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# **ANNUAL REPORT 2006/07**

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**DECEMBER 2007**

**Compiled by**

Planning and Development Services

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**A PLACE OF OPPORTUNITY**

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## SELECTED ACRONYMS

**ADM** | **Amajuba District Municipality**

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<b>AFLED</b>	<b>Amajuba Forum for Local Economic Development</b>
<b>ARV</b>	<b>Anti-Retro Viral</b>
<b>BEE</b>	<b>Black Economic Empowerment</b>
<b>CTO</b>	<b>Community Tourism Organisation</b>
<b>DAEA</b>	<b>Department of Agriculture and Environmental Affairs</b>
<b>DBSA</b>	<b>Development Bank of Southern Africa</b>
<b>DIMS</b>	<b>District Information Systems</b>
<b>DLA</b>	<b>Department of Land Affairs</b>
<b>DLGTA</b>	<b>Department of Local Government and Traditional Affairs</b>
<b>DM</b>	<b>District Municipality</b>
<b>DME</b>	<b>Department of Minerals and Environmental Affairs</b>
<b>DSR</b>	<b>Department of Sports and Recreation</b>
<b>DWAF</b>	<b>Department of Water Affairs</b>
<b>EPWP</b>	<b>Extended Public Works Programme</b>
<b>ESDP</b>	<b>Electricity Supply Development Plan</b>
<b>IDP</b>	<b>Integrated Development Planning</b>
<b>IDP RF</b>	<b>Integrated Development Planning Representative Forum</b>
<b>KPA</b>	<b>Key Performance Area</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>LGSETA</b>	<b>Local Government Sector of Education &amp; Training Authorities</b>
<b>LM</b>	<b>Local Municipality</b>
<b>LUMS</b>	<b>Land Use Management System</b>
<b>Mi2</b>	<b>Municipal Infrastructure Investment</b>
<b>MIPA</b>	<b>Man In Partnership Against AIDS</b>
<b>MIG</b>	<b>Municipal Infrastructure Grant</b>
<b>MM</b>	<b>Municipal Manager</b>
<b>MPCC</b>	<b>Multi-Purpose Community Centre (also know as Thusong Service Centre)</b>
<b>NQF</b>	<b>National Qualification Framework</b>
<b>SCM</b>	<b>Supply Chain Management</b>
<b>UAP</b>	<b>Universal Access Plan</b>
<b>PMU</b>	<b>Project Management Unit</b>
<b>PMS</b>	<b>Performance Management Systems</b>
<b>PPP</b>	<b>Public Private Partnership</b>



<b>SCM</b>	<b>Supply Chain Management</b>
<b>SEDA</b>	<b>Small Enterprise Development Agency</b>
<b>SMME</b>	<b>Small Medium and Micro Enterprise</b>
<b>WSA</b>	<b>Water Service Authority</b>
<b>WSDP</b>	<b>Water Supply Development Plan</b>

## **FOREWORD BY THE HONOURABLE MAYOR**

**2004/05 ANNUAL REPORT**



**AMAJUBA DISTRICT MUNICIPALITY**  
**A PLACE OF OPPORTUNITY**



**Cllr MS Mlangeni  
District Mayor**

Honourable Speaker  
Members of Council  
Executive Committee  
Municipal Manager  
Officials  
All protocol observed

I am pleased to present to you the 2006/07 annual report of Amajuba District Municipality for year ended 30 June 2007.

The 2006/07 financial year has seen a continued commitment and in many areas we have made substantial progress. We have lived upon our vision statement which says ***by twenty fifteen Amajuba will be a fully developed district, with a vibrant and sustainable economy, a better quality of life, preserved within its own cultural and traditional values.***

It has always been in the best interest of the Amajuba District Municipality to uplift the quality of life of the citizens of Amajuba District. In the 2006/07 financial year a number of projects and programmes were funded and implemented. The Amajuba District

Municipality again honoured the best matriculant achievers of the class of 2006. Schools with best achievers also received

accolades. This has been done in order to encourage the current Grade 12 as well as the schools to perform even better in years to follow.

In addressing poverty, the municipality is currently involved in the "Municipal Infrastructure Investment (MI2)" initiative which will create job opportunities. It is our responsibility as the Local Government to make an enabling environment for local economic growth. This shows us that there is a big challenge that we face in the coming year.

During the year under review, we also conducted the public participation meetings where community members were given an opportunity to indicate challenges encountered in their respective communities. This report represents how the municipality met its development challenges and addressed the previous financial year shortcomings.

Lastly, I would like to thank all members of Council, the Municipal Manager and his staff for their support, cooperation, dedication and hard work during the year under review.

**CLLR MS MLANGENI  
DISTRICT MAYOR**

# MUNICIPAL MANAGER'S FOREWORD



**Dr VJ Mthembu**  
**Municipal Manager**

It is an exciting experience as the newly-appointed Municipal Manager of Amajuba District Municipality, to be involved in this report and be an agent of delivery in the very noble purpose of ensuring a better life for all the Citizens of the district.

The compilation of the annual report is a landmark in the institutional history of any organization, more so it affords one the opportunity to stand out of the daily work objectives and reflect on the organisational accomplishments over period under review. The 2005/2006 year was as momentous for Amajuba District Municipality as it was frenetic, with many accomplishments, not only as our prime objectives are concerned but also in terms of organizational well being.

In an attempt to fight poverty, the municipality has formed the Municipal Infrastructure Investment Programme to facilitate the development of the basic infrastructure necessary to support the various local economic development initiatives. The integration of all aligned objectives is the key to maximizing efficacy in eliminating the poverty trap that we confront within our district. It is of vital importance to pay special

attention to the district economic growth through a direct engagement and support of Local Economic Development (LED). It is at this level that I would see Amajuba District Municipality actively engaging and complementing these efforts.

Our district prides itself in effective management which is in line with fiscal discipline. We are confident that emerging out of this period, this discipline will be entrenched even further. The existing sound relationship with our stake holders confirms our management style which is in line with Chapter IV of the Municipal Systems Act.

My appreciation goes to His Worship the Mayor Cllr SM Mlangeni and his Executive Committee, the entire Council members and the Staff members for their support. May I also pay a special thanks to the former Acting Municipal Manager for laying foundations for our today's safe landing.

You will agree that the coming period will be a most challenging one. It is my team's fervent desire to make it equally rewarding. The fundamentals are in place, it is up to all of us to drive efficient and effective service delivery in the district.

.....  
**DR VJ MTHEMBU**  
**MUNICIPAL MANAGER**

# VISION, MISSION AND OBJECTIVES

## VISION

By twenty fifteen Amajuba will be a fully developed district, with a vibrant and sustainable economy, a better quality of life, preserved within its own cultural and traditional values.

## OBJECTIVES

The following objectives have been agreed to guide development in the Amajuba District:

- To achieve sound management, administration and equity within the Amajuba by 2010 in line with applicable legislation and Organized Local Government Guidelines
- To ensure provision of basic infrastructure and community services to all communities within acceptable norms and standards by 2015
- To facilitate, encourage and support the development of an enabling environment for Local Economic Development and job creation
- To promote the development of a safe and healthy environment in line with the applicable legislation on an ongoing basis

## MISSION

The Amajuba District Municipality will through good governance (accountable, transparent, democratic and developmental local government) and management strive to achieve its vision, within the legal framework by:

- Promoting shared and integrated service delivery
- Creating an enabling environment for economic development
- Increasing opportunities for previously disadvantaged communities
- Providing and maintaining integrated, affordable, equitable and sustainable services
- Facilitating access to land and social services
- Promoting development of a safe and healthy environment, and
- Effective planning of infrastructure and technical services

## VALUES

The following are the values to be followed by the organisation:

- **Accountability:** We will discharge our responsibilities with the appreciation that we are public servants and will hold ourselves accountable to them.
- **Transparency:** We will make the necessary information available to our stake holders.
- **Democracy:** We will consult our stakeholders as prescribed.
- **Developmental Approach:** We will seek, develop and implement solutions that will contribute to the development of our society.

# FUNCTIONS, POWERS AND DUTIES

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

- (a) Integrated Development Planning for the District Municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the District Municipality.
- (b) Potable water supply systems.
- (e) Solid waste disposal sites, in so far as it relates to:
  - (i) The determination of a waste disposal strategy;
  - (ii) The regulation of waste disposal; and
  - (iii) 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 district.
- (g) Regulation of passenger transport services.
- (i) Municipal health services.
- (j) Fire fighting services serving the area of the District Municipality as a whole, which includes:
  - (i) Planning, co-ordination and regulation of fire services;
  - (ii) Specialised fire fighting services such as mountain, veld and chemical fire services;
  - (iii) Co-ordination of the standardization of infrastructure, vehicles, equipment and procedures;
  - (iv) Training of fire officers.
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- (m) Promotion of local tourism for the area of the District Municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the District Municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the District Municipality.
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality in terms of national legislation.

# MANDATES

## SPECIFIC MANDATES

- Municipal Finance Management Act, No. 56 of 2003;
- Municipal Systems Act , No. 32 of 2000;
- Municipal Structures Amendment Act, 2000;
- Local Government Municipal Planning and Performance Management Regulation, 2001; and
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006; and
- IDP Guide Pack

## SUPPORTING MANDATES

- The Constitution of the Republic of South Africa, No. 108 of 1996;
- White Paper on Transforming Public Service Delivery (Batho Pele), 1997;
- The White Paper on Service Delivery



# MEMBERS OF THE COUNCIL

The Amajuba District Municipality consists of 25 Councillors as follows:

- Cllr MS Mlangeni (Mayor)
- Cllr TMM Phiri (Deputy Mayor)
- Cllr NP Stannard (Speaker)
- Cllr JCN Khumalo (Executive Committee)
- Cllr MI Dlamini (Executive Committee)
- Cllr DB Mabuyakhulu (Executive Committee)
- Cllr MS Duma
- Cllr AT Zwane
- Cllr L Monareng
- Cllr JP Khumalo
- Cllr NS Matthews
- Cllr AN Radebe
- Cllr EB Ndlovu
- Cllr BJ Mntambo
- Cllr TV Buthelezi
- Cllr LPT Dhlomo
- Cllr GA Mncube
- Cllr TC Thungo
- Cllr HS Madonsela
- Cllr P Croft
- Cllr RB Ndimma
- Cllr NJ Ndebele
- Cllr SV Hlatshwayo
- Cllr A Chuang-Lui
- Cllr JME Damons

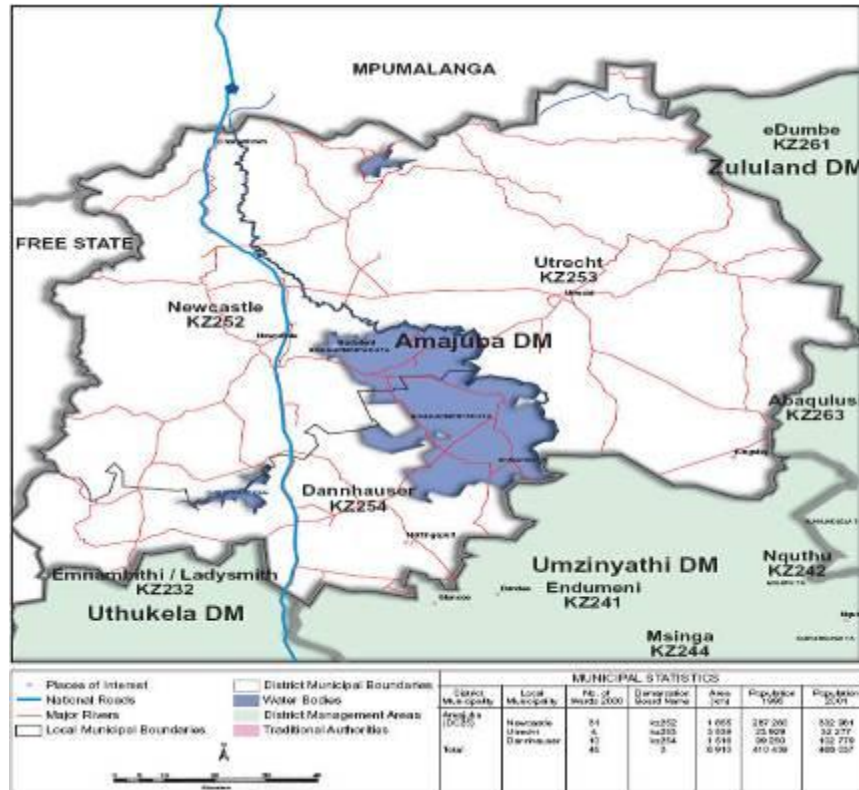


## OVERVIEW OF THE MUNICIPALITY

### 1.1 BACKGROUND OF AMAJUBA DISTRICT

The Amajuba District Municipality (ADM) is situated in the north-western corner of KwaZulu-Natal and comprises the three local municipalities of Newcastle (KZ252), Emadlangeni (KZ253) and Dannhauser (KZ254). The alternative route from the east coast to Gauteng, the N11 passes through Amajuba. The route links the district to both the major port of Durban and the industrial complex of Gauteng, the main rail line from the Durban harbour to Gauteng also travels through Amajuba. The R34 bisects the district from east to west and provides a linkage from the port city of Richards Bay to the hinterland. The district is viewed as a major industrial centre with several key industries anchoring development in the region, notably: steelworks, textiles, chemicals and petroleum products.

**Map 1: Location of Amajuba District Municipality**



Agricultural activities (dairy and crop farming) are well organised within the district and there is considerable scope for expansion into agri-beneficiation activities. A well developed tourism sector with numerous natural beauty attractions and an emphasis on the battlefields, adventure tourism and the accommodation requirements of business visitors is also evident in Amajuba.

Amajuba is 6 910 km<sup>2</sup> in size with Emadlangeni occupying the largest area of 3 539 km<sup>2</sup>, Newcastle some 1 855 km<sup>2</sup> and Dannhauser some 1 516 km<sup>2</sup>.

### **1.1.1 NEWCASTLE LOCAL MUNICIPAL AREA**

The municipality is linked by both road and rail to Johannesburg and the port cities of Richard Bay and Durban. In addition, the municipality has a modern airport with tarred runway and night landing system situated close to the Newcastle CBD.

Newcastle Local Municipality is the largest contributor to the districts' economy, and manufacturing is the predominant sector. Amajuba manufacturing contribution to KZN's economy is 5%, of this Newcastle comprises 58.3% of the input, the municipality is the major economic driver within the district.

### **1.1.2 DANHAUSER LOCAL MUNICIPAL AREA**

The average growth rate of the Dannhauser economy was about -2.5% per annum between 1995 and 2004. This was due mainly to the high negative growth rates for the two biggest sectors of the Dannhauser economy, i.e. mining and manufacturing, growing at an average of -5.9% and -4% per annum between 1995 and 2004 respectively. The mining sector contributed about 30% to the local economy in 2004, and the manufacturing sector 13.8%. Coal mining, the dominant mining activity in Dannhauser, declined by nearly 50% between 1995 and 2004.

### **1.1.3 EMADLANGENI LOCAL MUNICIPAL AREA**

Emadlangeni is predominantly agrarian focused, and the major node, the town of Emadlangeni is located within the Balele Game Park which comprises 2500ha of the municipality. The municipality also incorporates a significant area that was previously a transitional local council area. There has been an increase in the total population of the Emadlangeni Municipality between 2001 Census data and 2005 Amajuba Baseline Data Study. Emadlangeni's population growth rate has decreased from 6.2% per annum in 2001 to 2.7% in 2005, which shows stabilisation. This may also relate to the high prevalence of HIV/Aids and due to high levels of migration. Amajuba Agricultural Sector Plan (2004) identified opportunities for development identified for Emadlangeni Municipality are: organic vegetable farming; game farming; and dairy farming.

## **1.2 DEMOGRAPHIC PROFILE**

Amajuba's demographic situation shows a concentration of people in the Newcastle-Madadeni-Osizweni area, a smaller concentration in the Blaaubosch area and dispersed population in the remainder of the district, with notable exception of the area in the northeast of the Dannhauser municipal area, encompassing Ubuhlebomzinyathi Community Authority areas.

The total population of the district was recorded as 483 509 in the 2005 Amajuba Baseline Study. Of this 73% was located in Newcastle Municipality, 22% in Dannhauser Municipality and 7% in Emadlangeni Municipality.

The district is the fifth most densely populated district in the KwaZulu-Natal province. Demographic data is reflected in table 1.1 below\*.

**Table 1.1: Key Data**

Description	Newcastle	Emadlangeni	Dannhauser	Amajuba
Area (km <sup>2</sup> )	1855 km <sup>2</sup>	3539 km <sup>2</sup>	1516 km <sup>2</sup>	6910 km <sup>2</sup>
Density (people/km <sup>2</sup> )	189.3	10.2	68.6	70.0
Population	351 075	35 962	104 065	483 509
Population Distribution (%)	72.6%	7.4%	21.5%	100%
Population Growth Rate 2001-2005 (%per annum)	1.33%	2.74%	0.31%	1.21%
Male	102 755 (46%)	107 223 (48%)	100 521 (45%)	223 381 (46%)
Female	140 469 (54%)	135 267 (52%)	143 070 (55%)	260 128 (54%)
Age:				
0-4				41 582 (9%)
5-14				110 724 (23%)
15-34				180 832 (37%)
35-64				127 646 (26%)
over 65				22 725 (5%)
No. of Households	72 089	5 663	19 094	96 846
Household size	4.87	6.35	5.45	5.07
Employment (%)	42%	52.7%	21.4%	38.5%
Unemployment (%)	58%	47.3%	78.6%	61.5%
% Growth per annum	1.33%	2.74%	0.31%	1.21%

Source : Amajuba Baseline Study, 2005

According to the Baseline Data Study, there has been an increase in the total population of all of the municipalities in the period 2001 to 2005. Emadlangeni reflects the highest growth rate of 2.7% per annum and also has the largest household size of approximately 6 people per household, which is in keeping with the rural nature of the municipality. In terms of the growth rate, the rate for the period 2001 to 2005 is lower than the growth rate for the period 1996 to 2001 which shows a stabilisation in the District. This may also relate to the high prevalence of HIV and Aids in the district.

### **1.3 PRIORITY NEEDS IDENTIFIED FOR 2006/07**

There are sector plans that have been established to channel service delivery. The following are the sector plans that have been prepared since the inception of Amajuba District Municipality in 2001. The sector plans are aligned to the IDP and are reviewed as the need arises.

All projects identified in the sector plans are included in the projects section and the contents of the sector plans form part of the strategies section.

The following table demonstrates the status of the sector plans at the end of the year under review.

\* The statistics used are from the Amajuba Baseline Study, 2005.

**Table 1.2:** Sector Plans

<b>SECTOR PLAN</b>	<b>STATUS 2006/07</b>	<b>PURPOSE OF THE PLAN AND OTHER COMMENTS</b>
Integrated Environmental Programme	To be reviewed	Promoting environmental friendly methods of waste disposal in areas outside the urban areas
Environmental Management Plan	Complete	The EMP addresses schedules, resources and responsibilities for achieving Council's environmental objectives and targets.
Integrated Waste Management Plan	Complete	This plan investigated the potential for waste minimisation and recycling as well as the potential alternatives to the current treatment and disposal regimes.
Cemetery Plan	Complete	Apart from the implementation of the Cemetery Plan, a future focus identified for this plan will be to investigate the current status of unlicensed cemeteries in the ADM.
Public Transport Plan	Complete	PTP provides a record of public transport services, routes, facilities and infrastructure, which will form the basis for the development of the PTP and the Integrated Transport Plan (ITP) for the ADM.
HIV and AIDS Policy	Complete	A policy document has been developed to guide all of Council's activities on HIV/ Aids matters.
Water Service Development Plan	Review Complete	The WSDP has been utilised to prioritise water provision projects and funding allocations throughout the DM and the budget has been aligned extensively with it.
Tourism Development Plan	Complete	This plan was prepared so as to put the district on a competitive edge in terms of its tourism attractions.
Tourism Route Development Plan	Complete	The aim of this sector plan was to cluster tourism products in order to market them collectively.
Tourism Signage Development Plan	Complete	Tourism signage has been a major challenge that the DM has been faced with. The need was therefore identified to prepare a plan aimed at identify gaps in tourism signage and areas for upgrading so as to facilitate the free movement of tourists around the DM.
Battlefields Development Plan	Complete	Since DM is branded as the "Battlefields", it has been the intention of the DM to offer tourists a complete battlefields package. Key to this has been the need to upgrade existing battlefield sites in order for them to be in an acceptable state for visits from tourists. This project has been linked to a Study Tour undertaken by the ADM's EXCO where key battlefields in Europe were visited.
Local Economic Development Plan	Complete	Plan prepared to provide a framework for the integration and coordination of activities and decisions made by development agencies. The plan identified three potential growth sectors in the district as Agriculture, Commerce and Industry and Tourism
Manufacturing Sector Plan	Complete	The purpose of the plan was to formulate an integrated and holistic manufacturing plan to revive the steadily dwindling state of the manufacturing sector in the district.
Agricultural Development Plan	Complete	Plan is to guide all LM's in the DM area and other stakeholders, on the development of the agricultural sector, ensuring well planned and successful enterprises that will not have a negative impact on the natural environment and other land users (industries, residential, mining), in order to provide long term economic upliftment, especially for the previously disadvantaged groups and economic sustainability for all the existing agricultural related enterprises.
Electricity Supply Development Plan	Complete	The purpose of the plan is to formulate a rational basis for extending grid and non-grid electrification service supply within the district. During the year under review, electrification and bulk infrastructure creation funding formed part of the MIG programme.

Disaster Management Plan	Complete	The ADM undertook both a Disaster Management Risk Assessment and Risk Analysis during the past financial year. These studies identified where risks for disasters are prevalent, their type and their potential magnitude.
Performance Management System	To be reviewed	PMS is a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed
Municipal Infrastructure Investment Plan	Complete	This is an initiative that is meant to address backlogs and provide infrastructure for LED. The initiative is a joint force with the Amajuba LED Forum.
Backlog Study	Complete	To identify backlogs in relation to provision of basic services so as to meet the required standards in terms of service delivery
Area Based Plan	Currently being prepared	DLA has appointed consultants to prepare the plan.

During the year under review, the District Municipality conducted public participation meetings, from the 14 April 2007 to 21 April 2007, within the jurisdiction of Amajuba District Municipality.

The outcomes of the public participation process showed clearly that the municipality, like the majority of municipalities is still faced with backlogs related to:

### 1.3.1 PROVISION OF BASIC INFRASTRUCTURE AND SERVICES

There still exist backlog in terms of the provision of the basic services namely water, sanitation, roads, electricity and telecommunication.

#### **IDP Response:**

- Review of the WSDP to identify areas of highest need and associated costs with service delivery.
- WSDP linked to the identification of additional dams/ water resources with regional economic development potential.
- Water supply strategy linked to Broad Based Water Service delivery approach
- Increasing household connections.
- Re-engineering older infrastructure to link in with regional economic initiatives.
- Alignment of needs with the Public Transport Plan.
- The need for clear definitions on roles and responsibilities for maintenance of roads.
- Amajuba Agricultural Committee addressing LRAD Grants.
- Electrical Supply Development Plan currently being prepared.

### 1.3.2 SOCIAL INFRASTRUCTURE DEVELOPMENT

Most of the issues in this category related to school facilities, poverty alleviation, HIV and AIDS, youth matters, sport, assistance to unemployed graduates and young people who have just finished school, health facilities, safety and security and disaster management.

Unemployment has increased from 41% in 1996 to 55% in 2001 and 61.5% in 2005 (Backlog Study 2005). Unemployment is the highest in Dannhauser Municipality. Accelerated unemployment has led to an increase in incidents of poverty in Dannhauser.



Dannhauser is also suffering a decline in economic growth. Economic growth of the district is growing. In the year under review, economic growth was 10% per annum as compared to about 8.09% in 2004/05.

HIV and AIDS is a huge problem. Amajuba District has seen an increase from 40% in 2001 to 46% in 2006 (Antenatal Survey 2006). It is unclear why there has been this increase in the HIV and AIDS statistics.

**Table 1.3: HIV and AIDS Statistics**

Description	2001	2005/06 (Baseline Data Study)
<b>Unemployment (% of income earning population)</b>	41% in 1996; 55% in 2001	61.5% in 2005
<b>HIV/ Aids Rates</b>	KZN: 32% Provincial Average ADM: 40% Antenatal Survey (2001)	KZN: 40.7% Provincial Average ADM: 38.5% Antenatal Survey (2004) ADM: 46% Antenatal Survey (2006)

The following table demonstrates the roll-out of ARV's in the district.

**Table 1.4: ARVs Distribution**

Sub-district & District	Number of patients on ARV			
	2005/06	2006/07 Target	2006/07 1 <sup>st</sup> Quarter Actual	2007/08 Target
<b>Sub-district a: Newcastle</b>	1300	4000	1339	5000
<b>Sub-district b: Emadlangeni</b>	200	1600	516	2000
<b>Sub-district c: Dannhauser</b>	0	600	20	1000
<b>District Total</b>	<b>1500</b>	<b>6200</b>	<b>1875</b>	<b>8000</b>
<b>Strategies and Activities to Achieve Target:</b>				
<ul style="list-style-type: none"> <li>▪ Increase ARV sites</li> <li>▪ Personnel recruitment</li> <li>▪ Infrastructure development</li> <li>▪ Training</li> </ul>				

**IDP Response:**

- Establishment of an HIV and AIDS District Council
- Roll-out of an HIV and AIDS implementation plan
- Broad policy on poverty alleviation has been formulated
- A number of poverty alleviation and self-help projects were implemented
- Developed LED plans and LED For a

**1.3.3 LAND AND HOUSING MATTERS**

These are issues pertaining to access to land, restitution of land rights as well as matters relating to farm dwellers.

**IDP Response:**

- Land Reform Coordination Committee.
- The need to explore the appointment of a land reform specialist to drive the process.



- Roll-out of title adjustment project by the DLA in the Buffalo Flats area.

#### **1.4 CONSTRAINTS TO DEVELOPMENT**

The municipality is faced by a number of constraints to development; these include but not limited to:

- The high levels of HIV and Aids;
- A skills shortage due to the inability to attract sufficiently skilled people to the district;
- A mobile work-force leading to high staff turn-overs;
- The need for bursary schemes to be offered in the work-places to develop and retain skills;
- Funding shortages existing hampering the ability of municipalities to address backlogs;
- An inadequate allocation of funds to the DM through the Equitable Share process; and
- The DM not being identified as a Presidential Node and benefiting from large allocations of funds.
- The levels of crime.
- A lack of access to information by rural communities.

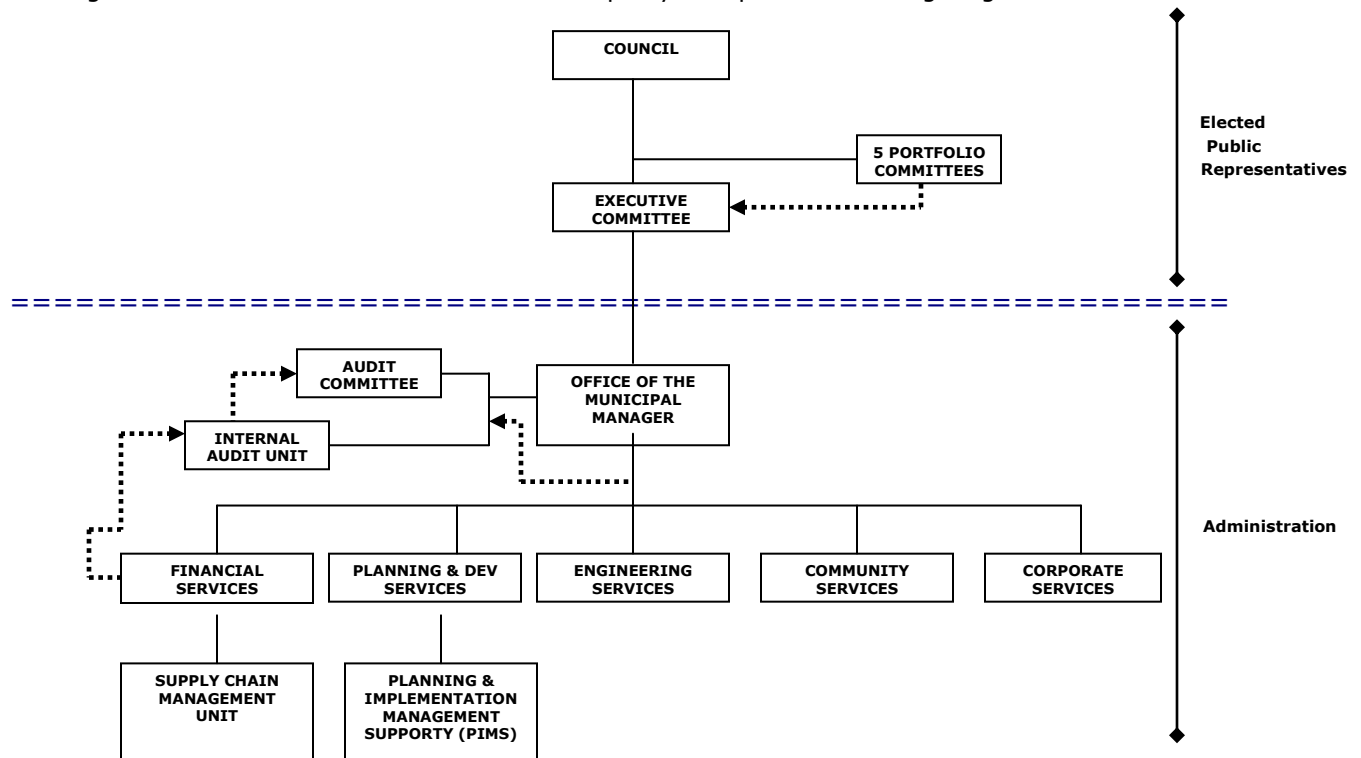
Chapter three of this report illustrates in detail the municipality's achievements and shortfall for the year under review.

## HUMAN RESOURCES DEVELOPMENT AND OTHER ORGANISATION MANAGEMENT

### 2.1 INSTITUTIONAL FRAMEWORK

#### 2.1.1 ORGANISATIONAL CHART/ORGANOGRAM

The organizational structure of the District Municipality is depicted in the organogram below.



**Figure 1:** Organisational Chart

As depicted in the organogram above, the Amajuba District Municipality has six departments and two units. Each department is headed by a political head who is an Executive Councillor. Below the political head is the director who is a section 57 employee (that is, on performance contract) and reports directly to the Municipal Manager. The Municipal Manager in turn reports to the Executive Committee, via the Mayor, who is the chairperson of the Executive Committee. The Municipal Manager is assisted by the internal audit and independent performance and financial audit committee in meeting his accountability requirements as prescribed in the MFMA. The internal audit unit provides an array of audit and evaluation activities. More information pertaining to functioning of internal audit and audit committee is described in chapter 5.

There are five portfolio committees; each one corresponding to the municipal departments. Portfolio Committees are headed by a chairperson, who is not an Executive Committee member but a member of Council.

## 2.2 HUMAN CAPITAL

### 2.2.1 STAFF COMPLEMENT

During the period under review, the municipality had a staff complement of 54, 43 of which are permanently employed, 5 of which are on contracts and 6 of which are Section 57 Performance Contract Managers. Table 2.1 below shows the staff complements per department. The Section 57 Performance Contract Management posts have been filled and the staff complement within each directorate has also been finalized and responsibilities for each department determined as illustrated in table 2.2 below.

**Table 2.1:** Staff Complement as at 30 June 2007

DEPARTMENT	NO. OF STAFF
Office of the Municipal Manager	07
Corporate Services	10
Financial Services	08
Planning and Development	09
Engineering Services	12
Community Services	08
<b>TOTAL NUMBER OF STAFF</b>	<b>54</b>

**Table 2.2:** Departmental Responsibilities

OFFICE OF THE MUNICIPAL MANAGER	FINANCIAL SERVICES	CORPORATE SERVICES
Strategic Planning & Monitoring: ▪ IDP in terms of MSA & MFMA. ▪ PMS in terms of MSA & MFMA	Management of Grants, Tax, Levies	General administration
Strategic Leadership	Debtor management	Secretariat
Overall responsibility for the organisation	Income, Expenditure and Cash flows	Council Support
Form & develop efficient & effective administration	Budgets (Planning, Implementation and Control)	Legal services
Advise political structures & political office bearers	Assets Management	Policies and Procedures
Ensure implementation of decisions of political structures	Logistics	Municipal Office Building Management
Ensure implementation of national & provincial legislation/laws	Payroll	Capacity Building / Training
Accountability for financial & other resources of the municipality	Procurement	Human Resources
Internal Audit	Insurance	Occupational Health and Safety
Intergovernmental & International Relations	Loans and Investments	Facilities Management
Miscellaneous responsibilities outlined in the MSA, MFMA and other legislation.	Risk Management	
Special Programmes: Youth, Gender, Arts and Culture		

COMMUNITY SERVICES	PLANNING & DEVELOPMENT SERVICES	ENGINEERING SERVICES
Regulate Passenger Transport.	Development Planning <ul style="list-style-type: none"> <li>▪ Spatial Development Framework</li> <li>▪ IDP Alignment and Institutional Support</li> <li>▪ Land Use Management System coordination.</li> <li>▪ Geographic Information System</li> <li>▪ Relevant IDP Sector Plans</li> </ul>	Water Service Authority <ul style="list-style-type: none"> <li>▪ Governance, Planning and Regulation</li> </ul>
Municipal Airports	Housing and Land Reform	Electricity
Cemeteries & Crematoria	Dept Policy Development	Integrated Waste Management
Disaster Management <ul style="list-style-type: none"> <li>▪ Fire Prevention</li> <li>▪ Emergency Services</li> <li>▪ Civil Defense</li> </ul>	Municipal (Corporate) Marketing	Municipal Roads
Environmental Health (Monitoring & Control) <ul style="list-style-type: none"> <li>▪ Water quality monitoring</li> <li>▪ Food Control</li> <li>▪ Waste Management</li> <li>▪ Health surveillance of premises</li> <li>▪ Vector Control</li> <li>▪ Environmental Pollution Control</li> <li>▪ Surveillance &amp; Prevention of common diseases</li> <li>▪ Disposal of the dead</li> <li>▪ Chemical safety</li> </ul>	Economic Development <ul style="list-style-type: none"> <li>▪ Local Tourism, Agriculture, Commerce and Industry.</li> <li>▪ SMME Support</li> </ul>	Land Reform: post settlement
National Qualifications Fund (NQF) Support	Information Technology: <ul style="list-style-type: none"> <li>▪ Network Administration</li> <li>▪ Policy development and implementation</li> <li>▪ District Information Management Systems</li> </ul>	Municipal Infrastructure Grant Program (MIG): <ul style="list-style-type: none"> <li>▪ Basic Residential Infrastructure</li> <li>▪ Public Municipal Service Infrastructure</li> <li>▪ Social Institutions Infrastructure</li> <li>▪ Micro Enterprise Infrastructure</li> </ul>
HIV/AIDS Coordination	Planning & Implementation Management Support (PIMS)	Dept Policy Development
Dept Policy Development		
Environmental Management		

Attached as **annexure A** are the departmental organograms.



## 2.2.2 SENIOR MANAGEMENT

During the year under review, all senior management posts were filled.

**Table 2.3:** Amajuba DM Directorate

DIRECTORATE	DIRECTOR RESPONSIBLE	EXECUTIVE COUNCILLOR OR PORFOLIO COUNCILLOR
<b>Municipal Manager</b>	Dr VJ Mthembu	Cllr MS Mlangeni
<b>Corporate Services</b>	H. Jacobs	Cllr JCN Khumalo
<b>Finance</b>	L. Africa	Cllr MS Mlangeni
<b>Engineering Services</b>	R. Clark	Cllr TMM Phiri
<b>Planning &amp; Development</b>	L. van der Merwe	Cllr DB Mabuyakhulu
		Cllr MS Mlangeni ( for Economic Development component)
<b>Community Services</b>	M. Mtshali	Cllr MI Dlamini



**DR VJ MTHEMBU  
MUNICIPAL MANAGER**



**MR. H JACOBS  
CORPORATE SERVICES**



**MR. L AFRICA  
FINANCIAL SERVICES**



**MR. M MTSHALI  
COMMUNITY SERVICES**



**MR. R CLARK  
ENGINEERING SERVICES**



**MR. L VD MERWE  
PLANNING & DEVELOPMENT**

### 2.2.3 EMPLOYMENT EQUITY DEVELOPMENT

In accordance with the Employment Equity Act (No. 55 of 1998), the District Municipality developed and implemented the Employment Equity Plan; and as required by the said Act, the Plan was submitted to the Department of Labour. The Plan reflects the significant progress the District Municipality has achieved with actions to address challenges relating to enhanced demographic representivity, skills development, succession planning, fast-tracking, mentorship, diversity management and organizational culture assessment.

The employment equity profile illustrates progress made towards transformation. In terms of women empowerment, significant initiatives need to be introduced at top level to bring women to the fore. The employment equity statistics are presented in table 2.4A and 2.4B below.

**Table 2.4A:** Demographic profile of employees

Employment Equity Implementation	Designated* Group	Non-Designated Group	Women
Top Management	50%	50%	0
Middle Management	86%	14%	36%
Professional Staff	50%	50%	0%

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

The analyses show that 50% of the top management of the District Municipality is currently occupied by the designated group. What is notable; however, is that there are no women representatives in the top management of the District Municipality. Progress still need to be made to address these imbalances.

At the middle management level, however the District Municipality has achieved far beyond the expectations and has employed more than 85% of the designated group at this level. Of the total middle management individuals, 36% are women.

**Table 2.4B:** Representation by Occupational Level

Occupational Level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior	3	0	0	3	0	0	0	0	6
Middle	7	0	0	2	3	0	1	1	14
Other Staff	10	0	3	1	16	0	3	1	34
<b>TOTAL</b>	<b>20</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>19</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>54</b>

### 2.2.4 SKILLS DEVELOPMENT

The employment equity guidelines form an integral part of planning for training as reflected in the Skills Development Act. The District Municipality has developed a comprehensive Workplace Skills Development Plan for the period under review in line with the said Act and the Plan was submitted to the Department of Labour as required by the Act.

The District Municipality is registered with the Local Government Sector Education and Training Authority (LGWSETA) and skills development initiatives relating to the municipal core services have been carried out at all levels of employment. During the period under review, the District Municipality contributed R126,199.39 to skills development and no claim was received in skills levies from the LGSETA. The District Municipality also provided experiential training to eight previously disadvantaged unemployed candidates as well as two MFMA interns.

### 2.3 EXPENDITURE MANAGEMENT OF EMPLOYEES AND COUNCIL

In terms of the MFMA the municipality is required to disclose all expenditure of staff and councilors, in compliance with Section 65-66 of the MFMA. Below are tables illustrating the said expenditures:

**Table 2.5A:** Personnel expenditure for the past four years

Financial Year	Municipal Audited Expenditure – Section 12(6) R	Personnel Expenditure R	Personnel Expenditure as a % of administration – Section 12(6)
2003/2004	58,319,325	14,547,224	25%
2004/2005	50,616,652	11,207,148	22%
2005/2006	50,031,532	10,895,779	22%
2006/2007	38,830,772	11,933,918	31%

From table 2.5A above, it must be noted that the 2004/05 and 2005/06 audited expenditure and personnel expenditure are fairly similar. This shows a momentum to maintain efficiency and effectiveness. The 2003/2004 to 2005/06 municipal expenditure amounts includes the grant funding projects expenditures as well as operational costs whereas the 2006/07 municipal expenditure is only operational cost.

**Table 2.5B:** Councillors' expenditure for the past four years

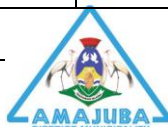
Financial Year	Municipal Audited Expenditure – Section 12(6) R	Councillors Expenditure R	Personnel Expenditure as a % of administration – Section 12(6)
2003/2004	58,319,325	2,211,093	4%
2004/2005	50,616,652	2,193,192	4%
2005/2006	50,031,532	2,834,168	6%
2006/2007	38,830,772	2,698,559	7%

### 2.4 PENSION AND MEDICAL AID FUNDS – STATISTICS

Table 2.6 below indicates a summary of pension and medical aid funds utilized by Council employees and councillors from 01 July 2006 to 30 June 2007:

**Table 2.6:** Summary of Pension Funds

Description	Number of Members	Employee Contribution (R)	Employer Contribution (R)	Total (R)
Natal Joint Municipal Employees Provident Fund (5%)	27	201,472	392,870	594,342
Natal Joint Municipal Employees Provident Fund (7%)	01	77,961	0	77,961
Natal Joint Municipal Employees Provident Fund (9.25%)	06	86,307	167,948	254,255
Natal Joint Municipal Employees Superannuation Fund	03	43,645	113,242	156,888
Govern Employees Pension Fund	02	24,817	43,016	67,834
Municipal Councillors Fund	11	351,629	0	351,629
<b>Total Pension Fund</b>	<b>50</b>	<b>785,832</b>	<b>717,076</b>	<b>1,502,909</b>



Description	Number of Members	Employee Contribution (R)	Employer Contribution (R)	Total (R)
Global Health Medical Scheme (Gold)	08	94,224	109,125	203,376
Global Health Medical Scheme (Silver)	01	9,499	14,248	23,747
Global Health Medical Scheme (Platinum)	01	66,384	0	66,384
Munimed	01	11,280	16,920	28,200
Bonitas	11	96,374	97,437	193,811
National Medical Aid Plan	01	36,468	12,168	48,636
<b>Total Medical Aid Fund</b>	<b>23</b>	<b>314,229</b>	<b>249,925</b>	<b>564,154</b>



## FUNCTIONAL SERVICE DELIVERY REPORTING

### 3.1 MUNICIPALITY'S KEY PERFORMANCE AREAS

The District Municipality implemented a Performance Management Systems (PMS) in the 2002/03 financial year. In line with the District Municipality's vision, mission and objectives, the municipality's key performance areas (KPA) were established which in turn informed the departmental KPAs.

The District Municipality's KPAs are based on Institutional and Governance Matters, Integrated Service Delivery, Economic Development, Social Facilitation and Development, Environmental Management and Municipal Planning.

Table 3.1 below illustrates KPAs that inform the objectives of Amajuba District Municipality. These objectives are part of the Amajuba IDP.

**Table 3.1:** Amajuba DM Objectives

KPA	SUB-KPA	STRATEGIC OBJECTIVE	SPECIFIC STRATEGY
Basic Service Delivery	Integrated Service Delivery	To ensure access to free basic water and expansion of water service delivery to all consumers by 2009	The development of O&M plans for all physical infrastructure.
			The balancing of affordability with levels of service delivery.
			Review of the WSDP and its alignment with DWAF's Internal Strategic Perspective
			Linking potable water supply plan (WSDP) with economic development initiatives
			The provision of rudimentary water services
			Aligning water asset management with operation and maintenance requirements
			Attract additional investment in the expansion of water networks
		To ensure access to free basic sanitation delivery to all consumers by 2011-2012	Attract additional investment in the expansion of access to free basic sanitation
		To ensure water balance between household, commercial and agricultural water demand by 2009	Linking water supply plan (WSDP) with economic development initiatives
		To ensure sustainable waste management in the district	Review of the Waste Management Plan
			Promoting environmental friendly methods of waste disposal in areas outside the urban areas
		To ensure implementation of the electricity supply development plan for the district in line national targets	Facilitate additional investment for the extension of grid and non-grid system to areas that are currently not serviced
	Explore future involvement in the generation of electricity		
To ensure greater accessibility for communities in the District.	Ensure greater accessibility for rural communities.		

<b>KPA</b>	<b>SUB-KPA</b>	<b>STRATEGIC OBJECTIVE</b>	<b>SPECIFIC STRATEGY</b>
	Economic Development	To ensure 4% economic growth per annum by 2011 To ensure 15% reduction in unemployment by 2011 To ensure diversification and beneficiation in the economy by 2011	Implement Infrastructure Investment Plan
			Employment of labour intensive methods
	Social Facilitation	To contribute towards the achievement of universal access to social services by 2011  To contribute towards the facilitation of universal access to sport facilities for all sport codes by 2011  To contribute towards the facilitation of universal access to sport facilities for all sport codes by 2011	Support local municipalities in implementing the cemetery plan
			Facilitate the promotion of scarce sport codes in identified areas
			Implementation of sports facilities
	Institutional and Governance	To ensure progressive compliance with institutional and governance requirements by 2007/2008	Undertake developmental business planning and streamline business processes to meet council and community needs
	Municipal Institutional Development and Transformation	Institutional and Governance	To ensure progressive compliance with institutional and governance requirements by 2007/2008
Address skills, capacity building and change management issues that affect development and functioning of the municipality			
Undertake developmental business planning and streamline business processes to meet council and community needs			
Ensure that the IT requirements of ADM are met			
Economic Development		To ensure ongoing implementation and review of the Performance Management System	Measure the performance of senior managers
			Introduce EPAS to middle management level
			Skills Analysis & Development
Local Economic Development (LED)	Economic Development	To ensure 4% economic growth per annum by 2011 To ensure 15% reduction in unemployment by 2011 To ensure diversification and beneficiation in the economy by 2011	Implementation of the Tourism Sector Plan
			Implementation of the Signage Development Plan
			Implementation of the Battlefields Development Plan

KPA	SUB-KPA	STRATEGIC OBJECTIVE	SPECIFIC STRATEGY
			Implementation of the Agricultural Sector Plan
			Revitalisation of the formal Mining Sector
			Implementation of the Manufacturing Sector Plan
			Targeted Employment
			Business support (facilitate markets & capacity) for SMMEs & Co-operatives
			Facilitate Targeted Investment
		To ensure ongoing partnership development and coordination among various stakeholders	Retain and develop institutional arrangements for economic development in the district
Municipal Financial Viability and Management	Institutional and Governance	To ensure progressive compliance with institutional and governance requirements by 2007/2008	Prepare and implement an Service Delivery and Budget Implementation Plan (SDBIP)
			Ensure the municipality has adequate financial resources to meet the annual performance objectives of the District
			Full compliance with Chapter 11 of the MFMA (SCM)
			Develop and implement a policy on targeted procurement
			Compliance with Generally Recognized Accounting Practice (GRAP) requirements
			Ensure effective management of the municipality and its functionaries
			Ensure preparation and timeous submission of statutory reports
		Source alternative funding for appropriate projects	To actively source and secure alternative funding for IDP projects
		Ensure the municipality has adequate financial resources & controls to meet the annual performance objectives of the district	Compile the annual financial plan of the municipality
			Monitor & control implementation of the annual financial plan through the SDBIP
Manage the organisation within the budgetary and policy frameworks of the municipality			
Good Governance and Public Participation	Institutional and Governance	To ensure progressive compliance with institutional and governance requirements by 2007/2008	Undertake developmental business planning and streamline business processes to meet council and community needs
			Ensure that governance and statutory requirements are met in joint operations with municipal entities
			Ensure preparation and timeous submission of statutory reports
			Maintain good co-operation and understanding between and amongst councillors, staff and customers

KPA	SUB-KPA	STRATEGIC OBJECTIVE	SPECIFIC STRATEGY
		Maintain ongoing intergovernmental relations among the three spheres of government	Establish and maintain forums that meet regularly in order to ensure sound relations between the ADM and local councils, service providers and other government and non-government organisations
		Encourage & promote ongoing public participation in the affairs of the district municipality	Develop and implement a public participation policy for the district municipality
		To ensure ongoing implementation and review of the Performance Management System	Measure customer satisfaction regularly
	Measure the performance of the municipality		
	Measure the performance of senior managers		
	Social Facilitation	To ensure sufficient capacity to prevent/reduce the risk of disasters, mitigate, manage, respond to disasters and facilitate post recovery activities	Implement and maintain an effective Disaster Management Plan and Framework
			Maintain a fully functioning District Disaster Management Centre
		To ensure poverty alleviation/reduction (national targets)	Implementation of the poverty alleviation programme and vertical alignment
		To contribute towards the achievement of universal access to social services by 2011	Improve the accessibility of social services through the concentration of service provision at central points and the utilisation of existing facilities (i.e. Multi-purpose Centres)
			Facilitate arts and culture activities in the Amajuba District
			Facilitate the implementation of the HIV & AIDS plan
			Facilitate access of social services to all communities.
		To contribute towards the facilitation of universal access to sport facilities for all sport codes by 2011	Facilitate the promotion of scarce sport codes in identified areas
		To contribute towards facilitation of access to skills development, economic empowerment, human rights for vulnerable groups	Facilitate programmes that promote the rights of women, children and the disabled
			Facilitate programmes that promote the welfare of the elderly
	Facilitate youth empowerment programmes		
	Integrated Service Delivery	To ensure water balance between household, commercial and agricultural water demand by 2009	Alignment with national water resource strategies
		To ensure sustainable waste management in the district	Regular monitoring of environmental health hazards associated with waste disposal sites Promoting environmental friendly methods of waste disposal in areas outside the urban areas
	Environmental Management	To ensure sustainable human settlement in the district by 2011.	Completion of the DM's Integrated Environmental Programme in line with IDP requirements
			Conserve areas of environmental, conservation and tourism significance

KPA	SUB-KPA	STRATEGIC OBJECTIVE	SPECIFIC STRATEGY
			Facilitate programmes for soil rehabilitation in areas of high erosion
			Facilitation programmes for the eradicate alien vegetation
			Address the pollution of water catchments by mining and industrial activity
	Municipal Planning	To facilitate and plan for ongoing sustainable human settlement and economic development in the district	Provide guidance that ensures integrated service delivery in the District
			Develop shared service systems to provide coordinated service delivery
			Prepare, monitor implementation and review the IDP
			Support local municipalities in the facilitation of the provision of housing
			Support the facilitation of integrated planning and implementation of land reform projects in the District
			Implementation of the Public Transport Plan
	Public Relations	To ensure good public relations as well as effective events management and marketing for the municipality.	Reconstitution and continuation of the Passenger Transport Forum
			Facilitate municipal events
			Ensure good relations with the press.
			Corporate Image and marketing.

The tables below outline some of the core departmental KPA and actual performance during the year under review.

### 3.1.1 OFFICE OF THE MUNICIPAL MANAGER

**Table 3.2A:** Service Delivery Key Performance Areas – Office of the Municipal Manager

OFFICE OF THE MUNICIPAL MANAGER	
Key Performance Area	Actual Performance
Compilation of Integrated Development Planning Review for 2006/07	The District Municipality completed and adopted its reviewed IDP within the prescribed timeframe. It also followed all stipulated process, the process set out in the Process Plan, and in the District Municipality's Framework Plan.
Performance Management	The District Municipality: <ul style="list-style-type: none"> <li>▪ Entered into performance contracts with the Municipal Manager and Managers (Sect 57 Employees) directly reporting to the Municipal Manager;</li> <li>▪ Established financial and performance audit committee fully operational during the year under review;</li> <li>▪ Conducted performance assessments of Sect 57 Employees on a quarterly basis and results were audited by internal audit and audit committee</li> <li>▪ EPAS on still hold. To find a workable way to monitor the performance of the middle managers in the 2007/08 financial year.</li> </ul>
Internal and External Auditing	<ul style="list-style-type: none"> <li>▪ Internal audit unit appointed and Audit Plan approved; and</li> <li>▪ Five audit committee meetings held</li> <li>▪ Dealt with matters and queries from the Auditor General</li> </ul>

Annual Report	<ul style="list-style-type: none"> <li>▪ Prepared the 2005/06 Annual Report although it did not fully meet the requirements of the legislation. Actions implemented to ensure that the 2006/07 Annual report meets the requirements of the legislation</li> </ul>
Customer Satisfaction Survey (CSS)	<ul style="list-style-type: none"> <li>▪ Conducted a CSS during the IDP, PMS and Budget road shows.</li> </ul>
Effective Community Participation and External Communications	<ul style="list-style-type: none"> <li>▪ Through structures like IDP Representative Forum, the community participated in the affairs of the Council;</li> <li>▪ The DM developed a newsletter which is published quarterly and members of the community are able to raise issues through this process.</li> </ul>
Establishment of forums that meet regularly	<ul style="list-style-type: none"> <li>▪ The IDP RF met three times during the year under review.</li> <li>▪ Conducted IDP, PMS and Budget road shows</li> </ul>
Facilitate programmes that promote gender equality	During the year under review, a number of gender programmes were undertaken as demonstrated in the organisational performance report attached at the later stage of this report.
Facilitate programmes that promote youth empowerment and capacity building	Established the SEDA branch in the Amajuba District that will address all youth business matters. A number of youth programmes were undertaken as demonstrated in the organisational performance report attached at the later stage of this report.

### 3.1.1.1 Customer Satisfaction Survey

A critical element of performance management systems is the survey of perceptions of customers (the community) serviced by the municipality.

Chapter 6, Section 42 of the Municipal Systems Act 2000 stipulates that "a municipality must in terms of Chapter 4 of the said act, involve the local community in the development; implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality". Chapter 4, Section 16 (1) of the said act highlights the significance of developing a culture of community participation in the municipal affairs.

The municipality conducted its CCS during the 2006/07 financial year IDP, PMS and Budget road shows in the. This was the first attempt to publicly assess the performance of the district municipality. 1 150 questionnaires were successfully completed: 591 from Newcastle areas, 327 from Dannhauser areas and 232 from Emadlangeni areas. Road shows were attended mainly by African people from the rural communities hence the findings are skewed. In future, fieldwork will continue after the road shows in order to ensure that the survey is representative. For instance, business sectors in all three municipalities targeted as well as the urban areas. Disseminate municipal information to the people remains a crucial matter. The district and its local municipalities need to establish more suitable ways to ensure that information reaches the people. Overall, it can be deduced from the findings that special attention should be given to how the community is consulted, service standards offered, information on services offered, as well as openness and transparency.

Findings and analysis of the survey will enable the municipality to develop suitable action plans to be incorporated into the 2008/09 IDP with an intention of addressing service delivery backlogs and weaknesses.

### 3.1.2 PLANNING AND DEVELOPMENT SERVICES

**Table 3.2B:** Service Delivery Key Performance Areas – Planning and Development Services

<b>PLANNING AND DEVELOPMENT</b>	
<b>Key Performance Area</b>	<b>Actual Performance</b>
Establishment of forums that meet regularly	<ul style="list-style-type: none"> <li>▪ Planning and Development Coordination Committee met every second month; and</li> <li>▪ Established Amajuba Forum for Local Economic Development (AFLED) which incorporates Tourism and Agricultural Sub-Committees. Meetings held quarterly.</li> </ul>
Implement effective IT Management Systems in accordance with approved Amajuba IT Policy	<ul style="list-style-type: none"> <li>▪ Formulation of an ICT Policy;</li> <li>▪ Updated the Municipal Website;</li> <li>▪ Development of a Geographical Information System</li> </ul>
Support local municipalities	<ul style="list-style-type: none"> <li>▪ Planning and Implementation and Management Support Systems Unit assisted local municipalities regularly.</li> </ul>
Facilitate LED through Foreign Direct Investment (FDI) and domestic investment in the district	<ul style="list-style-type: none"> <li>▪ Coordinated LED activities and implemented projects with regional influence.</li> <li>▪ Created partnerships through AFLED and providing the opportunity for investors and service providers to do presentations</li> </ul>
Develop and promote the Amajuba Tourism Route	<ul style="list-style-type: none"> <li>▪ Held various meetings with Amajuba Tourism Committee and Forum</li> <li>▪ Distributed Amajuba Routes to Century Casino Hotel Prepared Amajuba Newsletter on a quarterly basis.</li> </ul>
Coordinate the promotion and marketing of the district as a tourism destination	<ul style="list-style-type: none"> <li>▪ Through the CTO support funding, an Art, Culture and Township tours were developed</li> <li>▪ Tourism newsletter was published</li> <li>▪ Coordinated SMMEs workshops in the local municipalities. Workshop covered the soccer world cup tourism agenda, tourism enterprise programme, TKZN registration programme and dit incentive packages</li> <li>▪ Facilitated SMME Tourism Awareness Workshops with the provincial Department of Art, Culture and Tourism. This was to ensure that tourism SMMEs benefit on the information related to the development of their business</li> <li>▪ Built the Battlefields brand awareness</li> </ul>
Compile and implement sector specific development plans	<ul style="list-style-type: none"> <li>▪ The plan was completed and approved and submitted to Gijima KZN</li> <li>▪ Plan coordinated through AFLED and the Amajuba trade and investment committee in consultation with the Chambers of commerce</li> </ul>
Facilitate support structures and strategies for SMMEs and Cooperatives within the District	<ul style="list-style-type: none"> <li>▪ Established the SEDA branch in the Amajuba District in the 2005/06 financial year. In 2006/07, the SEDA Office became fully operational</li> <li>▪ R 500 000 was paid to SEDA as a contribution from the district</li> </ul>
Promote the district as an investment opportunity	<ul style="list-style-type: none"> <li>▪ The first Growth and Development Summit was held on 29 and 30 Nov 2006. The summit improved the strategic nature of the Amajuba IDP.</li> <li>▪ Amajuba Development Toolkit brochure was developed and launched</li> <li>▪ Growth and Development Action Plan was linked and incorporated into Amajuba IDP</li> </ul>
Job creation	<ul style="list-style-type: none"> <li>▪ A number of jobs were created through local economic development initiatives. 177 jobs created through LED initiatives in 2006/07 as compared to 160 jobs created in 2005/06.</li> </ul>
Ensure the coordination of agricultural activities within the District	<ul style="list-style-type: none"> <li>▪ R350 00 secured from the DBSA for implementation of the Agric Plan and particularly the feasibility study on the Sun Dried Tomato Project</li> </ul>

Coordinate the promotion and marketing of the district as a tourism destination	<ul style="list-style-type: none"> <li>▪ Re-branding of the Winter Festival and brochures</li> </ul>
Ensure areas with a high environmental and tourism potential is identified and indicated in the Local and LUMS	<ul style="list-style-type: none"> <li>▪ Coordinated the implementation of LUMS within the district</li> </ul>
Establish forums to ensure sound relations and the creation of partnerships between the public and private sector	<ul style="list-style-type: none"> <li>▪ Amajuba Forum for LED: met bi-monthly</li> <li>▪ Amajuba Tourism Forum: met quarterly</li> <li>▪ Amajuba Tourism Committee: met quarterly</li> <li>▪ Amajuba Agricultural Committee: met every 6 week</li> <li>▪ Amajuba Trade and Industry Committee: met quarterly</li> </ul>

### 3.1.2.1 Job Creation through LED

A number of jobs were created through LED, MIG and EPWP. The first economy measured through estimated based on quantec percentage economic growth in Amajuba District across all sectors amounts to an average growth of 8.6 %. The second economy entrepreneurial which includes co-operatives and SMMEs job creation is as follows:

- Agriculture 78
- Light Industry 30
- Art and Craft 15
- Services 54

Temporary jobs created through MIG and EPWP as well as through other LED initiatives are as follows:

- Sanitation 23
- Rural Roads 264
- Rural Water Supply 70
- Construction-Building 55

### 3.1.2.2 Amajuba Growth and Development Summit

The Amajuba DM successfully held its first Growth and Development Summit on 29 and 30 November 2006. In accordance with the DLG&TA's guidelines, day 1 of the conference focused on Local Economic Development, while day 2 focused on IDP linkages. The outcomes of the conference have been aligned with the IDP and the IDP strategies have been amended to reflect the projects and priorities of the conference.

The strategies for the municipality were therefore reviewed so that in the 2007/08 financial year these strategies link to the outcomes of the summit.



### 3.1.3 CORPORATE SERVICES

**Table 3.2C:** Service Delivery Key Performance Areas – Corporate Services\*

CORPORATE SERVICES	
Key Performance Indicator	Actual Performance
Put in place updated Rules of Order for Council	Council has adopted and gazetted its Standing Rules and Orders
Convene scheduled Executive Committee and Council meetings	All executive committee (38 meetings) and council meetings (14 meetings) were convened and held as per calendar.
Skills Development	Skills Development Workplace Plan approved and implemented
Employment Equity	Employment Equity Plan approved and implemented
Skills development and capacity building: Assist newly qualified persons to gain experience in the employment environment	During the year under review, the municipality provided experiential training to eight previously disadvantaged unemployed candidates
Maintain an indexed policy manual	Policy manual updated as and when amendments occur

#### 3.1.3.1 Municipal Human Resources Strategies

The municipality has developed a number of policies that deal with human resources management and planning; these are summarized as follows:

- A Code of Conduct for Municipal Staff Members;
- Code of Good Practice: HIV/Aids;
- HIV/ Aids Policy;
- Sexual Harassment Policy;
- Smoking Policy;
- Recruitment and Selection Policy;
- Grants and Loans for Study Purposes of Employees Policy;
- Subsistence and Travel Allowances Policy;
- Pool Vehicle Policy;
- Overtime Policy;
- Leave Policy;
- Skills Development and Employment Equity Act Policy; and
- Basic Conditions of Employment Policy.

\* Most of the key activities performed by Corporate Services have been addressed in Chapter 2 of this report.

### 3.1.4 FINANCIAL SERVICES

**Table 3.2D:** Service Delivery Key Performance Areas – Financial Services<sup>#</sup>

<b>FINANCIAL SERVICES</b>	
<b>Key Performance Indicator</b>	<b>Actual Performance</b>
Financial Viability	The District Municipality compiled a budget in line with its Integrated Development Plan.
Ensure completion of the 2006/07 budget	Budget for the year under review approved and adopted by Council.
Ensure completion of annual financial statements	Annual financial statements completed and submitted by the 31 August as per legislation.
Ensure compliance with procurement and creditors payment procedure	<ul style="list-style-type: none"> <li>▪ Supply Chain Management (SCM) Unit established in 2005/06. In 2006/2007 it became operational. To fill in some of the posts in the 2007/2008</li> <li>▪ SCM Policy approved</li> <li>▪ Need to implement mechanisms to track and log queries about payment</li> </ul>
MFMA Internees	<ul style="list-style-type: none"> <li>▪ Informal training provided</li> <li>▪ To approach various training institutions such as LGSETA for more formal training</li> </ul>

### 3.1.5 COMMUNITY SERVICES

**Table 3.2E:** Service Delivery Key Performance Areas – Community Services

<b>COMMUNITY SERVICES</b>	
<b>Key Performance Indicator</b>	<b>Actual Performance</b>
Participate in the HIV and AIDS programmes together with other stakeholders	<ul style="list-style-type: none"> <li>▪ HIV and AIDS road shows performed</li> <li>▪ World AIDS Day held at Emadlangeni KwaNkosi Khumalo Tribal Court</li> <li>▪ Christmas Party for AIDS orphans held</li> </ul>
Prepare and implement the district's Cemetery Plan	<ul style="list-style-type: none"> <li>▪ Phase one of the Cemetery Plan completed</li> <li>▪ In process of preparing a district-wide cemetery plan covering both the urban and rural areas</li> </ul>
Poverty Alleviation	During the year under review R500, 000 was allocated to poverty alleviation projects such as community gardens, baking, poultry, arts and craft, sewing and piggery. These projects are listed in the organisational report herein as table 3.3
Establishment of the Disaster Management Centre	<ul style="list-style-type: none"> <li>▪ Centre established and fully operational</li> </ul>
Establish the Volunteer Unit for Disaster Management	<ul style="list-style-type: none"> <li>▪ Disaster volunteers provided basic fire fighting and first aid training</li> </ul>
Conserve areas of environment and tourism significance	<ul style="list-style-type: none"> <li>▪ Implemented the Arbor week in all three LMs</li> <li>▪ Implemented clean-up campaigns in all three LMs</li> <li>▪ Formulated a Greening Plan which will be funded by DWAF during the 2006/07</li> </ul>
Establishment of forums that meet regularly	<p>Three forums namely:</p> <ul style="list-style-type: none"> <li>▪ Poverty Alleviation Forum;</li> <li>▪ Disaster Management Advisory Forum; and</li> <li>▪ AIDS Council</li> </ul> <p>met on a quarterly basis.</p>

<sup>#</sup> Most of the key activities performed by Financial Services have been addressed in Chapter 4 of this report.

### 3.1.5.1 KwaMdakane Thusong Service Centre

The kwaMdakane Thusong Service Centre became fully operational in the 2006/07 financial year. The following departments and service providers are operational at the centre.

- DLGTA – CDW & MPCC Business units
- Dept of Social Welfare
- Dept of Home Affairs
- GCIS
- Dept. of Labour
- Telecentre
- Post Office
- SEDA

### 3.1.6 ENGINEERING SERVICES

**Table 3.2F:** Service Delivery Key Performance Areas – Engineering Services

Engineering Services	
Key Performance Area	Actual Performance
Develop and support EPWP within the district	<ul style="list-style-type: none"> <li>▪ Facilitated skills training through the Department of Labour.</li> <li>▪ All Engineering Staff and LM representatives undergone NQF LIC level 5 training.</li> </ul>
Identify and agree on the most effective, efficient, affordable and sustainable manner to render services in terms of Section 78 of the MSA	<ul style="list-style-type: none"> <li>▪ Developed clarity in terms of powers and functions for Rural Roads.</li> </ul>
Make water available for agricultural and industrial activities	<ul style="list-style-type: none"> <li>▪ Facilitated the establishment of Buhlebomzinyathi Water Users Association. This form part of the Mi2.</li> </ul>
Facilitate the completion of an Integrated Electricity Supply Development Plan	<ul style="list-style-type: none"> <li>▪ The ESDP in process of completion. The purpose of the plan is to formulate a rational basis for extending grid and non-grid electrification service supply within the district. During the year under review, electrification and bulk infrastructure creation funding formed part of the MIG programme.</li> </ul>
Facilitate LED through Foreign Direct Investment (FDI) and domestic investment in the District	<ul style="list-style-type: none"> <li>▪ Developed a Municipal Infrastructure Investment Plan for the district</li> </ul>
Improve the accessibility of social services through the concentration of service provision at central points, and the utilisation of existing facilities (e.g. Multi-purpose centres)	<ul style="list-style-type: none"> <li>▪ Establishment or construction of the KwaMdakane MPCC near completion</li> </ul>
Support local municipalities in the provision of additional sports and recreational facilities, and the upgrading of existing facilities	<ul style="list-style-type: none"> <li>▪ Facilitated the coordination of sport infrastructure development in the district</li> </ul>
Address the pollution of water catchments by mining and industrial activity	<ul style="list-style-type: none"> <li>▪ The district in collaboration with DWAF, WSP and stakeholders, facilitated numerous meetings in terms of water quality threats</li> <li>▪ The district in collaboration with DWAF, facilitated rehabilitation programme</li> <li>▪ The district in collaboration with DWAF, facilitated establishment of Buhlebamajuba WUA to be expanded to cover entire district</li> </ul>

Engineering department is also responsible for the implementation of Municipal Infrastructure Grant (MIG) programme of the DTLGA. MIG is a funding arrangement created by national government in

March 2003 to fund the delivery of basic municipal infrastructure to the poor. The MIG Programme only funds sustainable infrastructure projects with long-term benefits to community. The MIG Programme budget for the year under review was R 14,975,708. Projects funded include water, sanitation and rural roads projects. This initiative is meant to address backlogs and provide infrastructure for LED and hence an initiative is a joint force with the Amajuba LED Forum. MIG Programme therefore strengthens LED through community involvement. For LED to take place, MIG funds are utilized to pay for the construction of basic infrastructure projects.

### 3.2 PROVISION OF BASIC SERVICES

The community participation meetings held during the year under review showed that there still exist backlog in respect of basic services in the district. The table below illustrates a percentage of households with access to basic services.

**Table 3.3:** Percentage of households with access to basic service

% of households with access to a basic level of:	Basic Service	Baseline as per census 2001 information	Status as at 30 June 2005	Status as at 30 June 2007*	Comment
	Water	62.0%	62.5%	61%	Limited funding to implement projects as per WSDP – lack of capacity
	Sanitation	62.1%	78.9%	77.1%	Limited MIG allocation to implement projects – lack of capacity
	Electricity	72.5%	66.1%	65%	Limited funding allocated to implement projects
	Refuse	55.5%	57.0%	57%	Limited funds allocated to amenities and local municipalities – lack of capacity
	Housing	73.7%	59.3%	57%	Increased settlements within the District

**Source:** Census 2001, Amajuba DM Baseline Study 2005 and information from Engineering Department

Table 3.4 below illustrates a percentage of households with an income of less than R1 100 per month with access to free basic services.

**Table 3.4:** Number of households with access to free basic service

% of households with access to free basic service :	Basic Service	Baseline information	Status as at 30 June 2005	Status as at 30 June 2007*	Comments
	Water	20.0%	12.7%	11%	Information derived from Census 2001 and Amajuba DM Baseline Study by applying 31.5% of Black households earning less than R1100 per month
	Sanitation	18.8%	13.9%	12%	
	Electricity	21.9%	19.2%	19%	

**Source:** Census 2001, Amajuba DM Baseline Study 2005 and information from Engineering Department

\* Estimates from Engineering department

\* Estimates from Engineering department



What is notable in the above analysis is that there is a slight decline in the number of households with access to free basic services. It must be noted that the district municipality does not have a direct responsibility with regards to the provision of free basic electricity and as such does not receive any equitable share allocations for this purpose. The supply of free basic electricity is the function of the local municipalities. The district municipality does however play an advisory and planning role through the ESDP as electrical planning is best undertaken at a district municipality level.

### 3.2.1 Electrification Supply

The South African President indicated in his state of the nation address that he would like all South African to have access to electricity by 2012. Eskom and DME are currently preparing a Universal Access Plan (UAP) for the universal supply of electricity to all South Africans in as short a time as possible. The ESDP of the district will be integrated in this plan. The plan will inform the IDP. The IDP priority list of projects will be implemented by Eskom and municipalities with own licenses.

#### 3.2.1.1 Addressing Electrification Backlogs

The ESDP is in process of being completed. The purpose of the plan is to formulate a rational basis for extending grid and non-grid electrification service supply within the district. During the year under review, electrification and bulk infrastructure creation funding formed part of the MIG programme. The ESDP has identified a grid backlog of 9739 connections and 472 non-grid connections within the district (these figures are based on the 2006 Eskom Help Data). The increase from the previous number of 8771 is mainly due to the addition of farm workers housing outside of the rural areas. The farm worker housing was divided into grid and non-grid electrification in accordance with the availability of grid in the areas.

**Table 3.5:** Addressing Electrification Backlogs

<b>ADDRESSING THE BACKLOGS</b>	
<b>BASELINE 2005</b>	<p><b>BACKLOG STUDY (2005):</b> 33.9% of households (32 845) have below basic levels of services.</p> <p><b>ESDP:</b></p> <ul style="list-style-type: none"> <li>▪ Dannhauser: 3618 households</li> <li>▪ Newcastle: 4845 households</li> <li>▪ Emadlangeni: 400 households</li> </ul> <p>It must be noted that the required connections to farm labourers may not be taken into account in these calculations.</p>
<b>RATE PER ANNUMS (%)</b>	It is difficult to project a rate per annum for addressing the electricity backlogs. At present, R12 million is available within the MIG allocations for addressing the backlogs but municipalities are not obliged to use all this money for electricity. It is estimated that of this R12 million, only R7 million will be utilised to address the backlogs.
<b>NATIONAL TARGETS</b>	According to the State President's speech, all households to be electrified by 2012. DME target to remove backlogs by 2011/12 with remote areas not fully serviced.
<b>BALANCE/ DIFFERENCE</b>	It is estimated that R64 million is required to address the current backlogs.
<b>PROJECTIONS</b>	With the current funding allocations, this will take in the region of 9 to 10 years to address the current backlogs.
<b>REQUIRED FUNDING/ COMMENT</b>	R12 million is currently available but it is expected that this amount will be increased in the next DORA allocations published in 2006. As indicated above, approximately R64 million is required to address the current backlog.

### 3.2.2 Water Supply

In terms of water supply, the following are the key points to note:

- 50% of households have piped water supply either to inside the home or on site
- 12% of households rely on community stand pipes within 200m
- 15.6% of the households use community standpipes over 200m
- 14% of households are reliant on boreholes or springs
- 7.6% of households are reliant on other sources of water. The quality of the water obtained from these sources is unknown and cannot be guaranteed, thus possibly leading to health problems.

#### 3.2.2.1 Addressing Water Supply Backlogs

Water supply backlog includes none or inadequate availability of boreholes, rainwater, tank, dam and river.

**Table 3.6:** Addressing Water Supply Backlogs

ADDRESSING THE BACKLOGS	
<b>WSDP REVIEW 2005</b>	71% of households (20 800) in the ADM WSA area of jurisdiction do not have access to a basic level of water supply (ie. A standpipe within 200 meters walking distance).
<b>RATE PER ANNUMS (%)</b>	The overall water backlog within the DM has reduced by approximately 6% p.a.
<b>NATIONAL TARGETS</b>	During the State of the Nation Address, the State President indicated that by 2009, all households in SA should have access to potable water.
<b>BALANCE/ DIFFERENCE</b>	As of 2005, 71% or 20 800 households have below basic level of services. This equates to approximately 105 700 people based on an average household size of 5.07.
<b>PROJECTIONS</b>	When considering the present level of funding available through the MIG programme as the only funding source, the complete eradication of the water services backlog in the WSA area of jurisdiction will be achievable by 2021 only and does not account for possible customer growth in this timeframe. It can also be stated that in order to achieve the national target of eradicating the backlog by 2009, a funding cash flow of approximately R50 million per annum would be required.
<b>REQUIRED FUNDING/ COMMENT</b>	R195 million is required to address the Water backlogs (20 800 customers) by 2009.

The Amajuba District Municipality is currently using its equitable share funding to fund stand pipes and rudimentary water services. 50% of the Equitable Share is being used for free basic water which covers the rural areas of the DM as well as the urban areas of Dannhauser and Emadlangeni. Emadlangeni municipality has the highest backlog of 76% as far as water delivery is concerned (Amajuba Backlog Study, 2005).

### 3.2.3 Sanitation

In accordance with the reviewed WSDP, in order to eradicate the sanitation backlog by 2012, an allocation of R20 million is required per annum. The backlog in 2002 was estimated at 89% or 26 000 households.

The WSDP notes that the majority of the sanitation projects which were completed in the 2003/04 to 2005/6 with the Amajuba MIG funding were situated in the Newcastle municipality and therefore did not result in a reduction of the Amajuba WSA sanitation backlog.

### 3.2.3.1 Addressing Sanitation Backlogs

The Amajuba Backlog Study, 2005 demonstrated that Dannhauser and Emadlangeni local municipalities have the highest level of backlog as far as sanitation connections are concerned. More than 45% of the Newcastle households have above basic level of service. The following table illustrates how the sanitation backlog is being addressed.

**Table 3.7:** Addressing Sanitation Backlogs

<b>ADDRESSING THE BACKLOGS</b>	
<b>WSDP REVIEW 2005</b>	The Revised WSDP estimates a total of 26 230 households are below the basic levels of services (i.e. No access to a VIP).
<b>RATE PER ANNUMS (%)</b>	The WSDP notes that the majority of the sanitation projects which were completed in the FY2003 to FY2005 with the Amajuba MIG funding were situated in the Newcastle Municipality and therefore did not result in a reduction of the Amajuba WSA sanitation backlog.
<b>NATIONAL TARGETS</b>	DWAF targets to get rid of backlogs by 2011/12. Eradication of bucket toilets by 2006.
<b>BALANCE/ DIFFERENCE</b>	26 130 households which equates to approximately 132 500 people based on an average household size of 5.07.
<b>PROJECTIONS</b>	At the current funding rate, it will take 16 years to eradicate the water and sanitation backlogs.
<b>REQUIRED FUNDING/ COMMENT</b>	Current funding anticipated at R63 million for FY06 to FY12. Anticipated funding requirement of approximately R99 million required.

### 3.2.4 Refuse Removal

In 2001, 44% of households in the district had no access to solid waste removal and remain outside catchment areas for municipal refuse collection service; while 56% of households in the district receive a weekly (or other) refuse removal service from the municipality. Of the three LM's, the largest portion of the backlog of 90% occurred in the Dannhauser Municipality.

According to the Amajuba Integrated Waste Management Plan (2003), the bulk of these households will remain outside the municipal service catchment area for the foreseeable future. It recommends that in the short term the District Municipality in collaboration with local municipalities, should embark on an education campaign, with a view to teaching rural communities on how to manage or handle waste.

#### 3.2.4.1 Addressing Refuse Removal Backlogs

**Table 3.8:** Addressing Refuse Removal Backlogs

<b>ADDRESSING THE BACKLOGS</b>	
<b>BASELINE 2005</b>	56% of households are below the basic levels of services.
<b>RATE PER ANNUMS (%)</b>	Local Municipalities providing waste collection services to communities.
<b>NATIONAL TARGETS</b>	Solid waste basic service by 2013.
<b>BALANCE/ DIFFERENCE</b>	Further studies required, particularly in the rural areas of the Dannhauser LM where the population densities are relatively high.
<b>PROJECTIONS</b>	To be determined.
<b>REQUIRED FUNDING/ COMMENT</b>	To be determined.

### 3.3 PROJECTS

An organisational performance report consisting of projects undertaken by Amajuba DM in the year under review. These organizational reports were conducted on a quarterly basis. Each organizational reports gives an overview of how each department has performed in terms of implementation of the IDP projects. During the year under review, the Municipal Manger, Portfolio Councillor and/or Executive Committee conducted site visits on a regular basis to substantiate the information in the report and also to evaluate the project.

The organizational reports are part of an Annual Performance Report which is attached as **annexure B**.

### 3.4 APPOINTMENT OF CONSULTANTS

During the year under review, the SCM unit became effective; table 3.5 below illustrates consultants appointed during the year under review as per SCM policy.

**Table 3.9:** List of Consultants appointed in 2006/2007 paid more than R100,000

	<b>Type of the Project</b>	<b>Contract Value ≥R 100,000.00 (Rands)</b>
1	Rolled razor wire, repair entrance gates and painting	109 905.69
2	Track suits for Kwanaloga Games	133,152.00
3	Investigation of suspected fruitless and wasteful expenditure	100 958.00
4	Supply and delivery of aggregates	208 768.20
5	Supply and delivery of blocks	2 001 516.24
6	Supply and delivery of Hardware	2 080 084.50
7	Supply and delivery of cement	535 200.00
8	Supply and delivery of hardware	583,695.00
9	Isuzu KB 240 D/Cab LE 4x4	229,252.70
10	Vehicle	2,570,000.00
11	Supply and lay of 13cm kikuyu grass seed at Berouw sports field	225,720.00
12	Sewing projects	115,306.50
13	Arts and Culture, poultry and garden projects	304,358.62
<b>TOTAL EXPENDITURE</b>		<b>416,1484.82</b>

# CHAPTER 4

## AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

### 4.1 INCOME RECEIVED

#### 4.1.1 GRANTS AND SUBSIDIES

The following grants/subsidies were received during the year under review.

**Table 4.1:** Grants and Subsidies Received

Grant/Subsidy	2004/05	2005/06	2006/2007
Local Government Financial Management Grant	250,000	250,000	500,000
Municipal Systems Improvement Programme Grant	2,875,000	1,000,000	1,000,000
Water Services Operating Subsidy	730,000	777,000	638,600
Implementation of Water Services Projects: Disaster Relief (Capital)	1,970,000	0	0
Implementation of Water Services Projects: Disaster Relief (Indirect)	1,305,000	6,512,260	0
Sports & Recreational Programme Grant	1,200,000	1,580,000	15,250,000
Consolidâtes Municipal Infrastructure Programme Grant	16,734,515	19,332,539	14,412,261
Equitable Share Allocation	6,067,211	11,018,517	40,701,565
<b>TOTAL</b>	<b>31,131,726</b>	<b>40,470,316</b>	<b>72,502,426</b>

Source: Amajuba DM Annual Financial Statements for the period ended June 2005, 2006 and 2007

#### 4.1.2 OPERATING INCOME

**Table 4.2:** Operating Income (2004/2005 - 2006/2007)

INCOME	2004/2005 (actual)	2005/2006 (actual)	2006/2007 (budget)	2006/2007 (actual)
Levy Income	24,216,939	24,472,785	0	0
Water Sales	0	0	0	0
Grants & Subsidies	24,528,360	19,674,785	49,548,600	42,727,473
Other Income	4,571,560	2,734,354	2,066,300	3,003,441
Municipal Entity			14,006,969	0
<b>Total</b>	<b>53,316,860</b>	<b>46,881,681</b>	<b>65,621,869</b>	<b>45,730,914</b>

Source: Amajuba DM Annual Financial Statements for the period ended June 2005, 2006 and 2007

## 4.2 MUNICIPAL EXPENDITURE

### 4.2.1 EXPENDITURE

The major expenditure categories for the Amajuba District Municipality are set out in the table below.

**Table 4.3:** Operating and Capital Expenditure (2004/5 TO 2006/07)

Expenditure Item	2004/2005 (actual)	2005/2006 (actual)	2006/2007 (budget)	2006/2007 (actual)
Salaries, wages and allowances	13,767,847	13,729,955	18,065,885	14,632,477
General expenditure	12,539,943	14,906,190	29,110,120	20,443,911
Repair and maintenance	547,204	401,624	64,000	462,934
Capital charges	452,805	426,370	259,200	384,051
Contributions to Fixed Assets	3,654,799	9,825,703	1,429,430	841,448
Contributions to special funds	1,805,943	1,491,951	722,658	2,065,951
Projects	17,925,062	9,249,740	0	0
Municipal Entity	0	0	14,006,969	0
<b>Total: Gross expenditure</b>	<b>50,693,603</b>	<b>50,031,532</b>	<b>64,235,262</b>	<b>38,830,772</b>
Less: Amounts charges out	0	0	0	0
<b>Total: Net expenditure</b>	<b>50,693,603</b>	<b>50,031,532</b>	<b>64,235,262</b>	<b>38,830,772</b>

Source: Amajuba DM Annual Financial Statements for the period ended June 2005, 2006 and 2007

The levy income was scrapped on the 1<sup>st</sup> of July 2006; levy replacement grant was then introduced.

### 4.2.2 INVESTMENTS, LOANS AND LOSSES

The municipality had unlisted investments totaling R 40.5 million as at 30 June 2005. Of this, R6.25 million is in long-term deposits, while R 34.2 million is in short term deposit. The average rate of return on investment was 8% in the 2005 financial year, compared with 6% in the 2004 financial year. The investments decreased with R1.2 million at the end of the 2005 financial year.

The municipality has the following external loans:

**TABLE 4.4:** External Loans

Loan	Type	Interest Rate	Balance 30/06/05	Balance 30/06/06	Balance 30/06/07
DWAF	Annuity	14.82%			0
INCA Loan	Other	16.85%			0
DBSA Loan	Other	12.00%			0
Finance Leases	Lease		300,515	98,916	346,460
<b>Total</b>			<b>300,515</b>	<b>98,916</b>	<b>346,460</b>

Source: Amajuba DM Annual Financial Statements for the period ended June 2005, 2006 and 2007

The finance leases are secured by assets of the Amajuba District Municipality.

Attached as **annexure C** is the Auditor General's Report and the audited financial statements for the year under review.

## REPORT OF THE AUDIT COMMITTEE

In compliance with the provisions of Chapter 14 Section 166 of the Municipal Finance Management Act (MFMA), the Amajuba District Municipality established its first Audit Committee in December 2004

### 5.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee, consisting of three independent, outside members listed below, meets at least four times per financial year as per its approved charter, although additional special meetings are convened as circumstances require.

During the financial year under review, five scheduled meetings were held.

<u>Name of Member</u>	<u>Number of meetings attended</u>
Mr Yusuf Latiff (Chairperson)	5
Mr Nhlanhla Buthelezi	5
Ms Corrie VD Merwe	5
Mr Sifiso Shongwe (graduate)	5
Ms Lindiwe Ndlozi (graduate)	5

### 5.2 INTERNAL AUDIT CHARTER AND THE AUDIT COMMITTEE CHARTERS

The internal audit charter and the audit committee charters, which define the roles and responsibilities of the committee, have been drawn, revised and implemented.

### 5.3 STATUTORY REQUIREMENTS OF THE AUDIT FUNCTION

Section 166 of the MFMA regulates the responsibilities and functioning of the Audit Committee. The following are the activities conducted by the Audit Committee during the year under review:

- Review of the annual financial statements;
- Review of the income and expenditure reports;
- Review of the internal quarterly audit reports regarding by the Internal Auditors; and
- Review of the Municipalities Performance Management assessments in terms of section 57 of the Local Government: Municipal Systems Act 32 of 2000 as amended.

### 5.4 INTERNAL AND EXTERNAL AUDIT

In fulfilling its responsibilities, the activities of the Audit Committee in overseeing the role of the internal and external auditors involve the following:

- assisting in ensuring that the Audit Committee Charter and Internal Audit Strategy and Planning Memorandum are in accordance with the appropriate legislation
- discussing with the internal auditors the overall scope and appropriate legislations for their respective audits; and
- reviewing the external auditor's management letters as well as management's response

The Audit Committee performs a formal assessment of the effectiveness of the internal audit function upon completion of the audit for the financial year after receipt of the Auditor General's report.

In the Audit Committee Member's opinion, the audit was conducted in compliance with accepted Auditing Standards and the Professional Practice of Internal Auditing as well the requirements of the Municipal Finance Management Act of 2003 as amended and other legislated standards.

## **5.5 REVIEW OF THE ANNUAL FINANCIAL STATEMENTS**

The Audit Committee has:

- reviewed the Amajuba District Municipality's financial statements for the year ended 30 June 2007 and the accounting policies that have been applied in their preparation and
- reviewed the management responses to the management letters of the Auditor-General.

### **5.5.1 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL**

While no serious cases of fraud or weaknesses in the system of control have been identified, the main matters of concern relating to the effectiveness of internal control are the absence of a fraud detection and prevention plan, an asset protection plan and a risk management policy and plan as well as deficiencies in the security and backup of the data in the information technology function.

### **5.5.2 AUDITOR GENERAL'S REPORT**

Following the audit of the annual financial statements for the year ended 30 June 2007, the Auditor General concluded that, except in respect of negative effect of the matters referred to in paragraphs 9 and 10 of his report, the financial statements have been prepared in all material respects, in accordance with the basis of accounting required by policy, practice and legislation.

The qualification is in respect of the matters set out in the Auditor General's report under paragraph 9 and 10 relate to:

- the limitation of scope of the audit arising the fact that the value of the Municipality's investment in uThukel'a Water (Pty) Ltd due to the absence of a shareholders' agreement among the three water services, including the Municipality, who are shareholders in the Company;
- the transfer of the Ingagane Water Purification Works to Newcastle Municipality as required by the Minister for Provincial and Local Government not having taken place at the time of the report; and
- the completeness, accuracy, valuation or existence of information in the assets registers could not be relied upon in respect of certain assets listed under 10.2 (a) to (i)

The Committee has also found and concurs with the Auditor General's Report that certain aspects of the Municipality's control environment in regard to the matters set out in paragraph 13 and 14 and the absence of risk assessments and adherence to internal auditing standards as well as the holding of substantial credit balances in non-interest bearing current accounts as set out in paragraph 16 of the said report require remedial action.

The Audit Committee concurs with the opinion expressed by the Auditor General, and assurances have been obtained from the Accounting Officer and the Chief Financial Officer that an action plan has been implemented to address and rectify the matters forming the basis of the qualification in the Auditor General's Report.

The Committee has also drawn the attention of the Municipal Manager in respect of the control aspects requiring supervision by management and those requiring the implementation and monitoring of appropriate control measures and procedures.

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**Chairperson of the Audit Committee**

**YA Latiff**

**December 2007**



# **LIST OF REFERENCES**

**Amajuba Baseline Study, 2005**

**IDP Review 2006/07 and 2007/08**

**Local Government: Municipal Systems Act, 32 of 2000**

**Local Government: Municipal Finance Management Act, 56 of 2003**

**Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006**

**Local Government: Municipal Planning and Performance Management, 2001**

**Municipal Demarcation Board (2001) (2004)**

**PMS Review**

**South African Constitution, 1996**

**White Paper on Local Government, 1998**

