



**LOCAL MUNICIPALITY-UMKHANDLU WENDAWO**

# ANNUAL REPORT

## 2011/2012



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**OKHAHLAMBA LOCAL MUNICIPALITY'S VISION:**

*“BY 2030, OKHAHLAMBA WILL BE A PROSPEROUS AREA ANCHORED ON THE PRESERVATION OF WORLD HERITAGE SITE WITH ITS CITIZENS ENJOYING A HIGH QUALITY OF LIFE”*

This will ensure that over the years, Okhahlamba Local Municipality would have sustainable development through growth in sectors such as Agriculture, Tourism, and Commerce with balanced infrastructure and social amenities. Empower and uplift its citizens through education, skills development, good health and safety, to that end, address the imbalances of the past, and the future needs of the youth, the elderly and those indigent. Integrated housing and all other basic services will have been sufficiently provided.

**OKHAHLAMBA LOCAL MUNICIPALITY'S MISSION:**

*“TO CREATE AN ENABLING ENVIRONMENT WHICH WILL UNLOCK AND EXPLOIT ALL THE ECONOMIC OPPORTUNITIES IN THE REGION IN ORDER TO UPLIFT THE QUALITY OF LIFE OF THE PEOPLE”*

Okhahlamba Municipality is entirely committed to the attainment of the vision by the year 2030 and this will further enhance the municipalities performance and work ethics to the best level in order to reach standards by which communities will live within boundaries filled with peace and prosperity, and by far, always placing emphasis on customer service satisfaction and quality management of all our resources at our disposal.

## MAYOR'S FOREWORDS

The Annual Report presents an opportunity to take stock and account to the people of Okhahlamba on the manner in which this council conducted its business since its inauguration till 30 June 2012. It is with great honour and a privilege that I present the 2011-2012 Report. The report aims to give account on the Municipal Manager's overview, performance highlights, and department performance. Furthermore, it presents the 2011-2012 financial statement, accompanied by the Auditor-General opinion.

Our deepest sympathy and utmost condolences to the Khumalo Family whose member passed on and was part of the councilor inaugurated after 2011 elections. To the members of council and staff who have lost family members and loved ones our condolence goes to them.

The Auditor-general opinion serves as a gauge to assess our level of good governance, as espoused by the constitution of the country, the Municipal Finance Management Act, King III report and other pieces of legislation that we vehemently subscribe to. The 2010-2011 unqualified audit opinion marked a beginning of a new dawn for our municipality, represented in the past era of uncertain principles of governance. The period under review further, brought an end of a two year protracted intervention, by the MEC for Cooperatives Governance and Traditional Affairs. At the end of June 2012 the MEC's officially made pronouncements to end the intervention which started in 2009.

The new council demonstrated a capacity and an utmost desire to see change in the lives of the people by ensuring that the role of council is strengthened. Thus led to the establishment of the following Portfolio Committees:

- Finance Portfolio Committee
- Social and Economic Development Committee
- Technical Committee
- Cooperate Services Committee
- Municipal Public Accounts Portfolio Committee

The role of council to play an effective oversight is supported by the effectiveness of the Audit Committee. The municipality has strengthened its internal control systems, thus improving reports received from management on budget and financial systems.

The appointment of the Municipal Manager and the Chief Financial Officer has stabilized the institution to a large degree, and has improved on matters of compliance. The appointment of the remaining directors shall then be concluded in the beginning of the new financial year. The following challenges needs to be tackled as we commence our second term in office:

- Acceleration of service delivery
- Capacity development of councilors
- Increase Expenditure in Capital Infrastructure
- Unresolved Housing Fund
- Improve oversight role of council and accountability

We, have to strive for social, political and economic cohesion towards addressing the challenges facing our people. There is a need to increase our participation in ensuring that the following programs inculcate redress of the chain of poverty and lack:

- Maximize involvement in Operation Sukuma Sakhe
- Ensure the effectiveness of the Mayoral Aids Council

The triple challenges facing our country, and Okhahlamba in particular are addressed with speed, which is Poverty, Unemployment and Inequality. We shall not rest until, the challenges are overcome coupled with the fight against spread and impact of HIV-Aids.

It is with great pleasure that the support one has had received in our community is as a result of the role that we all play in making this council the best. My sincere thanks and gratitude to the Deputy Mayor, Speaker, Exco Members, councilors, the Directors and the Staff Members. We wish to thank Amakhosi, Business Community, Government Departments and all the stake-holders in making our Municipality a better place to live in.

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Honourable Councillor: D.S Sibeko

Mayor of Okhahlamba



**Okhahlamba Municipal Council 2011**

## **OKHAHLAMBA LOCAL MUNICIPALITY'S VALUES**

The focus areas of the Okhahlamba Municipality relate to the five Key Performance Areas as reflected in the 2010/2012 IDP of the Municipality.

### **The Key Performance Areas are:**

- ❖ GOOD GOVERNANCE
- ❖ MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT
- ❖ MUNICIPAL FINANCIAL VIABILITY
- ❖ LOCAL ECONOMIC DEVELOPMENT
- ❖ INFRASTRUCTURE AND SERVICE DELIVERY

The vision and Mission of Okhahlamba Local Municipality hinge around the creation of an enabling environment for renowned agricultural, tourism and commercially viable and sustainable livelihoods for optimized socio-economic development within the precinct of Okhahlamba Local Municipality.

### **Development Priority Areas**

Okhahlamba has prioritized 10 development priorities to guide its operations. These priorities have been informed by input from different stakeholders.

- A. Priority 1 – Promote more inclusive economic growth, decent work and sustainable livelihood ;
- B. Priority 2 – Improve economic and social infrastructure;
- C. Priority 3 – Rural development, food security and land reform;
- D. Priority 4 - Access to quality education;
- E. Priority 5 – Cohesive sustainable communities;
- F. Priority 6 - Creation of a better Africa and a better world;
- G. Priority 7 - A development state including improvement of public services;
- H. Priority 8 - Improve health care;
- I. Priority 9 - The fight against crime and corruption;
- J. Priority 10 - Governance: Political management and oversight

### MUNICIPAL DETAILS

Auditors	Auditor General South Africa
Bankers	First National Bank and Standard Bank
Legal representation	Lombard-Badenhorst Ing/Inc
Municipal Grade	Grade 2
Registered Office	259 Kingsway Street, Bergville, 3350
Contact Details	Telephone: 036-448 1076/ 8000 Fax: 036 448 1986 Main Email: siza.sibande@okhahlamba.org Website: <a href="http://www.Okhahlamba.org">www.Okhahlamba.org</a>
<b>Details of Senior Managers</b>	
Municipal Manager:	Mr S D Sibande
Director Corporate Services:	Vacant
Director Social & Community Services:	Mr S Nzuzo
Chief Financial Officer:	Mr S Ndabandaba
Director Technical Services	Mr N Malinga

## **MUNICIPAL MANAGER'S OVERVIEW**

The 2011-2012 Okhahlamba Annual Report reflects on the progress achieved by the council as inaugurated in May 2011. The sequences of achievements culminate this period is as a result of a response to the mandate embodied in section 152 of the Constitution of the Republic of South Africa, which espouses the following primary objectives:

- To provide a democratic and accountable local government
- To ensure the provision of services in a sustainable manner
- To promote social and economic development
- To promote safety and healthy environment
- To encourage the involvement of community

Lastly, the municipality must strive within its own administrative and financial capacity to achieve those objectives. To respond to the constitutional mandate, the municipality has aligned its strategic objectives to the Five National Key Performance Areas:

### **1. INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT**

The municipality has had reviewed and adopted its Skills Development Plan, in line with the Skills Development Act. Furthermore, the employment equity was also reviewed and approved by council. All Section 56 and 57 Managers in-line with the Municipal Systems Act, as amended concluded the signing of performance agreements on time. The Municipal Performance Management Systems requires immediate intervention which would ensure that, there is a migration from mere compliance to effective implementation. There Auditor General highlighted a number of gaps in the performance management system in the 2010-2011 report, from submission of a credible Annual Performance Report as well as the Annual Report on time.

The Municipality had developed and adopted a Municipal Turn-Around Strategy (MTAS) supported by the Department of Co-operative Governance and Traditional Affairs. The MTAS focused on 10 key areas that require urgent attention. Furthermore, the council has adopted an organogram at the end of June 2012, which is trying to respond to the needs of the organization to speed up the delivery of services.

### **2. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

The period under review, fostered the implementation of a coherent and systematic role between the officials and council. The Audit Committee was established consisting of individuals possessing a diverse "rare" expertise highly sought for in Municipalities. The Internal Auditor has been instrumental in the effective functioning of both the Municipal Public Accounts Portfolio Committee and the Audit Committee. The auditing of performance requires further attention as identified by the Auditor-General in the 2010-2011 review periods.

Ward Committees were established and provided with the necessary training, which encompasses them with the skills required for their effective functioning at ward level. The Municipality had adopted its public participation program to involve the community during the Integrated and Development Program (IDP) and Budget Process. The participation of

community stake-holders including, Local Amakhosi, Business, Rate Payers and the general public took place in various locations in our Municipality.

### 3. LOCAL ECONOMIC DEVELOPMENT

The most devastating challenge facing our municipality is the lack of job opportunities affecting the majority of people in our community. The scourge of HIV-Aids is prevalent and deepening presence of poverty presents a serious threat to the sustainability of the general livelihood. A number of community programs were identified; due to lack of resources not all were supported. The Municipality continues to play a pivotal role in ensuring that the Small and Medium Size Enterprises (SMME) and Co-operatives, mainly involving women and the Youth are supported, through training and identification of opportunities.

The recent pronouncement by the Honourable Member of the Executive Council, KZN Legislature, Mr. M. Mabyakhulu to conduct feasibility study for the Okhahlamba Cable Car, has sparked a huge interest in our locality and this will stimulate positive economic downstream investments. The identification of Okhahlamba as the World Heritage Site has provided us with an opportunity for tourism growth.

The resuscitation of the Nondela Drakensburg Estate Project will provide immense opportunity for local economic growth. The proposed development for Mixed Use High Density development, will serve as a catalytic project for other development in the area, coupled with the proposed cable car, a number of business and job opportunities can be ascertained.

### 4. FINANCIAL VIABILITY

The municipality has been able to record a sizeable surplus in its revenue for the period 2010-2011. The positive balance is mainly caused as a result of cost cutting measures, which the council adopted during the period of intervention. The development of a recovery plan had assisted to build adequate savings, that ensures salaries and creditors are all paid on time.

The municipality is one of the municipalities in the district, who are grants dependent. With the envisaged development in the area, the raise in revenue as a result of rates and other taxes, the municipality is set to increase its income. However, the identification of property use for optimum revenue collection is a serious challenge. The majority of properties are in farms and private estate development.

### 5. SERVICE DELIVERY

The municipality has had received funding from different sources to provide funding in the construction of roads and storm-water, halls, electricity as well as the rehabilitation of program. The pace in which the delivery of services unfolded has had its challenges. The Municipality has had achieved to secure funds for the following projects:

Revenue Sources	Projects
<b>Municipal Infrastructure Grant (MIG) (COGTA and Treasury)</b>	Roads, Halls, Bridges in different wards
<b>Small Town Rehabilitation Program (COGTA)</b>	Beautification of entrance, Market Stall, side-walks, parking bays and Tarring of road at ward 01
<b>Electrification Program (Department of Energy)</b>	Electrification program at ward 13
<b>Human Settlement Projects</b>	Four human settlement projects were resuscitated and three advertised for phase one implementation

## 6. SPATIAL PLANNING AND ENVIRONMENT

The municipality enjoys a favourable geographic location as it is situated along the Drakensberg which is considered as one of the great natural spectacles of Southern Africa. The declarations of the UKhahlamba- Drakensberg Park and the Amphitheatre as World Heritage Sites by UNESCO in 2001 pursue to substantiate this point.

With this in mind, the Drakensberg and its approaches is an environmentally sensitive area, and is the primary water catchment for the province, it is therefore necessary to protect this region from potentially destructive development.

Lastly, with the implementation of the KwaZulu-Natal Planning and Development Act (Act 6 of 2008); resulting in the transfer of powers from province to municipalities and in turn municipalities being responsible for the day to day operations, management and the primary decision making in relation to the planning function. The municipality has experienced challenges in processing statutory applications lodged in terms this Act; thus resulting to non-adherence to legally binding timeframes and a delay in development approval. The Spatial Development Framework funded by DRDLR will assist in providing a framework to direct future development, indicate desired patterns of land use within the municipality and set out a Capital Investment Framework for the municipality's development programs.

**In conclusion**, astonishing mileage achieved towards identifying organizational bottlenecks affecting effective and sustainable delivery is as a result of hard work and commitment of staff and councillors. The partnership forged with all stakeholders is critical in achieving the basis of democracy and accountability. The Mayor, Deputy Mayor, Speaker, Members of the Executive Committee and our councillor as well as the Directors and Staff in general a sincere gratitude to their unwavering support and commitment to improve the lives of our people for better.

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Mr. S.D Sibande

Municipal Manager

## MUNICIPAL POWERS AND FUNCTIONS

Schedule 4 Part B	Function Allocated to Okhahlamba Municipality	Function Allocated to District Municipality
Air pollution	YES	
Building regulations	YES	
Child care facilities	YES	
Electricity and gas reticulation	NO	<i>NO</i>
Fire-fighting services	NO	<i>YES</i>
Local tourism	YES	
Municipal airports	YES	
Municipal planning	YES	
Municipal health services	NO	<i>NO</i>
Municipal public transport	YES	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	YES	
Stormwater management systems in built-up areas	YES	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	NO	YES

## OVERVIEW OF THE MUNICIPALITY

### CHAPTER 1

#### 1. KEY STATISTICS /GENERAL INFORMATION

Okhahlamba municipality is one of the five local municipalities under the district of UThukela. Its key statistics / general information are as follows:

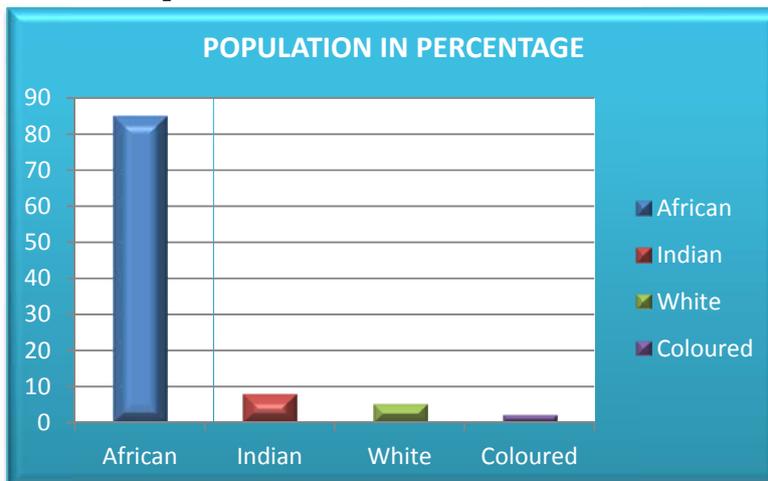
#### DEMOGRAPHIC PROFILE OF OKHAHLAMBA MUNICIPALITY

- ✓ Area m<sup>2</sup> 3971m<sup>2</sup> in extent (1533 sq mi)
- ✓ Number of households: 28 508 households
- ✓ Population 151 441 [Census,2007]

#### POPULATION ESTIMATES

The Community Survey of 2007 indicates that the total population in Okhahlamba Municipality is 151441, with 28,508 households, this shows population increase from 137 525 in 1996 and the predominant group being the Africans.

**Chart 1: Population**

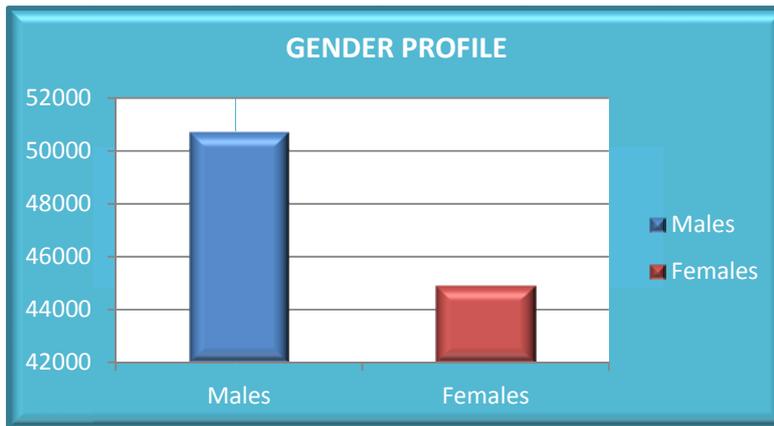


Data Source: Statistics South Africa: CS 2007

### **GENDER PROFILE**

The statistics indicates that there are more females (50, 692 or 53%) than males (44, 909 or 47%) in the Okhahlamba Municipal area.

**Chart 2: Gender Profile**

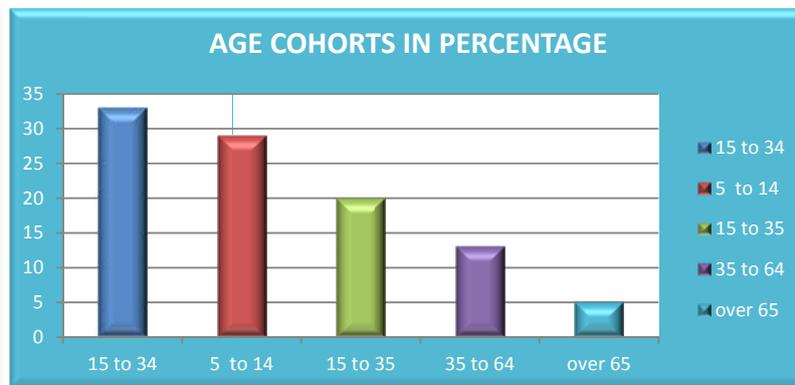


Data Source: Statistics South Africa: CS 2007

### **AGE**

As indicated below, 75% of the population is below the age 34, which indicates that the Okhahlamba population is relatively young. The population is dominated by the youthful population of 42%. This relatively young population signified high potential for population growth in the future. However, it is also this part of the population that is most vulnerable to HIV/AIDS. Furthermore the demand and supply scenario for education and health services will remain high for the foreseeable future. That segment of the population (64%) falling within the 15 – 64 age group would essentially be classified as the potentially economically active population of Okhahlamba Local Municipality.

**Chart 3: Age**

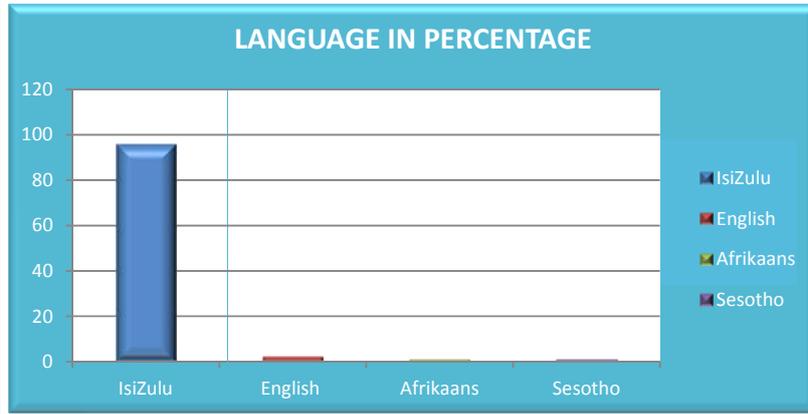


Data Source: Statistics South Africa: CS 2007

**LANGUAGE**

The most predominantly spoken language in OLM is IsiZulu (96%). A smaller percentage (4%) constitutes the rest of the languages as indicated below.

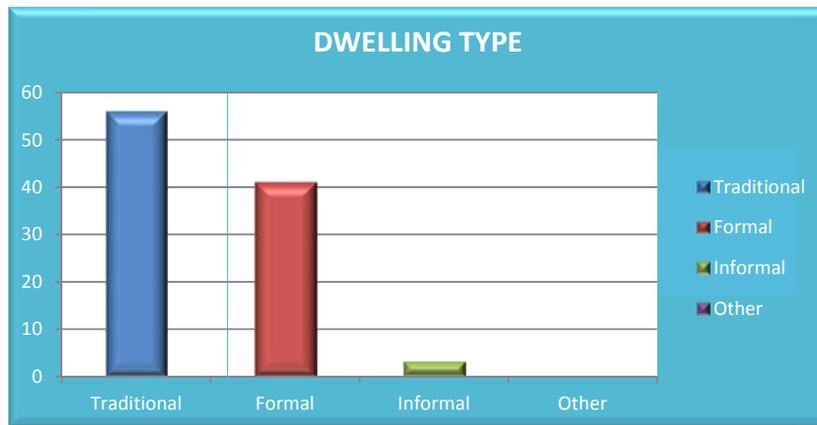
**Chart 4: Language**



**DWELLING TYPE**

From the chart below 56% of households in Okhahlamba Municipality is categorized as Traditional in nature, followed by formal household (41%), with the remainder being either informal (3%) or other (0%) respectively.

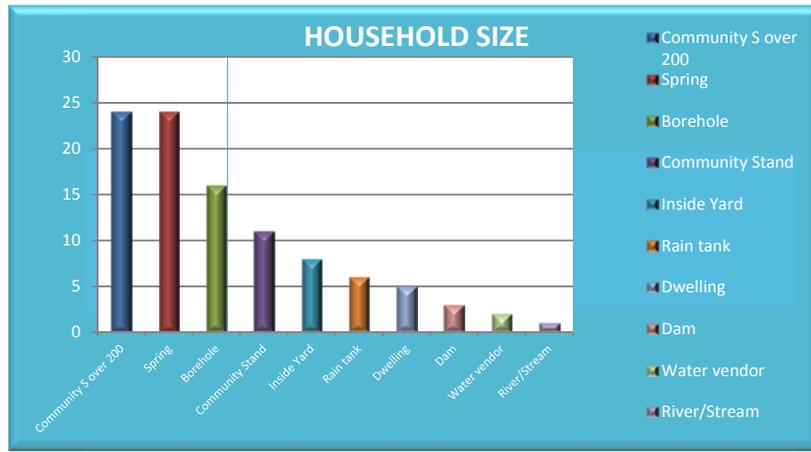
**Chart 5: Dwelling Type**



Data Source: Statistics South Africa: CS 2007

As can be seen from the chart below, 73% of households in Okhahlamba Local Municipality have 5 or more people per household.

**Chart 6: Household size**

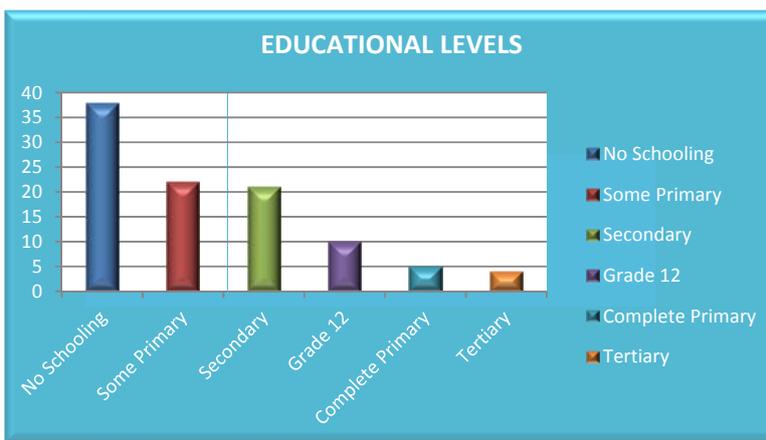


Data Source: Statistics South Africa: CS 2007

**EDUCATION**

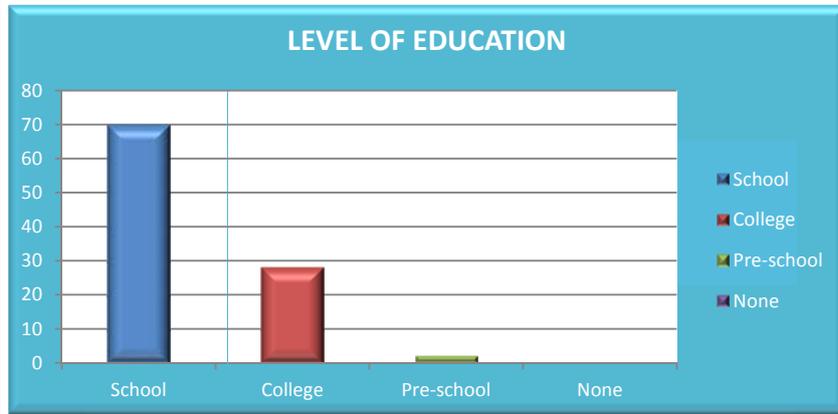
Education is the backbone for the future of any community. In Okhahlamba, it has been identified that the level of education of the residents is very low and this has impact both on social and economic spheres of the communities. The Chart 7 below illustrate that 58% of the Okhahlamba population over the age of twenty have received some level of education, but only 4% have received higher education, whilst the rest of the population (38%) has had no schooling. This therefore suggests that people over the age of 20, generally do have had a secondary education base. The low number of people with a matriculation certificate can be ascribed to educated people migrating to the larger urban areas.

**Chart 7: Education Levels**



Data Source: Statistics South Africa: CS 2007

**Chart 8: Education Levels**



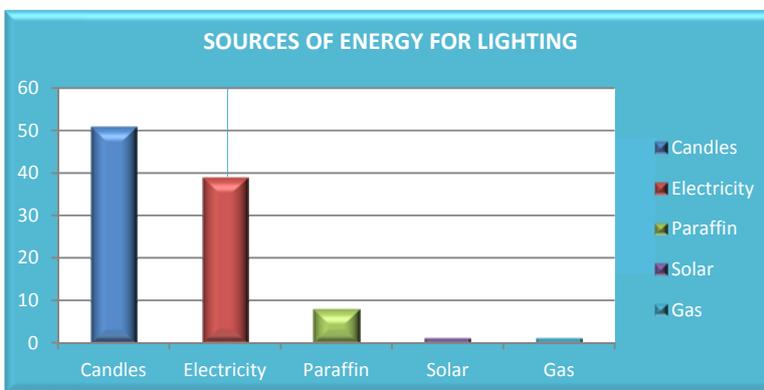
Data Source: Statistics South Africa: CS 2007

The above chart: 8 suggest that 70% of Okhahlamba Municipality’s populations between the 5 to 24 year age group are attending one or the other education institution as specified. Research has shown that, as a result of the historical disadvantages of black education the minimum level required for functional literacy is Grade 6 (preferably Grade 7). On this basis 56% of the population over the age of 5 could be classified as functionally illiterate.

***PHYSICAL INFRASTRUCTURE AND SERVICES***

As stated in the introduction above, the municipality is experiencing challenges regarding infrastructure mainly due to the lack of funding for this purpose as well as the rural nature of the Municipality. The current funding that is utilized mainly for the infrastructure development is obtained from the Municipal Infrastructure Grant, which is allocated by the Department of Corporative Governance and Traditional Affairs. The infrastructure is predominantly for roads, community structures and electrification. However, there are noticeable backlogs that still need to be quantified for the Municipality to address these backlogs effectively.

**Chart 9: Energy and Lighting**



Data Source: Statistics South Africa: CS 2007

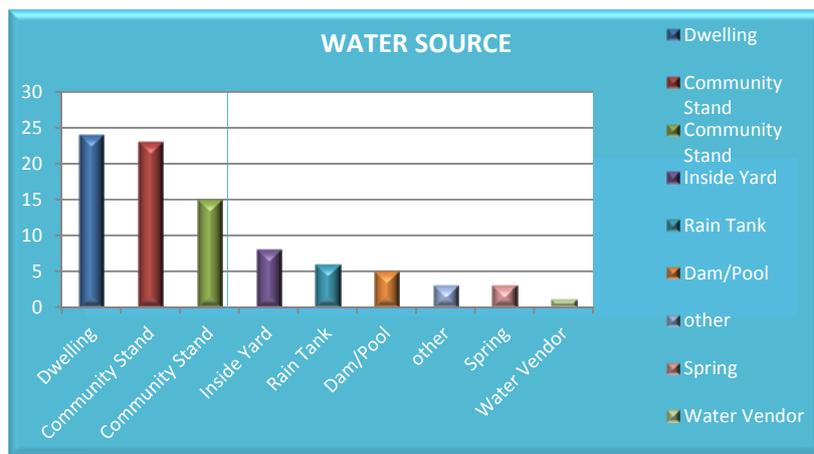
As Indicated above, 39% of the households in OLM do have access to electricity as a source of energy. The predominant (51%) source of lighting is candles and the remainder uses either paraffin (8%), Gas, solar and other sources of energy respectively.

**WATER AND SANITATION**

Water and sanitation services fall under the powers and functions of the District Municipality. The Municipality is constantly engaged in discussions with uThukela District Municipality as a Water Service Authority to get information on progress regarding this function. The chart below indicates that only 63% of households in OLM have access to water either within their dwelling or inside the yard and a community stand, 51% of households obtain water from either Community stand over 200m radius and Springs whilst the remainder 25% have access via Borehole, Rain tank, Dam/Pool/Stagnant water, River/stream, Rain water vendor and other sources, respectively.

uThukela District Water Services has developed a Water Services Development Framework since it is responsible for water and sanitation services delivery in the district. This was done in terms of the powers and functions stipulated in the Municipal Structures Act No.117 of 1998; Chapter 5.

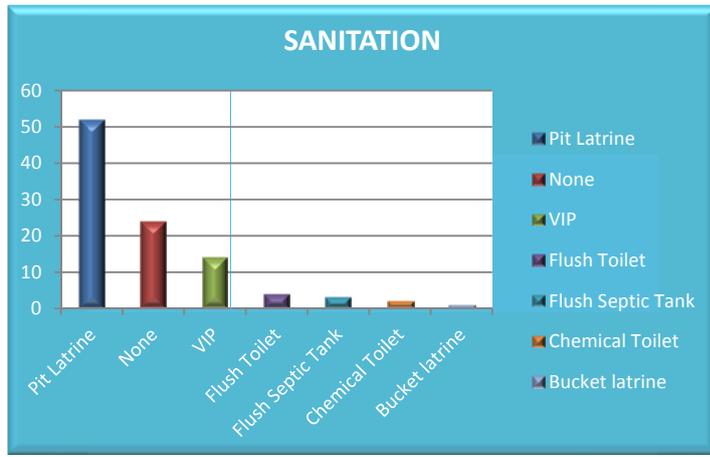
**Chart 9: Water Source**



Data Source: Statistics South Africa: CS 2007

The chart below indicates that the majority of households (75%) does have access to a basic level of sanitation service, of which 52% predominantly use pit latrines, the remainder use VIP(ventilated improved pitlatrine), Flush Toilet, Chemical toilet respectively and 25% of which is depicted as either using a Bucket latrine or do not have any form of sanitation.

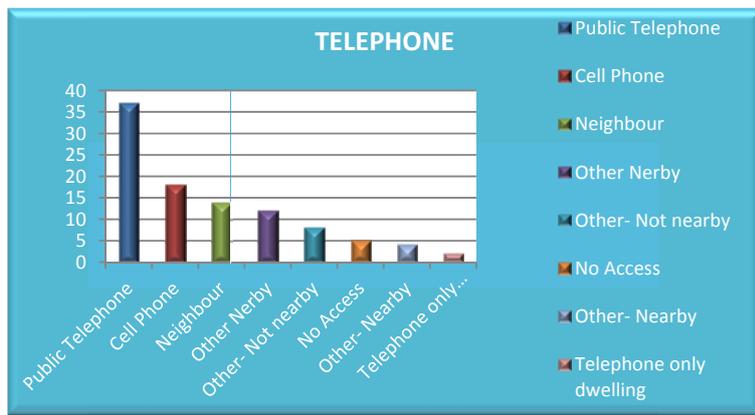
**Chart 11: Sanitation**



Data Source: Statistics South Africa: CS 2007

**COMMUNICATION AND NETWORKS**

**Chart 12: Telephone**

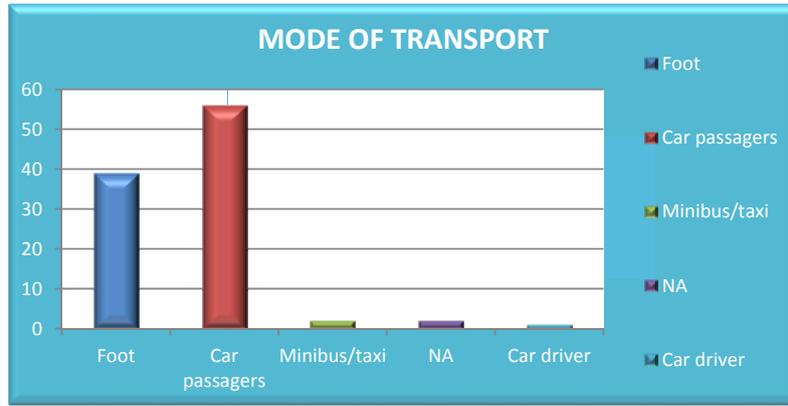


Data Source: Statistics South Africa: CS 2007

The above chart depicts that virtually 68% of the population of OLM does have access to a form of tele-communication service. 18% use their own cell phones and the remainders 14% have no access to any form of tele-communication service.

## **PUBLIC TRANSPORT**

**Chart 13: Modes of transport**



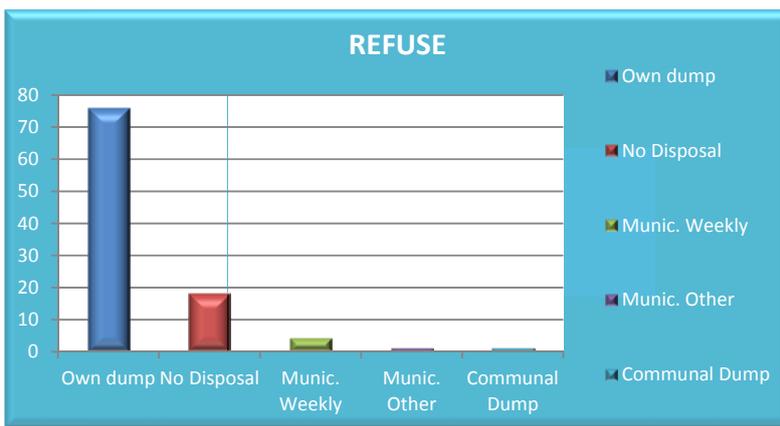
Data Source: Statistics South Africa: CS 2007

The Statistics above reveals that more than half of the population within OLM either do not use or do not have any form of transportation. The subsequent number of people (39%) travel on foot to work or school and the remainder of the population use either of the forms of transport as indicated.

## **REFUSE REMOVAL**

The statistics of CS 2007 indicates that the majority of households (68%) receive the refuse removal services from the Okhahlamba Local Municipality; whilst 5.6% of households does not have refuse removal at all.

**Chart 14: Refuse**



Data Source: Statistics South Africa: CS 2007

**EMPLOYMENT LEVELS**

In Okhahlamba, the employment opportunities are scarce. This has escalated the unemployment levels both for skilled and unskilled labour. The Municipality is embarking on poverty alleviation programmes as well as the local economic development programme to address the principles of the Accelerated Growth and Development Initiative for South Africa (ASGI-SA) which focuses on bridging the gap that exist between the first and the second economies of this country. The Municipality acknowledges that it will take long to achieve this goal, yet efforts should be made at to kick start the process.

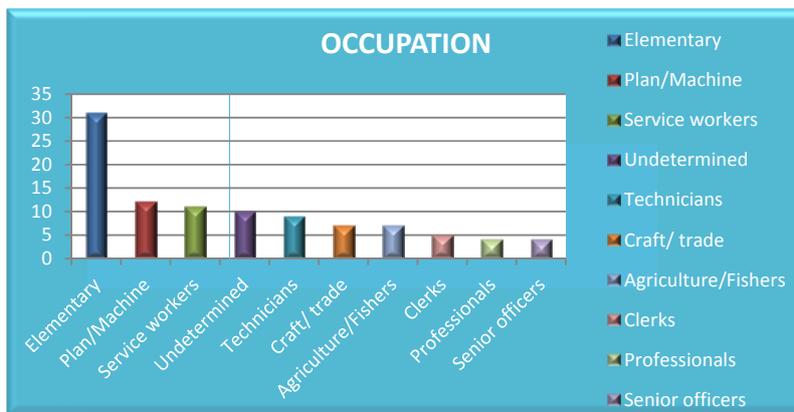
The charts below indicate that OLM has an unemployment rate 18%, whilst 40 to the population has been categorized as “Not economically active”. These people fall within the age group 15 – 64. Also, About 90% of the population in OLM is employed in the formal sector with the main occupation being elementary in nature 31%. The fewer number of highly skilled professional could be attributed to the in retrospect, to the level of education received, i.e. fewer people had education above grade 12.

**Chart 15: Labour Force**



Data Source: Statistics South Africa: CS 2007

**Chart 15: Labour Force**

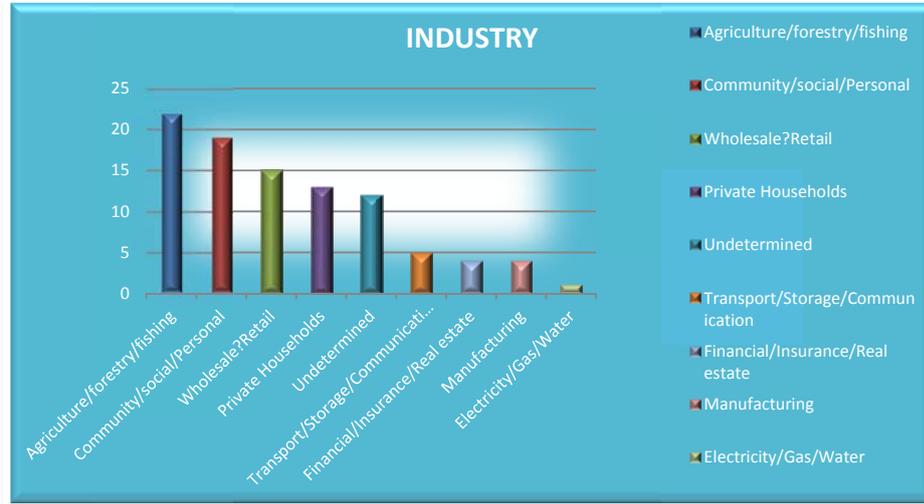


Data Source: Statistics South Africa: CS 2007

## INDUSTRY

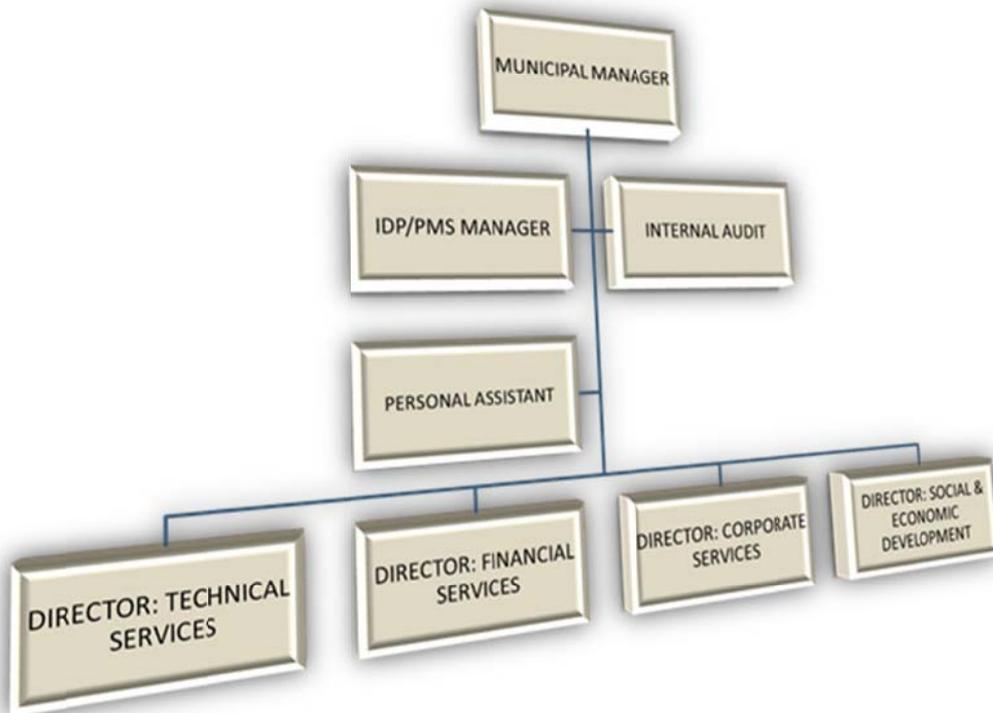
The largest employment Sector in the OLM is the primary sector which constitutes 22%. The types of industry that people engage with generally comprise of community/social and personal, Wholesale/Retail and private households, respectively.

**Chart 15: Labour Force**



Data Source: Statistics South Africa: CS 2007

## ORGANISATIONAL STRUCTURE



As depicted in the organogram above, the Okhahlamba Municipality has four departments and two units. Each department is headed by a director who is a Section 57 employee (meaning that he/she is on a five-year employment contract and a yearly performance agreement and reports directly to the Municipal Manager). The Municipal Manager is assisted by Internal Audit and the IDP/PMS Manager in meeting his accountability requirements as prescribed in the MFMA.

## HUMAN CAPITAL

### COUNCILLORS

Details

<b>Mayor</b>	<b>Cllr D.T. Sibeko</b> , elected in 2011
<b>Deputy Mayor</b>	<b>Cllr S. Z. Khumalo</b> , elected in 2011
<b>Speaker</b>	<b>Cllr G. Ndaba</b> , elected in 2011
<b>EXCO Member</b>	<b>Cllr D.T. Sibeko</b> , elected in 2011
<b>EXCO Member</b>	<b>Cllr S.Z. Khumalo</b> , Elected in 2011
<b>EXCO Member</b>	<b>Cllr B. H. Zikode</b> , elected in 2011
<b>EXCO Member</b>	<b>Cllr M. P. Vilakazi</b> , elected in 2011
<b>EXCO Member</b>	<b>Cllr B.R. Hlongwane</b> , elected in 2011
<b>Ward 01</b>	<b>Cllr K.E. Mazibuko</b> , elected in 2011
<b>Ward 02</b>	<b>Cllr G. M. Ndaba</b> , elected In 2011
<b>Ward 03</b>	<b>Cllr M. C. Zondo</b> , elected in 2011
<b>Ward 04</b>	<b>Cllr M. N. Dubazana</b> , elected in 2011
<b>Ward 05</b>	<b>Cllr B.H. Zikode</b> , elected in 2011
<b>Ward 06</b>	<b>Cllr M. V. Hlatshwayo</b> , elected in 2011
<b>Ward 07</b>	<b>Cllr B. E. Nene</b> , elected in 2011

<b>Ward 08</b>	<b>Cllr B. L. Ngwenya</b> , elected in 2011
<b>Ward 09</b>	<b>Cllr K. I. Hadebe</b> , elected in 2011
<b>Ward 10</b>	<b>Cllr M.P. Vilakazi</b> , elected in 2011
<b>Ward 11</b>	<b>Cllr D.T. Sibeko</b> , elected in 2011
<b>Ward 12</b>	<b>Cllr T. M. Ndaba</b> , elected 2011
<b>Ward 13</b>	<b>Cllr K. Simelane</b> , elected in 2011
<b>Ward 14</b>	<b>Cllr P. A. M. Mfuphi</b> , elected in 2011
<b>PR</b>	<b>Cllr C. B. Mabizela</b> , elected in 2011
<b>PR</b>	<b>Cllr S. G. Sikhakhane</b> , elected in 2011
<b>PR</b>	<b>Cllr F. E. Buthelezi</b> , elected in 2011
<b>PR</b>	<b>Cllr N. R. Hlongwane</b> , elected in 2011
<b>PR</b>	<b>Cllr T. A. Ngwenya</b> , elected in 2011
<b>PR</b>	<b>Cllr N. Q. Dhladhla</b> , elected in 2011
<b>PR</b>	<b>Cllr S.C. Hadebe</b> , elected in 2011
<b>PR</b>	<b>Cllr M. B. Dubazane</b> , elected in 2011
<b>PR</b>	<b>Cllr M. S. Ndaba</b> , elected in 2011
<b>PR</b>	<b>Cllr M. W. Hadebe</b> , elected in 2011
<b>PR</b>	<b>Cllr W. E. Goulding</b> , elected 2011
<b>PR</b>	<b>Cllr B. R. Hlongwane</b> , elected 2011

## STAFF COMPLEMENT

The municipality had a staff complement of 186 in the 2011/ 2012 Financial Year. The table below indicates the staff complement per department.

DEPARTMENT	NO OF POSTS FILLED	NO OF VACANT POSTS	TOTAL POSTS
Office of the Municipal Manager	06	03	09
Corporate Services	27	02	29
Financial Services	17	06	23
Technical Services	68	08	74
Social Services	21	08	28
<b>TOTAL NUMBER OF STAFF</b>			<b>163</b>

Staff Complement as at June 2012.

## EMPLOYMENT EQUITY

EMPLOYMENT EQUITY IMPLEMENTATION PLAN	DESIGNATED* GROUPS	NON-DESIGNATED GROUPS	WOMEN
Top Management	4	0	0
Senior Management	2	1	1
<b>TOTAL</b>	<b>6</b>	<b>1</b>	<b>1</b>

Demographic Profile of Employees

\*Africans, Coloureds, Indians, Women and the Disabled Individuals

## PENSION FUNDS

DESCRIPTION	NUMBER OF MEMBERS	EMPLOYEE CONTRIBUTION (R)	EMPLOYER CONTRIBUTION (R)	TOTAL (R)
Natal Joint Municipal Employees Provident Fund (5%)	90	481 338.49	870 082.56	1 351 421.05
Natal Joint Municipal Employees Provident and Pension Fund, Government Employees Pension Fund and Councillors Pension Fund	42	670 812.39	1 023 123.73	1 693 936.12
<b>TOTAL PENSION FUND</b>	<b>132</b>	<b>1 152 150.88</b>	<b>1 893 206.29</b>	<b>3 045 357.17</b>

Summary of Pension Funds

## **CHAPTER 2 DEPARTMENTAL OVERVIEW**

### ***FINANCIAL SERVICES DEPARTMENT***

*CHIEF FINANCIAL OFFICER: MR S. NDABANDABA*

#### **2.1. *FINANCIAL SERVICES DEPARTMENT FUNCTIONS***

##### **EXPENDITURE MANAGEMENT**

1. Ensure timeous disbursement of funds to all creditors owed by the municipality;
2. Ensure that all expenses being paid for are budgeted for and that are sufficient funds in the relevant budget;
3. Monitoring of cash flow for the municipality;
4. Assess expenditure pressures and enforce fiscal discipline;

##### **REVENUE MANAGEMENT**

1. Ensure the sustainable financial health of the Municipality;
2. Ensures the recoverability of all the funds that are due to the Municipality;
3. Ensure accurate billing for rates, refuse removal and other services provided by the municipality;
4. Ensure the effective implementation of the municipal credit control and debt collection procedures;

##### **SUPPLY CHAIN MANAGEMENT**

1. Develop, maintain and implement procurement policies and procedures to effect the timely purchasing and delivery of goods and services to meet the operational needs of the municipality as aligned to the IDP and the SDBIP;
2. Acquisition and recording of all movable and immovable assets of the municipality from the demand, acquisition, logistics and disposal stage.
3. Ensure the cost-effective procurement of goods and services.

##### **BUDGETING, REPORTING AND COMPLIANCE**

1. Development of annual budgets in collaborations with other departments within;
2. Development and maintenance of financial policies and procedures and ensuring that all staff within the municipality receives training on these.
3. Advising the Council and Management of any changes in legislation and recommending adjustment of policies accordingly;
4. Ensuring that all reporting requirements are met;
5. Engaging with internal and external auditors in ensuring that sound financial practices are adhered to and that an annual audit plan is compiled;

6. Development of the municipal annual compliance plan;
7. Reporting on the implementation of the annual compliance check list;
8. Providing guidance and support to the Municipal Manager regarding all matters of financial compliance;
9. Coordinate the development of the SDBIP for Financial Services Department;
10. Management of documents to be placed on the municipal website in compliance with the MFMA and the Municipal Systems Act;

### **Departmental Overview**

**The Finance Department is headed** by the Chief Financial Officer (CFO) who joined this municipality on a five year contract which started in May 2012. The CFO's appointment coincided with the intervention [s139 (1)(b) of the Constitution] by the Department of Cooperative Governance and Traditional Affairs. This intervention was extended and continued through the 2012/2012 financial year. Through the dedication and commitment of the CFO, finance staff member and municipality at large 2011/2012 proved to be a year with great improvements as the Auditor General's report was financially unqualified (Refer to Annexure 2...) . The endeavour towards a clean audit report continues.

## OVERVIEW OF GRANT SPENDING

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APPENDIX F: DISCLOSURE OF GRANTS IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Unspent portion 2010/2011 financial statements	Adjustments and Transfers	Quarterly Receipts			
			July to Sept	Oct to Dec	Jan to Mar	April to June
			1	2	3	4
<b>Operating Grants</b>						
Finance Management Grant	-	( 24 342)	1 450 000			
Performance Management System Grant	40 320					
MPCC Grant - GIJIMA KZN-base line study	1 491		1 167 000			
Grant - MSIG	-	( 73 876)		790 000		
Grant - Spatial Planning	32 848					
<b>Capital Grants</b>						
Municipal Infrastructure Grant (MIG) - Roads	10 229 071	( 1 607 772)		7 179 000	11 974 000	
Grant - Refuse Disposal Site	1 212 765					
Grant - Cemetery	68 692					
Grant - Integrated Development Plan	752					
Transitional Grant	16 859					
Small Town Rehab	5 522 632	( 299 182)				
Pound	1 000 000					
NER - Electrification of households	-	( 26 595)	1 000 000	1 000 000	5 480 000	
<b>Housing Projects</b>						
Enhlahleni	8 499 300					
Amazizi 1	-					
Amazizi 2	794 870					
Door of Hope	94 200					
Langkloof and Guguletu	748 181					
	<b>28 308 419</b>	<b>( 2 031 767)</b>	<b>3 617 000</b>	<b>8 969 000</b>	<b>17 454 000</b>	-

Unspent grants at 30 June 2010

**26 276 652**

**26 276 652**

## **INFRASTRUCTURE PLANNING AND DEVELOPMENT**

### **BACKGROUND**

The Department of Technical Services is responsible for all the infrastructure planning and development within the jurisdiction of Okhahlamba Local Municipality (OLM). The OLM is receiving the equitable share to implement internal projects. Further to that we also receive funding from the Department of Cooperative Governance and Traditional Affairs (COGTA) to fast track service delivery. The Municipality is also an implementing agent to provide housing to our community through the funding from Department of Human Settlement.

The departments scope of work entails the construction of Community Halls and Creches, Construction of gravel road to tarred roads in the Central Business District (CBD), Construction of gravel roads in the rural areas (Rehabilitation), Control and construction of stormwater drainage, Construction of Bridges (Pedestrians and Vehicles) and the Rehabilitation of CBD roads.

### **2.2.1 PROJECT PROGRESS STATUS**

#### **1. SMALL-TOWN REHABILITATION**

**Cluster A:** Market Stalls, Beautification and Landscaping of Town Entrances

- **Budget:** R900 000
- **Expenditure to date:** R942 908.19
- **Discussion:** Construction of the market/hawker stalls is approximately 95 % complete. Only palisade fencing behind the stalls is outstanding. Beautification and Landscaping works at the entrance in Winterton has since started. Minor works viz. (i) cutting a stormwater pipe from the parking area through the concrete walkway to the road, and (ii) finishing up the entrance; cleaning, painting 2 x columns and planting carpobrotus plugs. Anticipated completion of the entire works is no later than 30 June 2012. A Variation Order to the value R29 090.00 has been requested by the Architects to finish the works and this is under consideration.

**Cluster B:** Upgrading of Roads, pavement, parking bays in Union Street

- **Budget:** R3 200 000
- **Expenditure:** R722 374.74
- **Discussion:** The initial appointment was made to Deveng Africa Consultants. The appointment was later terminated due breach of contractual obligations and the contract has since been awarded to TL Engineering Consultants. All work that was done by Deveng Africa Consultants has been received as it belongs to the Municipality and handed over to TL Engineering Consultants.

Tender drawings and related contract documentation has been presented to the municipality by TL Engineering Consultants, comments were made and a revision has been received by the municipality and approved. A contractor's briefing meeting was held on 06 June 2011. This will be followed by the normal tender processes and work is planned to start without any delays not later than August 2012.

**Cluster C:** Installation of Streetlights

- **Budget :** R1 500 000
- **Expenditure:** R413 712.84
- **Discussion:** All construction work is approximately 90% complete. An application for supply of electricity was submitted to Eskom and a quotation (Tariff type – Businessrate “B1) was received. Connection fees and a security deposit have been paid as per the quotation, for a new supply of electricity – ref BER55737598 as follows:-

Charge	Estimated Value
1. Connection fee	R 14 753. 74
2. Security – (Electricity accounts for 3 months)	R 4 160.00
Total	R 18 913.74

A follow up is underway to ensure that Eskom energizes the new power lines. All old poles will be removed as part of this contract and poles that have tilted due to unauthorized use of the open areas as parking for heavy trucks will be reinstated.

## **2. MIG FUNDED PROJECTS**

### **ACTON HOMES COMMUNITY HALL AND CRÈCHE**

- **Budget :** R 1 905 308.53
- **Expenditure:** R 1 078 732.85
- **Discussion:** The contractor is not performing to expectation. There is evidence of poor planning and poor site management; building materials are not procured in good time, and the work is approximately a full calendar month behind the originally planned completion date.

There have been concerns of poor quality of work and workmanship in the recent past and Mr N Mabuya has contacted the contractor, Mr Buthelezi, and raised the Municipalities concerns as mentioned above. A letter has been issued to the contractor, on 04 June 2012 by the consultants Ilifa Africa Engineers in this regard. The contractor has been instructed to respond to the concerns as presented in the letter not later than 11 June 2012, failing which the contract may be terminated in terms of clause 55 of the GCC 2004 1<sup>st</sup> edition.

### **MASWAZINI COMMUNITY HALL AND CRÈCHE**

- **Budget :** R 1905 308.53
- **Expenditure:** R 1388 561.13
- **Discussion:** The work is estimated to be finished by the end of July 2012. A letter regarding lack of progress was sent to the contractor in the past few months and the work rate and quality has improved. The work is behind schedule but the quality and workmanship are acceptable.

### **EBUSINGATHA COMMUNITY HALL AND CRÈCHE**

- **Budget :** R 1 905 308.53
- **Expenditure:** R 1 700 000 00
- **Discussion:** The work is approximately 95% Complete; mainly finishing work is underway and estimated to be finished by the end of June 2012. A snag list inspection visit was undertaken on the 04 June 2012. The quality of work and workmanship is good.

### **LANGKLOOF COMMUNITY CENTRE**

- **Budget :** R 4180 000 00
- **Expenditure:** Not available
- **Discussion:** The work is approximately 98% Complete. One more visit will be undertaken to ensure all snags have been fulfilled; site handover is planned for the 15 June 2012

### **MDUNGE GRAVEL ROAD**

- **Budget :** R 1 018820.00
- **Expenditure:** R 894 766.07

- **Challenges:** There are serious concerns with the quality of work. The work is behind schedule and workmanship is poor. Concerns have been raised to the contractor during site inspections. This has also been communicated to the consulting engineer. Work is expected to finish no later than 06 June 2012 and a site visit will be undertaken to check on progress and generate a snag list in preparation for practical completion and handover of the site. It is anticipated that the site will be handed over during the month of June 2012.

It was agreed at the last progress update meeting that the main focus should be to get the project to an acceptable standard of work to allow handing over of the project to the municipality and the community. The majority of concerns relating to quality and substandard work are historic and should be managed at this stage. No payments will be made to the contractor for incomplete or substandard work.

#### **DLAMINI ROAD REHABILITATION**

- **Budget :** R 945 000.00
- **Expenditure:** R 609 745.03
- **Challenges:** There are serious concerns with the quality of work on this site. Work was stopped due to failure of the main contractor to undertake their contractual obligations; arrangements with a newly appointed cessionary have been finalized and work was anticipated to start on 25 May 2012. Delays were encountered and we await the consultant to advise on a revised commencement date.

It was agreed at the last progress update meeting that the main focus should be to get the project to an acceptable standard of work to allow handed over of the project to the municipality and the community. The majority of concerns relating to quality and substandard work are historic and should be managed at this stage. No payments will be made to the contractor for incomplete or substandard work.

#### **NTUBANE PEDESTRIAN BRIDGE**

- **Budget :** R 1 100 000.00
- **Expenditure:** R 633 610 03
- **Challenges:** The work is behind schedule; fabrication of the steel structural members has been completed and plans for delivery to site are under way. The fabricators will assemble the structure on site and cast the base slab. One of the delays has been due to more concrete work required on the east RC base/abutment which was cast slightly shy than the specified height; and after pouring the concrete needs to cure and gain minimum strength to support the steel structure. This site is monitored closely and work is anticipated to be finished no later than the end of July 2012.

#### **BERGVILLE TARRED ROADS**

- **Budget :** R 2 500 000 00
- **Expenditure:** R 2 132 983 38
- **Challenges:** Construction and road marking work has been finalized, including speed humps. A site inspection was conducted on the 17 May 2012 in the presence of the contractor's representatives, the consultant and municipality. Some work has been done in line with the snag list (which resulted from the above site visit) but incomplete. Simple instructions were issued to the contractor generally around cleaning the site

and getting it to a reasonable state of handover and so far have failed to achieve this. The consultant and contractor have been made aware of the municipality's intention to hold back the money until the snags have been fulfilled to atleast the minimum.

#### **MAHLABATHINI CRECHE & WOODFORD CRECHE**

- **Budget :** R 1 575 000 00
- **Expenditure:** Not available
- **Challenges:** The work is approximately 98% Complete, only the name board and gate are outstanding. One more visit will be undertaken to ensure all snags have been fulfilled; it is anticipated that site handover will be during the month of June 2012

#### **WOODFORD CRECHE**

- **Budget :** R 1 575 000 00
- **Expenditure:** Not available
- **Challenges:** The work is approximately 98% Complete, only the name board and gate are outstanding. One more visit will be undertaken to ensure all snags have been fulfilled; it is anticipated that site handover will be during the month of June 2012.

#### **2.2.2 MAINTENANCE**

The municipal roads have reached their design life span and therefore it has become a major challenge to maintain them. Normally, the tarred roads need to be rehabilitated every five years to keep the road sub layers free from the ingress of water. In our case the sub layers are deteriorated and need to be reworked in order to regain its strength.

At this moment , potholes are repaired by cutting or excavating the area to a square shape, clean the floor and free of loose material, compact the sub-base properly.

Further to the above, we also cleaning the stormwater drains and it's a measure challenge as the whole town not draining properly which results in water ponding everywhere and affecting the road sub layers. Grass cutting is part of maintenance taking place every year during rainy season.

## **2.3 CORPORATE SERVICES DEPARTMENT**

### **DIRECTOR**

#### **BACKGROUND**

The Corporate services department has many sections. These sections include The Committee Office, Registry Office, Reception, Messenger/Driver, VIP protection etc. The main section is Human Resources section. Please refer below for the activities of the Human Resources Department.

#### **Organogram**

Okhahlamba Local Municipality consist of four departments which is Finance Department; Social & Economic Development Department; Corporate Services and Technical Services Department.

#### **Training**

Training and development of staff/ Councillors is also done in the human resources. The human resources circulate skills audit forms during March of each year so to compile workplace skills plan for each year. Workplace skills plan is a combined plan of trainings to be undertaken by the municipal staff for that period of financial year. This plan is send together with ATR and declaration forms to LGSETA each year 30 June. If a plan is not submitted and no trainings should take place, it is also encourage that if an employee wants to further any academic studies can apply for internal bursary and the closing date for applications is September every year.

The human resources has extended the scope of training in that it will engage in-service training for local students who will need experiential training in order to finalise or achieve their qualifications with higher education institutions.

The section has also accommodated +/- 70 learnership students in the area of Okhahlamba Local Municipality. The municipality is having 4 in the tourism office; all others are accommodated by the B&B's, hotels around Okhahlamba area . This learnership is funded by Department of Tourism for a period of one year capacitating youth in Tourism industry.

The municipality receives a percentage from LGSETA for submitting, appointing Skills Development Facilitator (SDF). It is taken from the 1% of levies that the employer contributes towards department of labour on the monthly basis as regulated in terms of Skills Development Levies Act 9 of 1999.

#### **Recruitment**

This is an important part of human resources as it involves appointment of staff. The recruitment of the Okhahlamba local municipality is regulated by Labour Relations Act of 1996, Human Resources Policy, Employment Equity Act of 1998.

**Employment equity**

This is the plan that regulates the equity in terms of gender representation and disability. It is regulated in terms of Employment Equity Act 55, 1998. The municipality is required to report on the yearly basis in September 31 as we have 100 plus employees.

**Employee Assistance Programme**

This is the program aimed at assisting employees who are having difficulties in performing their duties it could be sick, family problems or poor performance that needs to be sent for the rehabilitation process. It helps with counselling, arrangements with family members, consultation with doctors and also just general advice depending on the type of problem in order to recover. The employees are offered temporal disability sick leave if he/she stills have a balance of sick leave and if no balance the employee is offered to take temporal disability leave with no pay for the period not acceding three months.

## **2.4 SOCIAL AND COMMUNITY SERVICES DEPARTMENT**

### **FUNCTIONS**

- Provide democratic and accountable government for local communities
- Ensure the provision of services to communities in a suitable manner
- Promote safe and healthy environment
- Promote social and economic development
- Encourage the involvement of communities and community organisations in the matters of Local Government

Again, the following Key Performance Areas (KPA) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001) inform the strategic objectives listed below:

- Municipal Transformation and Organisational Development
- Basic Service Delivery
- Local Economic Development ( LED )
- Municipal Financial Viability and Management
- Good Governance and Public Participation

### **PROJECTS**

#### **Agricultural projects:**

The municipality has fourteen farms obtained through the LRAD programme and some of these are monitored by the Department of Agriculture as per their mandate.

#### **Okhahlamba SMME and Co-operatives Summit:**

The summit was organized with the purpose of sharing information with the local SMME's and Co-operatives. The resolutions taken at the Summit will assist the municipality, going forward, in terms of understanding the needs of the community. The summit is projected to become an annual event.

#### **Tourism Ambassador Programme:**

This programme is funded by the Department of Tourism as a Social Responsibility Implementation Project. This is a 12 months programme and learners get a chance to be exposed to a work place whilst studying.

- ❖ 17 days in the work place
- ❖ 5 days in the classroom

The learners receive a stipend of R1540 a month and the training is within the municipality's premises.

The following are the functions of the Social and Community Services Department:

The following are some of the other activities that took place during the year:

- ❖ Training of youth in accredited courses
- ❖ Marketing of Okhahlamba
- ❖ HIV/Aids workshop
- ❖ Disability month celebration

**CHAPTER 3**

**2011/2012 ANNUAL PERFORMANCE MANAGEMENT INFORMATION**

**ANNEXURE “A” – DRAFT ANNUAL PERFORMANCE**

**ANNEXURE “B” – PERFORMANCE OF EXTERNAL SERVICE PROVIDERS**