

MAKHUDUTHAMAGA LOCAL MUNICIPALITY
LIMPOPO PROVINCE



ANNUAL REPORT

2008/2009

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Abbreviations

AG	Auditor General
ARV	Anti-Retro Viral
BEE	Black Economic Empowerment
CDW	Community Development Worker
CFO	Chief Financial Officer
CMC	Core Management Competencies
CTO	Community Tourism Organization
DAEA	Department of Agriculture and Environmental Affairs
DBSA	Development Bank of Southern Africa
DIMS	District Information Systems
DLA	Department of Land Affairs
DLGH	Department of Local Government and Housing
DM	District Municipality
DME	Department of Minerals and Environmental Affairs
DSR	Department of Sports and Recreation
DWAF	Department of Water Affairs
EEP	Employment Equity Plan
EIA	Environmental Impact Analysis
EPWP	Extended Public Works Programme
ESDP	Electricity Supply Development Plan
EXCO	Executive Committee
GCIS	Government Communications and Information Systems
GVA	Gross Value Added
HR	Human Resource
IDP	Integrated Development Planning
IDP RF	Integrated Development Planning Representative Forum
KPA	Key Performance Area
KPI	Key Performance Indicator
LA	Local Agenda
LED	Local Economic Development
LGSETA	Local Government Sector of Education & Training Authorities
LM	Local Municipality
LUMS	Land Use Management System
LUMS	Land use Management system
MFMA	Municipal Financial Management Act
Mi2	Municipal Infrastructure Investment
MIG	Municipal Infrastructure Grant
MIPA	Man In Partnership Against AIDS
MLA	Makhuduthamaga Local Municipality
MM	Municipal Manager
MSA	Municipal Systems Act
MSA	Municipal System Act

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

Mayor's foreword



Mayor Councillor Queen Emma Mokhabela

In our quest to augment accelerated growth and better service delivery within our society, and thus instilling a better destiny for the current and future generations in the municipality, we have taken upon ourselves the responsibilities of strengthening our service delivery model through proper integration of our IDP Objectives with credible budget. We have therefore facilitated the IDP development through a public participation process within our wards, to ensure that we reinforce the authenticity of a democratic government wherein our communities, organizations and business institutions plays pivotal role in the establishment of a concrete model. By so doing we are fully committed to the fulfilment of the mandates of The White Paper on Local government, 1998 and the Municipal Systems Act of 2000.

In order to deal with the developmental challenges that are faced by the municipality and improving the service delivery backlogs, the need for capable workforce was well addressed through the occupancy of the long vacant posts and the establishment of an intern training division to heighten on the issue of unemployment. This is witnessed by the percentage increase in the staff both permanent and as interns and the training of higher management.

We have also infused programme on the evaluation of SMME development to assess the impact that municipality has had on the development of small businesses and job creation and sustainability in that arena. SMME developments, together with projects on Extended Public Works Programmes, are instrumental to creation of jobs within the municipality.

We note achievements in the sectors of water, electricity, and roads infrastructure as a commitment to the development of a credible infrastructure within the municipality. Highlights within infrastructure developmet includes;

- Supply electricity to 395 houses of Vlaka/Marishane.
- Building electrification of 460 stands for Jane Furse RDP
- Supply electricity to 301 houses of Mathapisa/Soetveld

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- Supply electricity to 220 houses of Moji RDP with 8 x 32kva Transformer zones
- Electrification of 146 houses in the two villages of Maraganeng and Pitjaneng.
- Supply electricity to 150 houses of Moela/Kgopane.

It has been established through statistical assessments that that the municipality will by 2011 attain a 98% access to electricity services. This is good indication that service delivery is in line with the targets of the Millennium Declaration. Makhuduthamaga is also proud to note that it has also improved on its plant capacity through the procurement of graders, trailers, a TLB, a tanker and a loader as a measure to facilitate better delivery with regard to roads and water supply. Our community has demanded street lights, and we have demonstrated our commitment and provided the street lights. In due course, all streets of this up and coming township would be visible at night.

Another interesting aspect is that the health services in the municipality leaves much to be desired, the improvement of all-day-all-night operation of most of the clinics is noteworthy.

The Control of epidemic (TCE) programme has seen that our field workers spread awareness on HIV/AIDS at streets level. This is a proactive technique to spreading knowledge as opposed to centralising the information at clinics, thus ensuring a greater improved access to information. This also serves the municipality to acquire a better understanding on the view of the community towards the epidemic and the needs therein.

Other programmes like the “Shova ka lula”, that is a collaborations with the Department of roads and Transport have to date sponsored the pupils in the community with bicycles. It is initiatives of this nature that inspire pupils to attend schools and lighten the burden of walking for kilometres whilst also encouraging healthy habits and green transport objectives.

This annual report is therefore, a synopsis of our challenges, achievements and progresses throughout the 2008/2009 period on the Council IDP objectives goals. The challenges that the municipality has had to endure, the expenditure incurred, the successes and the impact of these factors to the community are the main objectives that are brought to the fore in the mission to accomplish the constitutional service delivery mandate.

Municipal Managers foreword

Our municipality is faced with a legislative mandate of ensuring developmental and transformational local government. To achieve these postulated mandates, we are incontestably required to implement strategic engines to ensure service delivery with the prime objective of combating the legacies of underdevelopment and poverty within our municipality.

We have carefully noted that introduction of service delivery excellence requires integration of world best practices, together with legislative and policy requirements, to derive effective methodologies, with support of effective, efficient and innovative systems. This assists us to comprehend establish an integrated service delivery system that combines IDPs, SDBIPs, PMS, Project Management, Budget and Public Participation to generate an outcome-bearing service delivery engine. This engine enable us to measure our service delivery endeavors, in addition to that, allow us to review, monitor, correct, reward, benchmark and improve performance. We have therefore integrated our IDP, PMS and Public Participation as critical mechanisms for ensuring developmental local government. This has assisted us in out-rooting the key barriers to service delivery.

We are engaging the above mentioned strategic aspects due to the fact that we are held accountable to the Makhuduthamaga Council, through the set IDP objectives; to ensure that we deliver the promised services delivery targets. We have therefore developed a Service Delivery and Implementation Plan (SDBIP) that incorporated our financial plans and capabilities and IDP objectives. This implementation plan was therefore a commitment that defined a set of achievable annual and quarterly targets. The review of performance was conducted to ensure that managers are undertaking the mandate of the council on service delivery. To realize the set targets within the SDBIP, a credible human resources structure, financial resources and systems were put into place to bestow our organization capacity to deliver.

We are therefore proud to reveal the fact that we have achieved to establish and maintain a cogent relationship with the Council, Civil Organizations, Business Organizations and other governmental bodies within various spheres to accelerate the process of service delivery. We have also tightened our consultative processes within the context of Batho Pele policy to ensure that we provide relevant services to our society. This way, we are anchoring a developmental and transformation local government that will instill improved standards of living within the society. This annual report therefore, illustrates our commitment to the IDP objectives and further depicts how we have utilized our resources to provide better infrastructure and services to the people.

CHAPTER 1: Introduction and overview

1.1 Introduction

1.1.1 Overview

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, we have compiled this annual report as a way to establish whether the municipality's performance adheres to the key performance areas set out by local government, namely:

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

1.1.2 Purpose of the Annual Report

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 2008/09 financial year.
- To provide a report on performance against the budget of the Municipality for the 2008/09 financial year; and
- To promote accountability to the Makhuduthamaga community for the decisions made throughout the 2008/09 financial year by the Municipality.

1.1.3 Makhuduthamaga Structure

Makhuduthamaga Municipality is a **category B** Municipality established in terms of section 12 of the Municipal Structures Act (117 of 1998). Makhuduthamaga Municipality as established under the 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. Constitutionally, the Council is the supreme legislative and executive authority. The traditional leadership of the area is represented by **12 traditional leaders** who were elected by the traditional leadership themselves. This traditional leadership is representing 146 villages which are total villages in the municipal area.

1.1.4 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.

1.1.5 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	
Corporate Services	Infrastructure
LED	Finance and Budget
Development Planning	Community Services

Table 1: Operational standing committees

1.1.6 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 2007/2008. Councillor Chabedi PP Council was the inaugural chairperson of the Oversight Committee. The membership of the committee is as follows;

NAME	DESIGNATION
Councillor Chabedi PP	Chairperson
Councillor Bahula M	Member
Councillor Malaka MS	Member

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Councillor Mashifane	Member
Moropa ME	Member

Table 2: Oversight Committee

1.1.7 Audit Committee

The establishment of the audit committee was a conscious measure by the municipality as a way to add credibility to the procedures in rendering of services. The committee provides guidance and awareness on with the set work procedures policies to monitor compliance. The following constituents have been appointed as members of the committee.

NAME	DESIGNATION
Mr. H. Matsepe	Chairperson
Mr. PM Masegare	Member
Mr. O. Thenga	Member
Prof. JM Maseko	Member
Prof. MZ Chuenyane	Member
Mr. AS Tshikalange	Member

Table 3: Audit Committee

1.1.8 Makhuduthamaga Executive Committee



Clr. Queen Mokhabela
Mayor
Cell: 082 857 3144



Clr. Judy Mphelane - Nkgadima
Executive Committee
Head: Technical Services Portfolio Committee
Cell: 082 857 3178



Clr. Makaeya Alfred Matlala (PR)
Executive Committee
Head: Planning Portfolio Committee
Cell: 082 434 0142



Clr. Kanyane Rinah Mohlala-Maisela (PR)
Executive Committee
Cell: 082 858 0115



Clr. Mokgampe Esther Lentsoane (PR)
Executive Committee
Head: Local Economic Development Portfolio Committee
Cell: 082 857 3154



Clr. Monama Gannye Rodgers (PR)
Executive Committee
Head: Corporate Services Portfolio Committee
Cell: 082 857 3182



Clr. Villakazi Manzaba Philip (PR)
Executive Committee
Cell: 082 938 4590



Clr. Hilda Makgoga (Ward no 13)(PR)
Executive Committee
Head: Community Services
Cell: 082 857 3173



Clr. Abel Mampane (Ward no 30)
Executive Committee
Head : Finance
Cell: 082 352 4800

1.1.9 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 embroicated 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.

1.1.13 Functions, Powers and Duties

In terms of Section 84 of the Municipal Structures Act (No. 117 of 1998), the Local Municipality has the following functions and powers:

- Integrated Development Planning for the Local Municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the Local Municipality.
- Solid waste disposal sites, in so far as it relates to:
 - The determination of a waste disposal strategy;
 - The regulation of waste disposal; and
 - The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local Municipality in the Local.
- Regulation of passenger transport services.
- The establishment conducts and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the Local.
- The establishment conducts and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the Local.
- Promotion of local tourism for the area of the Local Municipality.
- Municipal public works relating to any of the above functions or any other functions assigned to the Local Municipality.
- The receipt, allocation and, if applicable, the distribution of grants made to the Local Municipality.
- The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the Local Municipality in terms of national legislation.

1.1.14 Our Mandates

1.1.14.1 Specific mandates

SPECIFIC MANDATES
• Municipal Finance Management Act, No. 56 of 2003;
• Municipal Systems Act , No. 32 of 2000;
• Municipal Systems Act , No. 32 of 2000;
• Local Government Municipal Planning and Performance Management Regulation,

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2001; and
<ul style="list-style-type: none"> Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006; and
<ul style="list-style-type: none"> Integrated Development Planning document.

Table 4: Specific Mandates for the Annual Report

1.1.14.2 Supporting mandates

SUPPORTING MANDATES
<ul style="list-style-type: none"> The Constitution of the Republic of South Africa, No. 108 of 1996;
<ul style="list-style-type: none"> White Paper on Transforming Public Service Delivery (Batho Pele), 1997;
<ul style="list-style-type: none"> The White Paper on Service Delivery
<ul style="list-style-type: none"> Basic Conditions of Employment No. 75 of 1997
<ul style="list-style-type: none"> Compensation for Occupational Injuries and Health Diseases Act No. 130 of 1993
<ul style="list-style-type: none"> Employment Equity Act No. 55 of 1998
<ul style="list-style-type: none"> Labour Relations Act No. 66 of 1995
<ul style="list-style-type: none"> Occupational Health & Safety Act No. 85 of 1993
<ul style="list-style-type: none"> Skills Development Levies Act No. 9 of 1999
<ul style="list-style-type: none"> Skills Development Act No. 97 of 1998
<ul style="list-style-type: none"> Unemployment Contributions Act No. 4 of 2002
<ul style="list-style-type: none"> Unemployment Insurance Act No. 63 of 2001

Table 5: Supporting Mandates for The Annual Report

1.2 Geographic and Demographic Profile

1.2.1 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 km² (Makhuduthamaga Spatial Development Framework). According to the Bureau for Market Research at Unisa, Makhuduthamaga had a population of **262,904** and a population density of 113, in 2007 a population of **285,879** and a density of 123 per km². The projected population for the current year of **2009** using the Bureau for Market Research growth rates is **287,598** and **300,206** for 2011 at a density of 129/km².



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 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:

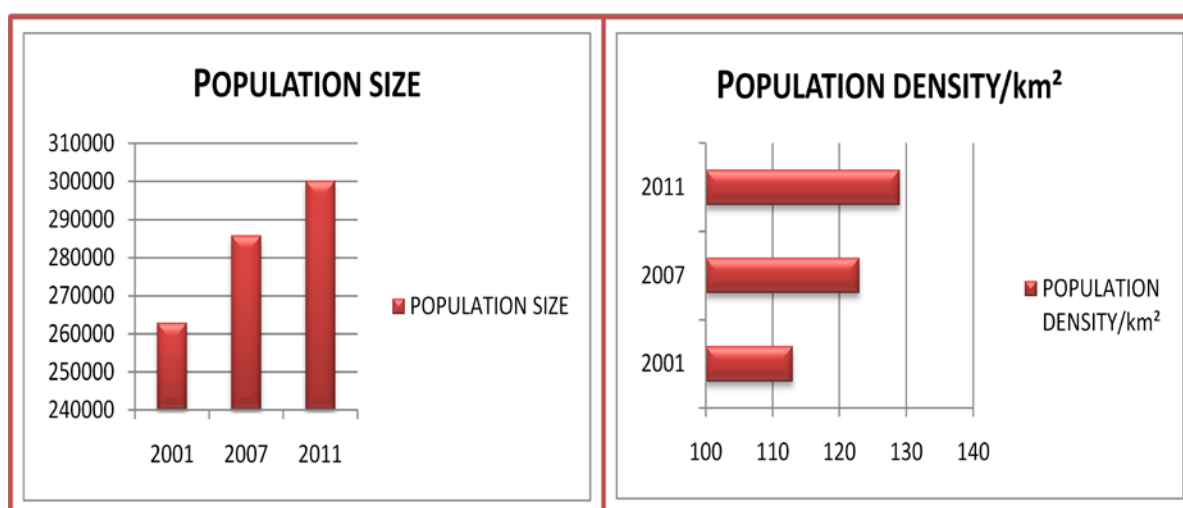


Figure 3: Population Growth and Density Estimates- the Bureau for Market Research

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.

1.2.3 Population Groups

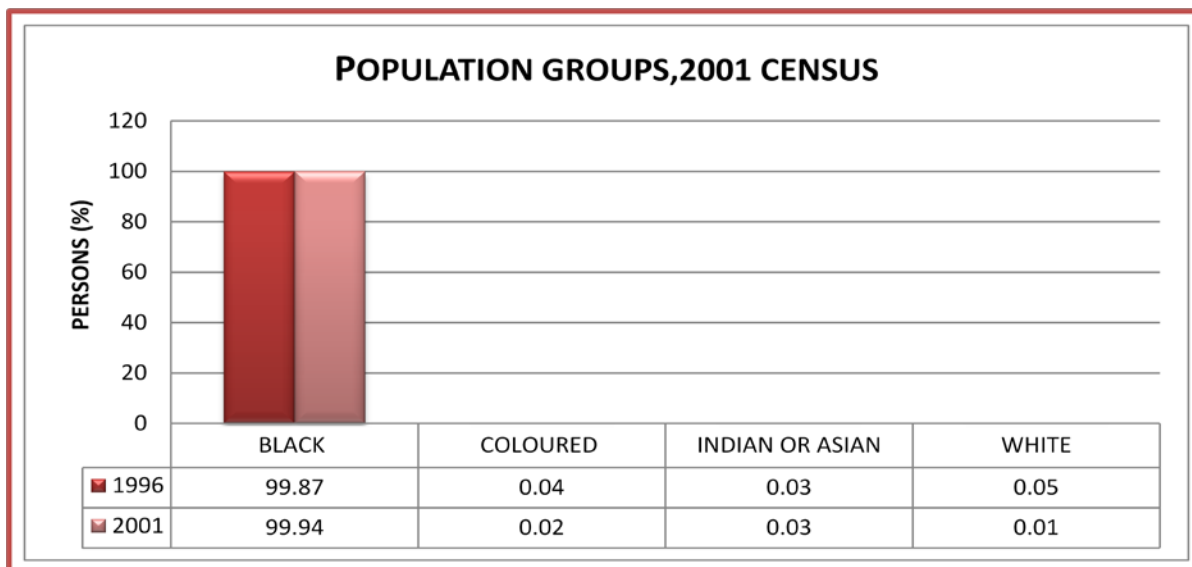


Figure 4: Population Groups within the Municipality

1.2.4 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:

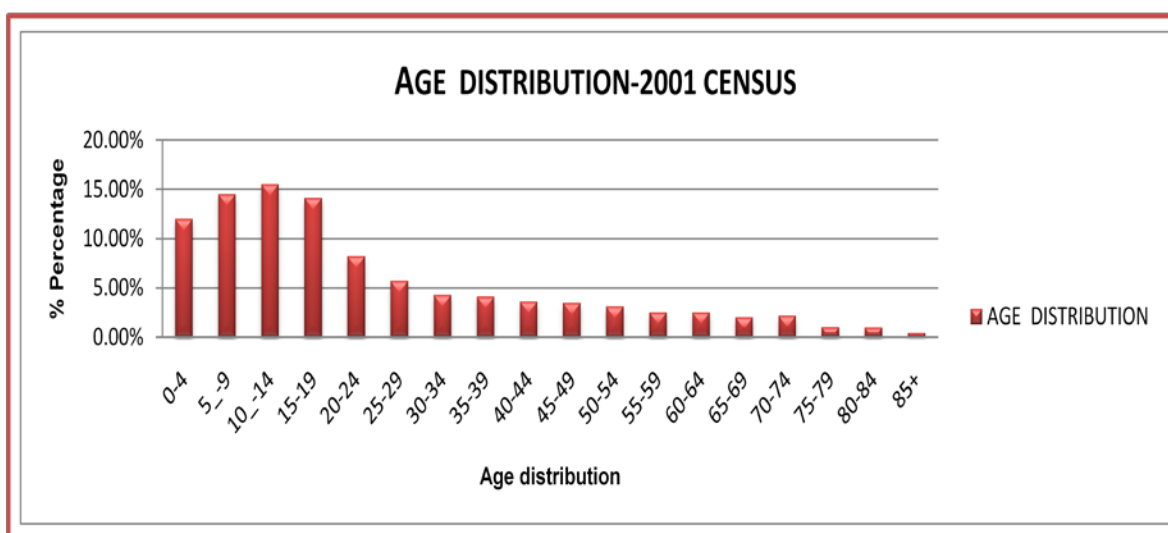


Figure 5: Age and Gender Distribution

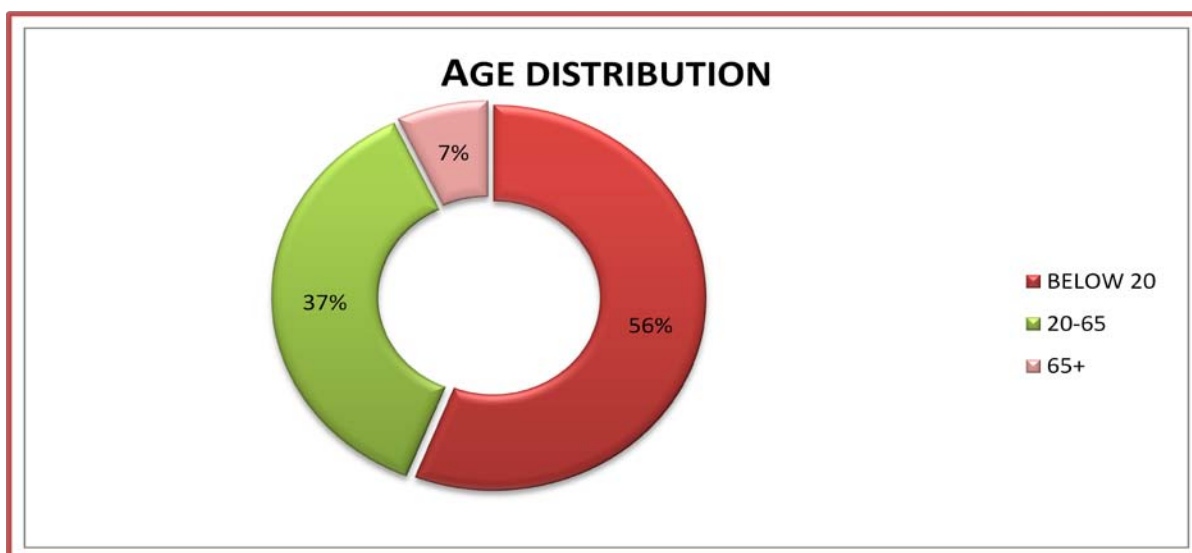


Figure 6: Age Distribution

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.

1.2.5 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.

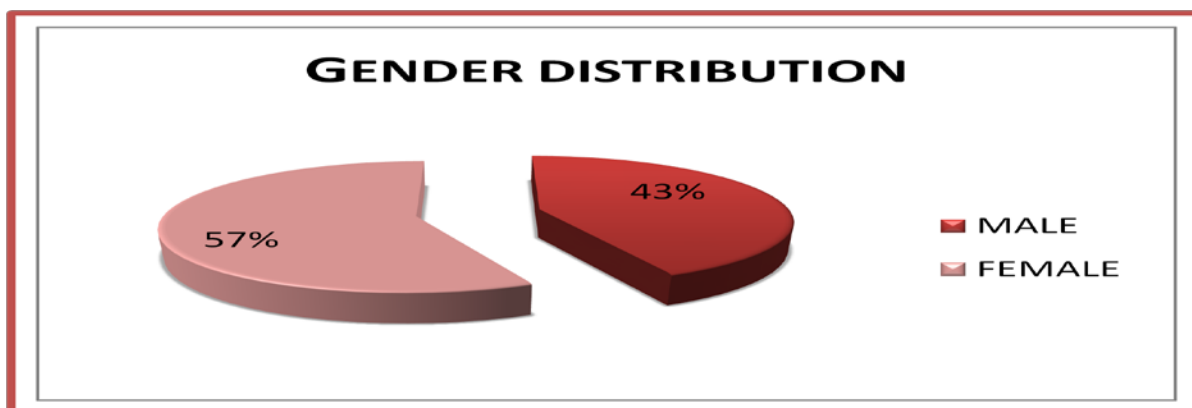


Figure 7: Gender Distribution

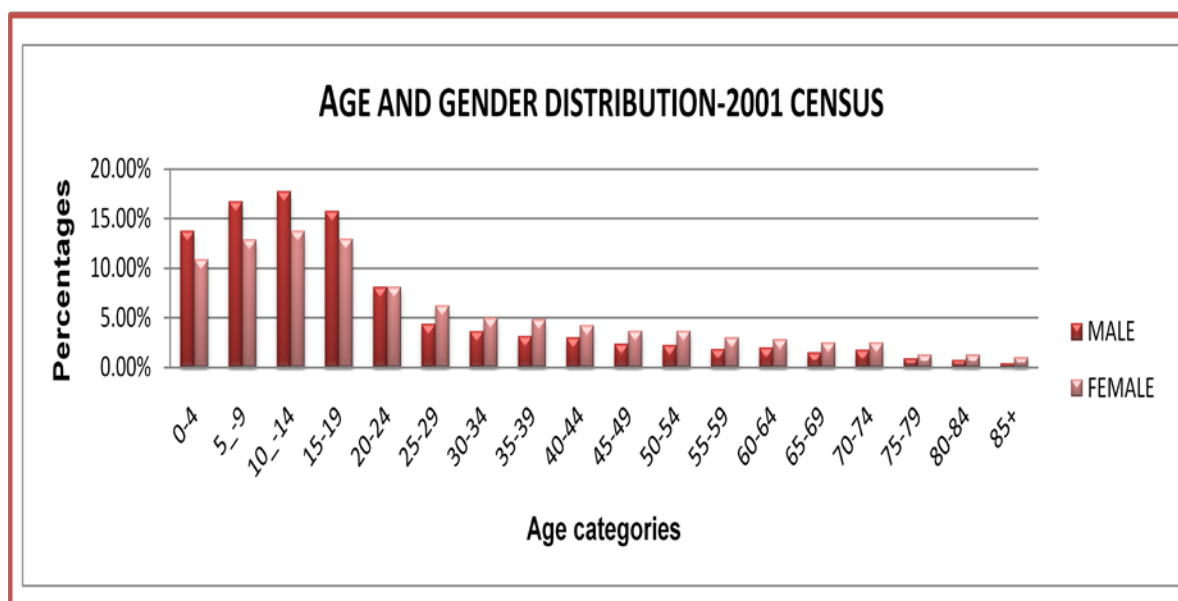


Figure 8: Age and Gender Distribution

1.2.6 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 6: Persons with Disabilities in the Municipality- Statistics South Africa, 2001 (Updated)

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.

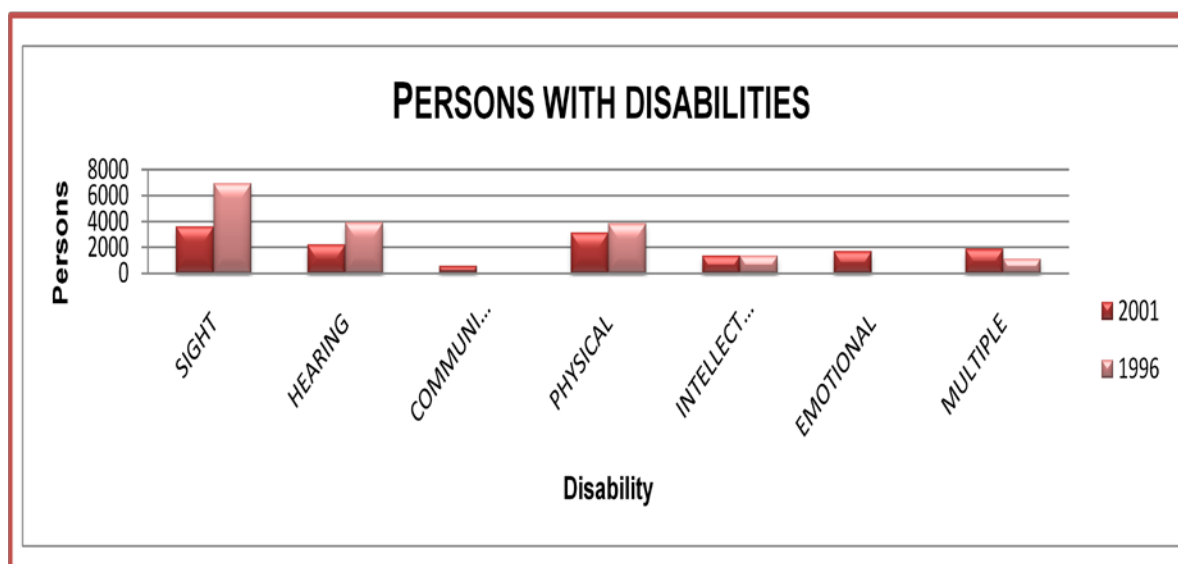


Figure 9: Graphic Profile of Disabilities

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.

1.2.7 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.

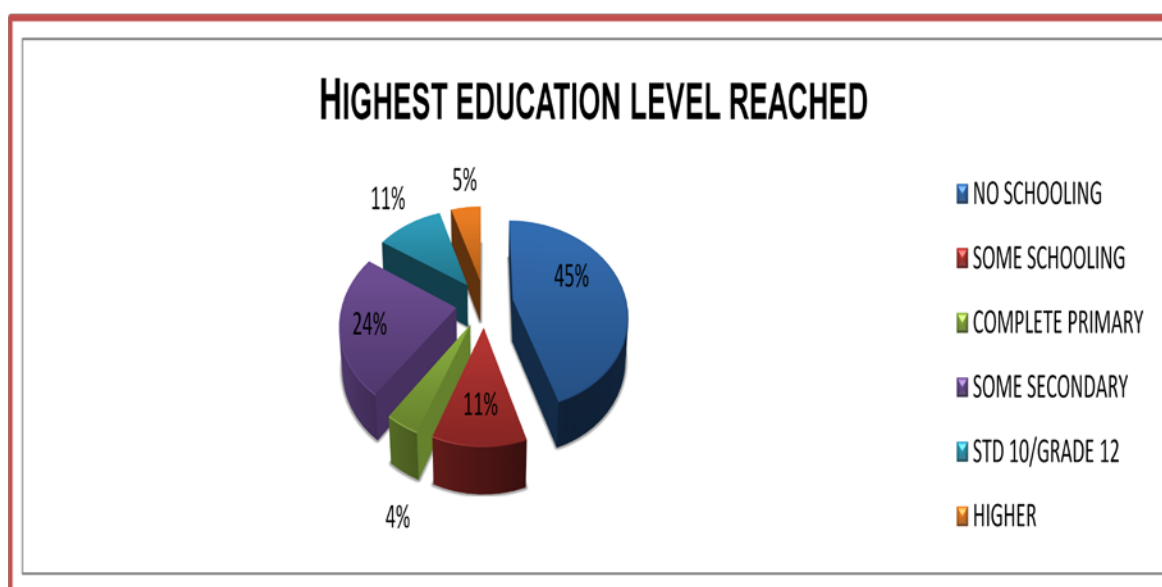


Figure 10: Level of Education

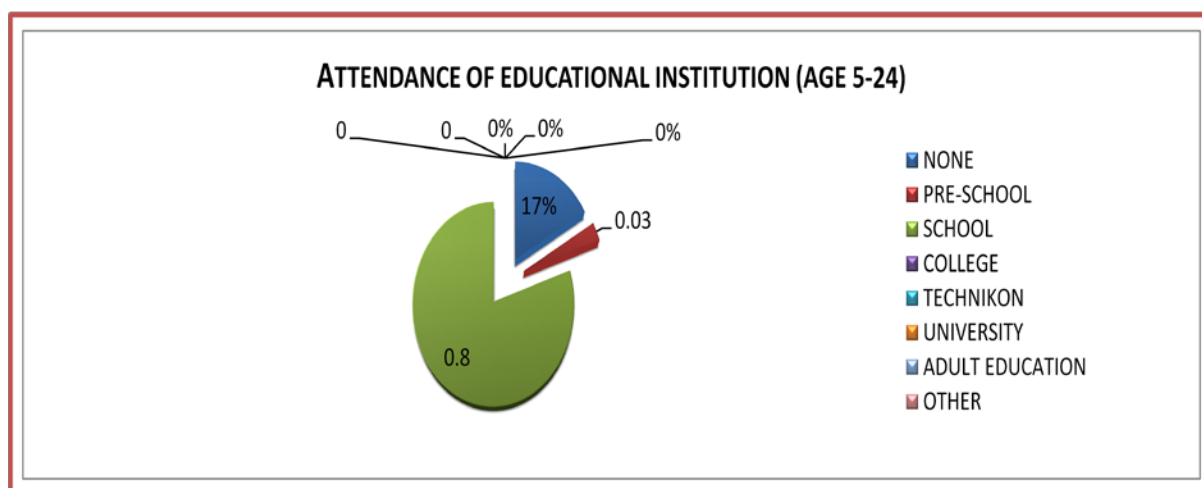


Figure 11: Educational Institution

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

1.2.8 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 7: Annual Household Income, Statistics South Africa, 2001 (Updated)

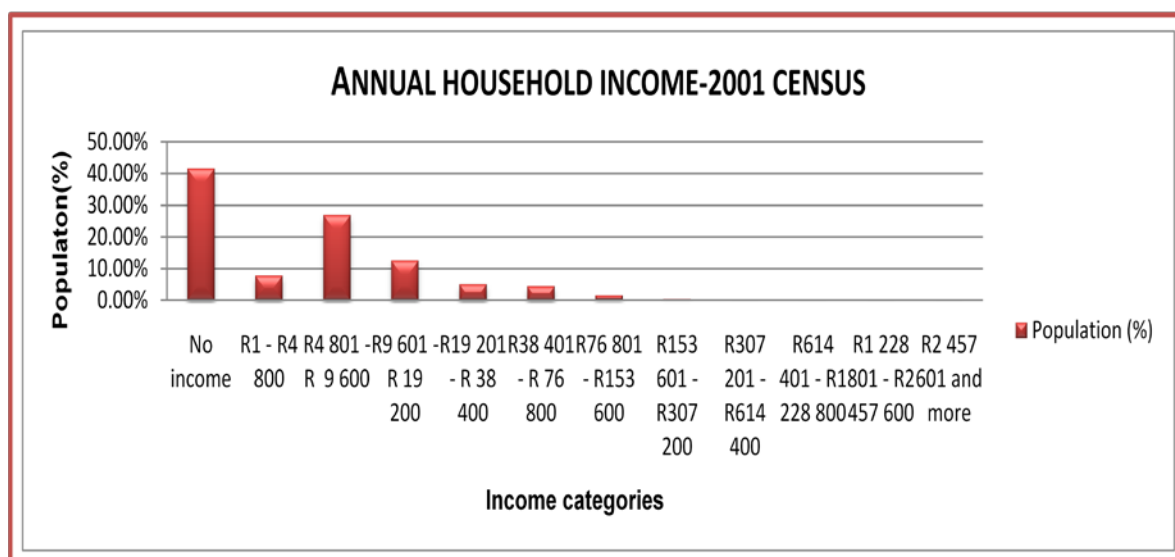


Figure 12: Household Income

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).

1.2.9 Economic Analysis

1.2.9.1 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
Sekhukhune District	22.2	8.1	69.7

Table 8: Source: DBSA, Limpopo Province Socio-Economic Profile, 2003

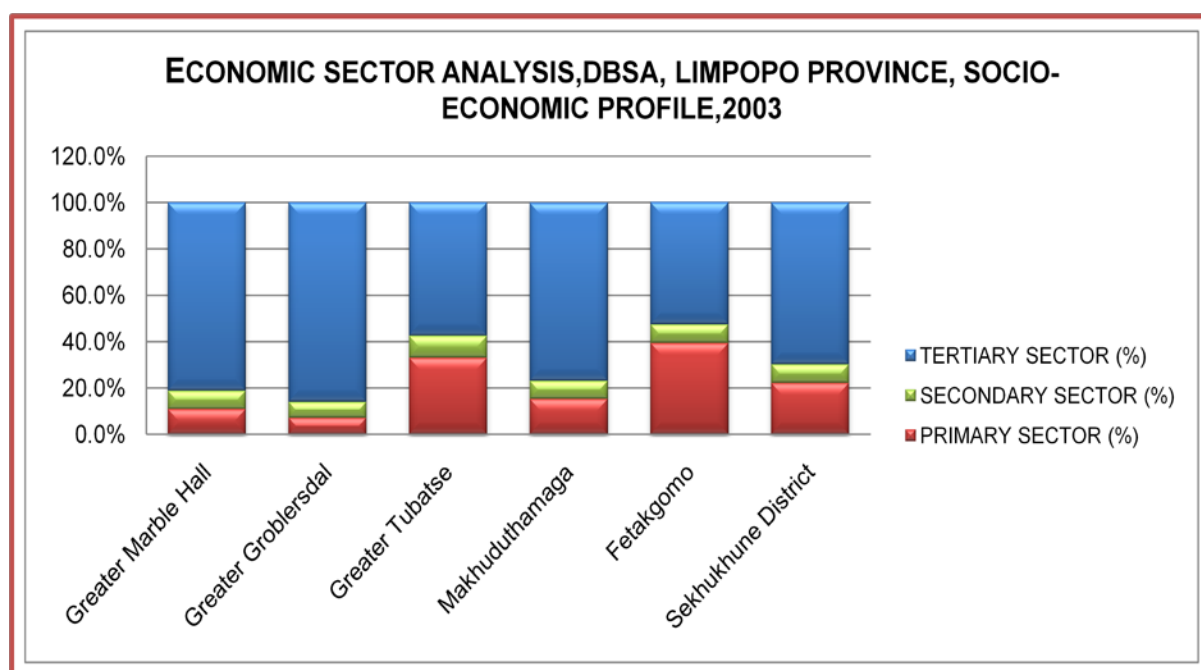


Figure 13: Economic analysis

Makhuduthamaga Local Municipality

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
Sekhukhune District	2,529,510	46.5	8.1	69.7	5.5	3.0	13.5

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.

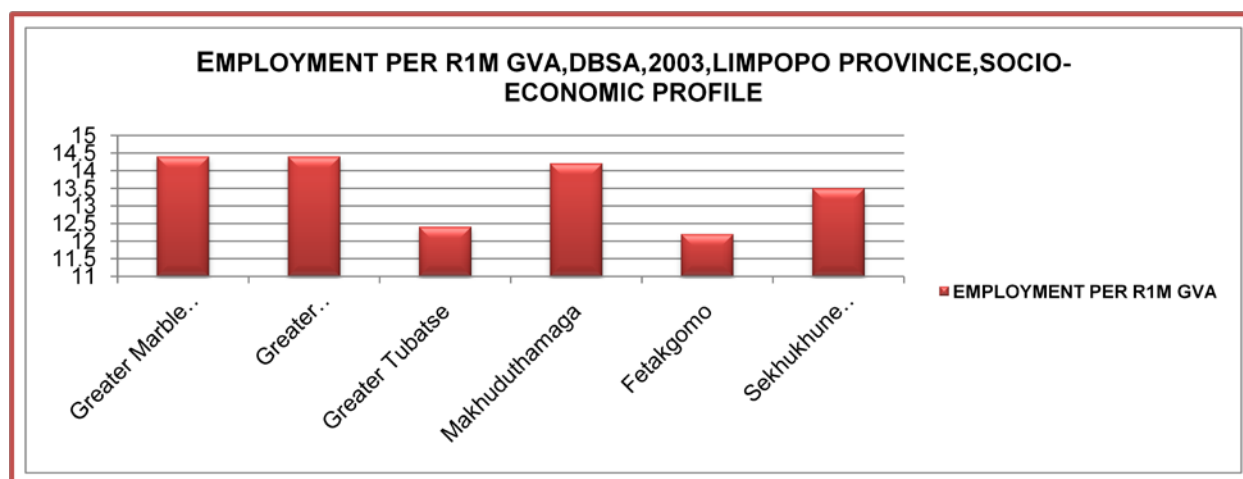


Figure 14: Employment per R1m GVA

1.2.10 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

Makhuduthamaga Local Municipality

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 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 9: Economically Active Population by Gender

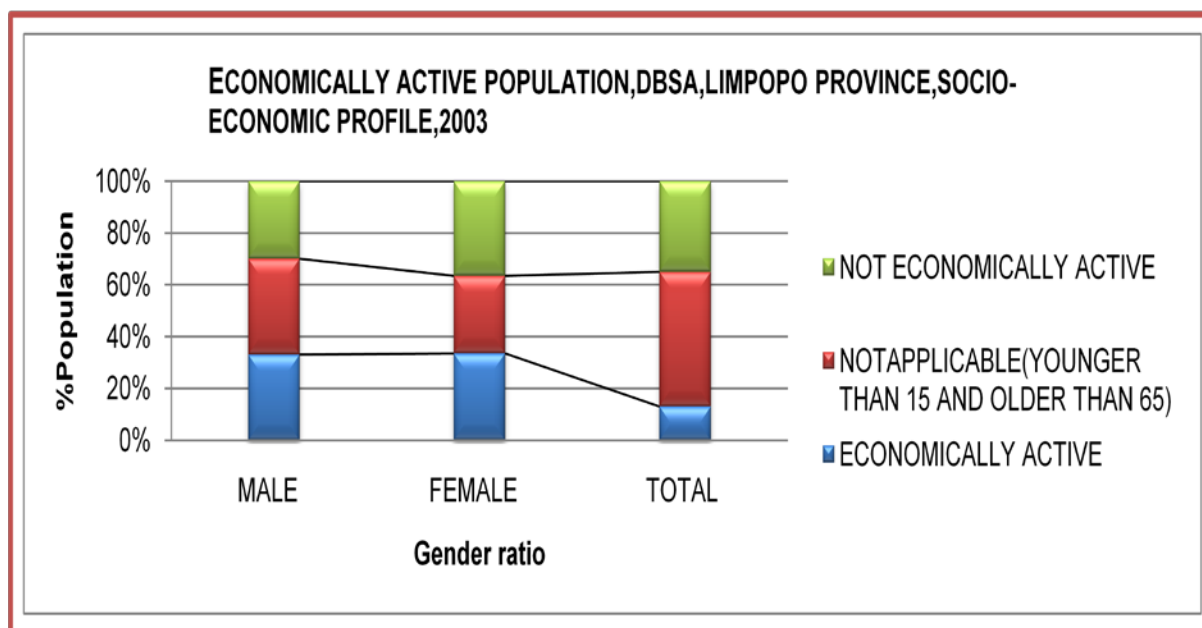


Figure 15: Gender Ratio

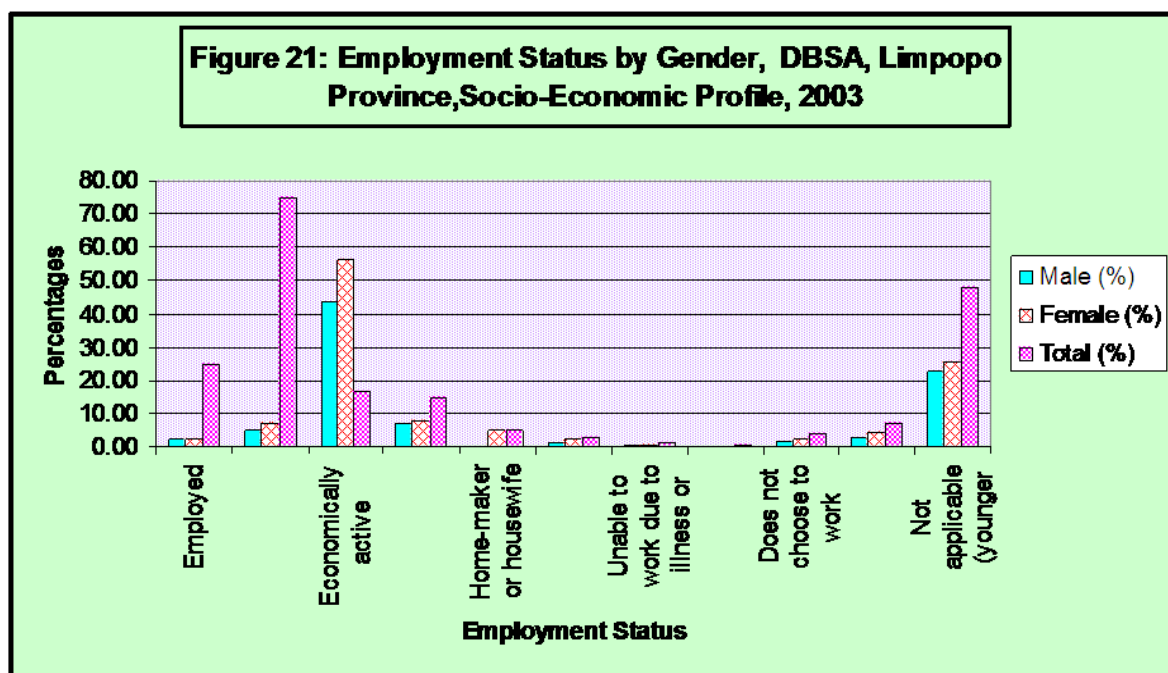


Figure 16: Employment Status

1.2.11 Economic Sector Analysis

1.2.11.1 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	POPULATI ON 2001	POPULATI ON (%) 2001	POPULATI ON 1996	POPULATI ON (%) 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/Communic ation	502	4.67	879	6.39

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

Table 10: Source: Municipal Demarcation Board Website, 2003

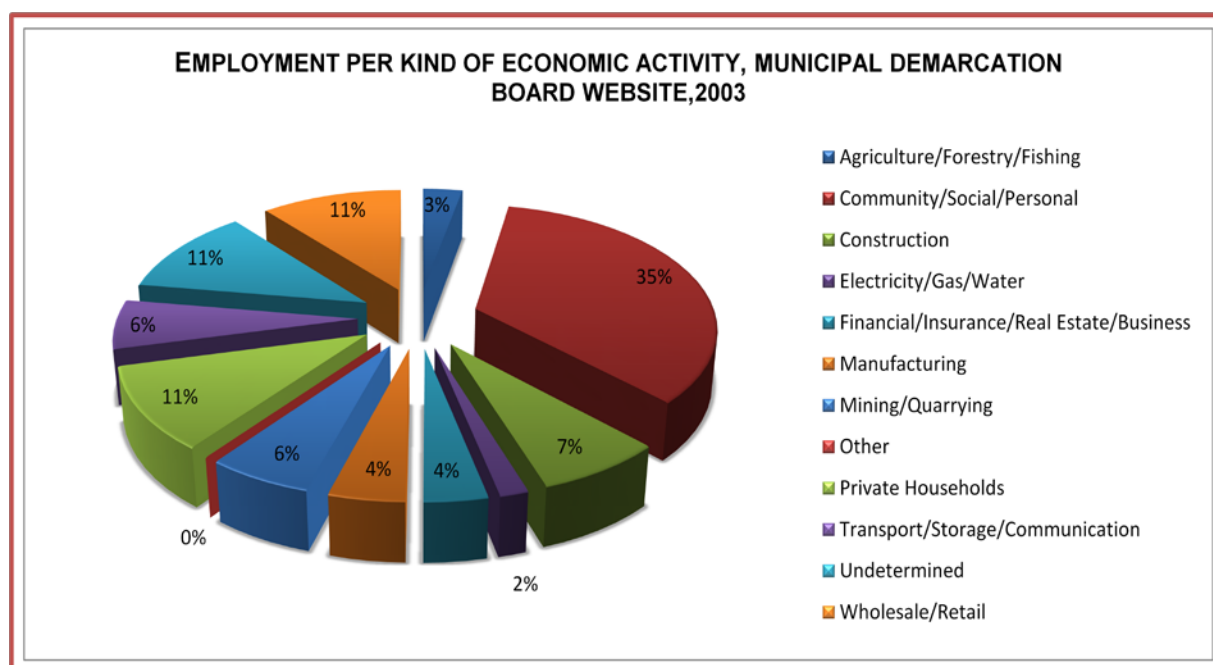


Figure 17: Employment per Economic Activity

1.2.12 Mining and Quarrying

The mining and quarrying sector plays a very limited role in the Municipality's economy representing less than 1% of the total economic production. The number of formal sector employment opportunities within the Municipality is less than 1%.

1.2.13 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.

1.2.14 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.

1.2.15 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.

1.2.16 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.

1.2.17 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.

1.2.18 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.

1.2.19 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.

1.2.20 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.

1.2.21 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.

1.2.22 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.

1.2.23 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

Makhuduthamaga Local Municipality

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 a 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.

1.2.24 Irrigation schemes to be revitalized in the Makhuduthamaga Area:

NO	SCHEME	NO OF FARMERS	SIZE (HA)
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
	Total	923	1112

Table 11: Irrigation Schemes in the Makhuduthamaga Area

1.2.25 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 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 project 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 Makuduthamaga, 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.

1.2.26 Mining

Job Creation

The total employment in GSDM ferrochrome plants, including those within 30 km of the GSDM, is therefore estimated as 833 in 2005 and 1270 in 2015.

Table 12: Employment in the GSDM minerals industry, 2005, 2010 and 2015

	2005	2010	2015
Platinum mines	14 067	36 427	42 730
Chromate mines	1415	1 740	2 140
Base metal smelters	0	170	300
Ferrochrome plants	832	1 030	1 270
Other mines and metallurgical plants	740	900	1 100
Total	17 050	40 300	47 500

Table 12: Employment in the GSDM minerals industry, 2005, 2010 and 2015

Mining recruiting practices

How much of the potential employment for the expansion for mining on the Eastern Limb of the Bushveld Complex would go to employees recruited from within the GSDM is one of the questions this study sets out to answer. Three general factors together with the regulatory framework favour the employment of GSDM residents.

Modern mining approach to mining industry careers phases out migrant labour

South Africa mining industry as a whole has adopted an approach to recruitment that plans to phase out migrant labour contract in favour of full time employees living in housing close to the mines on which they work.

Social Objectives of the Mining Charter

Closely related to the above the Broad-Based Social-Economic Empowerment Charter for the South African Mining Industry, 2002 does not explicitly deal with recruitment but does directly speak to migrant labour and housing and living conditions under sections 4.3 and 4.5 respectively.

Trends for reduced employment of contract labour

Specialist contractors have long been employed in shaft sinking and development roles as well as the installation of mechanical, electrical, ventilation, pumping and materials movement infrastructure. A notable feature of the changes in employment in the South African mining industry commencing in the late 1980s was the increase in the use of contract services for what had hitherto been considered core mining operations.

1.2.27 TOURISM

The specific focus of this research is the tourism sector and the objective is to facilitate implementation of the projects that are recommended in the Sekhukhune District Tourism Development Strategy. The Strategy recommends five tourism anchor projects in GSDM as follows:

- ❖ Flag Boshielo Cluster
- ❖ Tjate Heritage Site
- ❖ Main Entrance Gate and Route Development
- ❖ Klein Drakensberg Escarpment
- ❖ De Hoop Dam to Mapoch Recreation Complex.

The tourism potential in Makhuduthamaga can be superlatively unleashed if a tourism route can be established right through the Nebo Plateau up to the ageless Leolo Mountain range .

Flag Boshielo-Schuinsdraai

The vision of the Flag Boshielo-Schuinsdraai Complex is to boost the attraction for tourists to Sekhukhune District significantly by catering for the recreational needs of families and the leisure needs of high-income wildlife enthusiasts from Gauteng.

Tjate heritage

The vision of the proposed project is to create a major tourism anchor project and cultural icon in the district based on the formidable contribution of King Sekhukhune to the formation of an African Empire. It is potentially the most prominent anchor project within the special interest cluster for Sekhukhune and together with Makapan, Modjadji and mapungubwe, a prominent culture and heritage destination in Limpopo.

Entrance Gates and Route Development

The vision of this proposed project is to promote sustainable tourism development in Sekhukhune District by drawing tourists from flagship projects to a wide range of smaller local attractions along various routes and by so doing increase the length of stay and total expenditure in the area.

The project objectives are to develop a range of attractions in all local municipalities, to connect these attractions from entrance gates along convenient routes and to increase the length of stay, as well as the total expenditure of tourists in Sekhukhune district.

The two main project components are three entrance gates and at least three routes between the gates with an average of five local attractions on each route.

Klein Drakensberg Escarpment

The vision of this development proposal is to optimize the remote and rugged appearance of the Drakensberg escarpment and Olifants river gorge for adventure tourism activities as proposed in the Escarpment development plan.

De Hoop Dam to Mapoch

The project objective is to create a recreation facility for local and domestic tourists around the dam and a conservation area in the mountains on either side of the Steelpoort river valley once the dam is completed.

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.

1.2.28 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
- 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.

1.2.29 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 lead to an explosion of HIV related diseases, such as tuberculoses 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 Municipality 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.

1.2.30 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). Furthermore, there are many abandoned and 'street children', as well as AIDS orphans. 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.

Chapter 2: Performance Highlights

2.1 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 2008/09 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.

2.2 Service Delivery Highlights

2.2.1 Priorities

The priorities of Makhuduthamaga Municipality are embroicated 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

2.2.2 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.

2.2.3 Government and Public Participation

The Municipality has strived to accomplish number of targets within governance and public participation processes and systems objectives during the 2007/08 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.

2.2.4 Service Delivery and Development

Housing Delivery

A total of 300 houses were allocated for the municipality in the current period for which the recent number of constructed houses per ward is as follow;

- Houses constructed: ward 10= 30 houses constructed.
- Ward 9 = 70 houses
- Ward 15 = project still in progress.
- Ward 20= 11 houses
- Ward 11= 30 houses

Makhuduthamaga Local Municipality

2.2.5 Electrification Highlights

- R 1.5 million was allocated in the budget for free basic electricity and the municipality has managed to spend R 1,161,224.

Project Name	Projected Budget	Project Scope	Total Labour Employed	Physical Progress
Vlak / Marishane	R4 212 497.00	Supply electricity to 395 houses of Vlak/Marishane. Taking into consideration the average usage of electric utensils per household the ADMD per peak demand will be 1KVA. The estimated bulk supply is 470KVA. There will be five 100Kva transformers to be installed	19 Labourers	Project is 100% and it was energized on the 09th June 2009.
Jane Furse Street Lights	R1 920 000.00	Installation of Jane Furse street lights 8 km away, site establishment, supply and installation of all materials, excavation for the posts, planting of poles and supply and installation of overhead cables and lights.	10 Labourers	Consultant is unreachable and not submitting the weekly progress report.
RDP Jane Furse Electrification	R3 300 000.00	Building electrification of 460 stands for Jane Furse RDP connection using three phase 22kv fox lines comprising "Bird friendly"(MV Line). Installation of transformers complete with surge arrestors, earthing and MV fuse. New aerial bundle conductor LV (ABC) lines using 35mm ² and 70mm ² including pole numbering.	15 Labourers now 5	House connection is at 95% complete and still waiting for outage date from Eskom
Mathapisa/Soetveld Electrification	R3 200 000.00	Supply electricity to 301 houses of Mathapisa/Soetveld	15 Labourers now 5	Project is 95% complete and planned outage date in on the 04 of July 2009. The contractor's new progress plan was submitted to the Consultant on the 10th of June 2009.

Makhuduthamaga Local Municipality

Phushulang Electrification	R2 239 130.55	Transformer: 2x16kVA, 2x100kVA, 1x50kVA. To install 3 phase Fox conductor (route length): 4km. Install ABC conductor (route length: 6km. House connections: 157. Commission the asset and all work to be done per Eskom standards, specifications and procedures.	10 Labourers	Project is 100% complete and it was energized.
Moji RDP Electrification	R2 282 682.00	Supply electricity to 220 houses of Moji RDP with 8 x 32kva Transformer zones. Electricity to be tapped from pole number VM 76/75/67/2/1.	18 Labourers	Project is 100% complete and it was energized.
Bothaspruit(Polaseng) Electrification	R 808 310.00	Supply electricity to 150 houses of Bothaspruit (Polaseng)	11 Labourers	7 Holes all dug/drilled, 7m poles are 100% planted, 80% PTB installed.
Pitjaneng/Maraganeng Electrification	R3 100 000.00	Electrification of 146 houses in the two villages of Maraganeng and Pitjaneng.	11 Labourers	Project is about 95% complete and still waiting outage date. Contractor is still busy with the Snaglist.
Moela Electrification	R2 000 000.00	Supply electricity to 150 houses of Moela/Kgopane. Size of stands varies between 2500m ² and 5000m ²	11 Labourers	House connection is about 95% complete.
Ga-Selepe Electrification	R1 350 000.00	To supply electricity to the community of Ga-Selepe. The work include MV & LV overhead lines, distribution transformers, customer service lines connections & all installations complete and energized.	19 Labourers	House connection is about 95% complete.
Kgopane Electrification	R3 000 000.00	Electrification of 146 houses in the villages of Kgopane Village.		Contractor is appointed and Municipal still waiting for relevant documents to hand over the Site.
Phatantswane Electrification	R5 030 000.00	Electrification of 510 houses in the villages of Phatantswane.		Consultant Site Handover was on the 22nd of May 2009
Kome Electrification	R2 000 000.00	Electrification of 183 households of Kome Village.		Consultant was introduced to the Site and Community on Friday 22nd of May 2009.

Table 13: Electrification Highlights

Makhuduthamaga Local Municipality

2.2.6 Roads Highlights

Project Name	Projected Budget	Project Scope	Total Labour Employed	Physical Progress
Glen Cowie Internal Road	R 4 500 000.00	Construction of stormwater drainage, of new 1,1km of block paved roads, excavation and backfilling of pipe Culverts.	N/A	Project was advertised on the 28 June 2009, Site is on the 02 July 2009
Glen Cowie Stormwater	R 2 000 000.00	Construction of stormwater drainage, excavation and backfilling of pipe Culverts.	N/A	Project was advertised on the 28 June 2009, Site is on the 02 July 2009
Serageng Road and Bridge	R 2 000 000.00	To construct the road layers of approximately 0.4km, installation of guide rails and permanent road signs.	20 Labourers	Road Completed successfully including the Bridge activities.
Mamone Low Level Bridge	R 2 000 000.00	Construction of bridge including 10m site establishment, excavation for foundations, traffic signs and reinforcement works.	5 Labourers	Contractor completed concrete structure and presently is busy with earthworks, rockfill at the outlets part of the bridge.
Makgane Stormwater	R 3 000 000.00	To construct approximately 8600m ² of stone pitch side road stormwater (V-drain & Trapezoidal drain depending on the space between road & yards). To construct 9m of 3 x 0.6 m, class 75s, box culverts. To construct 28m of 2.1 x 0.6m, class 75s, box culverts & 7600m ² fill embankment.	N/A	Project is completed in April 2008.
Magolego Road and Bridge	R 3 500 000.00	Construction of new bridge at the river crossing and adjoining gravel road for a distance of approximately 500m side of the bridge. Including reinforced concrete bridge, single lane 5 m wide, site establishment, landscaping, erection of road signs, excavation & construction of foundations for the bridge.	N/A	Project final inspection was on 30th of April 2009, and final retention was released.
Magolego Access Road	R 2 698 954.95	Construction of 1,7km Access Road.	N/A	the contractor declined the offer
Magolego Access	R 3 300 000.00	Construction of 1,7km Access Road.	N/A	The contractor is appointed

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Road(new)				
Makgwabe-Mphane Bridge	R 5 684 903.00	To construct 2.4 m x 2.4 m of 16 barrels box culverts (176m length), class 75s, with road slab, floor/apron slab and wingwalls. To construct road layers of approximately 0.205km. To install 370m of guide rails including erection of gabions for erosion protection, to install road signs and to stone pitch the fill embankment for protection.	N/A	Project is 100% complete.
Tshehlwaneng /Makgane Road Phase 3	R 10 359 626.49	Construction of Internal roads & storm water drainage of Makgane/Tshehlwaneng community Settlement.	26 Labourers	Concrete edge beam and road paving for about 1700m for Maphopha Senamela Road has been completed. Concrete edge beam for road 1 (Ga-Ratau) 100m completed. Accommodation of traffic, safety of the labourers is always taken inconsideration and so far there is no injury that occurred.
Mohlwarekoma Access Road	R 6 000 000.00	Construction of 4.2 km Surface Road	84 Labourers	Subbase and base is 100%, Culverts and Prime is done.
Vierfontein to Rietfontein link road	R 12 000 000.00	Upgrading of 8.2 km from gravel to Tar Road	15 Labourers	Contractor completed 3.8km of selected layer 2km Sub-base and 1.4km Base.
Tshehla Internal Road	R 5 100 000.00	Construction of 3.4 km Surface Access Road	10 Labourers	Contractor is busy with Earthworks.
Kutupu Road and Storm Water	R10 650 000.00	Construction of 8.3 km Surface Road	4 Labourers	Part tests results for roadbed are attached and of sub grade are attached.
Phokwane Road and Stormwater	R 7 050 000.00	Proposed project consist of construction approximately 4.7km of surface road.	N/A	Evaluation is submitted and awaiting for contractor appointment.
Hlalanikahle Internal Road	R 2 550 000.00	The proposed project consists of construction approximately 1.7km surfaced road.	N/A	Tender advert was on the 31 May 2009 (City Press) & Sowetan on 02 to 05 June

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				2009 and Site inspection is on the 10 of June 2009. Tender was closed on the 19th of June 2009.
Ga-Moretsele Access Road	R 5 550 000.00	Upgrading of 2.12km of Moretsela Access Road at Moretsela Village.	N/A	Tender Evaluation is submitted.Awaiting for contractor appointment.
Madibong Road & Stormwater	R 4 200 000.00	Provision of a 132m (600mm 75D) Pipe Culverts, Construction of 750m of stone pitched channels, Construction of 500m of lined open channel, Rehabilitation of 500m of wearing course and provision of road signs.	N/A	Consultant was appointed and Municipality still waiting for Acceptance letter from the Consultant.
Leeukraal Access Road	R 2 300 000.00	Construction of Leeukraal Access Road, +1,4km.	N/A	Project has been placed on hold due to RAL road still to be implemented.
Riverside Access Road	R 2 944 000.00	Construction of 1.8km access road to water treatment works from Jane Furse town.	N/A	The business plan is been approved.

2.2.7 Water and Sanitation

Project Name	Projected Budget	Project Scope	Total Labour Employed	Physical Progress
Mamone Rising Main	R 901 143.16	The scope of works for this project involves construction 222m of 90mm uPVC rising main from borehole 2 to connect to the existing rising main and construction of 462m of 90mm class 12 uPVC pipe and 140m of class 4 Steel pipe to connect from borehole 1 to the existing rising main with associated non-return valves and bends and the construction of a new vortex device revitalize for purifying of the salty water. The works also equipping and electrification of Borehole 1 and 2.	N/A	The works that has been completed and certified to date is for the construction of 222m of 90mm class uPVC rising main from borehole 1 to the existing rising, together with the associated non-return valves and bends.

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Ga-Phaahla Water Supply	R 2 255 397.00	Construction of elevated water tank, refurbishment of existing vandalized reticulation pipe lines, equipping & re-testing of borehole. Including +340m rising main 110 diameter C19UPVC existing main from the river, 2xconcrete reservoir 150kl, 2 x non-returns.	N/A	100% of design phase, designs are complete and consultant will have and meeting with the steering committee and the contractor to present the construction drawings on the 23 March 2009.
Ntoane Water Supply	R 1 960 987.00	Supply water to the village of Ntwane, connection to the existing water mains, and construction of elevated tanks & installation of stand pipes.	N/A	VSA has been appointed to perform ground water source development and they have submitted a work programme that is which was emailed to Technical officials however the survey for the area has been completed.
Phatantswane Water Reticulation Phase 2	R 3 000 000.00	Connecting to supply water from Phatantswane village, installation of 50 conventional stand pipes, and construction of 10000 m internal reticulation, construction of 5000 m Rising Main reticulation and construction of 300KL storage.	N/A	The project has been completed successfully and within the allocated budget.

CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

3.1 Introduction

The Human Resource Development and Human Resource Management are essential for the operation of the organization whereby the Human Resource Development is the framework for 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 an organization that focuses on recruitment of management and providing direction for the people who work in the organization. It also deals with issue related to people such as compensation, hiring, performance management and others. Makhuduthamaga has well functioning Human Resources Development and Human Resource Management units within the Corporate Services department.

The functions of HRD

- Preparing for future responsibilities, while increasing the capacity to perform at a current job
- Management training
- Supervisor development
- Implements HRD programs and procedures
- On-the-job training (OJT)
- Coaching/mentoring/counseling
- Career and employee development

Makhuduthamaga has put Human Resource Development at the centre of its organization development initiatives. In this regard 90 % of the employees have been trained on various courses including Certificate programs in Municipal Finances. More than 70 % of councilors have undergone similar training.

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
- Research and information systems

3.2 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 ten categories for leave. This can for instance include:

- Sick leave
- Long unpaid leave
- Unauthorized leave
- Study leave
- Maternity leave
- Annual 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, Systems and Procedures in the Municipality including the performance Management policies and remuneration policies has helped to improve the accuracy of human resources administration and add to the organizational capacity to meet the municipality's obligation relating to obligation, such as the basic conditions of the Employment Act, Labor Relations Act, Employment Equity Act, skills Development Act, Occupational Health and safety Act, etc.

3.3. Employment Equity

3.3.1 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 the reasonable progress toward employment equity in 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.

3.3.2 Stakeholder Participation

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

3.3.3 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, making the municipal workforce organizational culture that is non-discriminatory, and values diversity and legitimizes the

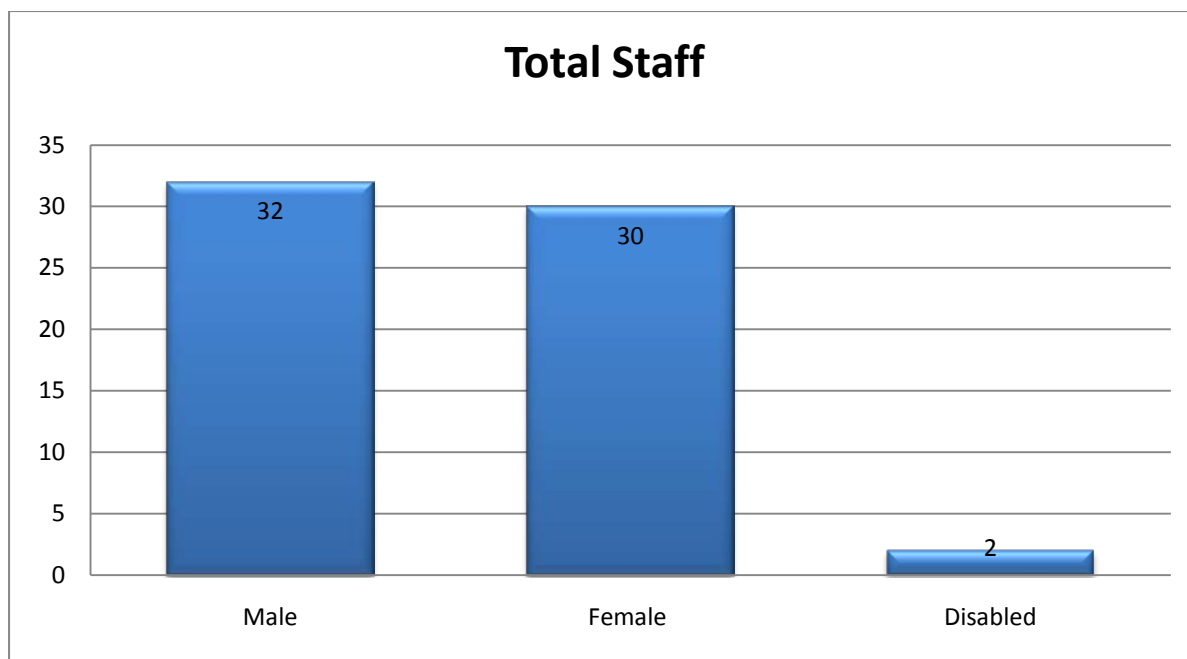
input of all employees. The plan was developed in a participatory way, with representatives drawn from the Unions and the Employment Equity and Training Steering Committee. Furthermore, an organizational audit has been undertaken to assess the Municipality's employment policies, practices, procedures and the working environment. The success and competitive standing of Council's core activities and service delivery hinge 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 the organization's human resources practices in promoting: employment equity, the recruitment of employees from designated groups, and the advancement of appropriate gender representation in the organization. Organizational equity targets were set out in the Employment Equity Plan, which simultaneously ensures compliance with the requirements of the Department of Labor.

3.4 Objectives of the Employment Equity

3.4.1 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 develops and grows.

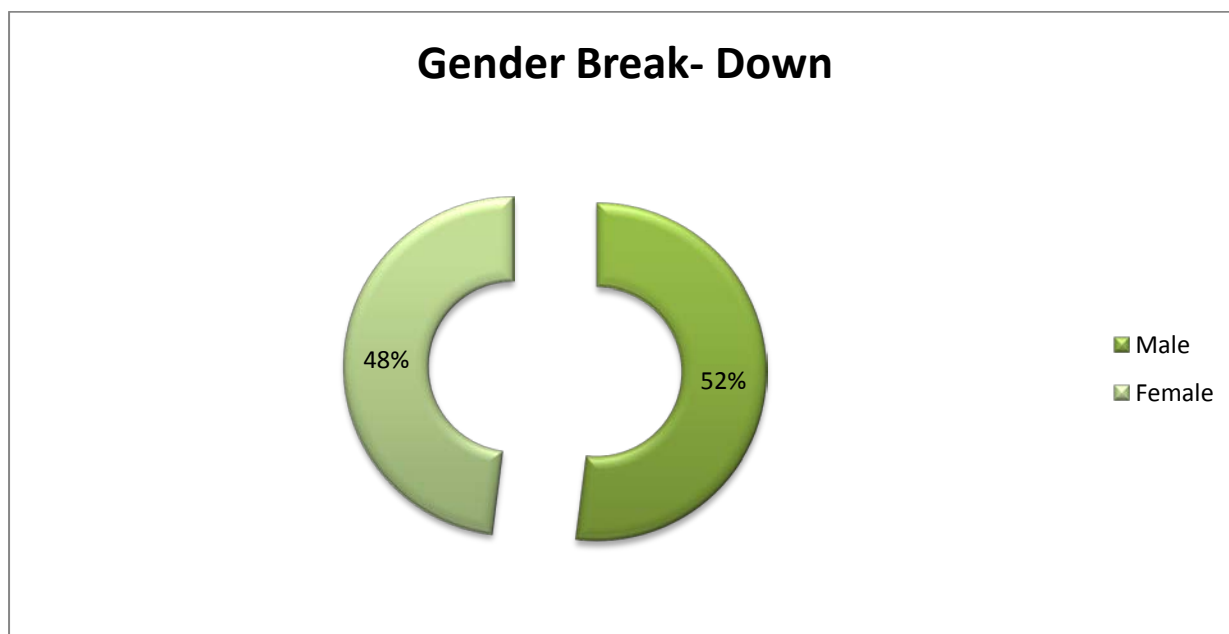
3.4.2 Employment Equity Status Quo



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.

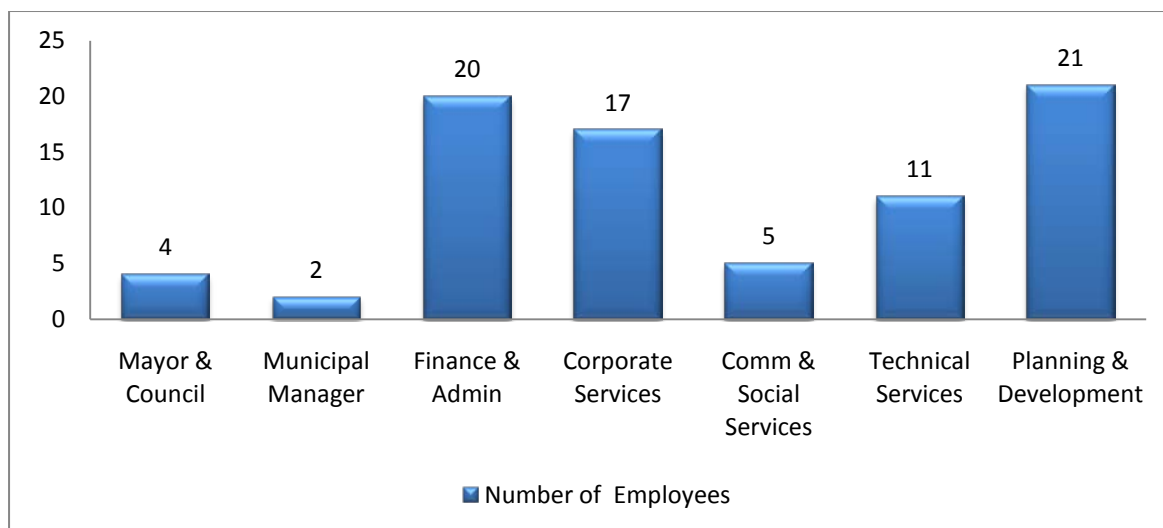
3.4.3 Gender Equality

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.



3.4.4 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.



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3.4.5 Overall Municipality

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		

Makhuduthamaga Local Municipality

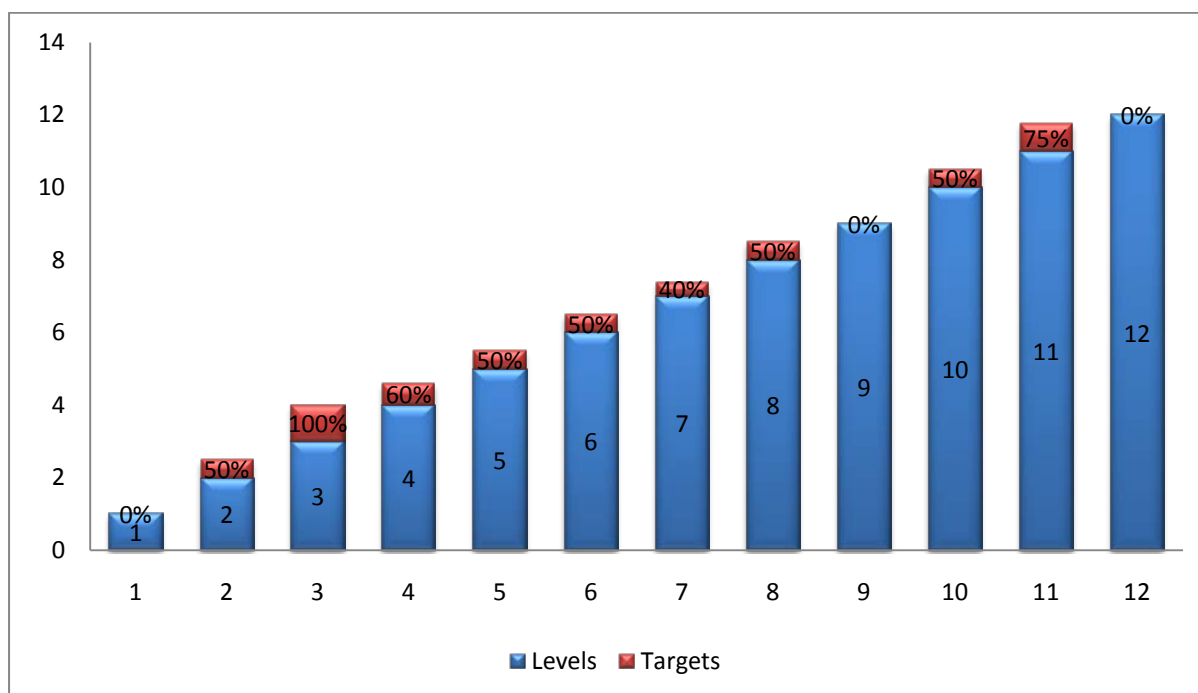
Employees per directorate break-down by gender

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
Total	31	31	26	88

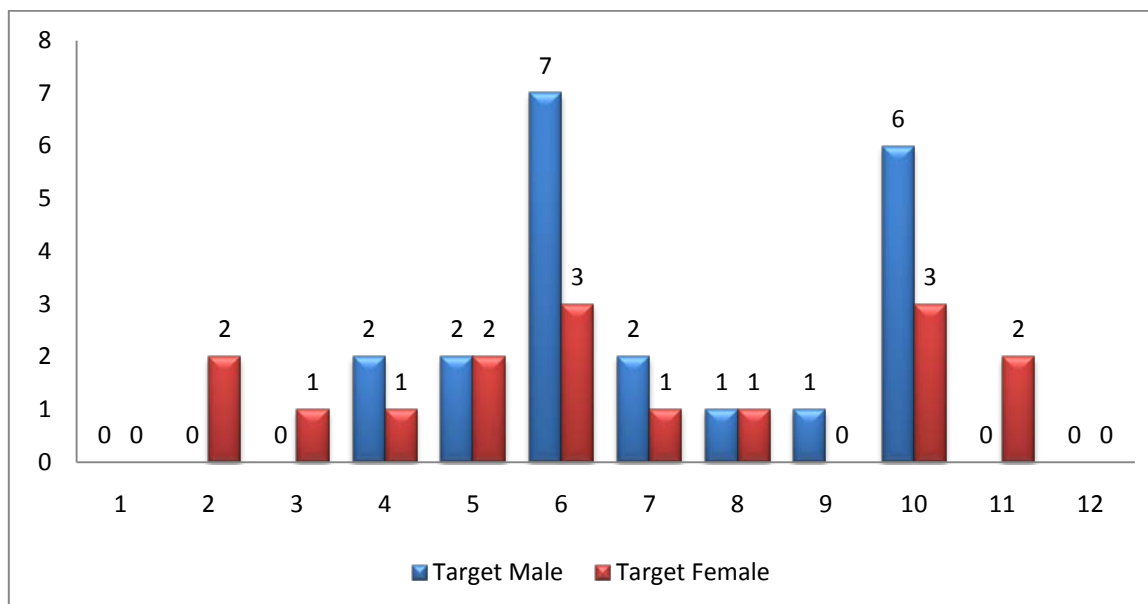
Employment Equity Targets by Employee Level

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



3.5 Organizational Strength and Challenges

Strength

- An approved organizational structure is in place.
- Vacant posts budgeted for.
- Workplace still 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 is established and is functional.
- Municipality offices have been recently upgraded.

Challenges/ weaknesses

- Salary packages are low as compared to other Municipality that generates revenue.
- No retention strategy as result of uncompetitive salary.
- High staff turnover caused by lack of competitive salaries.
- To ensure that we meet National targets as set by DPSA for 2009 which are 50% males, 50% females and 2% disabled.
- To ensure organizational representative 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 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.
- Having the right staff with relevant skills at the place to deliver the quality services required.

Treats

- High unemployment
- High illiteracy rate
- High poverty rate
- Undeveloped infrastructure
- No ownership of land by the Municipality
- Lack of skills and expertise

Opportunity

- Nodal point
- Availability mineral resources

3.6 Organizational Benefits

Medical Aid

Medical aid membership for 2008/2009

Medical Aid	Number of Employees
HOSMED	2
BONITAS	14
L.A HEALTH	6

Pension Fund

Pension Fund membership for 2008/2009

PENSION - MEPF

55

3.7 Transformation and Skills Retention

To facilitate the objective of transformation, skill 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.

3.8 Organizational Structure as at 30 June 2009

The organizational structure of MLM comprises of the political and administrative sections. Figure below shows the broad Organizational structure of Makhuduthamaga Local Municipality.

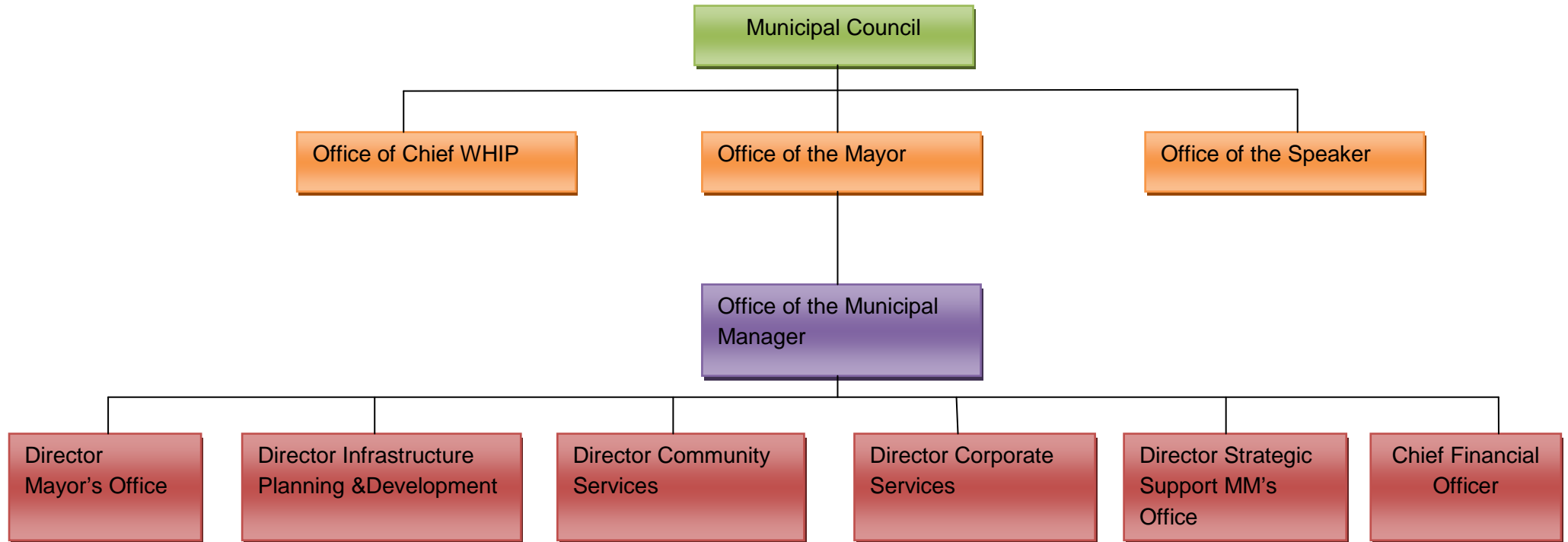
The administrative component of the Municipality on the other hand, is made up of the following four Departments:

- ❖ Finance
- ❖ Corporate Services
- ❖ Infrastructure and Planning
- ❖ Community Services

Makhuduthamaga Local Municipality

This section depicts the organogram of the Makhuduthamaga Local Municipality.

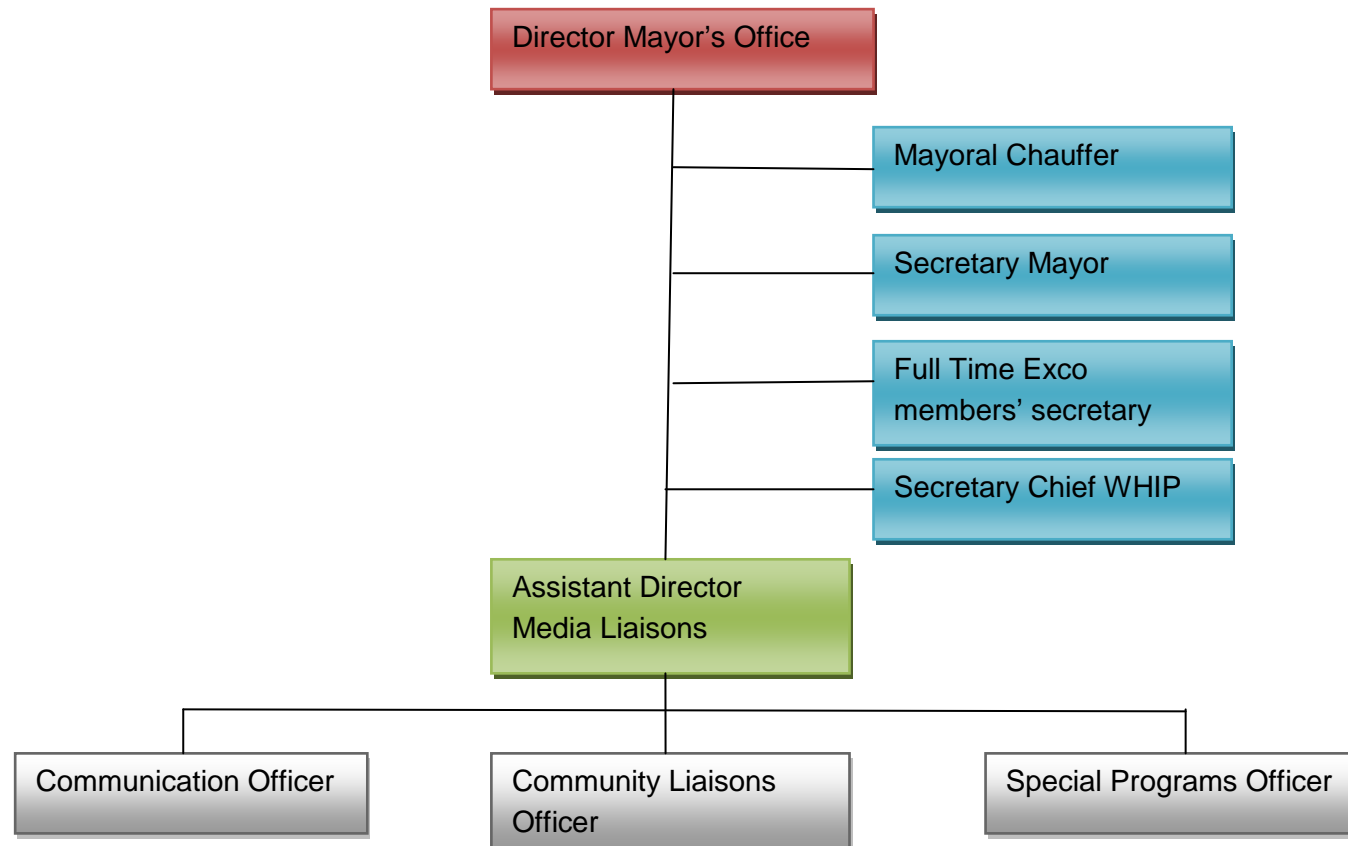
MAKHUDUTHAMAGA MUNICIPALITY



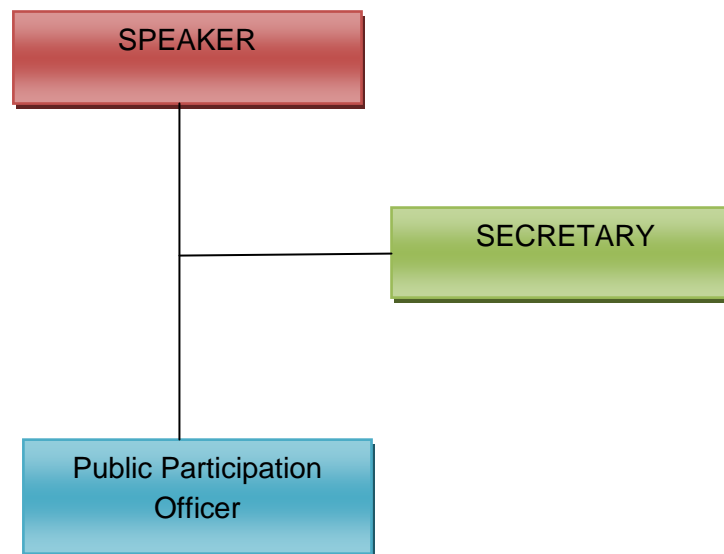
Makhuduthamaga Local Municipality

The political section is constituted by the Council, the Speaker, Mayor and the Executive Committee. The Mayor is the head of the Executive Committee (EXCO) which comprises of 10 Councilors who are head of various departments in terms of section 79 of the Municipal Structures Act. The Municipality comprises of 31 Wards.

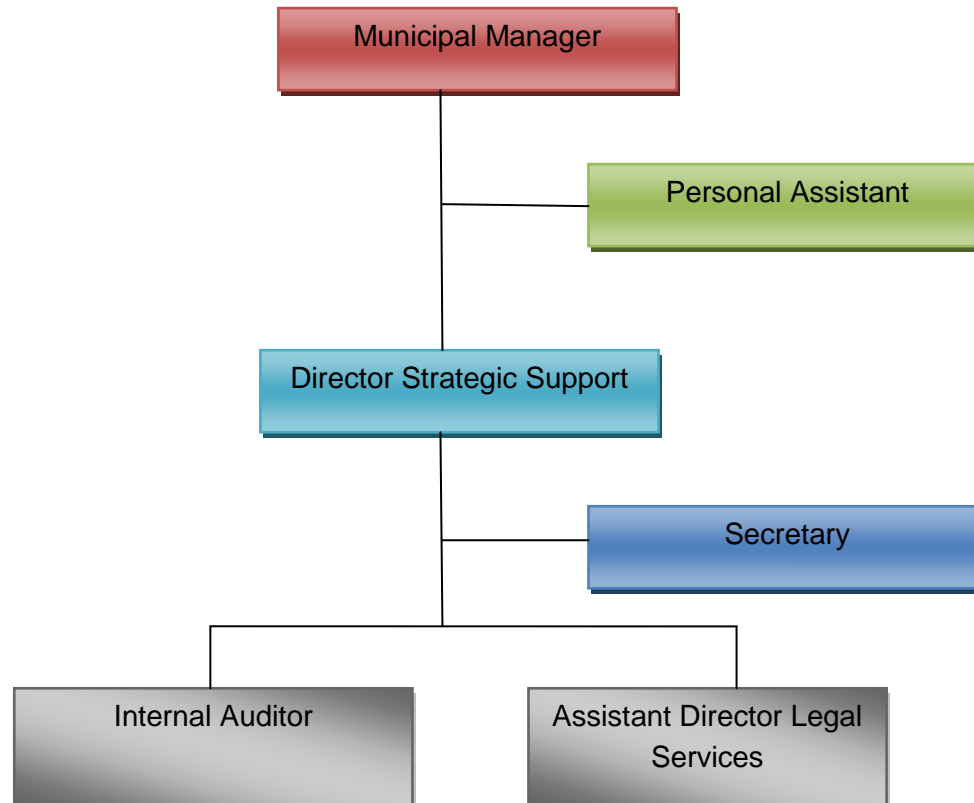
MAYOR'S OFFICE



SPEAKER'S OFFICE



MUNICIPAL MANAGER'S OFFICE



Makhuduthamaga Local Municipality

3.9. Staffing Level as at 31 June 2009

The table below shows the number of employees per directorate in the Municipality.

Directorate	Number of Posts	Number of Post Filled	Vacant Posts
Mayor's Office	9	4	5
Municipal Manager's Office	6	3	3
Director Planning	24	13	11
Community Services	26	5	21
Corporate Services	18	14	4
Technical Services	11	4	7
Financial and Admin Services	17	13	4
Office of the Speaker	3	2	1
Total	114	58	56

3.10 Staff Costs

As a result of a decision taken by SALGA to advise all local municipalities to reduce their staff costs to 30%, and also due to a requirement for the Restructuring Grant allocation from National Treasury that personnel expenditure be a maximum of 30% of total income, Makhuduthamaga Local Municipality has aligned the staff costs with these requirements as shown on the table below. The following table depicts the information for the employee costs within the Municipality;

Costs 2007-2008	Budget	Actual
Total	R 24,526,973.00.00	R 12,786,920.50.00
Percentage of Total Budget	26 %	

3.11 Employee Wellness

The Municipality does not have an Employee Wellness Programme in place. The Municipality intends to embark, through the Department of Local Government establishment of Employee Wellness Programme.

3.12 Employee Qualification Profile

The table below shows the qualification profile of the Municipality.

QUALIFICATION	NO. OF STAFF
Masters(NQF7)	1
Honors(NQF6)	5
Degree(NQF6)	11
Diploma(NQF6)	5
Certificate(NQF4)	6
Matriculates(NQF5)	6
Standard 8(NQF3)	2

CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 Financial Overview

The Municipality has a positive outlook in that although it is highly dependent on grants it has improved on the following:

- Closing of all accounts which made financial accounting difficult.
- Closing of credits cards account.
- Introduced policies and procedures to improve financial accountability.
- Concluding the public participation on the implementation of the MPRA in the ensuing year.
- The Municipality was highly challenged by the fact many key personnel are suspended and the cases are still pending. This creates a huge capacity gap at the management echelon of the institution.

4.2 Accounting Policies

Accounting policies to the financial statements for the year ended 30 June 2009;

(A) Basis of Presentation

- (i) These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended)
- (ii) The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in previous years, except fully detailed in note 3. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- (iii) The financial statements are prepared on the accrual basis:

The balance sheet includes Rate and General Services, Housing income is recorded when received, such as traffic fines, certain licences and governmental grants Expenditure is accrued in the year it is incurred.

(B) Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, sewerage and water, which are treated as income and expenditure in the respective departments.

(C) Fixed Assets

- (i) Property, plant and equipment are stated at cost, less accumulated depreciation.
- (ii) Fixed assets are stated at historical cost or at valuation (based on market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- (iii) All net proceeds from the sale of fixed property are credited to the Land Trust Fund. Net proceeds from the sale of other assets are credited to the Capital Development Fund or to Income.
- (iv) Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling interest applicable at the time the advance is made.
- (v) Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.
- (vi) Depreciation is calculated on cost, using the straight line method over the estimated useful lives of the assets. The depreciation rates are based on the following estimated asset lives:

Infrastructure	Years
Water	15-20
Sewerage	15-20
Other	
Buildings	30
Specialist vehicles	10
Other vehicles	5
Office equipment	5
Furniture and fittings	5
Specialised plant and equipment	5
Other items of plant and equipment	5

(D) Inventory

Inventory (stores and materials) is valued at the lower of cost, determined on a FIFO (first in-first out) basis, and net realisable value.

Redundant and slow-moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

(E) Funds and Reserves

- (i) Capital development fund:

The Capital Development Fund Ordinance no 9 of 1978 requires a minimum contribution of 1,0% of the defined income for the immediately preceding financial year.

(ii) Land trust fund:

The Land Trust Fund is used to finance the acquisition of land for housing projects. When land owned by the Council is sold, all proceeds there from are credited to the Fund.

(F) Provisions

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet, but for which the amounts involved cannot be determined with substantial accuracy. Provisions are made for leave payments, audit and bad debts.

(G) Surpluses and Deficits

Any surpluses or deficits arising from the operation of the water services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

(H) Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 1 of 1994 issued by the Provincial Administration.

(I) Comparative figures

Certain figures in the financial statements were regrouped.

(J) Revenue recognition

Revenue from the sale of water is recognised when either a meter reading has been performed or an estimate of consumption is raised on a provisional basis.

Interest and rentals are recognised on a time proportion basis that takes into account the effective yields on assets.

Revenue from fines is recognised when payment is received, and the revenue from the issuing of summons is recognised when collected.

Amounts received from government and donors are recognised as revenue. Amounts in respect to capital expenditure are rein fenced into investments accounts.

4.3 Annual Financial Statements

The preparation of 2008/2009 financial statements presented all sort of challenges due to insufficient internal capacity of the municipality. The municipality has requested Greater Sekhukhune District Municipality to assist in this regard, the district appointed the Service Provider to assist all local municipalities but unfortunately the service provider never came to Makhuduthamaga. The municipality was already getting late for the submission and as a result, the Department of Local Government and Housing was requested to intervene. The Department of Local Government and Housing appointed a service provider to assist Makhuduthamaga. The service provider prepared the financial statement and submitted them to the Auditor General, though the Auditor General returned the statements to Local Government and Housing for corrections as the statement were not in compliance with the new regulations. The municipality only became aware that the statements were returned when we were informed that we were the only municipality that did not submit the financial statements. We contacted Department of Local Government and Housing, which failed to return the statement back to us for correction. The municipality then appointed the service provider to prepare the financial statements which were submitted to the Auditor General, though very late.

**MAKHUDUTHAMAGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		541 345	541 345
Statutory Funds	1		
Reserves	2	541 345	541 345
ACCUMULATED SURPLUS	15	254 167 187	191 763 211
		254 708 532	192 304 556
TRUST FUNDS	3		
		254 708 532	192 304 556
 EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	131 066 656	100 628 960
INVESTMENTS	5	48 415 416	63 272 572
LONG TERM DEBTORS	6	20 070	64 558
		179 502 143	163 966 090
NET CURRENT ASSETS/(LIABILITIES)		75 206 389	28 338 466
CURRENT ASSETS		85 614 833	29 438 588
Stock	7	194 992	66 260
Debtors	8	17 625 680	14 638 034
Cash	19	61 499 123	13 411 034
Suspense account	9	6 274 505	1 302 727
Short Term Investments	5		
Short Term Portion of Long Term Debtors	6	20 533	20 533
 CURRENT LIABILITIES		10 408 443	1 100 122
Provisions	10		
Creditors	11	10 408 443	1 100 122
		254 708 532	192 304 556

Makhuduthamaga Local Municipality

MAKHUDUTHAMAGA LOCAL MUNICIPALITY DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008	2008	2008		2009	2009	2009	2009
Actual	Actual	Surplus/		Actual	Actual	Surplus/	Budget
income	expenditure	(Deficit)		income	expenditure	(Deficit)	Surplus/
R	R	R		R	R	R	(Deficit)
			RATE AND GENERAL				
82 569 360	27 163 144	55 406 216	SERVICES	112 733 873	50 329 897	62 403 976	40 180 794
82 569 360	27 148 504	55 420 856	Community Services	112 733 873	49 900 616	62 833 257	41 065 794
	9 671 564	-9 671 564	Council's General Expenses		5 150 329	-5 150 329	-4 078 200
	176 566	- 176 566	Protection and Emergency Services				
			Assessment Rates				
	12 179	- 12 179	Housing		347 279	- 347 279	
50 468 764	56 266	50 412 498	Grants - Equitable Share	64 880 722		64 880 722	61 873 000
6 505 632		6 505 632	Allocations - MIG Grants	13 475 000		13 475 000	18 975 000
697 500		697 500	Allocations - MSIG Grants	735 000		735 000	735 000
500 000		500 000	Allocations - FMG Grants	1 740 080		1 740 080	500 000
			Allocations - Sekhukhune District	348 750		348 750	697 500
	70 531	- 70 531	Roads and bridges services		2 645 147	-2 645 147	-3 881 000
	2 591 691	-2 591 691	Human Resources		20 198 525	-20 198 525	-20 116 816
	1 692 490	-1 692 490	Municipal Manager		2 504 690	-2 504 690	-3 744 000
	40 381	- 40 381	Political office bearers and traditional leaders		163 295	- 163 295	-11 207 401
10 737 378	7 111 994	3 625 384	Finance and administration services	24 530 745	18 553 028	5 977 717	-3 842 789
13 660 086	5 724 842	7 935 244	Traffic and community services	7 023 576	338 324	6 685 252	5 155 500

Makhuduthamaga Local Municipality

MAKHUDUTHAMAGA LOCAL MUNICIPALITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH RETAINED FROM OPERATING ACTIVITIES		67 895 528	44 950 602
Cash generated by operations	16	58 100 670	57 886 326
Investments income	14	8 574 692	386 080
(Increase)/decrease in working capital	17	1 220 166	-13 321 804
		67 895 528	44 950 602
Less: External interest paid	14		
Cash available from operations		67 895 528	44 950 602
Net proceeds on disposal of assets	4		
CASH UTILISED - INVESTING ACTIVITIES		-34 664 595	-24 597 569
Investment in fixed assets	4	-34 709 083	-24 618 102
(Increase) / decrease in long-term debtor		44 488	20 533
NET CASH FLOW		33 230 933	20 353 033
CASH EFFECTS - FINANCING ACTIVITIES			
Increase/(decrease) in long-term loans	21		
(Increase)/decrease in cash investments	18	14 857 156	-10 957 230
(Increase)/decrease in cash	19	-48 088 089	-9 395 803
Net cash (generated)/utilised		-33 230 933	(20 353 033)

**MAKHUDUTHAMAGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2009**

	2009 R	2008 R
1. STATUTORY FUNDS		
Endowment		
Bursaries		
Town Planning		
Township Development		
Land Trust		
Capital Development Fund		
Housing Development Fund		
(Refer to Appendix A for more detail)		
2. RESERVES		
Indigents		
Capital Reserve	208 418	208 418
Provision for leave	332 927	332 927
Maintenance and Renewals		
Elections		
Special Projects		
Training		
Tariff Stabilisation		
Tariff Stabilisation - Interest		
(Refer to Appendix A for more detail)	541 345	541 345
3. TRUST FUNDS		
Department of Water Affairs and Forestry		
Subsidies		
4. Fixed Assets		
Fixed assets at the beginning of the year	113 965 011	80 468 125
Capital expenditure during the year	34 709 083	33 496 886
Plus: Balances transferred		
Less: Assets written off,/disposed	17 607 437	13 336 051
Total fixed assets	131 066 656	100 628 960
Less: Loans redeemed and other capital receipts		
Net fixed assets	131 066 656	100 628 960
(Refer to appendix C and paragraph 3 of the CFO's Report for more details on fixed assets)		

5. INVESTMENTS

Unlisted

Money market operatios	34 004	25 975 627
Money market projects	27 507	30 783
Money market water	28 839	28 588
Traffic account	7 139 175	4 418 303
Call accounts	41 185 891	32 819 272
Total Investments	48 415 416	63 272 572

Less: Short Term Portion Transferred to Current Assets

48 415 416	63 272 572
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Managements' Valuation of Unlisted Investments

Average rate of return on investments (Gross)	17.71%	9.19%
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Investments were made in accordance with Council/s Investment Policy

6. LONG TERM DEBTORS

Housing loans

Car loans	40 603	85 090
	40 603	85 090

Less: Short Term Portion Transferred to Current Assets

20 533	20 533
20 070	64 557

7. STOCK

Stock represents consumable stores, raw materials work in progress and finished goods. Where necessary specific provision is made for obsolete stock.

194 992	66 260
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8. DEBTORS

Current consumer debtors		402 467
Current debtors (other)	17 625 680	14 235 567
	17 625 680	14 638 034

Less: Provision for Bad Debts

(Refer to Annexure A for more detail)	17 625 680	14 638 034
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9. SUSPENSE ACCOUNTS

Other	6 274 505	1 302 727
	6 274 505	1 302 727

10. PROVISIONS

Leave

(Refer to Annexure A for more detail)

11. CREDITORS

Trade Creditors	3 813 838	
Other	6 594 605	601 325
Provision for audit fees		498 797
	10 408 443	1 100 122

12. COUNCILLORS' REMUNERATION

Mayor's Allowance	497 280	467 296
Speakers Allowance	397 824	373 836
Executive Committee Allowances (9)	2 181 816	2 050 257
Councillors' Allowances (50)	7 618 010	7 009 398
	10 694 930	9 900 787

13. AUDITORS' REMUNERATION

Audit fees

- Current Year	334 119	699 674
- Over/Under Provision : Prior Year		
	334 119	699 674

14. FINANCE TRANSACTIONS

Total external interest earned or paid:	8 574 692	386 081
Interest earned	8 574 692	386 081
- Current Account	149 461	15 211
- Investments	8 425 232	370 870
- Tariff Stabilisation		
Interest Paid		

Capital charges debited to operating account:

Interest:	External
	Internal
Redemption:	External
	Internal

8 574 692

15. APPROPRIATIONS

Appropriation Account

Accumulated surplus at the beginning of the year	191 763 212	137 948 145
Operating surplus (defecit) for the year	62 403 976	53 048 869
Contributions towards Funds (Ex Surplus)		
Prior years' adjustments		766 198
Accumulated surplus at the end of the year	254 167 188	191 763 212

Operating Account		
Capital expenditure	34 709 083	33 496 886
Contributions to:		
Bursaries		
Indigents		
Capital Development Fund		
Development Fund - Housing		
Bad Debt		
Leave Provision		
	34 709 083	33 496 886
16. CASH GENERATED BY OPERATIONS		
Surplus (Deficit) for the year	62 403 976	53 048 869
Adj. in respect of: Previous years' operating trans.		766 198
Contributions towards Funds (Ex Surplus)		
Non cash items charged against income:	4 271 386	4 457 267
* Capital Development Fund		
* Accumulated Funds		
* Provisions		
* Reserves		
* Fixed Assets	4 271 386	4 457 267
Capital Charges:		
* Interest paid:		
- to internal funds		
* Redemption:		
- of internal advances		
Non-operating income:	-8 574 692	- 386 008
* Interest received	-8 574 692	- 386 008
* Trust Funds		
* Provisions		
* Reserves		
Non-operating expenditure charged against:		
* Accumulated Funds		
* Trust Funds		
* Provisions		
* Reserves		
	58 100 670	57 886 326
17. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	-128 731	
(Increase)/decrease in debtors	-2 987 646	-1 873 449
Increase/(decrease) in creditors	9 308 321	-10 145 627
(Increase)/decrease in suspense account	-4 971 778	-1 302 728
	1 220 166	-13 321 804

18. (INCREASE)/DECREASE IN EXTERNAL

CASH INVESTMENTS

Investments made	14 857 156	-10 957 230
Investments realised		
	14 857 156	-10 957 230

19. (INCREASE)/DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	13 411 034	4 015 231
Less: Cash balance at the end of the year	61 499 123	13 411 034
	-48 088 089	-9 395 803

20. CAPITAL COMMITMENTS

Commitments in respect of expenditure:

- approved & contracted for
- approved but not yet contracted for

This Expenditure will be Financed from:

- Capital Development Fund
- Consolidated Loans Fund
- Township Development
- Contribution

Government(Grants/Subsidies)

21. CONSOLIDATED LOANS FUND

Advances to borrowing services outstanding

External loans (see appendix B)

Internal investments (surplus funds)

Sale of Assets

Interest Stabilisation Fund

Less:

External investments

(Refer to appendix B for more detail)

Net expenditure charged to borrowing services
at an average rate of:

Interest paid on external loans

Interest paid on internal investments

Contribution to Interest Stabilisation Fund

Contribution to operating income

Less: Interest earned on external investments

22. CAPITAL DEVELOPMENT FUND

Outstanding advances to borrowing services

Accumulated fund

Less: Internal investments in Consolidated
Loans Fund

(See appendix B for more detail)

4.4 Report of the Auditor General

This is a report of the Auditor-General to the Limpopo Provincial legislature and the council on the financial statements and performance information of the Makhuduthamaga Local Municipality for the year ended 30 June 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Makhuduthamaga Local Municipality which comprise the balance sheet as at 30 June 2009, and the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 72 to 76.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Corresponding figures

4. In my previous audit report dated 13 October 2009, I was unable to express an audit opinion on the annual financial statements of the municipality for the year ended 30 June 2008. The qualification matters have not been resolved while no alternative procedures were possible and my audit report is disclaimed regarding the opening balances as discussed hereunder:
 - Reserves amounting to R208 418

- Accumulated surplus amounting to R191 763 211
- Prior year adjustment amounting to R766 198
- Fixed assets amounting to R100 628 960
- Investments amounting to R63 272 572
- Debtors amounting to R14 638 034
- Cash amounting to R13 411 034
- Creditors amounting to R1 100 122
- Provisions amounting to R332 927
- Suspense account amounting to R1 302 728
- Revenue amounting to R82 569 369
- Expenditure amounting to R27 163 143
- Employee cost amounting to R14 995 173
- Irregular expenditure amounting to R1 404 982

Reserves

5. Documentation supporting transactions appearing in reserves amounting to R208 418 as disclosed in the balance sheet and note 2 to the financial statements could not be provided. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself that all transactions have taken place and have been recorded at the appropriate amounts.

Assets

6. My audit of assets revealed the following material errors and inconsistencies between the accounting records and financial statements:
 - Unreconciled differences between the annual financial statements and the trial balance amounting to R185 880, the annual financial statements and the asset register amounting to R38 390 167, and the asset register and the trial balance amounting to R38 204 286.
 - The physical verification of assets was not possible due to an incomplete asset register.
 - Supporting documentation for additions amounting to R16 413 490, and journals processed in the ledger amounting to R15 515 378 could not be provided
 - Additions amounting to R25 830 611 as per the general ledger were not recorded in the assets register.
 - The municipality maintains a capital projects register listing all projects in progress at year-end. None of the projects in progress were included in the balance sheet. Furthermore, documentation supporting projects in progress to the value of R32 455 599 could not be provided.
 - Capital project assets amounting to R15 798 671 were completed during the year. However, these assets were not recorded in the asset register. I was also not able to conclude whether these balances were included in the annual financial statements or not.
 - The depreciation method used by the municipality was not in line with the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the published Annual Financial Statements for Local Authorities (2nd edition, 1996, as amended). As per the above, the depreciation should have been disclosed as loans redeemed and other capital receipts, whereby the assets were written off over their

estimated useful life. The municipality did not follow this policy and did not disclose the depreciation accordingly.

7. The municipality's records did not permit the application of alternative procedures regarding assets and as a result, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for fixed assets amounting to R131 066 656, the surplus for the year amounting to R62 403 976, and the accumulated surplus amounting to R254 167 187.

Investments

8. My audit of investments revealed the following material errors and inconsistencies between the accounting records and financial statements:
 - Unreconciled differences between the annual financial statements and the bank confirmations amounting to R11 904 556.
 - Unreconciled differences between the annual financial statements and the trial balance amounting to R10 996 549.
 - Authorisation letters for transfers of R17 200 000 between the investment accounts, were not submitted for audit purposes.
9. The municipality's records did not permit the application of alternative procedures regarding investments. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for investments amounting to R48 415 416.
10. The traffic bank account amounting to R7 139 175 was incorrectly classified as an investment instead of cash.

Debtors

11. My audit of receivables revealed the following material errors and inconsistencies between the accounting records and financial statements:
 - Current consumer debtors were disclosed in note 8 to the financial statements in the current and prior financial years at an amount of R402 467. The balance from the prior financial year was, however, not updated with the billings for the current financial year, as the Sekhukhune District Municipality took over the billing process of the municipality from October 2007. Documentation supporting the takeover of these consumer debtors to the amount of R402 467 could not be provided for audit purposes. The municipality also did not pass an accounting entry for this takeover.
 - Included in the debtors balance is an amount of R4 005 360 in respect of the Department of Water Affairs and Forestry. No supporting documentation was provided to substantiate the same.
 - No provision for doubtful debts was made in the financial statements. The amount could not be recalculated as I was not provided with the details of debtors.
 - Supporting documentation of R13 202 461 relating to value added tax (VAT) was not provided for audit purposes. There is an unreconciled difference of R3 507 025 between the VAT return submitted and the general ledger.

12. The municipality's records did not permit the application of alternative procedures regarding debtors. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for debtors amounting to R17 625 680, the surplus for the year amounting to R62 403 976, and the accumulated surplus amounting to R254 167 187.
13. VAT refunds amounting to R15 067 043 received from the South African Revenue Service (SARS) were incorrectly included in other income and not adjusted to the VAT account.

Cash

14. My audit of cash revealed the following material errors and inconsistencies between the accounting records and financial statements:
 - Unreconciled differences between the annual financial statements and the trial balance/general ledger amounting to R12 900 263.
 - An unreconciled difference between the annual financial statements and bank statements of R5 357 140.
 - Supporting documentation for journals amounting to R50 593 846 were not provided.
15. The municipality's records did not permit the application of alternative procedures regarding cash. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for cash amounting to R61 499 123, the surplus for the year amounting to R62 403 976, or the accumulated surplus amounting to R254 167 187.

Creditors

16. My audit of creditors revealed the following material errors and inconsistencies between the accounting records and the financial statements:
 - Unreconciled differences between the annual financial statements and the general ledger amounting to R9 800 564.
 - A list of creditors with outstanding balances which agree to the financial statements was not provided.
17. The municipality's records did not permit the application of alternative procedures regarding creditors. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for creditors amounting to R10 408 443.

Provisions

18. *Documentation supporting transactions appearing in provisions amounting to R332 927 as disclosed in the balance sheet and note 10 to the financial statements could not be provided. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself that all transactions have taken place and have been recorded at the appropriate amounts.*

Suspense account

19. *Documentation supporting transactions appearing in the suspense account amounting to R6 274 505 as disclosed in the balance sheet and note 9 to the financial statements could not be provided. Furthermore, I could not determine which balances have been affected as a result of this uncleared account. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself that all transactions have taken place and have been recorded at the appropriate amounts.*

Income

20. My audit of income revealed the following material errors and inconsistencies between the accounting records and the financial statements:
- Supporting documentation for traffic revenue amounting to R3 958 926 could not be provided.
 - Supporting documentation for interest on investment amounting to R8 015 687 could not be provided.
 - An Unreconciled difference in the interest earned between the annual financial statements and the bank confirmation of R3 126 865, and a difference of R2 709 470 between the annual financial statements and the investment register.
21. The municipality's records did not permit the application of alternative procedures regarding revenue. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for operating income amounting to R31 554 321, the surplus for the year amounting to R62 403 976, and the accumulated surplus amounting to R254 167 187.

Expenditure

22. My audit of expenditure revealed the following material errors and inconsistencies between the accounting records and the financial statements:
- Unreconciled differences between the annual financial statements and the trial balance amounting to R4 564 533.
 - Supporting documentation for expenditure amounting to R10 053 076 was not provided.
23. The municipality's records did not permit the application of alternative procedures regarding expenditure. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for expenditure amounting to R30 133 373, the surplus for the year amounting to R112 733 873, and the accumulated surplus amounting to R254 167 187.

Employee cost

24. My audit of employee cost revealed unreconciled differences amounting to R696 241 between the trial balance and the annual financial statements in respect of Councillors remuneration.
25. The municipality's records did not permit the application of alternative procedures regarding employee cost. Accordingly, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for employee cost amounting to R20 198 525, the surplus for the year amounting to R62 403 976, and the accumulated surplus amounting to R254 167 187.
26. Retirement benefits were not disclosed or recognised in the annual financial statements as required by the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the published Annual Financial Statements for Local Authorities (2nd edition, 1996, as amended).

Unauthorised expenditure

27. Contrary to section 125(2)(d) of the MFMA, the municipality has omitted disclosure of material unauthorised expenditure amounting to R11 562 972 which was incurred during the financial year.

Irregular expenditure

28. Contrary to section 125(2)(d) of the MFMA, the municipality has omitted disclosure of material irregular expenditure amounting to R8 946 034 which was incurred during the financial year as a result of non-compliance with the supply chain regulations.
29. Contrary to section 43(2) of Division of Revenue Act, 2008 (No.2 of 2008) the municipality has omitted disclosure of material irregular expenditure amounting to R259 920, which was incurred during the financial year in contravention of the conditions of the grant.

Disclosure

30. The municipality has omitted compulsory disclosures as required under section 125(1) (c) and 125(2)(a) of the MFMA.

Disclaimer of opinion

31. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Emphasis of matter

I draw attention to the following matter on which I do not express a disclaimer of opinion:

Basis of accounting

32. The entity's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Information included in the annual report

33. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Non-compliance with applicable legislation

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

34. A cash management and investment policy was not established as prescribed by the Municipal Investment Regulations in *Government Notice R.308 of 1 April 2005* and section 13(2) of the MFMA.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

35. *The accounting officer did not exercise his responsibility to ensure that the tariff policy was prepared and approved in terms of section 74.*

Division of Revenue Act (Act No.2 of 2008) (DoRA)

1.
36. *The accounting officer did not exercise his responsibility to ensure that a DoRA reconciliation was prepared in terms of sections 5(1), (3) and (4), 8(1) and (3), 23(1), 29(2) and (3), 34(1), (2), (3) and (4), and 37.*

Governance framework

37. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

38. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial

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and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

<i>Par. no.</i>	<i>Basis for disclaimer of opinion</i>	<i>CE</i>	<i>RA</i>	<i>CA</i>	<i>IC</i>	<i>M</i>
5	Reserves	5				
6	Accumulated surplus	6				
7	Assets	5		4		
10	Investments	1				
13	Debtors	5				1
16	Cash	5				
19	Creditors	1		4		
22	Provisions	5				
23	Suspense account	5				
24	Revenue	5		6		
27	Expenditure	5				1
30	Employee cost	5		3		
33	Unauthorised expenditure			3		
34-35	Irregular expenditure			3		
36	Disclosure	7				

39. Overall reflection on qualifications:

- The accounting officer did not ensure that there is a proper registry system in place where the documents are stored and can be retrieved for audit and other purposes.
- The acting deputy CFO did not ensure that monthly reconciliations are prepared for cash and bank, fixed assets, creditors, revenue and employee cost.
- The financial statements were prepared for the municipality by a consultant and a proper quality review thereof was not done prior to submission for audit purposes. The review would normally be the responsibility of internal audit and the audit committee. In the absence of these structures the review should have been done by the acting deputy CFO.

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Legend	
CE = Control environment	
<i>The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.</i>	1
<i>Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.</i>	2
<i>Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.</i>	3
<i>Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.</i>	4
<i>The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.</i>	5
<i>Management's philosophy and operating style do not promote effective control over financial reporting.</i>	6
<i>The entity does not have individuals competent in financial reporting and related matters.</i>	7
RA = Risk assessment	
<i>Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.</i>	1
<i>The entity does not identify risks to the achievement of financial reporting objectives.</i>	2
<i>The entity does not analyse the likelihood and impact of the risks identified.</i>	3
<i>The entity does not determine a risk strategy/action plan to manage identified risks.</i>	4
<i>The potential for material misstatement due to fraud is not considered.</i>	5
CA = Control activities	
<i>There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.</i>	1
<i>General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.</i>	2
<i>Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.</i>	3
<i>Actions are not taken to address risks to the achievement of financial reporting objectives.</i>	4
<i>Control activities are not selected and developed to mitigate risks over financial reporting.</i>	5
<i>Policies and procedures related to financial reporting are not established and communicated.</i>	6
<i>Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.</i>	7
IC = Information and communication	

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Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

40. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		✓
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		✓
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.		✓
	• The audit committee operates in accordance with approved, written terms of reference.		✓
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		✓
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.		✓
	• The internal audit function operates in terms of an approved internal audit plan.		✓

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No.	Matter	Y	N
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		✓
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		✓
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i) of the MFMA.		✓
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.		✓
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓
Issues relating to the reporting of performance information			
14.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
15.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
16.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets (section 68 of the MFMA).		✓
17.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		✓

41. Mainly as a result of a lack of the required skills in top management:

- Requested information was not made available in time as a proper document management system was not in place.
- A proper quality review of the financial statements was not done prior to submission for audit purposes.
- Despite numerous requests, key officials were not available throughout the audit process as they were attending training and did not delegate their responsibilities to other officials in the municipality.
- The audit committee was dissolved during the year.
- The internal auditor, who was appointed with effect from 1st September, 2008 did not draft a plan to ensure that responsibilities as set out in section 165(2) of MFMA are adhered to.
- The municipality did not ensure compliance with section 131(1) of the MFMA in addressing issues raised in my prior audit reports.
- A risk assessment was not prepared.

- Proper information systems to facilitate the preparation of performance information that is accurate and complete were not put in place.

Investigations

42. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on allegations of the possible misappropriation by employees of the municipality's funds. The investigation resulted in criminal proceedings being instituted against two employees.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

43. I was engaged to review the performance information.

The accounting officer's responsibility for the performance information

44. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the MSA.

The Auditor-General's responsibility

45. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
46. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
47. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

No reporting of performance information

48. The annual report of the municipality did not include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA.

Existence and functioning of a performance audit committee

49. The municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

50. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

Content of integrated development plan

51. The integrated development plan of the Makhuduthamaga Local Municipality did not include the input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

APPRECIATION

52. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

Polokwane

1 February 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

4.5 Audit Queries Action Plan

AP #	49
Purpose	To prepare detailed responses to all Audit Findings contained in the Auditor General Management Report for the Year Ended June 30, 2009
Prepared By	Jim Hewitt, Advisor
Date Prepared	February 11, 2010
Target Completion	April 30, 2010

Reference to MFMA Implementation Plan:

8.20	"Ensure that the municipality addresses any issues raised by the A-G in the audit report."
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Reference to 16 Priorities:

7	"Implement accounting reforms – preparation and submission of quality, timely AFS and address audit findings."
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Reference to FMIP II Logframe:

5.4.4	"Audit findings are followed up and remedies put in place."
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Description of Status Quo:

The draft Management Report of the Auditor General for the Year Ended June 30, 2009, dated November 2009, has been received. There are slightly fewer Audit Findings than the previous year, down from about 95 Audit Findings to about 75. These Audit Findings cover all departments of Makhuduthamaga Local Municipality, although most relate to the Finance Department. It is imperative that these Audit Findings be addressed.

Desired Outcome:

The desired outcome of this Action Plan is to prepare a detailed response for every Audit Finding. Each detailed response (Activity Report) will contain recommendations for addressing the Audit Finding, and may also contain recommendations to prevent the re-occurrence of the Audit Finding.

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Process to Achieving Desired Outcome:

STEP	DESCRIPTION	START DATE	TARGET COMPLETION	RESPONSIBLE OFFICIALS
1	Receive instructions from Chief Financial Officer to prepare Action Plan	11-Feb-10	11-Feb-10	Jim Hewitt, Advisor
2	Receive copy of draft Auditors' Management Report	23-Feb-10	23-Feb-10	Jim Hewitt, Advisor
3	Prepare Audit Findings Response Register to control Activity Reports	23-Feb-10	25-Feb-10	Jim Hewitt, Advisor
4	Prepare Activity Reports to cover all Audit Findings	23-Feb-10	25-Feb-10	Jim Hewitt, Advisor
5	Assign Audit Findings Activity Reports to appropriate Makhuduthamaga officials	8-Mar-10	11-Mar-10	Mrs. D. S. Diale, Chief Financial Officer
6	Conduct investigations for each Audit Finding and complete Activity Report	8-Mar-10	26-Mar-10	Selected Makhuduthamaga officials
7	Review and consolidate Activity Reports	19-April-10	23-April-10	Mrs. D. S. Diale, Chief Financial Officer
8	Prepare Final Consolidated Report for Municipal Manager, Council, and Audit Committee	29-April-10	30-April-10	Mrs. D. S. Diale, Chief Financial Officer

Acceptance of Responsibility:

NAME	SIGNATURE	DATE
Mrs. D. S. Diale, Chief Financial Officer		
Jim Hewitt, Advisor		
Other officials as designated by Chief Financial Officers		

4.6 Report of the Audit Committee on the Audited

The Audit Committee is responsible for reviewing the Company's internal controls, implementing and reviewing the Company's internal audit processes, considering and advising on financial risks, determining the consistency of the company's accounting policies and evaluating management's estimates and assumptions in the preparation of the Company's consolidated financial statements. The Audit Committee also maintains the working relationship with the Company's internal and external auditors and ensures the qualification and independence of these, the Company's adherence to prevailing rules and regulations and, where applicable, reviews transactions between the Company and related parties.

The Audit Committee could not review the AFS as requested in terms of the applicable legislation. The Audit Committee was non functional throughout the year under review. The Committee was not available to interact with the External Auditors during the Audit process. The Audited financial statements were thus not looked by the Audit Committee before finalization.

4.7 Governance Report: Internal Audit

The Internal Audit Unit has been poorly understaffed throughout the year. As such they could not carry out the internal audit function. The Provincial Treasury Audit Unit and the Greater Sekhukhune District Municipality Audit Unit assisted in developing the risk profile of the municipality, which became very handy in the monitoring and mitigating risks in the municipality. The risk profile is hereunder attached;

Rating Scale of Impact

Risks that have a potential to impact on Makhuduthamaga LM's objectives (i.e. risks that not only would impact on the divisional objectives but also potentially on the strategic objectives) should be rated in terms of the rating scale below. Impact of the risk should be assessed after taking into account current controls and actions to mitigate the risk.

Score	Title	Description
4	Significant	Will not achieve objectives
3	Major	Reduced ability to achieve objectives
2	Moderate	Disruptive to normal operations but a limited impact on objectives
1	Minor	No material impact on the achievement of objectives



Rating Scale of Probability

Each risk should be rated in terms of the probability of the risk occurring as per the guidelines provided below.

Probability of the risk occurring should be assessed after taking into account current controls and actions to mitigate the risk.

SCORE	TITLE	DESCRIPTION
4	Common	The risk is pervasive and occurring regularly (86-100%)
3	Likely	The risk is certain to occur in the short term (50-85%)
2	Moderate	The risk could occur in the medium term (6-50%)
1	Unlikely	The risk is unlikely to occur even in the medium term (1-5%).



Scale of Residual Risk Level

Evaluation of risk entails the combination of rating as determined above.

Rating given to the impact multiplied by rating given to likelihood.

Residual risk is the product of Impact and Probability.

12 to 16	Unacceptable	Take action to reduce risk with highest priority, accounting officer and executive authority attention.
6 to 11	Cautionary	Take action to reduce risk, inform senior management.
1 to 5	Acceptable	No risk reduction - control, monitor, inform management.



Makhuduthamaga Local Municipality

1 – STRATEGIC SUPPORT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
STRATEGIC PLANNING								
IDP, Budget, SDBIP, reviewed and adopted in time. Reports (Quarterly and annual reports) submitted to council.	1	Annual reports not submitted to council	Operational	Additional staff	2	3	6	Accounting Officer



STRATEGIC SUPPORT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
LEGAL SERVICES								
Database for all contracts	1	Not all contracts are in writing	Legal	Training and awareness	2	4	8	Accounting Officer
	2	Not all contracts are signed	Legal	No controls	3	2	6	Accounting Officer
	3	Not all contracts are send to Legal services for development	Legal	No controls	2	2	4	Accounting Officer
Delegation of powers	4	Delegation of undelegated powers	Operational	No controls	4	1	4	Accounting Officer
By-law development(man datory)	5	Inability to bill the citizens and collect the the rate in due date/time	Organisatio nal	Adoption process in place. Public comments made	3	3	9	Accounting Officer
Legal advice to departments	6	Non submission of legal related problems	Legal	Training provided	3	3	9	Accounting Officer



Makhuduthamaga Local Municipality

STRATEGIC SUPPORT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
INTERNAL AUDIT								
To audit all projects within the municipality efficiently and effectively	1	Insufficient staff capacity	Human Resources	Plan is ready and Arranging trainings to be attended.	3	2	6	Accounting Officer
	2	Inadequate staff	Human Resources	One post has been created on organisational structure	2	3	6	Accounting Officer
	3	Inadequate physical infrastructure such as office and office equipments.	Organisational	No controls	4	3	12	Accounting Officer
	4	Unsatisfactory co-operation between management and internal audit activity	Operational	No controls	2	3	6	Accounting Officer
	5	Inadequate means of communication within the municipality	Operational	IT Manager is busy activating municipal emails	3	3	9	Accounting Officer
To ensure that systems of internal controls are implemented successfully	6	Internal Controls may be inadequate	Organisational	Policies, by-laws and procedure manuals are in place	3	2	6	Accounting Officer

STRATEGIC SUPPORT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
RISK MANAGEMENT								
Risk Management Strategy implemented effectively	1	Risk management Strategy may not be implemented	Organisational	Risk Assessment Done	3	1	3	Accounting Officer
Anti-Corruption Strategy implemented effectively.	2	Anti-Corruption Strategy may not be implemented	Organisational	Anti-Corruption Strategy is in place.	4	1	4	Accounting Officer



2 – OFFICE OF THE MUNICIPAL MANAGER

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
INSTITUTIONAL DEVELOPMENT								
Institutional development in terms of filling of vacant posts being done and employment contracts signed by employees.	1	Delay in the appointment of staff	Human resources	Time frames are in place to fill the organogram	3	1	3	Accounting Officer

Objectives/Programmes	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
PERFORMANCE MANAGEMENT								
Municipal Performance should be reviewed on quarterly basis.	1	Performance may not be reviewed	Organisational	The Municipality has SDBIP to guide the departments on what is expected from them.	2	1	2	Accounting Officer
	2	Understaffing in departments	Human resources	Filling of posts on a continuous basis	3	2	6	Accounting Officer
	3	Insufficient staff capacity	Human resources	Workplace Skills Development Plan is in place.	3	1	3	Accounting Officer

OFFICE OF THE MAYOR

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
EXCO MEETINGS								
Municipal transformation and organisational development	1	Non-compliance to EXCO meeting program	Operational	Program of meetings is in place	3	3	9	Director Corporate Services
	2	Inadequate co-ordination between secretarial offices	Operational	No control	3	2	6	Director Corporate Services

SPECIAL PROGRAMMES								
Develop and implement special program	3	Rolling out special programs without policy guidance	Regulatory/ Statutory	Budgeted for policy Development.	1	3	3	Director Corporate Services

PUBLIC PARTICIPATION								
Consultation with stakeholders with regard to IDP and Budget.	4	Inadequate staff (No Public Participation Officer)	Human Resources	Filling the post	1	2	2	Director Corporate Services



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4- BUDGET AND TREASURY DEPARTMENT

Objectives/Programmes	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
MUNICIPAL FINANCIAL VIABILITY								
Development of GRAP Annual Financial Statement (AFS)	1	Non-compliance to finance policies	Regulatory	None	4	4	16	Chief Financial Officer
	2	Lack of staff capacity	Human Resources	None	3	3	9	Chief Financial Officer
	3	Poor financial system	Operational	Change of system	3	3	9	Chief Financial Officer
SOUND FINANCIAL MANAGEMENT								
Development of sound financial management (Revenue)	1	Resistance from community of implementation of revenue enhancement strategy.	Organisational	community consultation	4	4	16	Chief Financial Officer
	2	Non response from community regarding Municipal Property Rate Act (MPRA)	Organisational	Development of By-laws, policies, awareness campaign	3	3	9	Chief Financial Officer
Development of sound financial management (expenditure)	3	Inaccurate travelling claims	Fraud and theft	No control	4	4	16	Chief Financial Officer
	4	Payment to incomplete transactions /without supporting documents	Regulatory	Payment check list	4	2	8	Chief Financial Officer
	5	No payroll control and salary administration	Operational	VIP system in place	4	2	8	Chief Financial Officer
	6	Lack of record management	Business Continuity Planning	no control	4	4	16	Chief Financial Officer
	7	Internal control may be inadequate	Organisational	None	4	4	16	Chief Financial Officer

BUDGET AND TREASURY DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
SOUND FINANCIAL MANAGEMENT								
Development of sound financial management (Revenue)	1	Resistance from community of implementation of revenue enhancement strategy.	Organisational	community consultation	4	4	16	Chief Financial Officer
	2	Non response from community regarding Municipal Property Rate Act (MPRA)	Organisational	Development of By-laws, policies, awareness campaign	3	3	9	Chief Financial Officer
Development of sound financial management (expenditure)	3	Inaccurate travelling claims	Fraud and theft	No control	4	4	16	Chief Financial Officer
	4	Payment to incomplete transactions /without supporting documents	Regulatory	Payment check list	4	2	8	Chief Financial Officer
	5	No payroll control and salary administration	Operational	VIP system in place	4	2	8	Chief Financial Officer
	6	Lack of record management	Business Continuity Planning	no control	4	4	16	Chief Financial Officer
	7	Internal control may be inadequate	Organisational	None	4	4	16	Chief Financial Officer



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BUDGET AND TREASURY DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
SUPPLY CHAIN MANAGEMENT								
Implement Supply Chain Management Strategy	1	Non-compliance to procurement policy	Regulatory/statutory	None	3	3	9	Chief Financial Officer
	2	Non-compliance to Municipal Finance Management Act (MFMA)	Regulatory/statutory	National Treasury Advisor in place	3	3	9	Chief Financial Officer
	3	Lack of Monitoring of projects	Change management	None	4	3	12	Chief Financial Officer
	4	Fraudulent appointment of service provider	Fraud and theft	Supply Chain Management Policy.	4	2	8	Chief Financial Officer
	5	Improper management of data base	Operational	None	4	3	12	Chief Financial Officer
	6	Fraud and Corruption	Fraud and theft	Anti-corruption and fraud strategy in place.	4	2	8	Chief Financial Officer
	7	Lack of internal control	Organisational	None	4	4	16	Chief Financial Officer



BUDGET AND TREASURY DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ASSETS MANAGEMENT AND RISK CONTROL								
Assets Management	1	Lack of storage	Organisational	None	3	3	9	Chief Financial Officer
	2	Unreliable assets register	Information integrity and reliability	Service provider appointed	3	3	9	Chief Financial Officer
	3	Abuse of the state assets	Fraud and theft	Development of fleet policy	4	3	12	Chief Financial Officer

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
BUDGETARY CONTROL AND TREASURY								
Budget management	4	Lack of budget monitoring	Financial Stability	None	4	2	8	Chief Financial Officer
	5	Non-compliance of budget reform	Financial Stability	None	3	3	9	Chief Financial Officer



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5-COMMUNITY SERVICES DEPARTMENT

Objectives/Programmes	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
PUBLIC SERVICES								
Promotion of public participation	1	Inadequate staff capacity	Human Resources	Funds available and posts created on organisational structure	3	3	9	Director Community Services
	2	Insufficient funds	Financial Stability	Budget in place	3	3	9	Director Community Services
	3	Inadequate awareness campaigns	Organisational	Program available	3	3	9	Director Community Services
	4	Incomplete service standard	Operational	Plan in place	3	3	9	Director Community Services
	5	Inadequate sports facilities	Organisational	Utilising two sports facilities	3	3	9	Director Community Services
	6	Inadequate awareness campaigns on bathopele principles	Organisational	Plan in place	3	3	9	Director Community Services
	7	Incomplete indigent register	Change management	Budgeted for data capturer	3	3	9	Director Community Services



COMMUNITY SERVICES DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
TRAFFIC SERVICES								
Promotion of Traffic Safety	1	There is a barrier in transferring ownership of traffic stations to municipality	Organisational	Proclamation of traffic station application submitted	2	2	4	Director Community Services
	2	Inadequate staff capacity	Human Resources	Funds available and posts created on organisational structure	3	2	6	Director Community Services
	3	Inadequate resources	Organisational	Funds budgeted for resources	3	2	6	Director Community Services
	4	Inadequate security	Safety	Plan in place	3	3	9	Director Community Services
	5	Unlawful display of road traffic signs	Regulatory/ Statutory/ Legal	Plan in place	3	3	9	Director Community Services
	6	Ignorance of road traffic laws	Fraud	Law enforcement	3	3	9	Director Community Services
	7	Unlawful issuing of drivers licences, learners licences, and vehicle registration	fraud and Theft	Conduction of inspection	3	3	9	Director Community Services



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COMMUNITY SERVICES DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
DISASTER MANAGEMENT								
Implementation/co-ordination of disaster management	1	Inadequate staff capacity	Human Resources	No controls	3	3	9	Director Community Services
	2	Insufficient funds	Financial Stability	Budgeted for	3	3	9	Director Community Services
	3	Inadequate participation of Disaster Forums	Operational	Meeting programs control available	3	3	9	Director Community Services

LIBRARY SERVICES								
To provide Library services to the community	4	Outdated study materials	Change Management/ Organisational	Plan in place	3	3	9	Director Community Services
	5	Inadequate awareness	Change Management/ Organisational	Library campaigns	3	3	9	Director Community Services



COMMUNITY SERVICES DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
WASTE AND ENVIRONMENTAL MANAGEMENT								
To promote a clean and a healthy environment	1	Inadequate staff	Human Resources	Posts created on organogram	3	3	9	Director Community Services
	2	Insufficient funds	Financial Stability	Funds budgeted	3	3	9	Director Community Services
	3	Incomplete devolution process	Operational	Utilizing seconded staff	3	3	9	Director Community Services
	4	Lack of by-laws	Regulatory/ Statutory/ Legal	Draft by-laws in place	3	3	9	Director Community Services
	5	Illegal dumping	Physical	Landfill site permitted	3	3	9	Director Community Services
	6	Inadequate recycling clubs	organisational	Mmashadi recycling established	3	3	9	Director Community Services
	7	Improper management of natural resources	organisational	Plan in place	3	3	9	Director Community Services



6- ADMINISTRATION, IT & SECRETARIAT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ADMINISTRATION								
Establish customer care unit	1	Lack of approved Batho-pele standards	Organisational	Customer care facilitator appointed	4	2	8	Director Corporate Services
Development of filing system	2	Filing system not implemented	Change management/ Organisational	Plan has been approved by provincial archives board.	4	2	8	Director Corporate Services
Establishment of Registry	3	Lack of well established Registry	Change management/ Organisational	Plan is in place	4	4	16	Director Corporate Services
Management of council logistics	4	Non-compliance to standing-order	Change management/ Organisational	None	4	3	12	Director Corporate Services



ADMINISTRATION, IT & SECRETARIAT SERVICES UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES								
Conduct ICT training	1	Inadequate training to allow functionality of ICT equipments	Human Resources	Workman Skills Development	2	3	6	Director Corporate Services
Develop ICT Management Plan	2	Lack of ICT management plan	Change Management/ Organisational	ICT officer appointed	4	4	16	Director Corporate Services
Website management	3	Website not updated regularly	Information Technology	Communication strategy in place	4	4	16	Director Corporate Services
Upgrade telephone system	4	Misuse of telephone	Fraud and Theft	None	4	4	16	Director Corporate Services
Install Intranet	5	Lack of intranet	Organisational	Signing service Level agreement with SITA	2	4	8	Director Corporate Services
Entry access to the server	6	Unauthorised entry to the server	Safety	None	4	4	16	Director Corporate Services
	7	Password not protected	Information integrity and reliability	None	2	3	6	Director Corporate Services



Makhuduthamaga Local Municipality

Objectives/Programmes	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
Management of leaves			HRM					
	1	Payment of leaves not recorded	Fraud and Theft	Leave register	4	4	16	Director Corporate Services
Job evaluation and salary grading system								
	2	Inappropriate payment of salaries	Human Resources	None	4	2	8	Director Corporate Services
Management of staff establishment			Business Continuity Planning	None	4	4	16	Director Corporate Services
	3	Lack of retention strategy						

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
Revised WSP			HRD					
Orientation and Induction	1	Decentralised training	Human Resources	Workman Skills Plan and Budget in place	2	4	8	Director Corporate Services
				Human Resource Development officer appointed				
Learnership programme	2	Lack of induction and orientation of programme.	Human Resources	Human Resource Development officer appointed	3	4	12	Director Corporate Services
	3	Lack of learnership plan	Human Resources		2	1	2	Director Corporate Services



HUMAN RESOURCE DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
LABOUR RELATIONS								
Grievance and disciplinary procedure	1	Inadequate training	Human Resources	Labour Relations Officer appointed	2	1	2	Director Corporate Services
Employee wellness programme	2	Lack of employee wellness committee	Human Resources	Local Labour Forum Appointed (LLF)	2	1	2	Director Corporate Services
Functioning of LLF	3	Disfunctioning of the Local Labour Forum	Human Resources	LLF appointed	4	4	16	Director Corporate Services
Employment Equity Plan	4	Lack of LLF sub-committee dealing with employment equity	Regulatory/Statutory	LLF appointed	2	4	8	Director Corporate Services
Occupational Health and Safety (OHS)	5	Non-compliance to Occupational Health and Safety Standards	Safety	OHS representative appointed	4	4	16	Director Corporate Services



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8- COMMUNICATION UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
COMMUNICATIONS								
Meeting of local government communications forums and Review communication strategy.	1	Failure to meet regularly	Organisational	Meeting program in place.	4	4	16	Director Corporate Services
	2	Disseminating of conflicting and confusing information	Information Integrity and Reliability	MKM has communication strategy and communication officer	4	1	4	Director Corporate Services
	3	Reviewed communication strategy not submitted to council	Operational	No control	1	3	3	Director Corporate Services
Website management	4	Failure to update website	Information Technological	Signing of SLA with SITA to enable updates	4	4	16	Director Corporate Services
Publication of newsletters	5	Failure to meet quarterly dead lines	Operational	Communication strategy	3	1	3	Director Corporate Services
	6	Poor packaging and editing of newsletter	Operational	Editing chain (team) in place	2	2	4	Director Corporate Services



9- TECHNICAL SERVICES DEPARTMENT

Objectives/Programmes	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ACCESS TO WATER AND SANITATION								
Supply of water and sanitation to the community	1	Insufficient water supply to community	Operational	None	3	3	9	Director Technical services

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ROADS AND STORMWATER								
Provide roads and bridges to community	1	Road master plan not in place	Operational	process of appointing service provider	2	3	6	Director Technical services
	2	Service providers not signing the contracts with Municipality	Regulatory/ Statutory/ Legal	None	3	4	12	Director Technical services
	3	Service providers not meeting the target date as agreed.	Operational	None	2	2	4	Director Technical services
	4	Lack of safe place to keep the surities and insurance	Safety	None	3	4	12	Director Technical services
	5	Projects officers lacking adequate skills to manage the projects	Human Resources	Filing of skill audit questioniers	2	3	6	Director Technical services
	6	Insufficient plant	Organisational	None	3	3	9	Director Technical services



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TECHNICAL SERVICES DEPARTMENT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ACCESS TO ENERGY								
To provide community with electricity infrastructure	1	Service provider not meeting the targets	Operational	None	2	4	8	Director Technical services
	2	Insufficient skill of officers	Human Resources	Filing of questionnaires	3	3	9	Director Technical services
Provide free basic electricity to indigent	3	Community not aware of the programme	Organisational	None	4	4	16	Director Technical services
	4	Registered indigent not collecting free electricity	Organisational	None	4	4	16	Director Technical services

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
ACCESS TO TRANSPORT								
Access to transport	1	Integrated transport plan not in place	Operational	Appoint the service provider to compile	1	2	2	Director Technical services
PMU								
Implementation of infrastructure project funded by MIG	2	Not reaching the targets of spending the allocated funds per financial year	Financial Stability	Planning ahead	2	2	4	Director Technical services
	3	Appointment of service providers without capacity	Fraud and Theft	None	2	2	4	Director Technical services
	4	Insufficient skills to manage the projects	Human Resources	Filing of audit questionnaires	2	2	4	Director Technical services



10- PLANNING AND ECONOMIC DEVELOPMENT UNIT

Objectives	Risk No.	Risk Detail	Risk Category	Current Control	Impact	Probability	Residual level	Risk Owner
LED								
Increase economic competitiveness and investment attraction	1	Inconsistency and changes of government policies	Regulatory/ Statutory/Legal	None	4	4	16	Director Infrastructure and planning
	2	Unavailability of funds policies in the unit	Regulatory/ Statutory/Legal	None	2	4	8	Director Infrastructure and planning
Create conditions that will improve the performance of enterprises, access to market and ability to compete	3	Collapsing of small businesses	External environment	None	2	3	6	Director Infrastructure and planning
	4	Inadequate funding	Financial stability	No control	2	2	4	Director Infrastructure and planning
	5	Insufficient staff	Human Resource	Post advertised	4	2	8	Director Infrastructure and planning
	6	Lack of by-laws to regulate business operation	Regulatory/ Statutory/Legal	No control	4	4	16	Director Infrastructure and planning
	7	Unsustainability of business supported by municipality	External environment	No control	4	4	16	Director Infrastructure and planning

Chapter 5: Functional Area Service Delivery Reporting

5.1 Introduction

5.1.1 Objectives of PMS System

The objective of the Performance Management System is to measure performance overtime to translate council's mandate into implementable deliverables. The facilitation of transformation and improved service delivery, culminating in responsive, accountable and developmental local government is a major challenge confronting government. In response to this daunting challenge, the government has introduced Performance Management by means of a legal framework.

A Municipality's performance management system entails a framework that describes and represents how the Municipality's cycle and process of performance planning, monitoring, measurement, review, reporting and improvement will be conducted. Furthermore it ensures sustainable growth and Quality Assurance to enhance organizational alignment based on the Municipality IDP.

5.1.2 Policies and Legislative Framework for Performance Management

The framework for Performance Management is informed by the following policy and legislation on performance management:

- The Constitution of the Republic of South Africa (1996)
- The Batho Pele White Paper (1998)
- The White Paper on Local Government (1998)
- The Municipal Systems Act, Act 32 of 2000
- Municipal Planning and Performance Management Regulations (2001)
- Municipal Financial Management Act 56 of 2003 (MFMA)

5.1.3 White Paper on Local Government Context

- The White Paper acknowledges that not all rural municipalities will be able to assume the full range of municipal powers and functions, and that where the establishment of Category (B) municipalities are unviable, the district government may assume direct responsibility for the delivery of all municipal functions in the area.
- Rural Municipalities are to be allocated a minimum of executive and legislative powers, but as their administrative and financial capacity improve, they will be able to 'draw down' powers from the district government.
- The White Paper on Local Government (1998) proposed the introduction of performance management systems to local government, as a tool to ensure Developmental Local Government.

- The paper recognizes IDP, Budget and PMS as powerful tool to develop an integrated perspective on development.
- Direct resource allocation and institutional systems to new set of objectives.
- Community involvement and feedback management (report back) as crucial in the process achieve the following;
 - Accountability is increased
 - Trust in local government is enhanced

5.1.4 Batho Pele Policy Context

- The policy states that municipality's needs constant feedback from the service – users to determine if they are satisfied with the level of service delivery.
- Also notes that service oriented culture require active public participation.

5.1.5 The Municipal System Act 32 of 2000, Chapter 6

The Municipal Systems Act, enacted in November 2000, requires all municipalities to:

- Develop a performance management system.
- Set targets, monitor and review performance based on indicators linked to their integrated development plan (IDP).
- Publish an annual report on performance for the councilors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government.
- Conduct an internal audit on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

5.1.6 Constitution of South Africa, 1996; section 152

Requires Local Government to:

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

5.1.7 Municipal Financial Management Act 32 of 2000; chapter 6

- Establish a performance management system.
- Development of a performance management system.
- Monitoring and review of performance management system.

- Community involvement.
- General key performance indicators.
- Audit of performance measurement.
- Annual performance reports.

5.2 Principles governing the PMS of the Municipality

The process of developing a performance management system for the Municipality was guided by the process plan, which includes the principles that informed the development of the Municipality's PMS. The said principles are the following:

- simplicity so as to facilitate implementation given any current capacity constraints,
- politically acceptable to all political role players,
- administratively managed in terms of its day-to-day implementation,
- implementable within any current resource constraints,
- transparency and accountability both in terms of developing and implementing the system,
- efficient and sustainable in terms of the ongoing implementation and use of the system,
- public participation in terms of granting citizens their constitutional right to participate in the process,
- integration of the PMS with the other management processes within the Municipality,
- objectivity based on credible information and lastly,
- Reliability of the information provided on the progress in achieving the objectives as set out in its IDP.

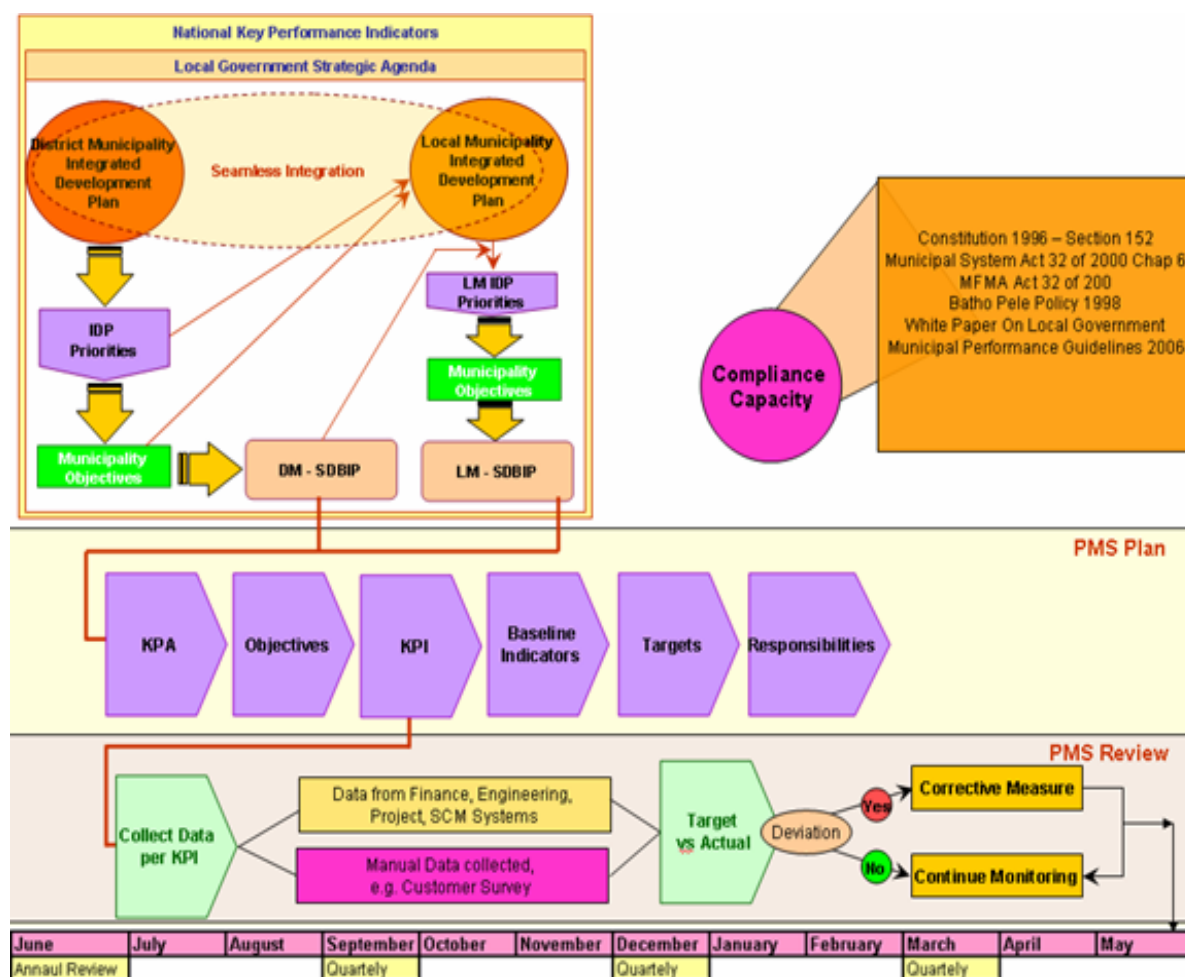
5.3 Makhuduthamaga PMS System Model

Makhuduthamaga performance management system is basically a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will happen and be organized and managed, while determining the roles of different role-players. This framework has been developed in accordance with the following aspects:

- Complies with all the requirements sets out in the Act;
- Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
- Defines the roles and responsibilities of each role-player, including the local community, in the functioning of the system;
- Clarifies the processes of implementing the system within the framework of the IDP process;
- Determines the frequency of reporting and the lines of accountability for performance;
- Links organizational performance to employee performance;

- Provides for the procedure by which the system is linked with the Municipality's IDP processes; and
- Shows how any general key performance indicators (KPIs) envisaged in section 43 of the Act will be incorporated into the Municipality's planning and monitoring processes.

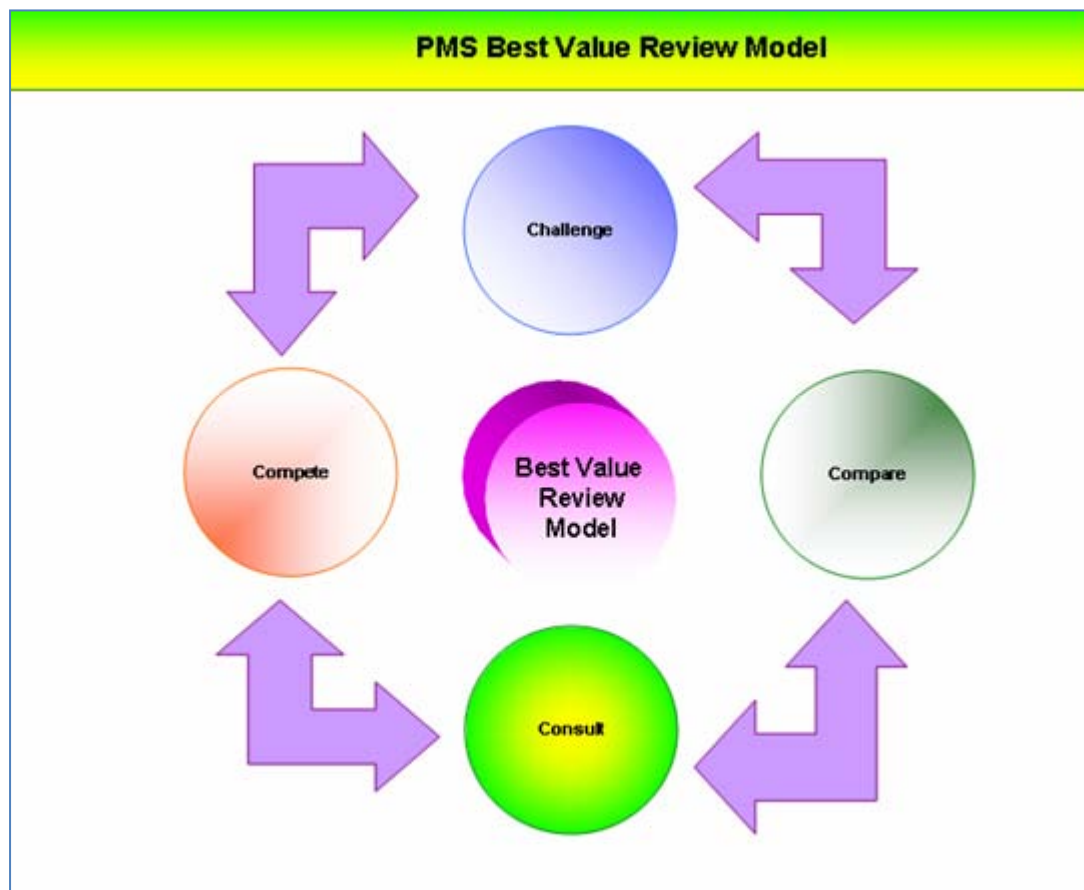
5.4 The Performance Management Framework Model



The above model shows how the PMS is aligned with the National key performance indicator and SDBIP and how PMS is planned, measured, and reviewed, whereby performance can be reviewed monthly, quarterly, and annually.

5.5 The Process of managing Organizational performance

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in a Municipality as an approach to daily management.



5.6 Individual Performance Management System

The scorecard for individuals will be governed by the **360 degree feedback** measurement methodology. The scorecard for individuals will be linked to the scorecard of the organization to ensure effective alignment. The performance management for individuals is governed by development of performance plans, performance contracts and personal development plans. The development plans will be a tool to improve or correct poor performance of the employee.

The figure below depicts the plan to manage employee performance;

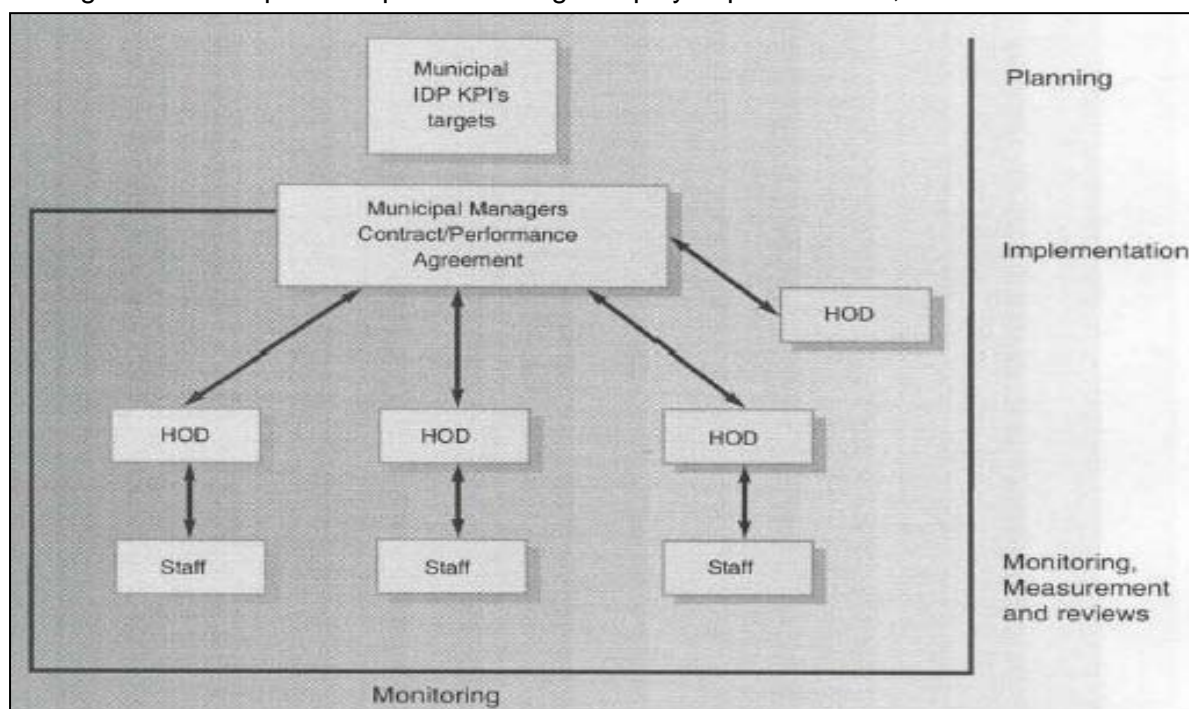


Figure 18: Employee management Performance

The 360 degree feedback methodology is applied at the employee level to ensure the following;

- Employee rates himself/herself
- Manager rates the employee
- Evaluation rates the employees

The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- The Employee must be assessed against both components, with a Weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Managerial Competencies (CMCs) respectively.
- Each area of assessment will be weighted and will contribute a specific part to the total score.

- KPAs covering the main areas of work will account for 80% and CMCs will account for 20% of the final assessment.

5.7 Scorecards

The performance management framework determines the methodology for analysing data collected through the Performance Monitoring framework to enable performance assessment. Different models are used for measuring performance; however, thorough analysis has taught us that the Input-Output-Outcome model works fairly better than other models, especially for the municipal operation. Our framework says that in measuring performance, municipalities need to look at:

- Inputs (resources, financial perspective)
- Outputs (results, service delivery perspective)
- Outcomes (impact, customer satisfaction, growth, quality of life)

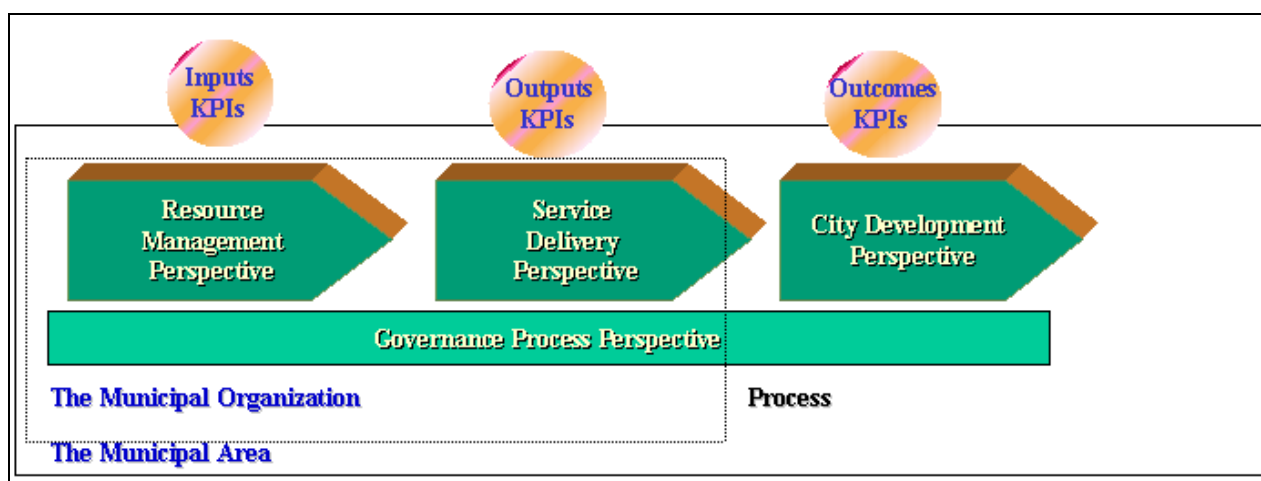


Figure 19: Performance Framework

It is strongly suggest that line managers be responsible for most measurements. Only measurements that are of a central nature, such as citizen surveys and census calculations, need be undertaken centrally

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5.8 Service Delivery and Budget Implementation Plan as at June 2009

Community Services

Program	KPI	Successes/Progress	Challenges	Future Plans/ Remedial Action
Public services	<input type="checkbox"/> Service standards in place.	<input type="checkbox"/> Guidelines on the development of service standards were distributed to Depts. Only Corporate service submitted.	Outstanding submissions by other departments.	To involve the office of AMM and to finalize to SS by end of March 2009.
	<input type="checkbox"/> Bathopele charter in place	<input type="checkbox"/> Bathopele charter developed and adopted by the Council	No implementation Plan due to the unavailability of the service standards.	To involve the office of the AMM and to finalize the SS by end if March 2009
	<input type="checkbox"/> Indigent register compiled.	<input type="checkbox"/> Received completed forms from wards.	No indigent committee in place. Forms not yet captured. Insufficient personnel. Lack of electronic system. No Development	To involve AMM for the committee. Consider personnel issue during budget adjustment. To get electronic system by February 2009. To Budget for Data Capture for Forms.
Sports facilities maintenance	<input type="checkbox"/> Upgraded and well maintained sports grounds.	<input type="checkbox"/> 5 sports facilities assessed and items for repairs and maintenance identified.	Insufficient funds	To fund during budget adjustment. To prioritise Peter Nchabeleng centre only.

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Disaster management	<input type="checkbox"/> Disaster management plan in place	<input type="checkbox"/> Disaster management plan developed and adopted by Council.	Lack of disaster management facility. Inadequate resources to implement the plan.	To allocate funds in the next financial year (2009/10). To support District satellite office.
Disaster management	<input type="checkbox"/> 2 awareness campaigns held	<input type="checkbox"/> Maserumule-Park awareness campaign held and the turn up was good.	Masanteng campaign was cancelled due to community protest	To extend to other neighbouring wards. To hold campaign in Masanteng. Go ahead with wards and villages, except Masanteng.
	<input type="checkbox"/> Fire prevention subcommittee in place.	<input type="checkbox"/> The sub-committee was elected and the launching was postponed for further consultation.	The committee not yet launched.	To speed up consultation and committee be launched by end of February 2009.
Waste and environmental management.	<input type="checkbox"/> Upgrading of the disposal site.	<input type="checkbox"/> The disposal site at Madibong has been upgraded through the assistance of the district, and service provider appointed for maintenance.	Service provider lacking some skills and experience.	To strengthen the monitoring of maintenance. Ongoing Monitoring Process of Maintenance.
Waste and environmental management	<input type="checkbox"/> Monitoring of waste disposal	<input type="checkbox"/> 2 Hospitals were consulted in connection with the dumping of medical waste.	Illegal dumping of medical waste Poor monitoring of waste by local hospitals.	Municipal Manager office to meet with hospitals CEOs to assist in strengthening the monitoring.

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	<input type="checkbox"/> Standard exhumation procedure manual in place.	<input type="checkbox"/> Department of Environment and other stakeholders were consulted for benchmarking.	Insufficient information received from stakeholders. Lack of policy on exhumation and cemeteries	Acts adopted nationally and change from Manual.
Library services.	<input type="checkbox"/> Waste management pilot project	<input type="checkbox"/> The 1 st year of the project ended Nov 2008.	No billing due to lack of by- law. Tariff policy was quite in terms of waste issues. Documentation was more like a plan than a policy.	Improve tariff policy by the end August. Draft by-law ready for presentation to Portfolio before end of February 2009 To Benchmark with other local Municipalities.
	<input type="checkbox"/> Service level agreement signed	<input type="checkbox"/> SLA between the municipality and DSAC signed <input type="checkbox"/> Department employed 4 staff members, 1 librarian & 3 assistants. <input type="checkbox"/> Adverts for 3 library assistants done	Inadequate staff to manage the libraries.	Plan to employ before the end of July.
	<input type="checkbox"/> Upgraded library facilities.	<input type="checkbox"/> Fencing, toilets and water were upgraded at Phatantshwane , Phaahla and Jane Furse libraries	Buildings were not attended to due to insufficient funds.	Department of Sports, Arts and Culture was approached and promised to assist.
Traffic services	<input type="checkbox"/> Proclaimed traffic stations	<input type="checkbox"/> Documentation for proclamation were prepared and submitted	Dept. not yet responded	To make follow ups with Department to have response by March 2009.

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Traffic services	<input type="checkbox"/> 40 traffic officers recruited <input type="checkbox"/> Renovated traffic stations	to Department of Road and Transport.		
		<input type="checkbox"/> Advert was made for 10 traffic officers, process of interview still on <input type="checkbox"/> Appoint Deputy Director to be responsible for traffic.	To get a booking with training institutions.	To appoint and book for training by end of March 2009. Deputy director to be responsible for Traffic Officers.
		<input type="checkbox"/> Technical service was tasked to assist with assessment for both Nebo & Schoonoord. <input type="checkbox"/> New motor vehicle testing machine were installed at Nebo.	Insufficient funds for renovation. The station (Nebo) was temporarily closed in two occasions, 1 st Nov- Dec 08 due to murder of driving school owner in the station and serious allegations of corruptions Plan to improve the Nebo station should be authorised by department Public Works and not yet done and delaying the Process.	Allocate some funds during budget adjustment To make follow up with department and reopen the station before end of February 2009. Agree to consider Nebo only for Upgrading.
	<input type="checkbox"/> Forensic audit at Nebo traffic station	<input type="checkbox"/> Proposals submitted as advertised and process of appointment still on	Service provider not yet appointed Station is closed due to Theft.	To appoint service provider. Speed up with the Department the Authorisation of the Plan.

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Corporate Services

Program	KPI	Successes/Progress	Challenges/ Constraints	Future Plans/ Remedial Action
HRM	<input type="checkbox"/> Leave register in place	<input type="checkbox"/> 2007/08 leave register developed. <input type="checkbox"/> Monthly manual updating of leaves done. <input type="checkbox"/> Excel spreadsheet used for capturing of leaves.	None utilization of the electronic VIP leave management system.	To utilize the electronic VIP leave management system within this budget year. HRM officer on training for VIP modules. To have leave credits appearing on employees
HRM	<input type="checkbox"/> Improve pension management system.	<input type="checkbox"/> HRM officer sent for training on VIP payroll modules. <input type="checkbox"/> Reconciliation of pension payments will be done monthly. Fund agreed to sent schedules monthly.		To have an efficient pension management system within next fiscal year To continue training on all relevant HR modules
HRM	<input type="checkbox"/> Approved staff establishment	<input type="checkbox"/> Approved posts = 105 <input type="checkbox"/> Filled posts = 57 <input type="checkbox"/> Vacant posts = 49 <input type="checkbox"/> New appointments = 7 <input type="checkbox"/> Terminations = 2 <input type="checkbox"/> Vacancy rate = 47%	Inadequate capacity to fill all vacant posts. Freezing of some of the advertised posts due to insufficient funds	librarians. directors =2, LED officer, town Planner & traffic officers- 8 post advertised: 1director strategic services and 3 deputies in finance, admin and governance and community service

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HRM	<input type="checkbox"/> Job evaluation and grading system in place.			Appointment of the MM, corp services directors Performance signed by 4 directors Correct the organogram. Organisational structure approved by council in IDP
		<input type="checkbox"/> Section 57 posts=6 <input type="checkbox"/> Filled =2 <input type="checkbox"/> Vacant =4 <input type="checkbox"/> Employment contracts filled by 2 directors. <input type="checkbox"/> Performance contract signed =2 <input type="checkbox"/> Employment contracts for staff done on appointment	None filling of budgeted posts Vacant CFO. CFO and strategic services director posts vacant-sec 57	No acting directors
		<input type="checkbox"/> Service provider appointed for development of job descriptions. <input type="checkbox"/> Job descriptions distributed to directorates for agreement and signing. <input type="checkbox"/> Salary scaling benchmarked for the next financial year and approved.	Deficient municipal grading system	To have proper municipal grading system in place. To incorporate the SALGA salary wage curve once finalized.

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HRD	<input type="checkbox"/> Revised WSP in place. <input type="checkbox"/> Induction & orientation program in place. <input type="checkbox"/> Number of Lgseta reports sent. <input type="checkbox"/> % expenditure on training	<input type="checkbox"/> Salga JPEC finalizing salary wage curves for all municipalities.		
		<input type="checkbox"/> Revised WSP & implementation plan in place. <input type="checkbox"/> WSP reviewed and together with the annual training report sent on time(both) <input type="checkbox"/> Induction & orientation program & packages ready. <input type="checkbox"/> Monthly WSP reports submitted to Lgseta = 4 and district 16 monthly(12) and quarterly(4) <input type="checkbox"/> % expenditure on training = 23% (R 1 767 000-412 752). <input type="checkbox"/> Requisition issued for service provider to offer computer literacy	Decentralization of training No database of trained staff and Councillors. Previous training records not authenticated	To have training centralised in HRD office. Computer literacy training for staff and councillors (2). Budget for training centralised in corporate services.

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HRD	<input type="checkbox"/> Learnership program in place.	<input type="checkbox"/> Benchmarking on the establishment of learnerships done with GSDM. <input type="checkbox"/> Training committee is established and is active.	Policy on learnership still to be developed. Qualified assessors and moderators is a requirement to host learnership.	To develop policy on learnership. Training committee to do Assessor & moderator course. Budget centralised to HR.
Labour relations	<input type="checkbox"/> Grievance and disciplinary procedures in place . <input type="checkbox"/> OHS standards in place. <input type="checkbox"/> Reviewed HR policies available. <input type="checkbox"/> Employee wellness program in place	<input type="checkbox"/> Grievance and disciplinary procedures in place. <input type="checkbox"/> OHS facilitators appointed and program/ action plan developed. <input type="checkbox"/> HR policies adopted by Council.	Relevant sub-committee of LLF not yet established.	To have a sub-committee established. To develop an employee wellness policy and procedures. Grievances and disciplinary procedures policy in place. Employee wellness policy developed Occupational health and safety representatives to be nominated. Motion not approved due to an anomaly in the procurement process.
Labour relations (continuation)	<input type="checkbox"/> Functioning LLF. <input type="checkbox"/> Employment equity plan in place <input type="checkbox"/> Number of workshops held	<input type="checkbox"/> Local labour forum established and active. <input type="checkbox"/> Annual employment equity report submitted to DoL on time. <input type="checkbox"/> Two workshop held on conditions of employment and LR	Inactive LLF. No sub- committees of the LLF established active.	

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		issues.		
Administration	<input type="checkbox"/> Operational customer care.	<input type="checkbox"/> Customer care unit established with the appointment of CC facilitator and function implemented. <input type="checkbox"/> Draft customer care plan developed and tabled in the portfolio committee meeting and being implemented in phases.	Bathopele committee not established. Inadequate coordination of internal services/ activities.	Coordinate the establishment of Bathopele committee
Administration	<input type="checkbox"/> Filing system in place. <input type="checkbox"/> Registry services	<input type="checkbox"/> Filing system submitted to Provincial Records & Archives board for approval. <input type="checkbox"/> Personnel files managed by the Registry clerk.	Lack of proper registry facilities. Filing plan approved by Provincial Archives Board	Implement filing plan once approved. Train registry staff on records and archives. And also on the filing system once approved.
	<input type="checkbox"/> Responsive Reception services	<input type="checkbox"/> Receptionist appointed. <input type="checkbox"/> Positive feedback from customers received.	Coordination of municipal events inadequate due to communication impediments.	To improve communication and coordination of municipal events/ activities by: <ul style="list-style-type: none"> Installing notice board for events at the main entrance.

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Administration	<input type="checkbox"/> . Operational switchboard services.			<ul style="list-style-type: none"> • 2nd notice board for staff communications in the reception office. Secretaries to coordinate. • Improving internal communications system
		<input type="checkbox"/> Switchboard operator appointed. <input type="checkbox"/> Order to upgrade the telephone system issued. <input type="checkbox"/> Switchboard relocated to a designated office.	Delay by the service provider to install a compatible and more efficient switchboard system for the abled and visually impaired.	Upgrade the telephone system.
ICT services.	<input type="checkbox"/> ICT policy in place <input type="checkbox"/> Operational intranet. <input type="checkbox"/> Website updated.	<input type="checkbox"/> ICT policy adopted by Council. <input type="checkbox"/> Draft SLA with SITA available for signing. <input type="checkbox"/> ICT assistant director appointed	Inadequate staff within the unit.	To develop ICT management plan. To install an intranet in the municipality. To appoint IT officer. To have the draft SLA signed
Ward monitoring and support.	<input type="checkbox"/> Number of ward committees trained. <input type="checkbox"/> Number of ward meetings held.	<input type="checkbox"/> Monthly ward committee meetings held and reports submitted. Number of meetings. <input type="checkbox"/> Payment for term has been done for those	Late submission of monthly reports.	To re-launch new ward committees. To train 2 WC members on basic municipal systems. To develop policies , rules & regulations and code of conduct

[illegible]

2. Council support.	<input type="checkbox"/> Number of Councilors trained. <input type="checkbox"/> Number of Council meetings held.	<input type="checkbox"/> who submitted on time. <input type="checkbox"/> Ward committees reporting strategy draft developed and approved.		
		<input type="checkbox"/> 20 councilors trained on various courses. <input type="checkbox"/> 2 ordinary council meeting held on the 28 th of Oct 2008 & 2 special sitting on the 18 th of Dec 2008.	Late confirmation of agenda.	To develop and adhere to a schedule of Council meetings.
		<input type="checkbox"/> Public participation model developed	No model Developed. No policy on public participation developed.	To develop policy on public participation. To develop public participation model.
		<input type="checkbox"/> Number of Portfolio meetings held	<input type="checkbox"/> Finance = <input type="checkbox"/> Corporate = <input type="checkbox"/> Infrastructure = <input type="checkbox"/> Community = <input type="checkbox"/> LED = <input type="checkbox"/> Planning =	Coordination of data. Portfolios to adhere to schedules of meetings.
		<input type="checkbox"/> Secretary appointed in the office of Chief Whip.	Inadequate resources.	To purchase office equipment.

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Finance and Treasury Services

Program	KPI	Successes/Progress	Challenges	Future Plans/ Remedial Action
Municipal Financial viability	<input type="checkbox"/> Billing system in place.	<input type="checkbox"/> Service provider appointed for collection. <input type="checkbox"/> Valuation roll uploaded on the system. <input type="checkbox"/> Notice out <input type="checkbox"/> By- Laws are in Place	Service Provider did not yet Implemented the system. .	First billing by 01 July 2009.
	<input type="checkbox"/> Improvement on revenue collection.	<input type="checkbox"/> Service provider appointed. <input type="checkbox"/> Equipments brought for traffic stations.	Nebo Traffic Station Close	Plan Upgrading of the Station.
	<input type="checkbox"/> Amount collected	<input type="checkbox"/> R 1 670 256. collected on licenses only = 47% collection <input type="checkbox"/> Nil on fines.	MKM traffic officers not yet finalized. Nebo traffic station challenges (Nov R37111, Dec R 15094 & nil in January 2009)the lowest amount	Traffic officers' appointment is finalized.
Municipal Financial viability	<input type="checkbox"/> Number of review reports submitted on debt collection	<input type="checkbox"/> Valuations roll in place. <input type="checkbox"/> All policies and By- Laws in place. <input type="checkbox"/> Public participation in progress.	MPRA implementation still in progress & billing not yet started	Reports will be done as from the 01 July 2009.

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Sound financial management	<input type="checkbox"/> Revenue enhancement strategy in place.	<input type="checkbox"/> Draft revenue enhancement strategy in place.	Awaiting inputs from the council. Adoption from the council.	To have the strategy fully implemented
	<input type="checkbox"/> 2007/08 annual financial statements submitted	<input type="checkbox"/> Late submission <input type="checkbox"/> DLGH send delegation to assist in the preparation of AFS.	Service provider appointed by the district disappeared	The team shall work closely with finance officials for the AFS to be prepared in house in future.
		<input type="checkbox"/> GRAP conversion compliance.	AFS not yet audited and returned by auditor general.	Submission of AFS in time and Compliance with the GRAP
Sound financial management	<input type="checkbox"/> Monthly & quarterly reports submitted	<input type="checkbox"/> Submitted	Not gone to Council and EXCO. The standard of Report not understood.	All reports to serve in the next Council.
	<input type="checkbox"/> Audit query plan in place	<input type="checkbox"/> Audit queries directed to the relevant Directors.	Lack of capacity in terms of manpower.	To develop audit plan through internal audit unit's assistance.
	<input type="checkbox"/> Timeous payment of third party employee related	<input type="checkbox"/> Paid in time	Service Provider submits incomplete documents.	Continue to pay in time.

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	expenditure			
Asset management & risk control	<input type="checkbox"/> Invoice payment period	<input type="checkbox"/> Paid in time (within & days) if all supporting documents available. <input type="checkbox"/> EFT used in most of the time	Unavailability of supporting documents and incorrect bank details.	Verification of banking details and supporting documents.
	<input type="checkbox"/> MFMA plan in place	<input type="checkbox"/> Completed.	MFMA Plan not been implemented.	To implement MFMA plan within this financial year.
	<input type="checkbox"/> Database of all reviewed contracts in place.	<input type="checkbox"/> Service provider appointed. <input type="checkbox"/> Training conducted on some of our officials	Lack of Monitoring of service Providers.	Capacity Building.
Asset management & risk control	<input type="checkbox"/> Updated asset register in place.	<input type="checkbox"/> Updated regularly (as asset bought) <input type="checkbox"/> Doloitte and Touche assist in fixed assets register compilation.	To extent it indicates names of service provider not specific asset. Phase one done.	Asset officer still trying to locate the specific assets. GRAP compliance asset register in place.
Budgetary control and treasury.	<input type="checkbox"/> Number of inventory reconciliations per annum.	<input type="checkbox"/> Done on quarterly basis. <input type="checkbox"/> Inventory control has been established.		Plan to do Inventory Reconciliation Annually.
	<input type="checkbox"/> % of budget spent.	<input type="checkbox"/> 81.14% spent on operational budget by 31 May 2009.	Monitoring of the budget is not done.	To monitor our budget.
	<input type="checkbox"/> MTREF budget developed.	<input type="checkbox"/> 2009/10 budget process plan in progress to be aligned		Compliance with GRAP

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Supply chain management services	<input type="checkbox"/> Updated fleet register in place <input type="checkbox"/> Fleet fuel cards in place <input type="checkbox"/> Fleet management policy and procedures manual in place. <input type="checkbox"/> Procurement procedure manual	with IDP process plan. <input type="checkbox"/> MFMA steering committee established		
		<input type="checkbox"/> Consolidation of research outcome on the contents of the register.	Decentralization of Fleet Register Services.	Centralize the Fleet Register services.
		<input type="checkbox"/> Presentation made on different fleet cards available	Appointment of Service Provider not yet done.	Acquisition of fleet cards.
		<input type="checkbox"/> Draft policy and procedure manual in place	None	Full implementation after Council adoption.
		<input type="checkbox"/> SCM policy and procedure manual in place. <input type="checkbox"/> Rates policy. <input type="checkbox"/> Tariff policy <input type="checkbox"/> IT policy <input type="checkbox"/> Credit control & debt collection policy <input type="checkbox"/> Property rates policy	Non Compliance to all policies.ss	Full implementation of the policies and Council adoption of all the draft by-laws
Supply chain management services	<input type="checkbox"/> Procurement procedure manual (continuation)	<input type="checkbox"/> Banking & investment policy <input type="checkbox"/> General financial policy.		

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		<input type="checkbox"/> Draft tariff by- law <input type="checkbox"/> Credit control and debt collection by-law <input type="checkbox"/> Acquisition officer appointed.		
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Infrastructure Development and Planning Services

Program	KPI	Successes/Progress	Challenges	Future Plans/ Remedial Action
Access to water and sanitation	<input type="checkbox"/> Water services programs in place	<input type="checkbox"/> Meetings are being held with the district on addressing the water issues.		To assign personnel to coordinate the water issues at District municipality.
	<input type="checkbox"/> Public queries submitted to WSA	<input type="checkbox"/> All requests for water are being sent to the District Municipality.	The communities are still coming to the Local Municipality for water issues.	To apply for the status of a water service provider from the district in the long term.
	<input type="checkbox"/> Water sector plan in place	<input type="checkbox"/> The adverts are done and waiting for the appointments.	Financial constraints.	Procurement to be finalized end of July and water sector plan be developed.
Roads and storm water	<input type="checkbox"/> Storm water management plan in place.	<input type="checkbox"/> The project went out on tender and the appointment of the SP will be done during July 2009	Financial constraints.	Procurement to be finalized end of July and water sector plan be developed.
Roads and storm water	<input type="checkbox"/> 2008/09 roads & bridges project plan in place and implemented.	<input type="checkbox"/> All MIG projects for 08/09 have been awarded. <input type="checkbox"/> The projects have various duration, other will be completed in 08/09 & others in 09/10	The MIG budget for the 08/09 financial year will be exhausted by the end of financial year end.	Need to facilitate the procurement process to appoint contractors in time.

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Roads and storm water	<input type="checkbox"/> 2009/2010 roads and bridges project plan in place and implemented.	<input type="checkbox"/> The consultants have been appointed and design completed. The tender for construction is progress and will commence by end of July 2009.	Due to lack of roads master plan it is difficult to identify roads that can be tarred.	Partner with RAL on the identification of the municipal roads. The road master plan has been budgeted and will be developed during the next financial year (2009/2010).
	<input type="checkbox"/> Infrastructure plant procured and maintained.	<input type="checkbox"/> The submissions were adjudicated and the provider has been appointed. <input type="checkbox"/> The plants have also been purchased.		Plant Operators have been appointed.
	<input type="checkbox"/> KMs of roads gravelled.	<input type="checkbox"/> The service provider was engaged and the roads were maintained.	Queries from the community due to road conditions caused by heavy storm.	20 km per ward will be regravelled in the next financial year. Council to approve the Maintenance Plan and be operationalized in the year 2009/2010.
Access to energy	<input type="checkbox"/> Free basic electricity to all indigents	<input type="checkbox"/> Meetings were held with Eskom and arrangements made to issue out invitation for meeting with ward committees.	There are beneficiaries that are not collecting FBE.	There is a plan to go an outreach program to improve on the collection of the FBE. Ward committees to be engaged in the popularizing the collection of FBE. Strengthen the partnership with Eskom & DLGH

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	<input type="checkbox"/> Monthly FBE report submitted monthly, analyzed & recommendations made.	<input type="checkbox"/> The FBE claims are being received and analysed.		R 1,161,224 was spent of FBE against a budget of R 1.5 million.
Access to energy	<input type="checkbox"/> % of registered indigents collecting tokens.	<input type="checkbox"/> The awareness is in progress. <input type="checkbox"/> A total of 8062 indigents are registered with Eskom	The registered indigents are less due to Eskom not having enough manpower	Continue with registration of community for free basic electricity.
Access to transport.	<input type="checkbox"/> Number of households electrified.	<input type="checkbox"/> 772 household have been electrified up to December 2008	Capacity from the Eskom network is an area for concern	Eskom to get their infrastructure audit.
	<input type="checkbox"/> ITP plan in place.	<input type="checkbox"/> The project went out on tender and the appointment of the SP will be done during July 2009	Financial constraints.	Procurement to be finalized end of July and water sector plan be developed.
PMU	<input type="checkbox"/> Level of expenditure of the allocation.	<input type="checkbox"/> Appointed and functional. <input type="checkbox"/> The expenditure is presently at R 15 m from April 2008 to May 2009.	Allocation for 2008/2009 of R 18.9 million and was reduced to R 15 million due to under performance.	
	<input type="checkbox"/> Project progress for 09/10 financial	<input type="checkbox"/> Prepared on a monthly basis and submitted to DLGH		

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PMU	year.			
	<input type="checkbox"/> Number of projects registered with MIG	<input type="checkbox"/> Projects have been registered with a 100% financial commitment.		
	<input type="checkbox"/> Number of reports submitted per quarter.	<input type="checkbox"/> The MIG monthly reports are being submitted monthly. <input type="checkbox"/> The KPI report is also being submitted quarterly		
	<input type="checkbox"/> Sector plan in place.	<input type="checkbox"/> The project went out on tender and the appointment of the SP will be done during July 2009	Financial constraints.	Procurement to be finalized end of July and water sector plan be developed.
	<input type="checkbox"/> Number of houses constructed	<input type="checkbox"/> List of beneficiaries submitted. <input type="checkbox"/> A total of 300 houses was allocated for the municipality. <input type="checkbox"/> Houses constructed: ward 10 = 30 houses constructed. <input type="checkbox"/> Ward 9 = 70 houses constructed. <input type="checkbox"/> Ward 15 = project still	The approved beneficiary list not according to allocated number per wards.	
Access to housing				

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Access to housing	<input type="checkbox"/> Municipal building maintenance plan in place. <input type="checkbox"/> Facilities in place for physically challenged citizens within municipal building.	in progress. <input type="checkbox"/> Ward 20= 11 houses constructed. <input type="checkbox"/> Ward 11= 30 houses constructed.		
		<input type="checkbox"/> The project went out on tender and the appointment of the SP will be done during February 2009	Financial constraints	Procurement to be finalized end of July and water sector plan be developed.
			There are insufficient funds to address the KPI.	To budget for the provision of facilities for the disabled.
Spatial planning and land use management	<input type="checkbox"/> No. of sites acquired from MKM authorities for town establishment	Meeting between Marishane & Tisane tribal authority held. Bilateral held with Madihlaba tribal authority. Kgoshi Mamone & Mohlala has signed the tribal resolutions	To get the approval from other Magoshi, the land is multi jurisdictional	Municipal manager, director & planning portfolio to activate the process of township establishment from February -09
	<input type="checkbox"/> No. of sites acquired.	Sites identified surrounding the Municipal building.	To get into bilateral with sites owners for purchasing	Management and portfolio to activate process by March 09

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Spatial planning and land use management	LED	<input type="checkbox"/> Functional GIS system in place.	<input type="checkbox"/> GIS specification equipment acquired with the help of GSDM	Inadequate staffing . Not enough personnel.	To create new position during the budget
		<input type="checkbox"/> LUMS in place and implemented.	<input type="checkbox"/> Policy in place, waiting for Council adoption.	To get buy in of the policy by traditional leaders.	To have one day seminar by April 2009
		<input type="checkbox"/> Review & adopt the LED strategy.	<input type="checkbox"/> Quotations sourced, service provider appointed.	The existing copy of the strategy was not available. The copy was made available by SP during September. No enough staff to work with the consultant for skills transfers.	Appoint LED officer & town planner by March 2009.
	LED	<input type="checkbox"/> SMME development policy and strategy in place.	<input type="checkbox"/> Quotations sourced, service provider appointed	No enough staff to work with the consultant for skills transfers.	Appoint LED officer & town planner by March 2009.
		<input type="checkbox"/> No. of SMMEs funded.	<input type="checkbox"/> A total of 20 SMME's have been identified for assessment.	Delays caused by the Portfolio committee.	Management to finalize the matter by end of February.
		<input type="checkbox"/> Council adopting credible IDP.	<input type="checkbox"/> Phase 1 & 2 reviewed IDP 09/10 completed.	Submission of projects/ programs by departments with proposed budget for inclusion in the IDP.	To complete all outstanding information by end of February 09.

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Strategic Support Services

Program	KPI	Successes/Progress	Challenges	Future Plans/ Remedial Action
Strategic planning.	<input type="checkbox"/> Adopted IDP and budget.	<input type="checkbox"/> The Municipality has adopted the 2008/2009 IDP/Budget in time. <input type="checkbox"/> Phase 1& 2 completed.	None	Tabling and adoption of IDP and budget. Submission of adopted IDP / Budget to DLGH Review of IDP.
	<input type="checkbox"/> Number of IDP review reports.	<input type="checkbox"/> The IDP/ budget process plan was noted in by Council in the second quarter instead of the first quarter.	None	Quarterly IDP and budget review report submitted.
	<input type="checkbox"/> Service delivery budget and implementation plan approved.	<input type="checkbox"/> The SDBIP was developed and submitted to the Mayor and later noted to the Council.	None	Implementation
	<input type="checkbox"/> Number of SDBIP reports submitted.	<input type="checkbox"/> Monthly, quarterly & departmental reports in line with the SDBIP being done.	Quarterly report not sent to Council for noting.	Quarterly SDBIP report to be submitted.
Strategic planning.	<input type="checkbox"/> Municipal annual report available	<input type="checkbox"/> The 1st meeting with the Department of Provincial Treasury on the annual report was	Quarterly reports not sent to council for adoption. No proper monitoring of reports.	Tabling and adoption of IDP and budget. Annual Report been compiled in time and tabled before

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		held.		council as required by certain policies. Employ dedicated personnel to deal with Annual Reports.
	<input type="checkbox"/> Auditing of all capital and operational projects done.	<input type="checkbox"/> Still busy arranging to conduct risk assessment which will serve as navigator when we start auditing. <input type="checkbox"/> Risk Assessment done	Do not have Internal audit plan to deal with Audit Capital and Operational Projects. Risk Sheets not finalized. Personnel overloaded by work.	Implementation of project audit. Internal Audit plan in place and performance of the all audit project. Outsource of some audit process.
Performance management	<input type="checkbox"/> Number of performance agreements signed.	<input type="checkbox"/> Section 57 employees signed their performance agreement in time. <input type="checkbox"/>	None	Quarterly performance review should be done with assistance of audit committee. All section 57 employees signed the Agreement.
Legal compliance	<input type="checkbox"/> Established unit with skilled officials.	<input type="checkbox"/> The legal unit was established and training was provided on contract management	None	Appointment of service provider on development/ review of municipal policies and contracts. Review of employment contracts
Legal compliance	<input type="checkbox"/> Established unit with skilled officials.	<input type="checkbox"/> Contract management system established and a data base of existing contract is being finalized	none	Previously Entered contracts detected and some redrafted.

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Legal compliance	<input type="checkbox"/> Number of by-law gazetted.	<input type="checkbox"/> Contracts for third parties being developed on an ongoing process.	None	Development of third party Contracts.
		<input type="checkbox"/> Property rates by-law under gone public participation, tariff and credit control by-laws are developed and will be ready soon. <input type="checkbox"/> Other non – mandatory by-laws are already listed and will be developed from April 2009. <input type="checkbox"/> Appointed Service Provider. <input type="checkbox"/> By-laws in place	By-Laws are not yet adopted as required.	Identification of by-laws that needs to be developed and gazetted.
		<input type="checkbox"/> Attorneys appointed, waiting for signature of power of attorney and service of preliminary notices. <input type="checkbox"/> Documentation for service are ready waiting or service.	None	Council to stand in relation to the circumstances. New mandate to attorney.
Institutional development	<input type="checkbox"/> Organizational analysis and change	<input type="checkbox"/> Institutional development in terms of filling of posts is	Change management strategy not developed	Consulted and develop strategy. Presentation of the strategy

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Inter governmental relations management	management strategy in place.	being done. <input type="checkbox"/> Employment contracts are being signed.		to Portfolio committee and adoption of strategy by Council. Implementation and monitoring of the strategy.
	<input type="checkbox"/> Aligned municipal programs	<input type="checkbox"/> IGR forums are being attended at the District and Provincial level. <input type="checkbox"/> There is alignment of programs.	None	Compile annual reports to MMF
Risk management services.	<input type="checkbox"/> Risk management plan in place.	<input type="checkbox"/> Final risk management strategy is in place and adopted <input type="checkbox"/>	No Risk management Officer. Risk assessment report not in place	MM appoints someone for risk assessment.
	<input type="checkbox"/> Number of staff meetings conducted.	<input type="checkbox"/> Staff meetings are being held.	Staffs do not meet.	1 meeting per quarter held.
	<input type="checkbox"/> Number of management meetings held	<input type="checkbox"/> Management meetings are being held.	None	3 meetings held per quarter
	<input type="checkbox"/> Number of consultative meetings with Mayor held.	<input type="checkbox"/> The meeting with Mayor is being held often.	None	3 meetings per quarter held
Service delivery projects and programs	<input type="checkbox"/> Number of completed capital projects and programs.	<input type="checkbox"/> The Municipality appointed a project management unit in July 2008.	None	All due capital and operational. Projects completed in time
		<input type="checkbox"/> 2007 projects back log		

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Anti- corruption strategy .	<input type="checkbox"/> Amount of capital budget rolled over <input type="checkbox"/> Anti-corruption strategy developed and implemented <input type="checkbox"/> Number of fraud cases reported. <input type="checkbox"/> Number of undisclosed cases reported.	<input type="checkbox"/> reduced and the MIG. <input type="checkbox"/> Projects are being registered and implemented.		
		<input type="checkbox"/> Zero	None	Zero
		<input type="checkbox"/> Draft anti- corruption strategy is in place and waiting for Council approval.	Must be forwarded to council for adoption.	Should be serving in the next Council sitting and implementation Tabling and adoption Implementation of Strategy
		<input type="checkbox"/> Nothing	None	Zero
		<input type="checkbox"/> Ethics committee established. <input type="checkbox"/> Mechanism to disclose financial interest established. <input type="checkbox"/> Public consultation on the property rate by-law and tariff policy was conducted. <input type="checkbox"/> Needs analysis was conducted through involvement of the communities.	None	Functioning of the committee.
Disclosure of financial interest				

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Internal audit services.	<input type="checkbox"/> Establishment of a 3 year strategic planning and 1 year operational plan	<input type="checkbox"/> Internal audit charter and audit committee charter documents exist and are waiting for Council approval. <input type="checkbox"/> Risk assessment took place, still gathering information to produce Risk assessment report.	None.	Internal audit plan and risk based plan developed and being implemented.
Internal audit services.	<input type="checkbox"/> Evaluation of the adequacy and effectiveness of controls relating to: <input type="checkbox"/> - safeguarding of assets, <input type="checkbox"/> Reliability and integrity of financial and operational information, efficient & effectiveness of operations and economic use of resources.	<input type="checkbox"/> The recommendations were done to put in place controls under requisition of stationary to prohibit the abuse of stationery and other assets.	None	<p>To evaluate the effectiveness of internal controls in the Municipality.</p> <p>Audit committee Meeting to be held on quarterly basis.</p> <p>Perform follow-up of implemented controls.</p>

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	<ul style="list-style-type: none"><input type="checkbox"/> Audit committee meeting held regularly.<input type="checkbox"/> Follow up of prior year's audit report (from auditor general) to ensure that corrective actions should take place.	<ul style="list-style-type: none"><input type="checkbox"/> The audit committee meeting is held on a quarterly basis.<input type="checkbox"/> Done		To ensure the effective implementation of recommendations from audit report.
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LED Planning

Program	KPI	Progress	Challenges	Recommendations
Jane Furse Mamone Town Establishment	No of sites from different authorities acquired	Tribal resolutions signed with Mamone and Mohlala tribal authorities. Awaiting Madihlaba tribal council to make a decision about signing.	Application not yet made to the minister for township establishment	Application must be processed during 09/10
land acquisition	No of sites acquired	Motlatle attorneys offices ready to sell for R500 000-00. Church site not ready for selling but available for temporary parking	To find legitimate value of Motlatle property	Property valutors to be secured during the first quarter of 09/10 to value the property in line with the proposed purchasing price
Establishment of GIS System	GIS system in place	none	Budget little to initiate GIS	Will rely on the district support for mapping and other related matters
Roll-out of LUMS	Adopted LUMS in place	Policy developed	Traditional councils still not cooperating on land use	To have a one day seminar on LUMS in the second quarter of 09/10
Local Economic Development	Reviewed LED strategy in place	Policy reviewed	No LED officer to operationalise the strategy	Appoint LED officer in the first quarter of 09/10
SMME Development Strategy	SMME development policy and strategy in place.	SMME Strategy developed	No funding policy for SMME	Development of funding policy in the second quarter of 09/10

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Marketing and Investment Strategy	Marketing policy and strategy available	Strategy Developed	No plan for implementation of the strategy	Develop plan and promotional material for marketing the municipality
LED Forum Capacitation	Number of LED forum members capacitated	One day induction and two days training took place	Inconsistency of attendance by members and lack of administrative support	An LED officer to drive the process upon appointed by first quarter 09/10
SMME Support	No of SMME funded	Jane Furse recycling, Schonoord Art and Craft and Lepelle farming funded to the tune of R400 000,00	No funding policy	To develop funding policy during 09/10
Developing IDP	Council adopting Credible IDP	Final IDP adopted by council on 29 May 09	No IDP stakeholders forum	To launch the forum in the next financial year

Mayor's Office

Program	KPI	Successes/Progress	Challenges	Future Plans/ Remedial Action
Mayoral outreach	Number of programs undertaken	<ul style="list-style-type: none"> Facilitated and participated in the launching of district women's month at Gamarishane Participated in the heritage celebration at hooperkrans Held ward committee imbizo beating farewell Facilitated and participated in the letsema/illima campaign with Department of Agriculture Facilitated and participated in the Kgobisa day at Kgobisa Primary School Visited 13 schools for message of support to learners in preparation 	Minimal participation by politicians and officials	<p>Ensure that we communicate the information well in advance and encourage maximum participation</p> <p>Market and inform the community on the scholarships available for further education training and the success measured in the applications and enquiries.</p>

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		<p>for final exams</p> <ul style="list-style-type: none"> • Participated in the program of My councillor and I on Thobela FM • Visited 5 local high schools during the reopening of the schools 13-16 Jan 2009. • Facilitated and participated in the district condom day and cholera awareness campaign. • Staged a state of the municipal address. • Celebrate human rights day by launching the municipal infrastructure plants and sort turning. • Facilitated and participated in the launching of multimillion water pipe project by district municipality. 		<p>We shall always strive to deliver more with less.</p>
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Special programs	Messages published in local media	<ul style="list-style-type: none"> Developed and published messages of support to learners sitting for final exams on 5 media houses and circulated the flyers caring the same message to 13 schools. Developed and published messages of human rights day in seven local media houses and two national media houses including one national radio station. Developed and published the same message on flyers and circulated them to 8 schools around maserumule park. 	We could not produces enough flyers due to insufficient resources	Make sure that we secure sufficient materials to execute this exercise
	Develop and implement women's month program	<ul style="list-style-type: none"> Program developed and implemented Held a young women parliament Held imbizo with magoshigadi Held miss 	We only focused on 20 high schools as this was a pilot	We should increase the number of the schools to ensure maximum participation of learners

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		Makhuduthamaga high school		
	Develop and implement children's program	<ul style="list-style-type: none"> • Program developed and implemented • Launched Children Advisory Council • Visited children at 2 hospitals 		
	Develop and implement Aged program	<ul style="list-style-type: none"> • Program developed and implemented • Facilitated and participated at the district Aged visit at Ga-Phaahla 		
	Develop and implement disability program	<ul style="list-style-type: none"> • Program developed but implemented partly • Facilitated and participated in official unveiling of the new block of Lesedi School for the Blind 	Our plan plans and programs clashes with that of our political principals	We should consolidate the department's plan and program for the year to ensure they do not clash
	Develop and implement youth program	<ul style="list-style-type: none"> • Program developed and implemented • Youth visited 5 high schools on a back to school campaign • Youth advisory centre is operational and 	The Youth advisory centre is not accessible to the majority on young people	Consider relocating the centre to the most accessible venue

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		<ul style="list-style-type: none"> located at the library Bursary scheme is available to benefit matriculates who are financially and academically deserving 		
	Database of operational HIV/AIDS awareness centers available	<ul style="list-style-type: none"> 3 centers identified to be operational We visited 1 centre at St. Ritas hospital during world AIDS month. 	This is an emotional and sensitive matter and therefore people want to work in isolation The database of the centers could not be completed on time due to work load.	Work with MKM Home Base Care Umbrella to identify more centers and work with them Capacitation for officers The database shall be completed by end of June 2009.
	Bursary Strategic plan Implemented.	<ul style="list-style-type: none"> Plan not developed Bursaries not Advertised. 	There is no clear coordination between the office of the Mayor and HR in driving the process.	We shall coordinate the collective to ensure that it deliver on intended outcomes.
	Support to traditional leaders	<ul style="list-style-type: none"> Supported and participated during the inauguration of Kgoshigadi Maserumule Matlala Supported and participated during the saint day of Kgoshigadi Seopela 		

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Communications	Number of quarterly reports submitted to Communication forums	<ul style="list-style-type: none"> Supported and participated Kgoshi Sekwati during mampuru day 		
		<ul style="list-style-type: none"> We have submitted five monthly reports to both local and district forums and 2 to provincial government communicators forum 	Our reports are not served in the portfolio committee because of the different sitting times	We wish to serve the portfolio with the reports before they are served in the forums Internal communication: Intranet Internal newsletter Notice board Departmental secretaries for classified
	Local government communicators forum	<ul style="list-style-type: none"> We held 2 of 4 Local government communicators forum 	Local government communicators are not attending consistently	We are engaging senior managers to intervene in this regard
	Corporate image improvement plan in place	<ul style="list-style-type: none"> The plan is not in place but developments to improve the municipal corporate branding were done Internal direction signs Name tags done 	Lack of capacity	The plan to be developed in the last quarter of the current financial year Corporate branding : content of newsletters/mayoral representations/and Bathopele principles
	Reviewed communication strategy in placed	<ul style="list-style-type: none"> The strategy was reviewed and served in the portfolio committee of corporate. 	Not served in the exco and council for adoption	To be served in the forth coming exco and council for adoption

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Public participation	Website content management	<ul style="list-style-type: none"> Our website was last updated in July 2008 	<p>The SLA was not signed with SITA</p> <p>The ICT is contemplating going the private route</p>	<p>Work with ICT to speed up the matter</p> <p>Website updates stagnant.</p>
	Number of publications released	<ul style="list-style-type: none"> 5000 newsletters published 200 A5 and 100 DL diaries published 5000 calendars published 5000 tours guides published 200 posters published for publicizing ID/Budget consultative Meetings. 	<p>Our materials are of a lower quality</p> <p>News Letter is insufficient.</p>	<p>We will work to improve the quality of our materials</p> <p>Improvement of paper quality and image off municipality</p> <p>We should consider increasing their news letter number in 2010/11 budget</p>
	IDP plan in place	<ul style="list-style-type: none"> We have participated in the analysis phase IDP/Budget 2009/10 draft tabled and adopted. 		<p>We shall work with Planning department to ensure that the process receive wider coverage</p> <p>All wards and villages(+130)</p>
	Communities demonstrations	<ul style="list-style-type: none"> We approved 1 community demonstration to the Schoonoord magistrate court and declined 1 planned demonstration from Glen Cowie/Riverside 	<p>Insufficient communication with communities about service delivery.</p>	<p>To improve our communication channels and capacity to ensure that we communicate effectively to communities.</p>

Makhuduthamaga Local Municipality

		<p>communities on the basis of insufficient information</p> <ul style="list-style-type: none">• Reviewed quarterly and the number thereof noted.		
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