the Municipality declined from about 7% to 5% between 1986 and 2001.

### 1.2.2.13 Electricity, Gas and Water

The electricity, gas and water sector plays a very limited role in the economy of the Municipality including the percentage of formal employment opportunities which declined from about 2% in 1986 to less than 1% in 2001.

#### **1.2.2.14 Transportation, Storage and Communication**

As with other many other sectors, the transportation, storage and communication sector plays a limited role towards the GGP of the Municipality. The number of formal sector employment opportunities in this sector within the Municipality declined from about 6% to 5% between 1986 and 2001.

#### **1.2.2.15 Manufacturing**

The manufacturing sector contributes a relatively higher percentage of the total economic production in the Municipality. The number of formal sector employment opportunities in this sector within the Municipality declined from about 4.3% to 3.6% between 1986 and 2001.

#### **1.2.2.16 Wholesale and Retail**

The wholesale and retail sector contributes relatively higher percentage of the total economic production in the Municipality. There has been an improvement between 1986 and 2001 with about 11% employment opportunities to about 15% respectively.

#### **1.2.2.17 Private Households**

The private households play some role in the economy of the Municipality. This sector experienced a significant decline in terms of employment formal employment opportunities which declined from about 11% in 1986 to less than 9% in 2001.

#### **1.2.2.18 Financial, Insurance, Real Estate and Business**

The financial, insurance, real estate and business sector contributes very little towards the total economic production in the Municipality. There has been an improvement between 1986 and 2001 with about 4% employment opportunities to about 3% respectively.

#### **1.2.2.19 Community, Social and Personal**

The community, social and personal sector is the largest contributor towards the total economic production of the Municipality. This sector experienced a significant increase in terms of employment opportunities between 1986 and 2001 with about 35% employment opportunities to about 46% respectively.

#### **1.2.2.20 Key Economic Sector Conditions**

The GSDM is in the process of formulating a 20 year development strategy and has conducted some research into the key economic sectors of the municipal area, namely agriculture, mining and tourism. The outcome of this research is contained in a Synthesis

Report of which the following is extract of issues that may be relevant to Makhuduthamaga Municipality.

### **1.2.2.21 Agriculture**

**Water** – Despite potential for agricultural production, not all this potential can be realized due a general lack of water. Ecological reserves from dammed rivers have become affected and the non maintenance of annual flow of the Olifants River is impacting negatively on small scale irrigation farming along the banks of the river. Rainfall is variable/unpredictable which makes the cultivation of dryland crops highly risky.

**Land** – There is good arable land throughout the district but with restricting factors such as lack of full ownership of land which has an effect on ability to raise capital for farming purposes. It also has a negative impact on conservation due to over utilization and unsustainable practices.

**Support Services** – This is a major problem for developing agriculture. Many government assisted schemes from the previous dispensation has come to a standstill when support was withdrawn.

**Infrastructure and enabling environment** – The District generally has adequate infrastructure to support agriculture, although water remains a huge challenge to fully maximise agricultural potential. Makhuduthamaga is however not exceptional in this regard. The creation of a suitable environment to attract industrialists, especially for processing and value adding of primary agricultural products will be required to help realize the full potential of the resources in the area.

**Disparity in agriculture** – An inherited legacy is the disparity in agriculture with a huge gap between commercial and subsistence/small scale farming. Attention needs to be given to institutional restructuring and incentives.

**Commercial farming** - Large scale commercial agricultural production mostly occurs in the southern and eastern areas of the GSDM and occurs mostly on privately owned land. Agriculture has generally been under pressure the past five to ten years. However the economic contribution and job creation Municipality of agriculture in the District is significant. There is trend towards an increase in establishing permanent crops.

**Developing agriculture** – The majority of farmers (70%) in Sekhukhune are subsistence farmers (mostly extensive cropping and live stock). The potential of the area can be illustrated by the extent of production that was maintained by the Farmer Support Programmes of the mid 90's (40,000ha cultivated). Makhuduthamaga has a higher livestock potential if commercial can be given a focused attention.

**Competitive advantage** – The District has a competitive advantage in a number of crops such as table grapes, citrus and vegetable processing. An effective method of maintaining this competitive advantage is to create a market for products locally, especially primary

products, for processing or value-adding. This forms the basis for cluster development and value chains.

### General agricultural trends –

- ❖ Agriculture is under increasing financial pressure
- ❖ Farm management and productivity has had to increase significantly
- ❖ The youth is not keen to become involved in the industry
- ❖ Movement away from labour intensive production
- ❖ Movement to perennial crops
- ❖ Production for niche markets
- ❖ Here is still a serious lack of access to support services due to Municipality problems in the public sector and historical constraints linked with the private sector.

### 1.2.2.22 Irrigation schemes to be revitalized in the Makhuduthamaga Area:

<b>NO</b>	<b>SCHEME</b>	<b>NO OF FARMERS</b>	<b>SIZE (HA)</b>
1	De Paarl	54	66
2	Gataan	129	155
3	Goedverwacht	75	90
4	Hakdoorndraai	84	102
5	Hindustan	43	52
6	Nooitgesien	91	110
7	Veeplaas	385	463
8	Vlakplaas	62	74
	<b>Total</b>	<b>923</b>	<b>1112</b>

*Table 6: Irrigation Schemes in the Makhuduthamaga Area*

### 1.2.2.23 Projects with potential

#### Bio-fuels

- Local government is linked into initiatives underway to develop the biofuel industry in the district. A major programme by Limpopo Department of Agriculture, funded by LIBSA, is being established at Tompi Seleka. This creates opportunities in

backwards linkages in the industry, especially the production of raw materials by emerging farmers through farmer support and other development programmes.

### **Dryland FSP**

- Indications are that, at this stage, a dryland support programme for emerging farmers would be a viable option and welcomed by the broader Sekhukhune Community
- Local government commitment towards this, in terms of personnel, but especially resources would be a cornerstone in this revival. Pilot FSP's in Polokwane in Makhuduthamaga and Atok/Mecklenburg in Fetakgomo would be low risk but attract enough attention after the first season or two to justify the expansion of the initiative.
- Dependant on the success of the initiative, Local Government could also expand this programme and extend support services to the hundreds of community projects throughout the district which are in various stages of implementation and operation. Most of these projects have collapsed or are operating below expectation. Project support services which would have an impact on these projects would typically be along the following:
  - Address infrastructure and physical scheme constraints
  - Facilitate access to inputs – advice, production inputs, mechanization, private sector support etc.
  - Improve Municipality – build on skills in institutional structuring, technical and managerial ability, together with Department of Agriculture
  - Address marketing problems – improve access to markets, better co-ordination of production (timing and volumes), transport and logistics, production contracts etc.

### **Livestock FSP – Cattle**

- Indications are that, at this stage, a livestock support programme for emerging farmers would be a viable option, and welcomed by the broader Sekhukhune Community. Makhuduthamaga stands a shoulder higher than other municipalities in the district.
- With sufficient start up funding one or two initiatives could be launched immediately in progressive communities in Makhuduthamaga, Fetakgomo, or Tubatse. At least one initiative should be in a communal area on communal land.

### **Livestock FSP – Goats**

- Indications are that, at this stage, a goat production programme for commercial and emerging farmers would be a viable option, and welcomed by the broader Sekhukhune Community.
- A number of initiatives are already underway to establish pilot projects which could lead to the roll out of a broader goat programme.
- Makhuduthamaga could make a meaningful contribution to ensure the success of the current goat production initiatives underway. The allocation of additional resources

would lower the risk of failure and accelerate the outcomes which could then be replicated in similar circumstances.

### **Feed Manufacture**

- There is enough evidence at this stage to suggest that a feed production facility warrants further investigation. The scale of demand in the district suggests that some investigation take place into taking advantage of the value chain upstream of livestock production, along the value chain. This would not only be in line with BEE and cluster development strategies, but it could also serve to bring the communal/small-scale and commercial livestock sectors closer together through creation of common interest and support.

### **Feedlots**

- There is enough evidence at this stage to suggest that additional feedlot facilities would be a viable option. The involvement of the communal and small-scale farmers is a challenge with undisputed rewards if successful. It falls directly within the cluster development approach and is assumed to have the acceptance of the broader Sekhukhune Community.

### **Abattoir**

- There is enough evidence at this stage to suggest that additional red meat processing facilities would be a viable option. The involvement for the communal and small-scale farmers is a challenge with undisputed rewards if successful. The initiative has both an important BEE component and falls directly within the cluster development approach and is therefore assumed to have the acceptance of the broader Sekhukhune Community.

## **1.2.2.24 Tourism Sector**

### **Cultural villages**

The Gamamo cultural resort located near the Piet Gous Dam offers tourist insight into the Bapedi culture complete with the traditional clay huts, revamped regularly with cattle dung and thatched roofs.

The Mabhedla cultural village is a sight to behold for any tourist on the Swazi culture. It features the huts structured like bird nests and the fascination of different soil types and their uses by the locals, more especially the white soil used as paint for clay huts.

## **Heritage**

Thlako Tisane nature reserve is a must see location that attract many nature lovers with its botanical sites and Bushmen rock art.

Manche Masemola gravesite is another site that brings an influx of tourists on their annual commemoration pilgrimage on the first Sunday of August.

The rain making pots are the tourist wonders of Makhuduthamaga, attracting the curios and non-believers locally and internationally. The virgins fetch water from the sacred pools and the sands to the elders who put it in special pots with muti to form condensation, which will result in rain.

Also of attraction to both locals and other close communities are the cultural dances that feature the Kiba music and the various archaeological sites and caves that were used as fortification sites, a reflection of the lengths a man would go to protect his rights.

### **1.2.2.25 Cross-Cutting Issues**

Cross-Cutting Issues refer to those issues, which require a multi-sectoral, mainstreaming response and thus need to be integrated and entrenched into all Municipality's core functions both internally as an employer and externally as a service provider/and income generator. The issues are called crosscutting because they can't be taken as isolated issues, because they affect all other sectors. If these issues are not tackled, the successes in other sectors will be very limited. Supporting these activities is essential for poverty reduction. The Municipality has identified the following "cross-cutting issues".

- HIV/AIDS
- Local Agenda 21
- Health
- Poverty
- Gender
- Disability
- Older Persons
- Youth & Children

### **Local Agenda 21**

At the Rio *Earth Summit* in 1992, the United Nations agreed that the best starting point for the achievement of *sustainable development* is at the local level. In fact, two thirds of the 2500 action items of *Agenda 21* relate to local councils. Each local authority has had to draw up its own Local Agenda 21 (LA21) strategy following discussion with its citizens about what they think is important for the area. The principle of sustainable development must form a central part of the strategy. LA21 regards sustainable development as a community issue, involving all sections of society, including community groups, businesses and ethnic

minorities. Involvement of the whole society will give everyone the opportunity to participate and will generate a resource of enthusiasm, talent and expertise, which is vital to achieve sustainable development. Many local authorities have begun schemes of co-operation to allow them to exchange ideas about sustainable development. Groups of local authorities can join together to give themselves a louder voice to influence large companies.

LA21 follows the principles of sustainable development and the goal of ensuring a better quality of life for everyone, both now and in the future. Like Agenda 21, it focuses on an economic, social and environmental agenda, and develops solutions to problems through encouraging better, more efficient practices. It realizes that sustainable development is achievable, without sacrificing the quality of our lives. However, sustainable development can only be achieved if we learn to think more sustainably and adopt more sustainable behavior.

## **HIV/AIDS**

The HIV and AIDS epidemic in South Africa is one of the most severe in the world. There are currently approximately 6 million people living with HIV and AIDS in Southern Africa. It is expected that HIV/AIDS will have a significant impact on the South African society. Approximately 34% of the South African population is already infected with the HI Virus which causes AIDS, implying that approximately 4 million people are currently affected. This number is expected to grow to 6 million in less than ten (10) years (DBSA, 2000). HIV has also led to an explosion of HIV related diseases, such as tuberculosis and malaria.

The following projected impacts of AIDS are particularly noteworthy:

- ❖ Life expectancy is expected to decline from approximately 60 years average to about 40 years average within the next eight (8) years;
- ❖ Women are more vulnerable to infection than men;
- ❖ Most of the people who die from the disease are in the age group between 25 and 40. This is also the economically active age bracket, implying that the market loses trained people with experience who are able to work. It is expected that South Africa could lose 20% of its workforce in the next seven (7) years;
- ❖ HIV/AIDS has a significant impact on productivity, especially in the second phase of infection where people suffer from AIDS related diseases, reducing productivity to between 80% and 50% of the normal level for mine workers. The loss of productivity will have a negative impact on the entire economy, with some sectors such as mining and transport being among the worst affected;
- ❖ The loss of physical and mental capability to perform work, particularly physically straining work such as cane or timber cutting would have a severe impact on performance, productivity and on the entire economy;
- ❖ One anticipated impact on the building industry is the decline in demand for affordable housing by as much as 55% over the next five (5) years;
- ❖ The cost of health care is expected to rise dramatically, with a severe strain on health resources;

- ❖ HIV/AIDS affects the breadwinners in the family (one or both), resulting in a society with a large number of orphans. As many as 2 million people are expected to be orphaned by 2010 because of AIDS;
- ❖ The cost of funerals would have a high bearing on household expenditure, particularly in poor families;
- ❖ An increase in the number of dependants (children and the aged) in a household with a decrease in the number of breadwinners, resulting in an increase in dependency, poverty, crime, street children and orphans;
- ❖ Polarization at both ends of the income spectrum;

AIDS therefore has a direct bearing on planning and allocation of resources. Although the imminent need for basic services and housing is not denied, AIDS necessitates a shift towards Social Development and expenditure on health and welfare. It also requires a proactive approach in terms of AIDS education, training and skills development programmes for the youth, nutritional programmes and basic health care. This shift in focus should also be reflected in the Municipality's allocation of financial and human resources as well as projects and programmes. No specific HIV/AIDS figures are available for Makhuduthamaga Local Municipality.

### **Health Services**

Provision of health services within Makhuduthamaga is not satisfactory. This view derives from generally low levels of services combined with poor health infrastructure. Makhuduthamaga is not authorised to provide health services. The municipality relies primarily on the district health services and the sector departments.

### **Poverty**

The high levels of poverty are apparent in the statistics from Census 2001 where approximately 7.74% of households have an income of less than R1500 per month (the household subsistence level) and 28% of all households have R0 income. Poverty alleviation is a central issue for Makhuduthamaga Local Municipality and is addressed, within the available resources, through various IDP programmes and projects. Examples of these include the Municipality LED programme, the provision of free basic services to qualifying households.

### **Gender**

The Employment Equity Act (55 of 1998) addresses the legacy of discrimination in relation to race, gender and disability. The Act is intended to ensure that workplaces are free of discrimination and that employers take active steps to promote employment equity. The municipality has developed a 2007-2012 Employment Equity Plan.

Gender inequalities still exist in the social, economic, physical and institutional environment of Makhuduthamaga Municipality. The negative impact of these inequalities is chiefly borne by women whereby women constitute 53% of the population (Census 2001), yet there is poor representation of women in community structures;

- Violence against women;
- Women are more vulnerable to HIV/AIDS;
- Women are generally poorer with less access to resources.

In response to the challenges of gender mainstreaming, Makhuduthamaga has developed gender empowerment policy to target the vulnerable rural women and other aspirant women entrepreneurs in order to bring them in the main streams of the economy.

### **Disability**

The Municipality has, According to Census 2001; approximately 5.5% of population is living with disabilities. There is a lack of sensitivity to the needs of those living with disabilities due to the fact that there is a lack of care facilities for persons living with disabilities, especially children, access to public buildings and education facilities is limited, as is the general access in streets.

In terms of Employment Equity Act (55 of 1998) Chapter 3, employers are mandated to take certain affirmative action measures to achieve employment equity. Such equity also includes the needs of People Living with Disabilities. To address this, the Municipality will through the Employment Equity Plan make sure that we achieve equity in the workplace, making the municipal workforce more representative and ensuring fair and equitable employment practices for all employees.

Makhuduthamaga has developed a policy for disabled persons in order to place their needs and aspirations on par.

### **Older Persons**

Approximately 7% of Makhuduthamaga Municipality's population is 60 years and older (Census 2001). There is generally insufficient sensitivity and awareness of the needs of older persons. The Municipality aims to monitor the development and implementation of its policies so as to, where appropriate, support sensitivity to the needs of older persons.

### **Youth & Children**

According to Census 2001, approximately 72% of Makhuduthamaga Municipality's population can be categorized as either children 41% (0-14 yrs) or youth 31% (15-34 yrs). This group is the most vulnerable and is greatly affected by the social ills ravaging our society. Many children in Municipality are subject to child abuse and foetal alcohol syndrome

(5% of children in the country are affected, which is the highest rate in the world). There is at present a lack of child-care facilities, especially for handicapped and disabled children, and the standard of some day-care centers, especially in disadvantaged areas, is poor.

Makhuduthamaga is experiencing a number of youth-related problems, namely HIV and AIDS; gangsterism, vandalism and crime; teenage pregnancy; alcohol and substance abuse; and the non-completion of schooling.

Makhuduthamaga has developed a youth development policy in order to respond adequately to the needs of the young women and men who form larger segment of the population.

## 1.3 Service Delivery Overview

### 5. INFRASTRUCTURE AND BASIC SERVICES ANALYSIS

#### 5.1 Housing

Whereas the delivery of housing is the prerogative of the Department of Local Government and Housing, the municipality performs a central role in identifying the beneficiaries. All the housing stock is located within a rural setting made up of traditional authority settlements. The character of the area is viewed as rural even where some form of settlement formalisation processes has been implemented.

Makhuduthamaga Local municipality housing backlog is 13,258 which is 22% of the population.

Source: Municipal IDP Housing Chapter

#### 5.2. Water

*The municipality is neither a WSA nor WSP thus we are not responsible for water issues. An estimated 72 % (59128 households) of the population of Makhuduthamaga Municipality does not meet the RDP level of water supply. An estimated 28% (11760 households) of the population meets the minimum RDP standard or better.*

An estimated 16% of the population is within 0 - 200 meters from a water supply point. There have been significant improvements in the provision of basic water in the last four years where the proportion of the population relying on natural sources for water has declined significantly in contrast with the figures on table and figure below. The situation still requires intensive intervention.

According to the 2007 Sekhukhune Profile Makhuduthamaga has 683 households having water in house, 8441 in the yard and 8713 communal taps.

Makhuduthamaga Local municipality water supply breakdown:

Makhuduthamaga	Households	Backlog	% Backlog
	59 428	38 034	64%

#### MAIN LEVELS OF WATER SUPPLY

Water Supply Type	No.	%
<i>Piped water inside dwelling</i>	495	1%
<i>Piped water inside yard</i>	5,218	10%
<i>Piped water on community stand: distance less than 200m from dwelling</i>	8,703	16%

<i>Piped water on community stand: distance greater than 200m from dwelling</i>	9,952	19%
<i>Borehole</i>	4,006	8%
<i>Spring</i>	1,925	4%
<i>Rain-water tank</i>	428	1%
<i>Dam/pool/stagnant water</i>	4,220	8%
<i>River/stream</i>	15,894	30%
<i>Water vendor</i>	327	1%
<i>Other</i>	1,989	4%
<i>Total</i>	53,157	100%

Source: Statistics South Africa, 2001 (Updated)

*Makhuduthamaga Local Municipality receives water from the following water supply schemes:*

*Household Services 2007*

<i>Water Supply Type</i>	<i>No.</i>	<i>%</i>
<i>Piped water inside the dwelling</i>	2,578	4.8%
<i>Piped water inside the yard</i>	4,004	7.5%
<i>Piped water from access point outside the yard</i>	26,509	49.4%
<i>Borehole</i>	2,986	5.6%
<i>Spring</i>	1,402	2.6%
<i>Dam/pool</i>	2,030	3.8%
<i>River/stream</i>	11,933	22.2%
<i>Water vendor</i>	897	1.7%
<i>Rain water tank</i>	843	1.6%
<i>Other</i>	473	0.8%

<i>Total</i>	<i>53, 654</i>	<i>100%</i>
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- *Arabie / Flag Boshielo RWS Central*
- *Arabie / Flag Boshielo RWS East Group 1*
- *Arabie / Flag Boshielo RWS East Group 2*
- *De Hoop Group 2 Upper Ngwaritsi*
- *De Hoop Group 3 Vergelegen Dam – Jane Furse*
- *De Hoop Group 4 Middle Ngwaritsi*
- *De Hoop Group 6 Nkadimeng*
- *De Hoop Group 7 Schonoord Ratau*
- *De Hoop Group 8 Mampuru*
- *De Hoop Group 9 Spitskop Ngwaritsi*
- *De Hoop Group 10 Mahlangu*
- *Leolo Local Sources and*
- *Piet Gouws*

### **5.3 Sanitation**

An estimated 70% (2001 Census) of the population within the municipality make use of pit latrines for sanitation as compared to 78% in 1996 (table and figure below). Since 1996 there has been an increase in the use of better forms of sanitation like VIPs, flush toilets and chemical toilets. The use of pit latrines pose serious health hazard especially in areas where people depend on underground water. The percentage of the population with no access to sanitation has declined from 19% to 16%. (Census, 2001)

The backlog on sanitation is at 39 457 for Makhuduthamaga according to Sekhukhune District Municipality.

### **5.4. Electricity**

*The municipality is not licensed to supply electricity. All electrification projects that are implemented by the municipality are ceded to Eskom for operation and maintenance. The municipality with the assistance of Eskom and GSDM has managed to electrify a total of 46 266 households. At present the municipality is having a backlog of 7387 households excluding post connections.*

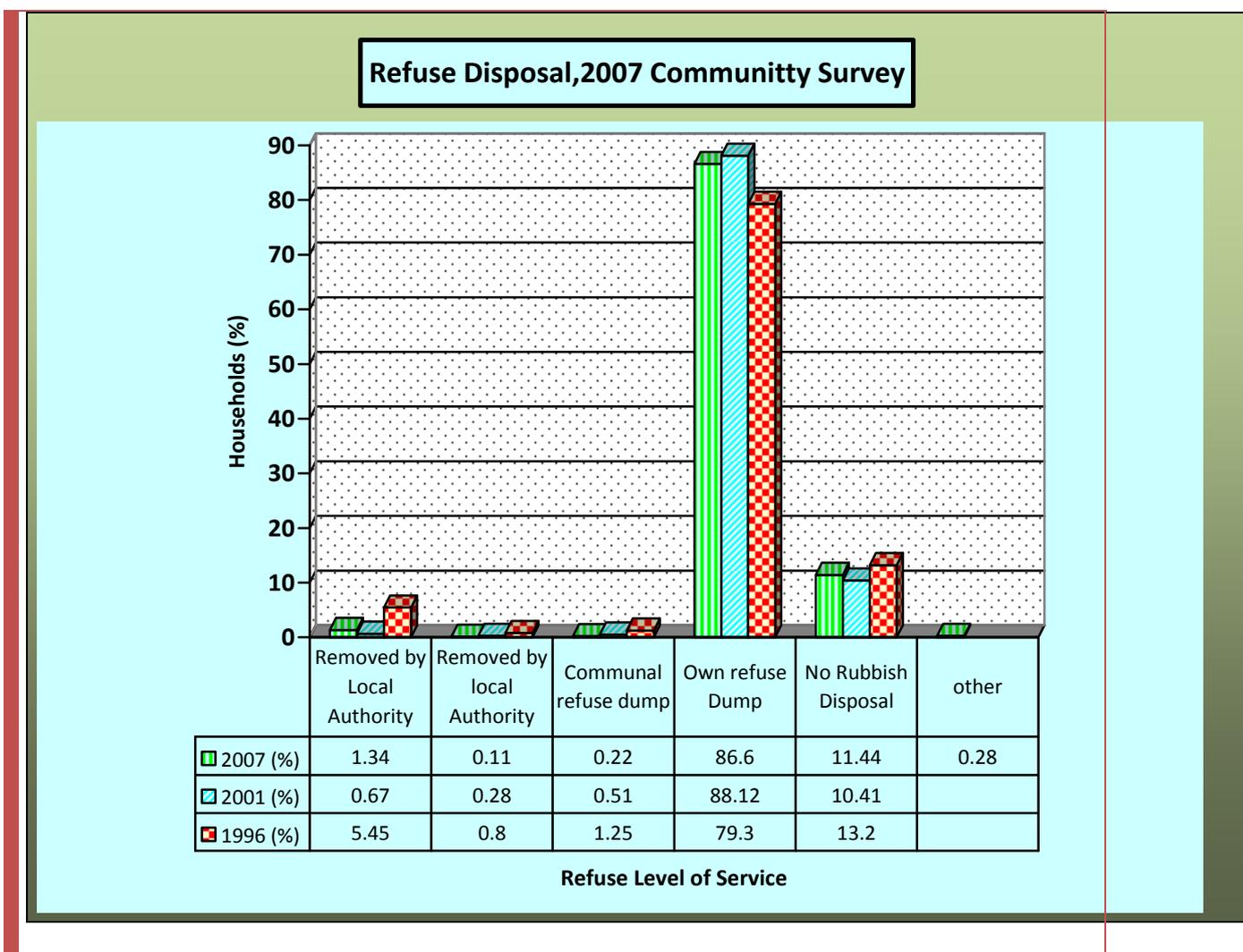
### **5.6 Roads and Storm water Drainage**

There are several Provincial and District Roads in the MLM. The local access roads are gravel and predominantly utilised by buses and taxis. The condition of these roads is below standard. They require upgrading and improved storm water management. The Local Municipality identifies road maintenance and upgrade projects at random in consultation with the communities and Ward Councillors.

Makhuduthamaga Local Municipality as local municipality is responsible for the maintenance of all the internal roads in the residential areas and villages. These internal roads do not have specific road numbers, and must be addressed in future by the Road Master Plan (District or Municipal).

### 5.7 Waste and Refuse Removal

There is partial formal refuse removal service rendered by Provincial Government on behalf of the municipality. The majority (88%) of the population utilize their own dumps for this purpose. These dumps are usually located within the individual household property (see table and figure below).



Source: Refuse Disposal, Community Survey 2007

### POLITICAL AND ADMINISTRATIVE GOVERNANCE

Makhuduthamaga Municipality as established under the Municipal Structures Act has adopted a collective Mayoral System with the Mayor being the head of the Executive Committee. The Council has a Speaker who chairs Council. The Executive Committee is constituted by 10 members. The Council comprises of **61 councillors** composed of 31 ward councillors and 30 proportional representative councillors. In terms of Section 151(3) of the Constitution, the council of a municipality has the right to govern on its own initiative, the local government affairs of the local municipality. The traditional leaders within the municipality are also represented by **12 traditional leaders** who were elected by the traditional leaders themselves.

#### 2.1 POLITICAL GOVERNANCE

In terms of Section 52(a) of the Municipal Finance Management Act, the Mayor must provide general guidance over the fiscal and financial affairs of the municipality.

##### Ward Committees

The Municipality comprises of **31 demarcated wards**. To give effect to the democratic tenets for governance, Council has established 31 ward committees in terms of section 72-78 of the Municipal Structures Act (117 of 1998). These committees are chaired by their respective ward councillors and each has ten elected members represented on the committee. Although Ward Committees have no formal powers, they are consultative community structures. This means that they are meant to broaden participation in the democratic process of Council and to assist the Ward Councillor with organizing public meetings, disseminating information, and encouraging participation from residents in the ward. Ward Committees meet on a monthly basis to discuss ward issues.

##### Standing Committees

Section 79 and 80 of the Municipal Structures Act (117 of 1998) and Section 160 of the Constitution of the Republic of South Africa (1996)

In terms of section 79 and 80 of the Municipal Structures Act (117 of 1998), as well as Section 160 of the Constitution of the Republic of South Africa (1996), standing municipal committees have been established to assist the work of the Mayor. Council aligned the political and administrative structures of Makhuduthamaga Municipality by aligning the standing committees with the new organizational structures and creating both operational and strategic standing committees. The following operational and strategic committees were created for Makhuduthamaga Municipality:

## OPERATIONAL STANDING COMMITTEES

<b>Corporate Services</b> <b>LED</b> <b>Infrastructure</b>	<b>Planning</b> <b>Finance and Budget</b> <b>Community Services</b>
--	---

*Table 7: Operational standing committees*

### Oversight Committee

Makhuduthamaga Municipality Council established an Oversight Committee in terms of section 129 of the Municipal Finance Management Act (56 of 2003). The Council established the Committee under section 33 and section 79 of the Municipal Structures Act (117 of 1998) to consider the Makhuduthamaga Municipality Annual Reports for the financial year 2010/2011. Councillor Chabedi PP was the inaugural chairperson of the Oversight Committee. The membership of the committee is as follows:

<b>NAME</b>	<b>DESIGNATION</b>
<b>Councillor Chabedi PP</b>	Chairperson
<b>Councillor Bahula M</b>	Member
<b>Councillor Malaka MS</b>	Member
<b>Councillor Mashifane</b>	Member
<b>Moropa ME</b>	Resigned in 2009

*Table 8: Oversight Committee*

### Audit Committee Members

<b>NAME</b>	<b>DESIGNATION</b>
<b>Rantobeng George Ntwampe</b>	Chairperson
<b>Kolobe Ephraim Mashala</b>	Member
<b>Rachel Modishi Phasha</b>	Member
<b>Shonisani Bridget Nekhavhambe</b>	Member

## POLITICAL STRUCTURE



**The Mayor**  
*Cllr. Queen Mokhabela*  
Cell: 082 493 9285



**Head: Community Services**  
*Cllr. Hilda Makgoga*  
Cell: 082 857 3173



**Head: Finance Services**  
*Cllr. Abel Mampana*  
Cell: 082 852 4800



**Head: LED**  
*Cllr. Mokgampe Lentswan*  
Cell: 082 857 3154



**Head: Infrastructure**  
*Cllr. Alfred Matlala*  
Cell: 082 434 0142



**Exco Member**  
*Cllr. Rinah Maiseta*  
Cell: 082 858 0115



**Head: Corporate Services**  
*Cllr. Rodgers Monama*  
Cell: 082 857 3182



**Head: Technical Services**  
*Cllr. Judy Mphelane Nkgadima*  
Cell: 082 857 3178



**Exco Member**  
*Cllr. M.E Mankwana*  
Cell: 082 857 3144



**Exco Member**  
*Cllr. Philip Vilakazi*  
Cell: 082 938 4590

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION

In terms of Section 60(b) of the MFMA, the Municipal Manager of a municipality is the accounting officer of the municipality and must provide guidance on compliance with the provisions of the MFMA to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

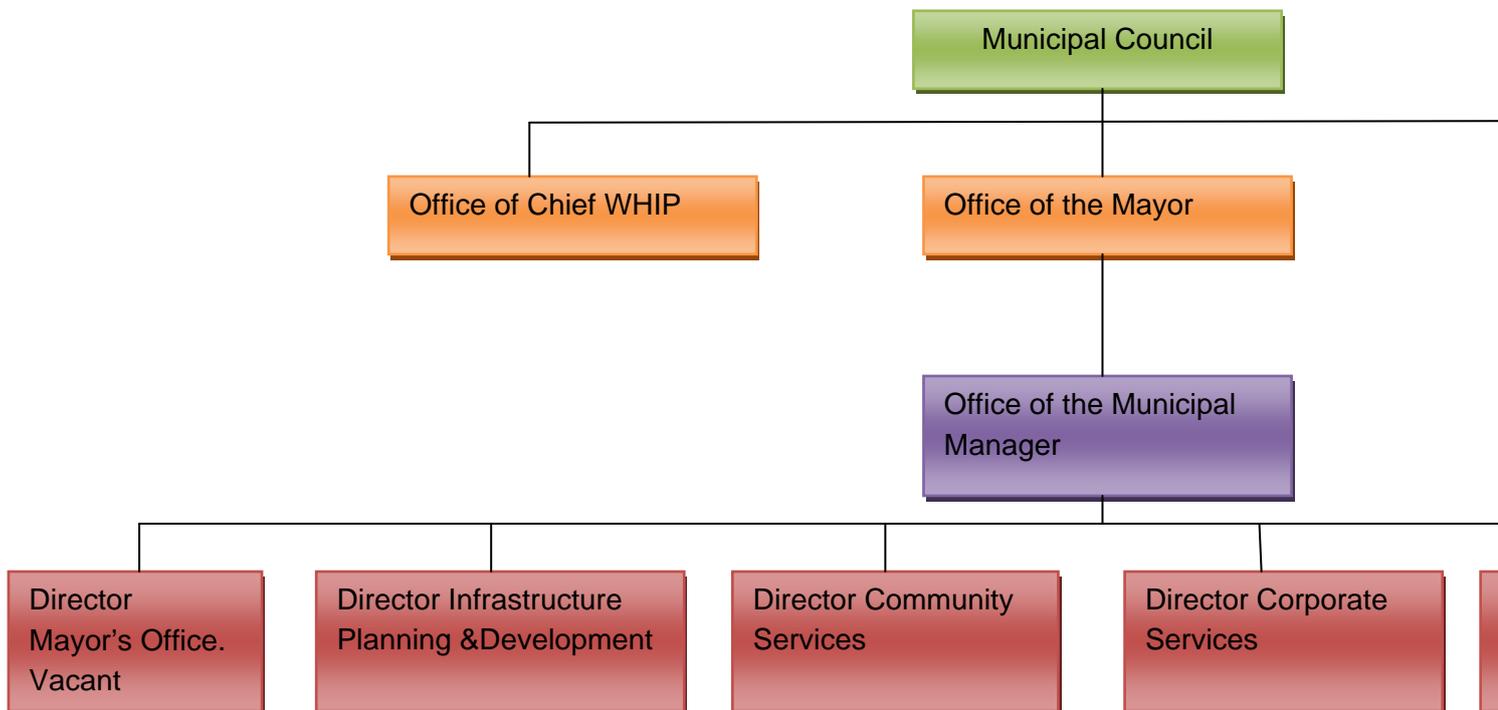
The administrative component of the Municipality is made up of the following four Departments:

- ❖ Infrastructure and Planning
- ❖ Community Services
- ❖ Budget and Treasury
- ❖ Corporate Services

### TOP ADMINISTRATIVE STRUCTURE

This section depicts the organogram of the Makhuduthamaga Local Municipality.

#### MAKHUDUTHAMAGA MUNICIPALITY



## PUBLIC CCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality has strived to accomplish number of targets within governance and public participation processes and systems objectives during the 2010/11 Financial Year. These include:

- 100 % functionality of ward committees, which includes conducting of regular meetings with about 90 % attendances.
- Adopted the Annual Budget Schedule in compliance with legislation.
- The IDP Process has been complied with and public participation was conducted at all planned areas of the Municipality. The process was accomplished by clustering of the 31 wards within the Municipality.
- All planned Council and Portfolio meetings were held. The council meetings were held in public to enhance transparency.
- The Mayoral Imbizos were successfully held and were instrumental session for public participation.
- Community based planning is undertaken to assess and analyse the community needs.

### 2.3 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	
Does the IDP have priorities, objectives, KPIs, development strategies?	
Does the IDP have multi-year targets?	
Are the above aligned and can they calculate into a score?	
Does the budget align directly to the KPIs in the strategic plan?	
Do the IDP KPIs align to the Section 57 Managers?	
Do the IDP KPIs lead t functional area KPIs as per SDBIP?	
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	
Were the indicators communicated to the public?	
Were the four quarter aligned reports submitted within stipulated time frames?	
*Section 26 Municipal Systems Act 2000	

## CORPORATE GOVERNANCE

The purpose of proper corporate is to ensure a strong institutional efficiency and governance and governance so as to yield effective service delivery in the municipality. The municipality has adopted a communication strategy which aims to improve communication between the municipality and its residents. The strategy sets out communication channels the municipality should explore to engage more effectively with its residents.

## **2.4 RISK MANAGEMENT**

**Section 62(1) (i)** of the Municipal Finance Management Act 56 of 2003 states that -The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

**Treasury regulation 9.1.1** states that The Accounting Officer of an institution must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement effective, efficient and transparent processes of financial and risk management.

**Treasury regulation 27.2.1** states that -The Accounting Officer must ensure that a risk assessment is conducted regularly so as to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks .The strategy must be clearly communicated to all employees to ensure that the risk management strategy is incorporated into the language and culture of the institution.

## **2.5 SUPPLY CHAIN MANAGEMENT (SCM)**

Section 110-119 of the Municipal Financial Management Act outlines supply chain Regulations (2005), these Regulations together with other MFMA circulars sets out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The municipality has adopted a Supply Chain Management Policy in 2008.

## **CHAPTER 3 SERVICE DELIVERY PERFORMANCE**

### **3.1 Introduction**

The chapter on performance highlights which is a condensed review of the main outstanding accomplishments of Makhuduthamaga Municipality in its quest to address the backlogs of underdevelopment and poverty. In order to ensure that the report reflects the true standing of events it has been compiled in accordance with the requirements of the Municipal Finance Management Act (MFMA).

Highlighted in this section of the report is the extent to which the municipality has managed to accomplish its objectives successfully in the delivery of services in the 2009/10 financial period. Also included is the municipality's service delivery backlogs and the predicted finances that will be essential to effectively tackle the backlogs in the future especially in the following functional areas of water, electricity, sanitation, refuse removal and roads.

### **3.2 Service Delivery Highlights**

#### **3.2.1 Priorities**

The priorities of Makhuduthamaga Municipality are embrocated within the Local Government Strategic Agenda to instil compliance and acceleration of service delivery. As such the Municipality's main strategic priorities are:

- Service delivery and infrastructure development
- Good governance and intergovernmental relations
- Municipal transformation and institutional development
- Local economic development
- Municipal financial viability and sustainability

#### **3.2.2 Institutional Development**

The Municipality has accomplished the following;

- The Performance Management System has been established (Contract and Performance Plans for all Section 57 employees).
- The municipality has embarked on the implementation of the revenue enhancement strategy through triggering of billing for Property rates and taxes.
- The financial system has been upgraded to enhance Sound Financial Management and Compliance with Financial Management regulations.
- The Process of IDP development was done internally without utilization external resources form constantans.
- Establishment of the Project Management Unit to do monitoring and evaluation of Capital Projects.

### **3.3 ANNUAL DEPARTMENTAL PERFORMANCE**

**See Annexure 1**

## **CHAPTER 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE**

### **4.1 Introduction**

The Human Resource Development and Human Resource Management are essential for the operation of the municipality whereby the Human Resource Development is the framework to assist employees develop their personal and organizational skills, knowledge and abilities includes such opportunities as employee training, employee career development and on the other hand the Human Resource Management is the function within the municipality that focuses on recruitment of management and providing direction for the people who work in the municipality. It also deals with issue related to people such as compensation, hiring, performance management and others. Makhuduthamaga has a functioning Human Resources Development and Human Resource Management units within the Corporate Services department.

### **4.2 The functions of HRD**

- Preparing and implementing Workplace Skills Plan.
- Preparing for future responsibilities, while increasing the capacity to perform at a current job
- Management of training and development programs.
- Facilitation of personal development plans for management.
- Implements HRD policies and procedures.
- On-the-job training (OJT)
- Coaching/mentoring/counseling
- Career and employee development.
- Employee inductions and orientations.

Makhuduthamaga has put Human Resource Development at the centre of its development initiatives. In this regard 90 % of the employees have been trained on various courses including Certificate Programs in Municipal Finances (CPMD-MF) and many other capacity building courses for finance and technical personnel. More than 70 % of Councilors have undergone similar training.

### **4.3 The functions of HRM**

- Human resource planning.
- Equal employment opportunity
- Staffing (recruitment and selection)
- Compensation and benefits
- Employee and labor relations

- Health, safety, and security
- Human resource development
- Organization and job design
- Performance management/ performance appraisal systems.
- Monitoring and implementing conditions of employment for both employees and Councilors.
- Implementing remunerations and benefits for Councilors in terms of Upper Limits.

#### **4.4 Integrated Human Resources System**

The Integrated Human Resource System has been designed to assist employers in the management of leave records. It allows for the setting of a company leave policy. As it is integrated with the payroll functions, employers can set categories for leave. This can for instance include:

- Paid or Unpaid Sick Leave.
- Long unpaid Leave.
- Unauthorized Leave.
- Study Leave.
- Maternity Leave.
- Annual Leave.
- Family Responsibility Leave.
- Paternity Leave.

The system automatically provides a warning if a person applies for more leave days than allowed. Adherence to statutory regulations is made possible through the ability to set-up the leave interface accordingly.

The establishment of Key Human Resource Management Policies, VIP electronic System and HR Procedures in the Municipality including the Performance Management (PMS) policies has helped to improve the accuracy of human resources administration and add to the municipal capacity to meet the its obligations relating to the basic conditions of the Employment Act, Labor Relations Act, Employment Equity Act, Skills Development Act, Occupational Health and Safety Act, etc.

## **4.5 Employment Equity**

### **4.5.1 Legislative Mandate**

The Municipality is mandated by section 9 of the Constitution and section 20 of the Employment Equity Act No. 55 of 1998. In terms of the Employment Equity Act the Municipality must prepare and implement an Employment Equity Plan, which will achieve a reasonable progress towards achieving employment equity targets within the employer's workforce. The Municipality has developed an Employment Equity Plan and the plan has been submitted to the Department of Local Government and Housing.

### **4.5.2 Stakeholder Participation**

The Municipality has endorsed the stakeholder participation, which included the following: management, union and employees and those from designated groups and all categories & levels of employees met to think over and plan the EEP.

### **4.5.3 Goals of Employment Equity**

The plan will leverage the Municipality to achieve within the employment process. The Employment Equity Plan, was developed for application in the period between 2007 and 2012, intends to achieve equity at the workplace, promoting an organizational culture within the municipal workforce that is non-discriminatory, and closes the historic imbalances by giving employment opportunities to historically disadvantaged individuals. The plan was developed in a participatory way, with representatives drawn from the Unions and the Employment Equity and Training Steering Committee. Furthermore, an organizational audit has been undertaken to assess the Municipality's employment policies, practices, procedures and the working environment. The success and competitive standing of Council's core activities and service delivery hinges critically upon the quality of its human capital and continual development of a competent and motivated workforce. The 5- year Employment Equity Plan was adopted by Council and it guides municipal human resource practices in promoting: employment equity, the recruitment of employees from designated groups, and the advancement of appropriate gender representation in the municipality. Municipal equity targets were set out in the Employment Equity Plan, which simultaneously ensures compliance with the requirements of the Department of Labor and Department of Cooperative Governance & Traditional Affairs.

## **4.6 Objectives of the Employment Equity**

### **4.6.1 Objective of the Employment Equity Plan of the Municipality**

- To ensure the workplace is free of unfair discrimination (direct and indirect) against anyone on one or more grounds of being designated group and others in terms of Section 5 & 6 (1) of the Employment Equity of Act No. 55 of 1998.
- To achieve equity in the workplace by complying with Section 20 of the Employment Equity Act.
- Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and
- Implementing affirmative action measures to redress the disadvantages of the past.
- To maintain the target of 50/50 ratio in gender and 2% for disability as the organization develop and grow.

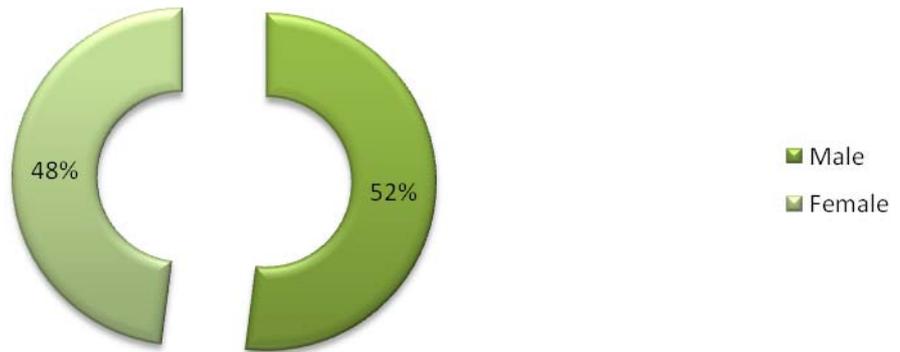
### **4.6.2 Employment Equity Status Quo**

The above figure depicts the employment equity status quo of the overall municipality, whereby employees are categorized according to their gender and physical ability. This also shows the municipality workforce with organizational culture that is non-discriminatory, and values diversity and legitimizes the input of all employees.

### **4.6.3 Gender Equality**

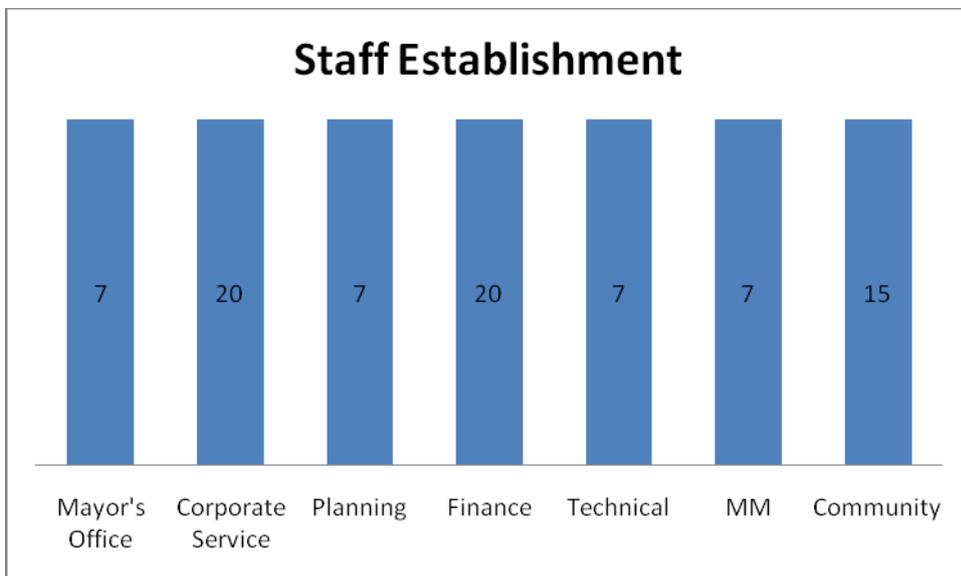
The below figure depict the municipality gender breakdown and this will assist the municipality to ensure compliance with the requirements of the Department of Labour in terms of Gender Equality.

## Gender Break- Down



### 4.6.4 Number of Employees per directorate.

The figure below depicts the number of employees per directorate and it also assists the municipality to plan for the capacitation and future budget allocation which will leverage the employment process.



## 4.7 Overall Municipality Employee

The below figure depicts the overall employees in the municipality, whereby employees are categorized according to Employment Equity Status Quo and Gender Equality. This will also assist the municipality plan and monitor employment process for filled and vacant positions.

Occupational Category	Level	Males				Females				Disabled	Total Filled	Total Vacant	Grand Total
		African	White	Coloured	Indian	African	White	Coloured	Indian				
1	16												
	15												
	14												
	13												
2	12	3				1					4		
	11	1									1		
3	10	3				6					9		
	9	3				5					8		
4	8									2			
	7	1				1					2		
	6	2				3					5		
	5												
	4	2				2					4		
	3												
9	2	3				1					4		
	1	1									1		
Total		32				30				2	62		

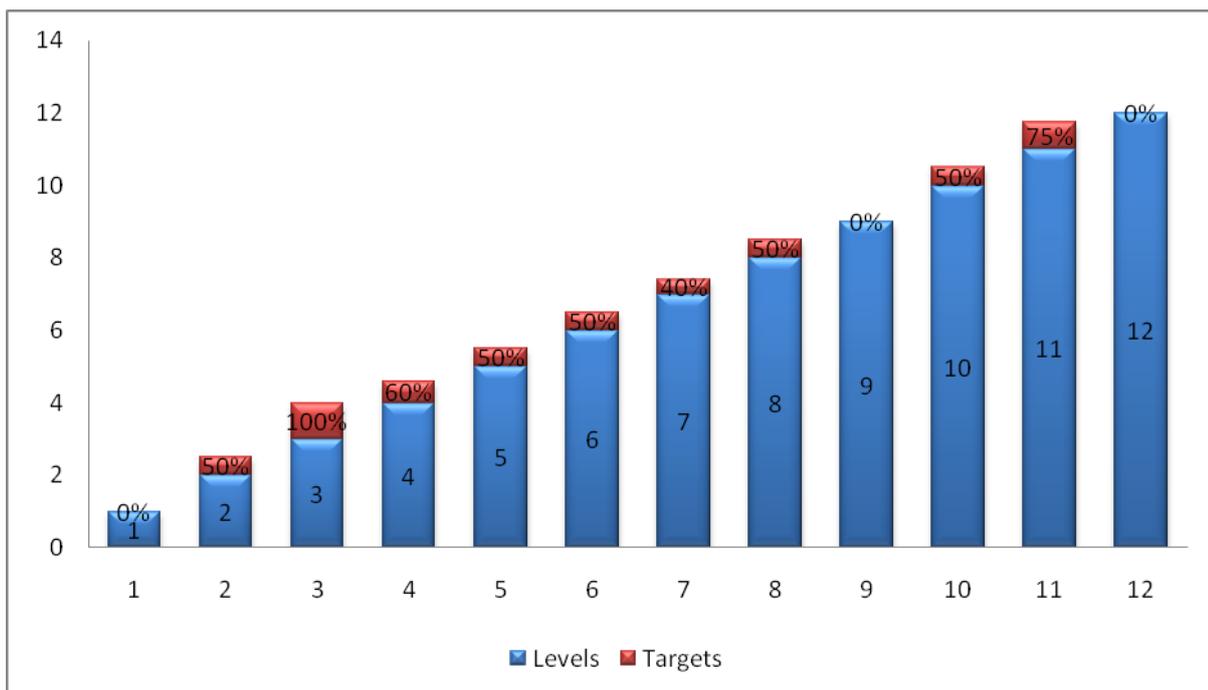
## 4.8 Employees per directorate break-down by gender

This section shows the gender equality per directorate and number of vacant positions in the municipality.

	Males	Females	Vacant	Total
Mayor & Council	3	1	4	8
Municipal Manager	1	1	3	5
Finance	7	9	3	19
Corporate Services	5	4	1	10
Community & Social Services	2	4	5	11
Technical Services	3	1	7	11
Planning	10	11	3	24
<b>Total</b>	<b>48</b>	<b>36</b>	<b>26</b>	<b>88</b>

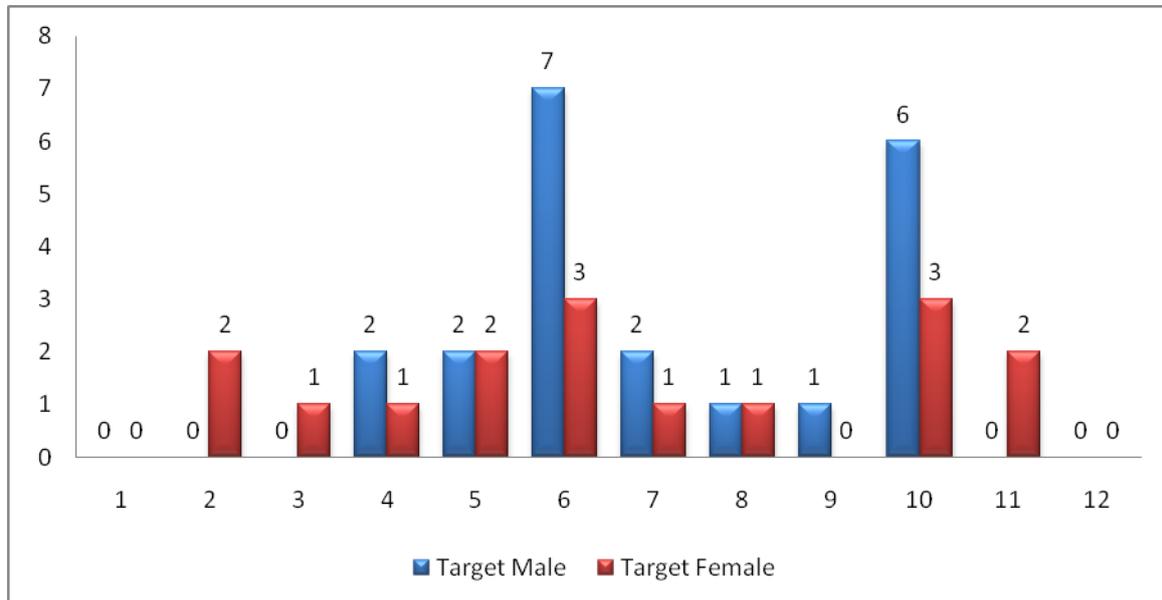
### Employment Equity Targets by Employee Level

This section shows the level and the targets per directorate in the Municipality.



Note: The EE targets do not include the current staff establishment; they are based on the vacancies within the structure.

**EE Level Target by Gender**



## 4.9 Organizational Strength and Challenges

### Strength

- An approved organizational structure is in place.
- Vacant posts budgeted for.
- Workplace Skill development forum in place.
- Workplace skill plan in operation is reviewed annually.
- Bursary committee established which consists of locally prominent educated citizens.
- Bursary scheme offered by the Municipality to address skills shortage within the Municipality.
- Employment Equity Plan is developed and is implemented.
- Vacancy rate has been reduced by-----
- Municipal offices have been recently upgraded.

### Challenges/ weaknesses

- Salary packages are low as compared to other Municipalities that generate revenue.
- No retention strategy as result of uncompetitive salaries.
- High staff turnover caused by lack of competitive salaries.
- Inability to meet employment equity National targets as set by DPSA for 2009 which are 50% males, 50% females and 2% disabled, more especially in scarce skills, such as finance and technical skills.
- Inability to have an appropriate organizational representatives based on the demographics of the Municipality.
- To develop a multi-skilled, representative and flexible workplace which enables the Municipality to adapt rapidly to a changing environment in which it functions.

- The building is not user-friendly to people with disability in a way that it does not have elevators, no special facilities for bathrooms etc. This will be addressed in future due to budget constraints.
- Acquiring and accessing within the labour market the right staff with relevant skills to deliver quality services required.
- Lack of consistent and quality basic services that generates revenue

### Threats

- High unemployment rate
- High illiteracy rate
- High poverty rate
- Undeveloped infrastructure
- No ownership of land by the Municipality
- Lack of skills and expertise locally.
- Rural and underdeveloped area.

### Opportunity

- Nodal point
- Availability of mineral resources

## 4.10 Organizational Benefits

### Medical Aid

Medical aid membership for 2008/2009

Medical Aid	Number of Employees
HOSMED	2
BONITAS	26
L.A HEALTH	19

### Pension Fund

Pension Fund membership for 2010/2011

<b>PENSION – MEPF</b>
<b>80</b>

## Transformation and Skills Retention

To facilitate the objective of transformation, skills development, the Municipality has developed a workplace skills development plan. This will serve to ensure that our workforce is well capacitated to carry out the duties of the mandate on service delivery.

## **CHAPTER 5: ANNUAL FINANCIAL STATEMENT**

**See annexure 2**

## **CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS**

**See annexure 3**

