

# Chapter 1.

## 1. INTRODUCTION

### 1.3. Overview of the Municipality

Nala Local Municipality as category C municipality, comprises two former TLCs ( Bothaville/Kgotsoong and Wesselsbron/Monyakeng ). Bothaville/Kgotsoong is situated in the north western part of the Free State, approximately 40km south west of Moqhaka Local Municipality, 70km north west of Matjhabeng Local Municipality, 60km south of Klerksdorp (North West Province) and 200km south of Gauteng Province.

Wesselsbron/Monyakeng is situated approximately 70km south west of Bothaville, approximately 35km west of Matjhabeng and 55km east of Hoopstad in Tswelopele Local Municipality. The literal meaning of the word Nala in southern Sotho is *prosperity*, meaning a place of abundance and opportunities unsurpassed. Potentially, Nala could be one of the richest local municipality in South Africa, if all its resource capacity is fully employed and developed. Currently, it is still regarded as jewel of South Africa's maize sector.

#### 1.3.1. Service Delivery and Infrastructure Profile

Nala Local Municipality, whilst in semi – urban towns, with an approximate population of hundred and ten thousand (110 000), boasts of a well developed modern infrastructure in Bothaville and Wesselsbron, and uneven infrastructural development in Monyakeng and Kgotsoong. In Bothaville and Wesselsbron there are more tarred roads than there are in Kgotsoong and Monyakeng. In the former, sewer and water reticulation network system is much more developed than is the situation in the latter.

Both Bothaville and Wesselsbron have water-borne toilet and sewer reticulation system, whilst in Monyakeng and Kgotsoong there is uneven development in this regard, with the former having the larger, but not all portion of its residential area without waterborne toilets compared to the latter.

Whilst both Bothaville and Wesselsbron have an easily serviceable and maintainable infrastructure (roads/streets, sewer and water reticulation) with a lifespan of at least more than hundred (100) years, indicating type and quality of design, Monyakeng and Kgotsoong have shown a different picture of poor quality in this regard and lesser lifespan of less than fifty (50) years with complications in terms of easy access to serviceability and maintenance.

It is also indicated particularly during raining seasons that the type of drainage system found in Kgotsong/Monyakeng is often overflowed and cannot easily and speedily channel the flow of water resulting in floods. This points to poor planning of infrastructure network which is not even compatible with the contour of the earth surface in the area.

This local municipality remains the sole Water Service Authority (WSA) in this sub-region with Sedibeng Water being the sole supplier. At the end of financial year (2007/2008) under review, about seventeen thousand six hundred and seventy six (17,676) households had water supply within 200m of dwelling places.

The local municipality remains the sole distributor of electricity in Wesselsbron, Kgotsong and Bothaville, whilst ESCOM retains distribution in Monyakeng alone. The selling of electricity and water provides the means by which the local municipality generates additional revenue. At the end of financial year under review about four million, seven hundred and twenty seven thousand, and nineteen units (4,727,019) of water were bought by the municipality from Sedibeng Water, at the cost of two rands and twenty seven cents (R2-27) per unit.

### **1.3.2. Economic Profile**

The economy of Nala Municipal area consists mainly of agricultural activities. Limited manufacturing has taken place as subsidiary sector to agriculture.

#### **1.3.2.1. Manufacturing**

However the recent closure of the New Holland plant which manufactures mainly agricultural implements, in Bothaville has impacted negatively on employment opportunities in the region. The bio-fuel Ethanol plant in Bothaville, which is still under construction, will act as impetus to counter this closure and loss of jobs.

However, the delay in promulgating a regulatory framework may have negative impact in the implementation of the whole project. Manufacturing sector in the agriculture should be developed and enhanced especially as a value adding action to raw materials produced in this sector.

#### **1.3.2.2. Agriculture**

Bothaville was officially declared the Maize Capital of South Africa in February 1995. This city is not only the maize jewel of the country, but also the most important town in the summer grain area. Both Bothaville and Wesselsbron produces a combined average of 550 000 tons of maize annually making it the most single district producer in South Africa.

Bothaville does not only produce maize, there is also quality vegetables, lovely export roses, authentic pottery, handsome articles, stock-farming, agro-processing and bio-fuel plant still under construction.

There is also annual Nampo Harvest Show every May month, which attracts about 50 000 thousand people worldwide. This show dates back to 1967, and its main objective is to enable farmers to compare farming products. More than 600 exhibitors take part in this annual show. During this show hundreds of temporary jobs are created for the local community.

### **1.3.2.3. Tourism**

Tourism sector is not fully developed because of lack of natural attractions and appropriate tourist strategy. The existing historical sights owe their existence to the former separatist regime. There is still a need to map out a common unifying tourist strategy, whose features should embrace all cultures in the sub-region. This strategy should encompass specific areas such as eco-tourism, game-farming, cultural tourism and major sport events.

A number of tourist sights were identified in this sub – region however, and these include;

- Bushman paintings on the farm Boskop.
- Baptismal Tree on the farm Besempan.
- Game hunting and water ski trips on the Vaal river.
- Macaca's cave in Balkfontein.
- The Anglo – Boer War Battlefield.

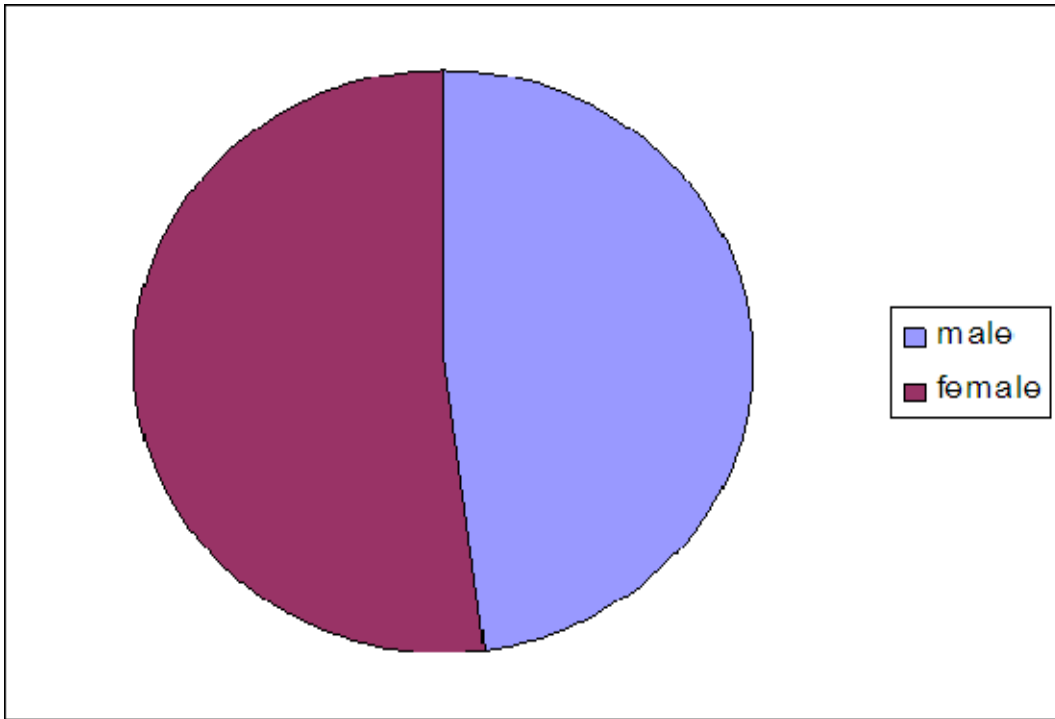
### **1.3.3. Environmental Profile**

#### **1.3.3.1. Climate**

There is hot to very hot summer days with hot north easterly winds. Temperatures rises up to 35C with striking afternoon thunderstorms. In winter there is sunny, cold days with dry south easterly chilling winds, and very cold nights with frost. Spring and summer rainfall ranges from 500 – 600mm per year.

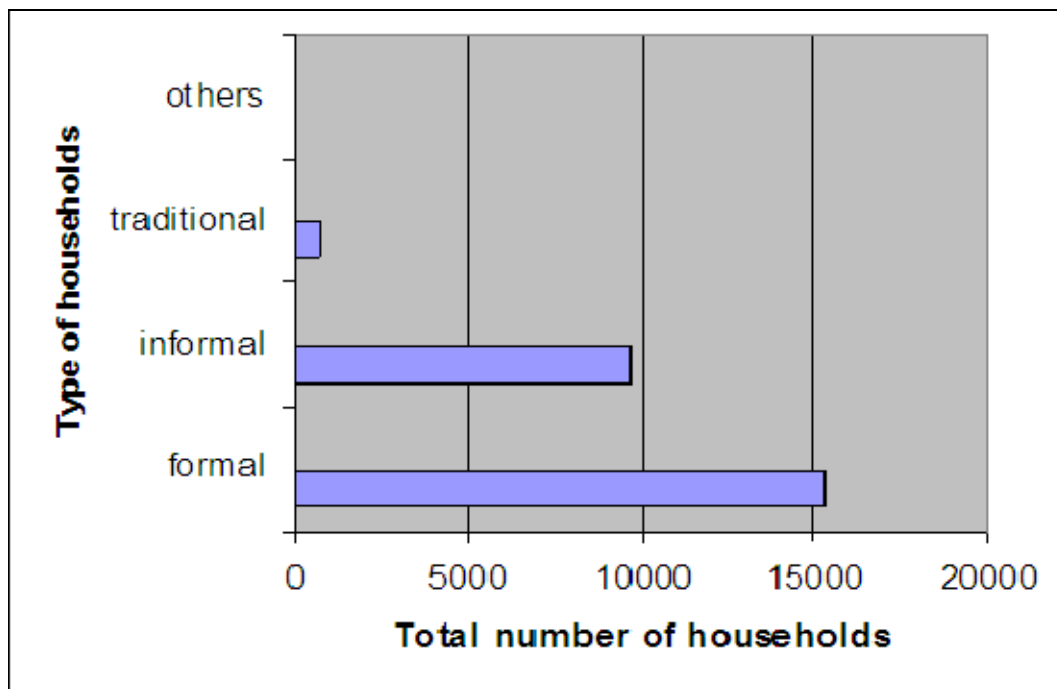
#### **1.3.3.2. Demographic Profile**

The total population of Nala stands at 134,512. Of this number 63,221(47%) is male of ages between 0 – 65, and 71,291(53%) is female of the same age category. Between 15 – 65 age category there is about 41,699(31%) male and 48,424(36%) is females of the same age group. Between age category 4 – 14, there is about 48,424(16%) males, and 22,867(17%) females of the same age category. Furthermore, according to Statistics SA, about 29,593(22%) of the local population is unemployed with 47,079(35%) of this is youth.



**Source: SSA 2007**

According to these statistics, Nala has a total household number of 25 840. Of this number 15 327(59%) falls under category of formal settlement, 9707(38%) is informal, and 761(3%) falls under traditional form of housing, while 45 which is less than 1% falls under other forms of housing.



Source: SSA 2007

## 1.3. Executive Summary

### 1.3.1. Our Vision

The 2006/2007 vision of Nala Local Municipality as was reflected in that year's IDP read:

“To render effective and sustainable services to the community of Nala”.

To achieve this vision the Nala Local Municipality is committed to effective service delivery through;

- Transparent Governance.
- Economic Development.
- Infrastructure Development and Investment.
- Sound Financial Management.
- Skills and Human Development.

The IDP document is a legal requirement in terms of the Municipal Systems Act (MSA), however it is not the only reason why municipalities should prepare the plans. Under the new constitution, municipalities have been awarded major

responsibilities in terms of development to ensure the quality of life of its citizens is improved.

In the final analysis through the IDP the municipalities should be able to address at least the following key performance areas, *viz*;

- Provision of basic services.
- Creation of jobs and Eradication of Poverty.
- Promotion of democracy.
- Accountability and Public Participation
- Infrastructure Development.

## **Chapter 2**

### **2. Performance Highlights**

#### **2.1. Municipal Services and Programmes**

According to Chapter 7 of the Constitution of the Republic of South Africa, local sphere of government consists of municipalities, whose executive and legislative authority is vested in its Municipal Council. In carrying out its mandate, to govern on its own initiative, the local affairs of its community, the municipality must ensure consistent compliance with applicable national and provincial legislations. And the constitution of the country stipulate clearly powers and functions of a municipality. These are;

1. To provide democratic and accountable government for the local communities.
2. To ensure provision of services to communities in a sustainable manner.
3. Promote social and economic development.
4. To promote safe and healthy environment for local communities and,
5. To encourage public and community participation in matters of local government.

The municipality must strive within its financial and administrative capacity, to achieve the objects set out above.

##### **2.1.1. Services rendered and Municipal Programmes implemented during 2006/2007**

###### **2.1.1.1. Municipal Programmes**

1. Infrastructure Development
  - Roads
  - Streets and Stormwater drainage

- Electricity
  - Sanitation
  - Water
  - Waste management
2. Economic Development

## **2.1.2. Service Delivery and Infrastructure Development.**

### **2.1.2.1. Water Services.**

Nala Local Municipality is the service authority for this service in this area. At the end of the financial year under review, the municipality had 10999 water connections. Five hundred and thirty (530) of this number was done during the financial year under review. About two thousand three hundred and sixty eight (2368) new sanitation connections were made during the financial year under review. The municipality had purchased about 2990 Kilolitres of water at the end of the financial year. About ten (10) network bursts and leaks per 100km of water pipes occurred during that financial year.

### **2.1.2.2. Electricity.**

There were no new legal electricity connections for the financial year under review. The number of existing legal electricity connections for the local municipality stands at ten thousands and nine hundred and ninety nine (10,999) households. During the financial year under review ending on 30 June 2007 the total electricity that was purchased by the municipality from ESCOM is 40,335,059 kWh. However, there are no figures available for the total electricity sold/metered by the municipality to the public. This unaccountability may be a result of lack of proper and effective monitoring tools or systems. There were hundred (100) electricity supply minutes lost during the financial year under review as a result of power failure and repair.

### **2.1.2.3. Solid Waste Management.**

Nala Local Municipality is responsible for provision of this service. Until the end of the financial year under review, sixteen thousands and five hundred (16,500) urban households are provided with a weekly refuse collection service. The total volume of refuse/waste collected at the end of financial year under review stood at eight thousand and five hundred cubic meters (8,500 m<sup>3</sup>). The total volume of waste/refuse recycled for the financial year under review is two cubic meters (2.00m) whilst the total volume of landfill at the end of financial year under review is two cubic meters (2m<sup>3</sup>), whereas the total volume of landfill licensed according to the terms of the Environmental Conservation Act was one cubic meter (1.00m<sup>3</sup>).

#### **2.12.4. Environmental Management.**

The municipality does not have an environmental management plan for the financial year under review. There were no reports of people affected by violation of drinking water quality during the financial year under review.

#### **2.1.2.5. Roads.**

Nala Local Municipality is responsible for hundred kilometers (100km) of municipal roads only. About fifteen kilometers (15km) of new roads were provided during the financial year under review, whilst four kilometers (4km) of roads for which the municipality is responsible were maintained and rehabilitated during this financial year. An amount of R 1,251, 000.00 of Capital Budget was allocated to roads, asset replacement, refurbishment and rehabilitation during the financial year under review.

#### **2.1.2.6. Housing.**

The municipality in partnership with the provincial Department of Local Government and Housing is responsible for provision of housing. However, for the financial year under review no new houses were built for both rental and low-income units. There were no transfer of ownership to tenants that took place during the financial year under review.

#### **2.1.2.7. Urban Efficiency and Spatial Planning.**

Whilst the municipality has an approved Spatial Development Framework (SDF), it has not developed any urban efficiency and spatial planning mechanism to calculate average daily trip length to-and- from work.

#### **2.1.3. Community Facilities.**

Nala Local Municipality is the service authority for community halls, sports facilities, and open spaces. Below is the quantity and conditions of municipal facilities;

Number of Community Halls	5
Households within 2km radius of community halls	16,500
Number of Sports Facilities	16
Number of households within 2km radius of Sports Facilities	16,500
Size of parks/open spaces	50,000km
Number of households within 2km radius of parks/open spaces.	16,500
Operating and maintenance budget for community facilities.	R290,000.00
Amount spent on maintenance and rehabilitation of community	R290.000.00



facilities.	

#### **2.1.4. MIG Projects Implemented for the Financial Year under Review.**

<b>Project Name</b>	<b>Consultant</b>	<b>Contractor</b>	<b>Amount Paid</b>	<b>Status</b>
1.Kgotsong Highmast Lights	Dihlase		R 453,751.31	Complete
2.Monyakeng Purification Plant	NEP	Patula Balekane	R7,143,800.81	Not Complete
3.Bucket Eradication		SeobiC, Ezekiel Moeti C, Siyabulela	R10,593,890.00	Not Complete
4. Water Reticulation in Kgotsong		Nala	R 23,393.53	Complete
<b>Total</b>			<b>R18,214,835.65</b>	

Siyabulela and Seobi C were allocated 711 and 712 toilets to complete within seventeen (17) and thirteen (13) weeks respectively. An undisclosed number was not completed by Siyabulela at the end of the term eventhough they were paid in full. Consultants are supposed to appoint new contractors to finish the job.

# **Chapter 3**

## **Human Resource and other Organisational Management**

### **3.1. Leadership and Management**

#### **3.1.1. Political Leadership**

The municipality has both political as well as administrative structure. The political structure constitutes of the entire municipal council and EXCO. The administrative structure in turn is embodiment of all municipal employees, with the municipal manager serving as its head. The administration has appointed on fixed contractual agreement, three section 57 managers, who also serve as heads of various departments in the municipality.

##### **3.1.1.1. Municipal Council**

The municipal council is the highest decision making body which constitute of twenty four (24) PR and ward councillors from different political parties. The mayor and the speaker also form part of this council.

##### **3.1.1.2. Executive Council (EXCO)**

The EXCO members are appointed by the mayor as political heads of various departments and section 79 committees. Nala Local Municipality is collective municipality whose powers are separated between the speaker as Chairperson of Council and under which various ward committees report through ward councilors report. The mayor in turn execute his/her duties as political head of the entire municipal administration including finance. The Municipal Manager is administrative head of the institution, who as a functionary ensures implementation of council resolutions.

The Mayor as custodian of municipal finance is also responsible for chairpersonship of EXCO, whilst the council is the overall decision-making body in whom the EXCO reports progress on identified programmes. These are Nala Local Municipality EXCO members for the financial year under review.

#### **3.1.2. Political Heads of Departments.**

Ms. MM Mohorosi	: Mayor
Ms. NM Mashiya	: Council Speaker
Mr. RD Mpatane	: Finance Committee
Ms. DA Mahalapa	: Public Works Committee
Mr. MS Mabaso	: Housing and Corporate Services

### **3.1.2.1. Other members of Section 79 Committees**

The following councillors were deployed in section 79 committees for the year under review. These committees are responsible for implementation of specific committee related programmes and members of EXCO serve as chairpersons in these committees and political heads of various departments.

### **3.1.2.2. Public Works Committee**

1. Cllr. DA Mahalapa – Chairperson
2. Cllr. MR Zodala
3. Cllr. TF Ntshabiseng
4. Cllr. FD Maphisa
5. Cllr. MM Mpesi
6. Cllr. MS Sebokolodi
7. Cllr. E Molotsi
8. Cllr. ME Diphahe

### **3.1.2.3. Finance Committee**

1. Cllr. RD Mpatane – Chairperson
2. Cllr. TA Mogoje
3. Cllr. ZS Sikade
4. Cllr. MA Nyamane
5. Cllr. DJ Kulashe
6. Cllr. D Ross
7. Cllr. KJ Maselo

### **3.1.2.4. Housing and Cooperate Services**

1. Cllr. MS Mabaso – Chairperson
2. Cllr. S Le Roux
3. Cllr. MM Stander
4. Cllr. DM Masisi
5. Cllr. TL Thebeahae
6. Cllr. MR Lenake
7. Cllr. JM Mabeleng

### **3.1.3. Administrative Structure**

The head of administrative structure at Nala Local Municipality is the Municipal Manager who is accountable to Council in consultation with the political head of the institution. In execution of his duties he is assisted by three section 57 managers( MFMA, 2003) who serve as departmental heads and are usually employed on a five

year contractual agreement. These are senior managers of the municipality including the municipal manager.

Mr. MP Thithi : Municipal Manager  
 Mr. SD Shongwe : CFO  
 Ms. NA Mosuang : Director Corporate Services  
 Mr. SN Nxumalo : Director Technical and Engineering

**3.1.3.1. Personnel Breakdown per Department (2006/ 2007)**

No	Department	Staff Complement	Total	Filled	Vacant
1.	Municipal Manager's Office	Municipal Manager Staff Complement	01 06	01 06	-
	<b>SUB-TOTAL</b>		<b>07</b>	<b>07</b>	-
2.	Finance	CFO Staff Complement	01 44	01 44	-
	<b>SUB-TOTAL</b>		<b>45</b>	<b>45</b>	-
3.	Corporate Services	Director Corporate Services Staff Complement	01 51	01 51	-
	<b>SUB-TOTAL</b>		<b>52</b>	<b>52</b>	-
4.	Technical Services	Director(Acting) Staff Complement	01 257 258	1 257 258	-
	<b>TOTAL</b>		<b>362</b>	<b>362</b>	-

There are two (2) combined additional staff in two (2) political offices, namely Mayor's and Speaker's office.

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1.	<b>MAYOR'S OFFICE</b>	PA Staff Complement	1 11	1 11	- -
	<b>SUB-TOTAL</b>		12	12	-
2.	<b>Speaker's Office</b>	PA Staff Complement	1 2	1 2	- -
	<b>SUB-TOTAL</b>		3	3	-
	<b>TOTAL STAFF</b>		18	18	-

### 3.1.4. Senior Management and Councilor's remuneration costs for 2006/2007

#### 3.1.4.1. Remuneration for Municipal Manager.

<b>Items</b>	<b>Amount in Rands</b>
Salary per month	R 24,444.17
Pension	R 3,707.83
Medical	R 2,306.00
Travelling	R 14,175.00
Cellphone	R 1,200.00
Housing	R 4,167.00
<b>Total P/M</b>	<b>R 50,000.00</b>
<b>Total P/A</b>	<b>R600,000.00</b>

#### 3.1.4.2. Remuneration for Chief Financial Officer.

<b>Items</b>	<b>Amount in Rands</b>
Salary PM	R 17,706.08
Pension	R 3,621.16
Medical	R 2,589.00
Travelling	R 12,300.00
Cellphone	R 1,200.00
Housing	R 3,500.00
<b>Total P/M</b>	<b>R 40,916.24</b>
<b>Total P/A</b>	<b>R490,994.88</b>

#### 3.1.4.3. Remuneration for Director Corporate Services.

<b>Items</b>	<b>Amount in Rands</b>
Salary PM	R 18,000.00

Pension	R 3,507.00
Medical	R 1,693.00
Travelling	R 11,000.00
Cellphone	R 1,200.00
Housing	R 3,100.00
<b>Total P/M</b>	<b>R 38,500.00</b>
<b>Total P/A</b>	<b>R 462,000.00</b>

#### 3.1.4.4. Remuneration for Director Technical Services

Items	Amount in Rands
Pension	R 3,507.00
Medical	R 3,200.00
Travelling	R 2,000.00
Cellphone	R 11,000.00
Housing	R 1,200.00
Salary P/M	R 18,000.00
<b>Total P/M</b>	<b>R 38,907.00</b>
<b>Total P/A</b>	<b>R466,884.00</b>

#### 3.1.4.4. Remuneration: Councillors for July 2006 to June 2007.

	Monthly Salary	Pension Fund	Medical	Travelling	Cell phone	Total/month
<b>Mayor</b>	25,691.00	3,853.65	1,014.00	8,564.00	1,057.00	35,312.00
<b>Speaker</b>	20,553.00	3,082.95	1,014.00	6,851.00	1,057.00	28,461.00
<b>Exco member</b>	10,553.00	3,082.95	1,014.00	3,533.00	660.00	14,791.00
<b>Part-time Council.</b>	7,707.00	1,156.05	1,014.00	2,569.00	660.00	10,936.00
			<b>Number</b>			<b>Total/Annum</b>
<b>Mayor</b>			1			423,744.00
<b>Speaker</b>			1			341,532.00
<b>Exco</b>			4			709,968.00

<b>Ordinary Councillors</b>	18	2,362,176.00
<b>Total</b>	<b>24</b>	<b>3,837,420.00</b>

### **3.1.5. Other Municipal Systems and Policies**

#### **3.1.5.1. Integrated Development Plan (IDP).**

In terms of Municipal Systems Act No 32 of 2000 local municipalities must develop their own IDPs. In compliance with this legislation, Nala Local municipality did have an up-to-date reviewed IDP for the financial year 2006/2007. However, there was little or no compliance with applicable legislation in terms of its alignment with budgetary processes. This has resulted in lack of implementation of some of the projects identified during the IDP process of the financial year under review.

#### **3.1.5.2. Spatial Development Framework (SDF).**

In terms of Section 26 (e) of the Municipal Systems Act (Act 32 of 2000), every municipality is required to formulate a Spatial Development Framework as a part of its Integrated Development Plan (IDP). The SDF is formulated to inform the municipality in terms of land use management as well as a framework for public and private sector investment in different types or levels of development. Nala local municipality has approved its spatial development framework (SDF) during the 2005/2006 financial year. However, this framework only provides unupdated baseline information and since its approval by the local municipality it has never been budgeted for.

#### **3.1.5.3. Disaster Management Plan**

At the end of the financial year under review, Nala local municipality had not developed any Disaster Management Plan except a discussion document which has been in place for more than two financial years, and has not even been approved by the council.

#### **3.1.5.4. Performance Management System.**

In terms of Section 38(a) of the Municipal Systems Act, no.32 of 2000, each municipality must establish a performance management system that is-

- (i) commensurate with its resources;
- (ii) best suited to its circumstances; and
- (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

This system should be designed to serve as a mechanism for the local municipality to monitor, measure and review its general performance in terms of

its five key performance areas (KPA) and its key performance indicators (KPIs) to achieve its targets. For the financial year under review, Nala Local Municipality could not develop its performance management policy framework and therefore its four section 57 managers could not sign any performance contract.

The annual performance report of the municipality for the financial year 2006/2007 was submitted to the province in terms of section 45 of the Municipal Systems Act, no.32 of 2000.

#### **3.1.5.5. Organisational Design and Capacity.**

At the end of financial year 2007/2008 the municipality did not have an approved organizational structure and as a result, the placement process could not be done. During the financial year under review about eight (8) new staff members were employed. This figure includes four (4) Section 57 managers. Due to unavailability of organizational structure the number of vacant posts could not be established. However, it was generally assumed that there were two (2) to three (3) vacancies in Section 57 positions in the municipality at the end of the financial year under review.

#### **3.1.5.6. Employment Equity**

In terms of the Employment Equity Act the local municipality did comply with some of its obligatory requirements to address gender and racial imbalances in the institution. In terms of these requirements the municipality was able to employ Africans in all four (4) Section 57 positions in the institution. Of this number one (1) was an African woman who is employed as Director: Corporate Services to address gender equity.

Of the three hundred and eighty (380) permanent employees at Nala, about ninety five (95)(24,6%) were women and eighty eight(88)(23%) of them were African women, whilst less than two percent (1.5%) were whites. There were no employees who were classified as disabled by the municipality for the financial year under review.

#### **3.1.5.7. Skills Development**

In terms of the above, the municipality did establish and implement skills development plan for the financial year under review. The municipality has paid between R 2,600,300.00 and R3,000,000.00 in skills levy for the financial year under review, and about R 15,000.00 was received by the municipality as rebate from skills levy for the same financial year ending 30 June 2007.



### **3.1.6. Governance and Participation**

#### **3.1.6. Ward Committees**

During the financial year under review ward committees attended a number of capacity building workshops. They attended a Small Enterprise Development Agency (SEDA) workshop together with Ward councillors at Lejweleputswa District Municipality. This workshop was organized under the auspices of the Umsobomvu Youth Fund and SEDA.

They also attended the Government Communications Information Services (GCIS) and ward committee award ceremony held in Lejweleputswa District Municipality at which Nala ward committee in ward four (4) won for the second time consecutively, a prize as the best performing ward in this municipality and Lejweleputswa as a whole. They won a second prize of R 30,000.00.

Ward councillors in Nala held four (4) quarterly constituency meetings each to report back to communities during the financial year under review. The local mayoress had also held her quarterly meetings which included the IDP and Budget processes meetings.

#### **3.1.7. Local Aids Council.**

During the financial year under review, the office of the Mayor established the Local Aids Council (LAC), and these are its members:

1. Ms. M M Mohorosi - Chairperson
2. Mr. Thato Mntuze
3. Ms. Emily Masiu
4. Ms. Makgomo Setenane
5. Ms. Abel Toolo
6. Ms. Mathapelo Veli
7. Ms. L Feni
8. Mr. Joseph Masiu
9. Ms. M R Mokgobo
10. Ms. M Maloisane
11. Ms. Elisa Mphatle
12. Ms. Mammy Mpolokeng
13. Ms. Maria Radebe
14. Ms. Lydia Mosholi

#### **3.1.8. Council and Mayoral Committee Meetings**

In terms of the following pieces of legislations, namely; Local Government Municipal Structures Act ,117 of 1998, MFMA, 56 of 2003 and Local

Government Municipal Systems Act, 32 of 2000, council and mayoral committee meetings should be convened. Nala Local Municipality has held its council and EXCO Meetings for the financial year 2006/2007 as illustrated below.

	Council	Dates	Exco	Dates	Comment on Attendance
Ordinary Council Meetings	07	26/07/2006 31/08/2006 31/10/2006 29/11/2006 30/01/2007 27/02/2007 30/04/2007	10	13/07/2006 18/07/2006 15/09/2006 17/11/2006 25/01/2007 15/02/2007 29/03/2007 19/04/2007 20/06/2007	<b>Well Attended</b>
Special Meetings	06	10/10/2006 24/11/2006			
		16/01/2007 30/03/2007 10/05/2007 31/05/2007			

## Chapter 4

### Audited Financial Statements and Related Financial Information

#### 4.1. Financial Viability

	<b>Actuals</b>	
	<b>Rands/2005/2006</b>	<b>Rands/2006/2007</b>
1. Cash collected from customers	120,882,969.00	120,877,771.00
2. Billings to customers	58,622,112.00	70,126,741.00
3. Total Operating Transfers	105,987,000.00	134,367,333.00
4. Total Operating Expenditure	119,782,598.00	104,975,492.00
5. Capital Budget Spent	613,070.00	3,623,213.00
6. Council Approved Capital Budget	38,149,582.00	58,913,700.00
7. Invoices Outstanding	144,662,292.00	196,156,556.00
8. Invoices Charged	58,622,112.00	70,126,741.00
9. Total Outstanding Customer Debt as at 30 June 2006 and June 2007	14,639,323.00	37,480,542.00

10. Billed Revenue	58,622,112.00	70,126,741.00
11. Current Assets as at 30 June 2006 and 30 June 2007	45,067,252.00	37,732,117.00
12. Current Liabilities as at 30 June 2006 and June 2007	30,087,538.00	38,337,516.00
13. Total Revenue	120,882,969.00	120,887,771.00
14. Revenue from Grants	35,987,000.00	44,768,940.00
15. Debt Service Payments	41,298,398.00	42,677,627.00
16. Salaries Budget (including benefits)	33,328,622.00	37,711,599.00
17. Total Operating Budget	109,432,000.00	120,393,499.00

#### 4.2. Grant Expenditure and Management

The municipality did receive the Municipal Systems Improvement Grant for the financial year under review to the tune of R 734,000.00. About R 404,000.00 of this amount was utilized, and R 330,000.00 was rolled over. Below is illustration of municipality's MSIG activity plan for the financial year under review.

##### Activity Plan for MSIG Funding

Project	Activity	Actual Expenditure
1. IDP	Process Plan 5 Year IDP	R 100,000.00
2. PMS	Policy Formulation	N/a
3. WSDP	Integration	N/a
4. Ward Committees	Training	R 50,000.00
5. Ward Committees	Conference	R 50,000.00
6. Municipal Employees	Skills Development	R 90,000.00
7. Smit and Kruger	Compilation of Financial Statements	R 214,000.00
8. Valuation Roll	Update	N/a
<b>Total Expenditure</b>		<b>R 404,000.00</b>

#### 4.3. Local Economic Development

#### 4.4. Economic Growth

The percentage increase in RSC Levies is not indicated because of lack of monitoring tools. However, percentage growth in terms of Gross Geographic Product was 5% for the financial year under review. Though there was operational procurement policy favouring SMMEs and BEE, it was inconsistently implemented with local SMMEs not being given any business. The local municipality awarded a total value of contracts to the tune of R37,000,000.00 during the financial year under review. However, the total value

of contracts awarded to SMMEs, BEE suppliers, women, youth and disabled could not be made available at the time of drafting of this report.

#### **4.5. Poverty Alleviation**

The municipality did implement an Indigent Policy for the financial year under review. The following is an illustration of number of indigents and their economic status:

	No.
1. Total number of households earning less than R1 100 per Month	2409
2. Total number of households earning less than R1 100 per month who received free basic water.	2409
3. Total number of households earning less than R1 100 per month who received free sanitation.	2409
4. Total number of households earning less than R1 100 per month who received free basic electricity.	2409
5. % of the Equitable Share used for free basic services.	77.00

#### **4.6. Challenges and Plans Ahead.**

Much still need to be done to emphasize alignment of IDP and budget processes in order to make efficient and effective planning and implementation of municipal projects. Currently there is still mismatch between the two processes. There is also an urgent need to develop Performance Management System to enable the institution to monitor, evaluate and review municipal performance in line with the five key priority areas (KPAs).

This will also assist the municipality in terms of developing service level agreements for its senior staff members in order to evaluate and reward individual performance of its employees including section 57 managers. However, for this to be realized there is an urgent need also to complete development, approval and implementation of organizational structure so that each employee knows exactly what job functions s/he is expected of him/her. Right now many municipal employees perform their duties and tasks without clear job descriptions.

Having a clear frame of reference with regard to the above the municipality will also identify specific skills shortage and be able to develop the necessary skills development plan in response to the needs of the institution and in order to comply with relevant legislation. The municipality will also be able to plan and meet the required quotas in terms of employment equity.

In terms of service delivery and infrastructure development, the municipality should strive to construct roads and streets in order to allow access to road users,

especially taxis, emergency vehicles, postmen and the police especially during raining seasons. This will also assist in terms of improving the drainage system in our streets and roads. Street naming could also be of vital importance as it will allow easy access and location of needed residential areas.

It is also a challenge that this municipality has not as yet developed a Local Economic Development strategy (LED) eventhough it has a spatial development framework (SDF). This situation prevents the municipality from identifying land for allocation to various projects.

The billing system of the municipality has also reflected a lot of discrepancies particularly with regard to rates and service charges because of two financial systems which do not communicate to one another.

During the financial year under review the municipality was able to collect 52% only of the expected 80% revenue. This situation would have a direct bearing on budget of the municipality for the year under review. The municipality has a lot to do to improve its collection rate.

The procurement process of the municipality also has shown some flaws, especially with regard to compliance with relevant legislations. To avert this situation internal controls and procedures should be improved.