



MPOFANA LOCAL MUNICIPALITY ANNUAL REPORT 2020/2021 FINANCIAL YEAR

OFFICE OF THE MUNICIPAL MANAGER
Prepared By: Bonginkosi Nkosi

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COMPONENT A: MAYOR'S FOREWORD

Mayor's Foreword

It humbles me to present to you the 2020-2021 Annual Report. This has been a year of continued growth and development for our council with many a lesson learnt.

This financial year began at a time where the Country was faced by the pandemic (COVID 19) and as the result, we experienced slow economic growth and high level of unemployment particular to young people and black communities in general.

Despite these conditions, we have faced and conquered numerous challenges. We have managed to sustain a synergy between our council and administration. A notable achievement which we are proud of and humbled by the recognition of the municipality's success in LED as per the IDP assessment criteria in the Province. Also we managed to maintain the Auditor –General's audit opinion of a qualified audit for our municipality in the 2020/2021 financial year.

Through this document we intend to review the challenges we have faced, and highlight the successes we have accomplished; and present our findings to the people of Mpofana Municipality. The report aims to provide an account on the Municipal Manager's overview, performance highlights, performance reports, as well as to present the 2020/2021 financial statements, accompanied by the Auditor- General's opinion.

Our Municipality is fully committed to improving the quality and standard of living for all the people that reside within Mpofana. We aim to achieve this through the establishment and construction of durable, long-lasting infrastructure, particularly for our rural communities, to enhance the skills base in the region, to inspire healthy and environmentally friendly lifestyles, to fight crime and corruption, to support programmes for youth development as well as programmes for women and people with disabilities; and to encourage and inspire a culture of entrepreneurship. Our Municipality was also awarded with a certificate for Local Economic Developing and achieved position 12 in the overall IDP assessment.

During April, we embarked on our annual IDP/Budget Roadshow Campaign. We had the opportunity to meet and engage with communities across all of our municipal wards. The

campaign was highly successful and I would like to thank my fellow councilors and more importantly, the communities for supporting the programme and for attending out roadshows.

We are a municipality that has developed a culture which embodies a commitment to the implementation of a clean administration championed by good governance, and this has proven to be a winning formula in achieving and maintaining favourable audit outcomes from Auditor General of South Africa.

I would like to express my heartfelt gratitude to my fellow Councillors, Speaker, Exco members, Senior Managers and the members of staff for their hard work and commitment. We wish to thank Traditional Leaders, the Business Community, Government Departments, our Residents and all the stakeholders who have contributed to making our Municipality a better place to reside in.

.....
Her Worship, Councillor: TM Magubane
Mayor of Mpofana Municipality

COMPONENT A: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

Municipal Manager's Foreword

The Mpofana Local Municipality has made significant progress in the recent past financial year in achieving its constitutional mandate to deliver services and uphold principles of good governance. The municipality's progress bears to the recent COGTA MEC Awards, where the municipality has been awarded an accolade as the 1st Best LED municipality in the Province. The municipality operates under severe socio-economic conditions, given the high rate of unemployment, serious backlogs in infrastructure, low rate of revenue and other social ills experienced in some parts of the municipality. Our approach as local government is informed by the constitutional mandate which underpins a number of legislative frame-work, such as Municipal Finance Management Act, the Municipal System Act, and the Municipal Structures Act.

Our strategic framework is always informed by a number of National Interventions imperatives, such as the Back to Basics program premised on the five pillars: putting people first, delivering basics services, good governance, sound financial services and building capable local government institutions. The municipality has met its set of significance targets as outlined in the Municipal Integrated Development Plan, organizational scorecard and the Municipal Performance Plan. Our Municipal Performance Plan is intrinsically linked to the Municipal Service Delivery Budget Plan and the Municipal Medium Expenditure Framework. Council has been able to set its annual performance plans, linked to individual performance agreements with realistic targets. The Municipality has achieved on average above 90% of its infrastructure targets in the year 2020/2021. Council's revenue management and enhancement strategy has assisted to increase revenue over the financial year.

Our measures to improve governance have been seen in the municipality achieving qualified audit opinion from the Auditor-General. A lot of work has been put in place to ensure that the entity continues to operate as a going concern. Council has strengthened internal controls through the establishment of a Risk Unit which tasked to identify internal system gaps which pose risk and therefore develop mitigating factors. Council has appointed Risk Champions and an Independent Risk Chairperson. Council has improved the capacity of the Internal Audit Unit to ensure that all measures of compliance in various unit with the institution are adhered to.

I would like to express my sincere gratitude to the Political leadership and the Council of the Municipality and to my family of staff members who have worked tirelessly to ensure the smooth operation of the Municipality despite working within an often-challenging environment. It is through our hard work, commitment to a clean administration and ongoing dedication that we have been able to achieve a multitude of milestones as a municipality.

.....
Dr. EH Dladla
Municipal Manager

Abbreviations

AG	Auditor - General
BEE	Black Economic Empowerment
COGTA	Co-operative Governance and Traditional Affairs
DAERD	Department of Agriculture, Environment Affairs and Rural Development
DME	Department of Minerals and Energy
DOE	Department of Education
DOHS	Department of Human Settlement
DOT	Department of Transport
DWAF	Department of Water Affairs and Forestry
EPWP	Expanded Public Works Programme
GIS	Geography Information System
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
ICT	Information Communication Technology
IDP	Integrated Development Plan
IDP RF	Integrated Development Plan Representative Forum
IWMP	Integrated Waste Management Plan
KPI	Key Performance Indicator
KZN	KwaZulu Natal
LED	Local Economic Development
MEC	Member of Executive Council
MFMA	Municipal Financial Management Act No. 56 of 2003
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
PMS	Performance Management System
PPP	Public-Private Partnership
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprise
WSB	Water Services Backlog

Bibliography

- IDP 2020/2021
- National Treasury Website
- Mpofana Local Municipality Audited Financial Statements for 2020/2021
- Mpofana Municipality Annual Performance Report 2020/2021
- Statics South Africa Report for 2011
- Relevant, Circulars, Policies, Frameworks and Relevant Legislation.

Acknowledgement

- Councillors and Officials of Mpofana Municipality;
- The office of the Auditor General KwaZulu Natal; and
- The Audit Committee of Mpofana Local Municipality.

1.2 LEGISLATIVE REQUIREMENT

Section 121 of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA) stipulates that:

“Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129”.

The purpose of an annual report is-

- To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

The annual report of the municipality must include-

- The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126(1);
- The Auditor General report in terms of section 126(3) on the financial statements;
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- The Auditor General’s audit report in terms of section 45 (b) of the Municipal System Act;
- An assessment by the municipality’s accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality’s accounting officer of the municipality’s performance against the measurable performance objectives referred to in section 17 (3) (b) for

revenue collection from each revenue sources and for each vote in the municipality's approved budget for the relevant financial year;

- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports;
- Any explanation that may be necessary to clarify issues that in connection with the financial statements;
- Any information as determined by the municipality;
- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.

Report of the municipal entity must include-

- The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements;
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- An assessment by the entity's accounting officer of any arrears on those financial statements;
- An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit report;
- Any information as determined by the entity or its parent municipality
- Any recommendations of the audit committee of the entity or its parent municipality; and
- Any other information as may be prescribed.

1.3 MUNICIPAL OVERVIEW

Mpofana Municipality is one of seven local Municipalities that makes-up uMgungundlovu District. It is located along the N3 approximately 70km west of Pietermaritzburg. It borders onto uMngeni, uMshwathi, uMvoti and Langalibalele Municipalities. Mooi River is the only major town in the area and provides services to areas within the municipal boundaries. The other emerging small town is Rosetta which has a smaller catchment and a strong eco-tourism character. The area is within Mooi River catchment and is dominated by commercial farmlands.

Mpofana Municipal boundaries were delineated in terms of the Municipal Demarcation Act and the criteria set therein. This includes population movement trends, regional economic patterns and land use pattern. The municipal boundaries are not just administrative, but are also intended to promote social and economic development. They are also spatial planning boundaries in line with the municipal planning mandate of local government.

1.4 VISION

“By the year 2030, Mpofana will be a sustainable, socially and economically developed municipality, that encourages community participation and whose residents live in a safe and healthy environment. Mpofana will, in addition have substantially increased its contribution to its districts gross domestic product whilst also having realized substantially decreased its share of poverty”

1.5 MISSION

Mpofana Municipality is to be a pro-active, accountable and financially viable municipality that is continually striving to provide efficient, affordable, sustainable and customer-orientated services-committed to participation principles in the social and economic development of our community.

1.6 PRINCIPAL AND VALUES

The principal and values which Mpofana Local Municipality ascribes to are as follows:

- ❖ Maintain Customer focus and strive for quality, effectiveness, efficiency and sustainability in the delivery of all our services;
- ❖ Develop a high culture of performance and excellence based on innovation and development;
- ❖ Undertake the responsibility with stewardship and play a leadership role on issues of importance to the municipality;
- ❖ Active seek and forge mutually beneficial partnership with all its stakeholders;
- ❖ Communicate effectively with communities and other stakeholders in a manner that promotes their participation;
- ❖ Act with respect, honesty, trust and empathy;
- ❖ Uphold diligence, professionalism and risk tolerance in our quest for innovation and improvement in services delivery;
- ❖ Promote ongoing development of management and adaptable skills to cope with changes in the environmental and customer expectations;
- ❖ Create an environment that is conducive to self-initiative and fostering a culture of individuals identity with the Municipal as an organization;
- ❖ Commitment and equity and social redress; and
- ❖ Be inclusive, transparent, and accountable and act with integrity.

1.7 GOALS, OBJECTIVES AND PRIORITIES

The overall goals and objectives for the Municipality which are drawn from the formal mandates are as follows:

- ❖ To improve financial management to ensure sustainable financial viability;
- ❖ To instill, advance and sustain a good organizational culture and service excellence;
- ❖ To create and ensure a conducive environment for Economic Growth and Development;
- ❖ To leverage and enhance municipal capacity to promote democracy accountability;
- ❖ To ensure continuous improvement in the level and quality of service delivery; and
- ❖ To promote coordinated planning, implementation and continued evaluation.

1.8 MUNICIPAL FUNCTIONS, MANDATE, POPULATION and ENVIRONMENTAL OVERVIEW

1.8.1 Municipal Functions

In terms of section 84 of the Local Government: Municipal Structural Act No. 117 of 1998, the Mpofana Local Municipality has the following powers and functions:

- ❖ Integrated Development Planning;
- ❖ Solid waste disposal;
- ❖ Regulation of passenger transport services;
- ❖ Building regulations
- ❖ The establishment, conduct and control of cemeteries;
- ❖ Promotion of local tourism for the area;
- ❖ The imposition and collection taxes, levies and duties as related to the above functions;
- ❖ Municipal Planning;
- ❖ Municipal roads; and
- ❖ Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or other law

1.8.2 Mandates

The legislative mandates exercised by the municipality in terms of the local government legislative framework are as follows:

- ❖ Local Government: Municipal Structure Act, 117 of 1998;
- ❖ Local Government: Municipal System Act, 32 of 2000;
- ❖ Local Government: Municipal Finance Management Act, 56 of 2003;
- ❖ Local Government: Municipal Planning and Performance Management Regulation, 2001;
- ❖ Local Government: Municipal Property Rates, 6 of 2004;
- ❖ Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006;
- ❖ Local Government: Development Facilitation Act;
- ❖ Local Government: Municipal Demarcation Act, 27 of 2008;
- ❖ Disaster Management Act, 57 of 2002;
- ❖ Intergovernmental Relations Framework Act, 13 of 2005;
- ❖ Remuneration of Public Office Bearers Act, 20 of 1998; and
- ❖ Organized Local Government Act, 52 of 1997

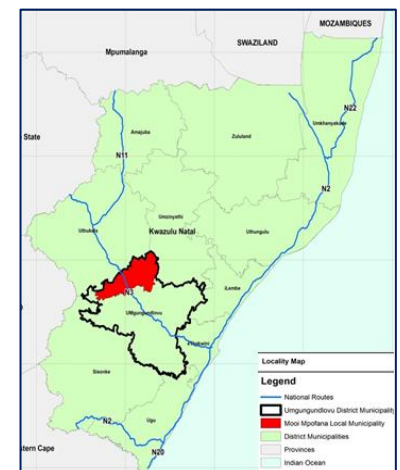
1.8.3 Supporting Mandate

- ❖ The Constitution of the Republic of South Africa, 1996;
- ❖ White Paper on Transforming Public Service Delivery (Batho Pele), 1997, and
- ❖ White Paper on Service Delivery

1.9 POPULATION and DEMOGRAPHICS

1.9.1 Municipal Position within KwaZulu Natal Province

Mpofana Municipality is one of seven local Municipalities that makes-up uMgungundlovu District. It is located along the N3 approximately 70km west of Pietermaritzburg. It borders onto uMngeni, uMshwathi, uMvoti and Inkosi Langalibalele Municipalities. Mooi River is the only major town in the area and provides services to areas within the municipal boundaries. The other emerging small town is Rosetta which has a smaller catchment and a strong eco-tourism character. The area is within Mooi-River catchment and is dominated by commercial farmlands.



Mpofana municipal boundaries were delineated in terms of the Municipal Demarcation Act and the criteria set therein. This includes population movement trends, regional economic patterns and land use pattern. The municipal boundaries are not just administrative, but are also intended to promote social and economic development. They are also spatial planning boundaries in line with the municipal planning mandate of local government.

1.9.2 Population

Mpofana Local Municipality is one of the seven municipalities under uMgungundlovu District Municipality. Mpofana Local Municipality in terms of 2011 Census Survey, experienced a positive growth on its population as the population size increased from 24 794 in 1996 to 36 820 in 2001 to 38 103 in 2011 recording a positive growth.

Total Population within uMgungundlovu District Municipality.

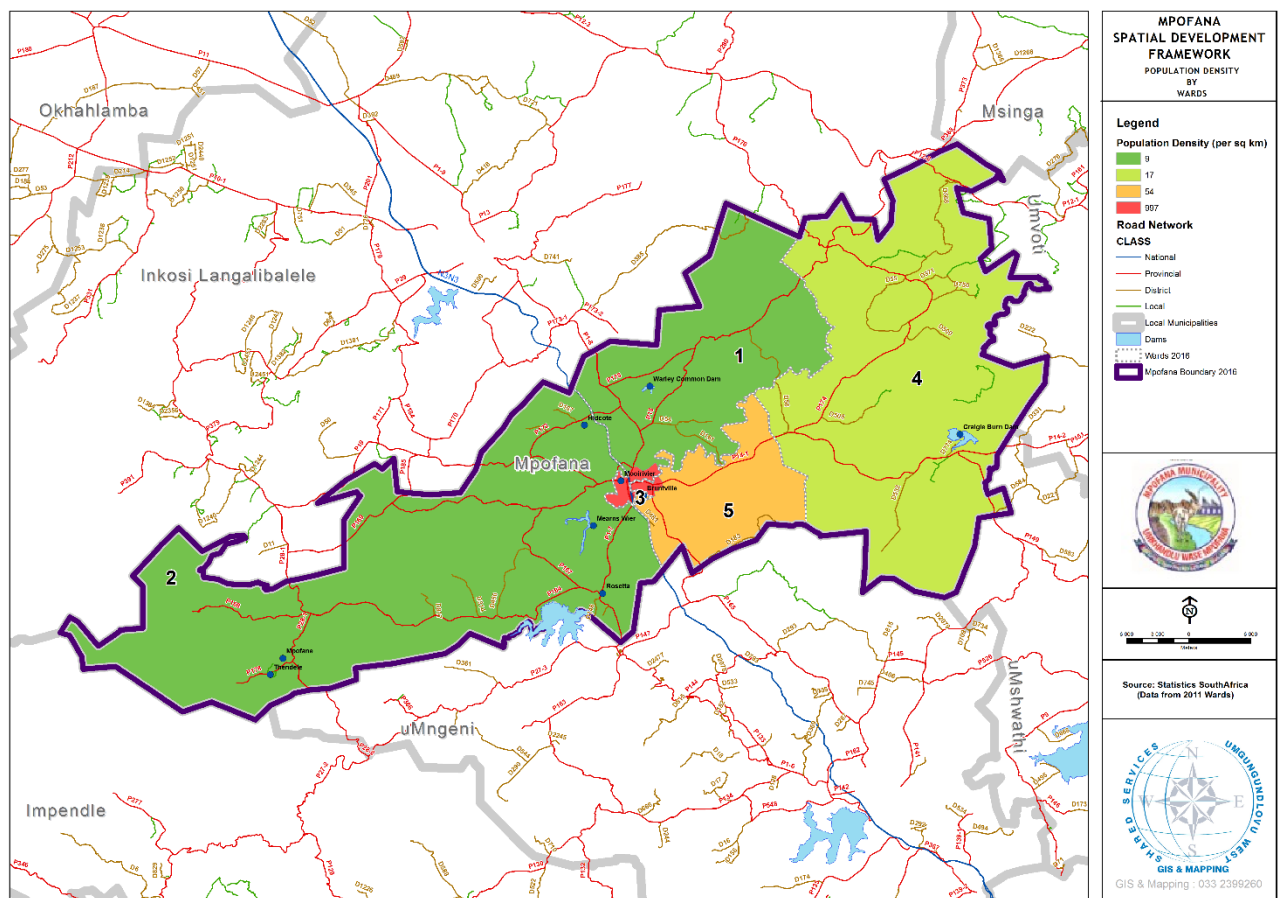
Municipality	Population in numbers	Population in %
DC22 uMgungundlovu District Municipality	1 095 865	9.9% percentage share of KZN
KZ221 Ushwathi LM	111 645	10.2%
KZ222 uMngeni LM	109 867	10.0%
KZ223 Mpofana LM	37 391	3.4%
KZ224 Impendle LM	29 526	2.7%
KZ225 Msunduzi LM	679 039	62.0%
KZ226 Mkhambathini LM	57 075	5.2%
KZ227 Richmond LM	71 322	6.7%

Source: Census 2011

Population Grouping

Population Group	Black African %		Coloured %		Indian/Asian %		White %		Total
Census 1996	21 564	84.4%	117	0.83%	719	2.90%	2947	11.84%	24 794
Census 2001	33 157	90%	213	0.57%	796	2.16%	2665	7.23%	36 820
Census 2011	33 414	89.4%	131	0.4%	733	2.0%	3114	8.3%	37 391

Population Distribution per Ward



Age Distribution

The majority of the population of the Mpofana Municipality is made up of individuals ranging from ages 0-35 (youth) and the little ranging between 65 and 100. There is thus a decreasing trend identified within each age group. The data indicate the female majority of 52.8% and 47.2% males respectively.

There are various implications for the trend identified. The Mpofana Local Municipality can be characterized with having a large youthful population, which implies the need for various facilities and focus on specific priority areas. E.g. educational facilities, economic opportunities and possibly youth development programmes.

Age Profile of Mpofana Municipality 2021

Population Group	0-14 (children)		15-34 (youth)		35-64 (adults)		65+ (elderly)		Total
Census 2011	13 022	34.8%	13 830	37.0%	9449	25.3%	1090	2.9%	37 391

Mpofana Local Municipality does not have people residing in informal settlements (although a few have been noted in Ward 2 Kwa-Ntuli Farm and in Ward 1 in an old dilapidated building (NCD). Approximately 71.5 % of households are “stand alone” brick structured dwellings with a lot of traditional houses in ward 2 and 4. The aim is to ensure that there is expedited process of converting traditional houses to more formal ones. It should however be noted that Bruntville which has always been free from informal settlements has in the past few years seen a few informal and illegal structures being put up. The housing backlogs from 2011 were carried over to the 2020/21 IDP. A plan for projects to implement as a strategy of addressing the housing backlogs is now in place with housing projects having been identified and included in the IDP and are approved by Department of Human Settlement, however there is a need to make more Housing applications to the Department of Human Settlement as a lot of our community members are without proper houses.

The Mpofana Municipality has embarked upon establishing a Housing Sector Process Plan that will enable Municipality to develop Housing Sector Plan as the strategic plan for housing development within the jurisdiction of the municipality. A housing sector plan need to be developed so that all future and current housing development projects will be included. The purpose will be to address the challenge of conversion of traditional houses to more formal ones.

Most of these are located in rural areas. The IDP review process has helped in identifying housing projects that will assist in this regard.

Overall, the municipality does not find itself with problems relating to people residing in informal settlement as 71.5% of households are either “stand alone” brick structures or traditional dwellings. The 2009/2010 IDP had identified projects that will assist in addressing the backlogs in terms of housing, in the 2020/21 IDP, projects to this effect have been identified and included in the IDP for implementation, the Municipality will work closely with the Department of Human Settlements to ensure that the projects are fully implemented and that the communities that we service have sustainable Human Settlements.

Sustainable human settlement is important in addressing issues of housing backlog. The Department of Housing along with the municipality has undertaken a task to secure the piece of land for future housing development projects. It will be most important for the municipality to perhaps engage in initiatives that will educate the communities about the importance of preserving and keeping their environment in a good state in order to address other issues related to service delivery.

1.9.3 Educational Levels

Table below indicates the trends of education levels amongst males and females in the Mpofana Local Municipality.

Number share per Institution by applicable population	
Pre-school (incl. ecd centre; e.g. day care; crèche; playgro)	1278
Primary school (grade r to 7)	7502
Secondary school (grade 8 to 12)	3525
Technical vocational education and training (tvvet); formerly	233
Other college (including private and public nursing college)	26
Higher educational institution (including university/univers and tvet)	508
Community education and training college (including adulted)	42
Not applicable	24 277
Applicable total (Attending school)	13 114

Attendance per age group	
5-14	8859
15 - 19	2336
20+	993
Percentage share per Institution by applicable population	
Pre-school (incl. ecd centre; e.g. day care; crèche; playgro)	9.7%
Primary school (grade r to 7)	57.2%
Secondary school (grade 8 to 12)	26.9%
Technical vocational education and training (tvvet); formerly	1.8%
Other college (including private and public nursing college)	0.2%
Higher educational institution (including university/univers)	3.9%
Community education and training college (including adulted)	0.3%
Attendance share per total population of age group	
5-14	97.7%
15 - 19	73.8%
20+	4.7%

With the Census programme coming up in February 2022, it is anticipated that the numbers as depicted above will change, it is generally known that more people from Mpofana have since gone to Secondary school, this has been made possible by the Government pronouncement of free education for needy and deserving students.

1.9.4 Employment Trends

The employment status in the Municipality is standing at 48.37% as per 2011 Census of the total population in the 15-65 year age group. The rationale for this low employment level is based on non-economically active individuals shows a significant percentage of 30.31%. The majority of the people who are not economically active are still engaged in academic studies.

The unemployment levels are projected at 16%. This is due to a lack of economic activities that provide employment to the municipality. This can also be attributed to the closure of certain areas of Tai Yeun Textiles, lack of entrepreneurs, lack of infrastructure to boost investors' confidence, lack of skilled labour etc.

1.9.5 Demographics

Information presented in this Annual Report is based on the 2020/2021 IDP which captured its data from the 2011 Census as part of the process of understanding the current situation.

The Mpofana Local Municipality is divided into 5 Wards, which cover the area approximately 181 000 hectares. These are:

WARD 1	This is made up of Mooi River, which can be primarily described as a formal urban area within denser development, it also comprises of Riverdale and Townview phase 1 which are semi-urban and Ncubela and Scottfontein which are rural areas
WARD 2	Comprises of what may be termed a small town Rosetta which is a town area. Besides Rosetta the area is rural. This ward's population is mostly made up of the Tendela community. There are other rural areas that exist in this Ward, Sierra Ranch, Manophe and Weston
WARD 3	This is predominantly made up of Bruntville and Gwala Park; which are semi-urban areas.
WARD 4	The area is entirely rural, having been categorised as one of the poorest wards in the KZN Province, lacking in basic services such as water, houses, electricity and waste management
WARD 5	This made up of Townview area, Phumlasi, Mnandi Farm and Lakeview. This area is predominantly semi-urban.

1.10 SERVICE DELIVERY OVERVIEW

The Municipality has supported its service delivery efforts through Expanded Works Programme (EPWP) and namely Community Works Programme (CWP). A number of areas which were not taken off previously are now catered for under the EPWP and the CWP Programme.

A number of capital projects were introduced and there were successes in the empowerment of local people where projects were being implemented. Local communities were involved in the construction of the various infrastructure projects including doing sub-constructing opportunities that were as a result of the implementation of the Capital Projects.

The Municipality has continued to embark on poverty alleviation to assist the local communities sustainably. For the 2020/2021 financial year the municipality assisted the public in ensuring that the recycling centre is operational, the centre is also supported by Wildlands Conservation

Trust. The Municipality has also called on the local emerging business people, especially the youth to register on the Municipal's database (with SCM and LED) so that they can benefit from local economic development initiatives by the Municipality. The Municipality boasted over 200 SMMEs who are registered on its database.

Furthermore a number of capital projects are still ongoing and the progress is shown in the table below, though some have been completed

<i>SOURCE</i>	<i>PROJECT</i>	<i>PROJECT STATUS AS AT 30 JUNE 2020</i>	<i>WARD</i>
MIG	High-Over Gravel Road	project 100% complete	2
MIG	York Terrace Road	Project not complete.	1
MIG	Upper Town Road Phase 3	Project 100% complete	1
MIG	Rondebosch Community Hall	Project 95% Complete Due to incomplete snags it is still not in use.	2
MIG	Bruntville Internal Roads	Project 100% Complete.	3
MIG	Bhumaneni Multi-Purpose Centre	Project 100% Complete	4
MIG	Phumlaas Internal Road	Project 95% Complete	5
MIG	Ngcobo Access Road	Project 95% complete The constructor had to halt the project for 6 weeks due to community unrest caused by sub-constructors who all wanted to attend snags	3

The Municipality has put together a plan to fast-track the completion of the new projects, by having an implementation plan in place. Furthermore more business plans are being put together to source funding to complete all projects that are still needed. It should also be noted that the availability of land is the major issue which prevents the municipality from achieving its vision in terms of Housing delivery, bulk services are also an issue which need urgent attention from uMgungundlovu District Municipality, meetings to this end have been held with the Department of Human Settlements and UMDM, with the revival of Ntuli Housing Project

consisting of 92 Units, the conclusion of this project will mean a complete eradication of informal settlements in Ward 2, but on the main the Municipality's Housing Sector Plan should be developed and adopted by the Council in order to address all issues pertaining housing projects with our municipality. The Phumlaas Housing Project is progressing fairly well and it is close to completion.

It is worth mentioning that Mpofana has also made efforts in terms of universal access to electricity, this has been done by the way of continuously electrification of new areas in the rural areas (Ward 1, 2, 4 and 5) this has been made possible by the grant from Department of Energy which for 2019/20 financial year was R5 000 000.00. The Municipality will strive to focus on its core mandate which is serving.

1.11 FINANCIAL HEALTH OVERVIEW

Background

The 2020/21 financial year came with many noticeable changes to the municipality but financial stability was maintained and financial growth was again witnessed. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2020/21 financial year.

Objectives

- Successful monitoring of MSCOA implementation and monitoring for 2017/2018 to 2020/2021
- Successful implementation of new valuation roll with minimum of 5 years supplementary valuation roll
- Improve financial reporting based on MSCOA requirements
- Improve debts collection to boost municipal cash flow
- Striving towards Unqualified Audit Opinion (AGSA)
- Continuous municipal budget related policies
- To manage our assets and liabilities (current ratio norm 2:1)
- To manage our cash coverage norm (3 months)
- Implementing the cost cutting measures
- Create a conducive environment for job creation and economic growth
- Annual preparation of a funded budget every financial year as per the MFMA

Annual Financial Statements

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. Eskom debt remains the huge risk. The cash coverage remains below the norm.

The Intervention by COGTA

The Municipality continues to be plagued by dysfunctionality, cash flow challenges, and maladministration and service delivery challenges, subsequently, the Executive Council took a decision to place the Mpofana Municipality under administration in 2017.

The Municipality still remains in financial distress despite interventions by COGTA in providing financial support and advice. The unfunded budget could result in the equitable share being withheld by National Treasury and the Municipality has been advised to develop a financial plan that will reduce the budget deficit and present the plan to Provincial Treasury.

MSCOA

We are behind the activity plan with regards to MSCOA implementation, however a Steering Committee has been established and it is effective.

Reporting

The department has done noticeable improvement as far as reporting on financial matters to other stakeholders (e.g. internal departments, provincial, national and other stakeholders), we have achieved almost hundred (100%) percent on reforms as required by National Treasury and compliance departments, this evidenced by relevant circulars informing municipalities on such reporting compliance.

Supply Chain Management

100% MIG spending due to improvement supply chain processes and payment of consultants and constructors on time.

Financial Analysis

The draft financial statements for the 2020/21 financial year was compiled and forwarded to the Auditor General for audit on the 31 August 2021. The financial Statements shows an upward trend in the municipal finances.

CHAPTER 2- GOVERNANCE

2.1 Introduction to Governance

Mpofana Municipality is totally committed to good governance. The organization is structured in such a way to ensure that the eight major characteristics required for good governance is enshrined in its operations. This ensures that it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Corruption is minimized, the views of the minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

2.1.1 Political Governance

The Mpofana Municipality Council is the highest decision making body within the Municipality. It is made up of 10 Councillors with 5 Ward Councillors and 5 Party Representatives. The Chairperson of the Council is the speaker. There are three (3) portfolio committees in the Municipality.

The Executive Committee is made up of 3 Councillors. The Chairperson of the Executive Committee is the Mayor.




The following are the committees of Council: Finance Committee, Corporate and Community Services Committee, Technical Services Committee and the Municipal Public Accounts Committee.

Financial Services Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on: budgeting, supply chain, asset management, revenue and expenditure.

Corporate and Community Services

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

-  All aspects of Human Resources Development,
-  Information Technology,
-  Record Management,

- ✚ Community Halls and other community structures,
- ✚ Fleet Management
- ✚ All applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, land affairs, law enforcement, library services, tourism, youth, sports, gender, disability and public participation.

Infrastructure Development and Maintenance

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

- ✚ The municipality's technical tasks, such as road constructions and maintenance thereof,
- ✚ Community Halls and other community structures, crèches and is further responsible the building inspections.
- ✚ Community Works Programme and Expanded Public Works Programme

Municipal Public Accounts Committee

The terms of reference of this committee are to play an oversight role within the municipality. All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

Municipal Council

Name	Position	Political Party
Cllr TM Magubane	Mayor/ PR Councillor, Chairperson of Exco, and Finance Portfolio Committee Chairperson	ANC
Cllr ZA Dladla	Speaker/Ward 2 Councillor	ANC
Cllr Z Mchunu	Ward 5 Councillor/ Technical Services Portfolio Chairperson, Corporate & Community Portfolio Chairperson and Exco Member	ANC
Cllr MS Mchunu	Ward 1 Councillor/ MPAC Chairperson	ANC
Cllr LW Wynne	Ward 3 Councillor	ANC
Cllr EM Majola	Ward 4 Councillor/ LLF Chairperson	ANC
Cllr PB Gunundu	PR Councillor/ LLF Member	ANC
Cllr ES Buthelezi	PR Councillor/ Exco Member	DA
Cllr BX Zikhali	PR Councillor	EFF
Cllr JJ Dlomo	PR Councillor	IFP

The Municipality also consists of forums that are operational and are as follows:

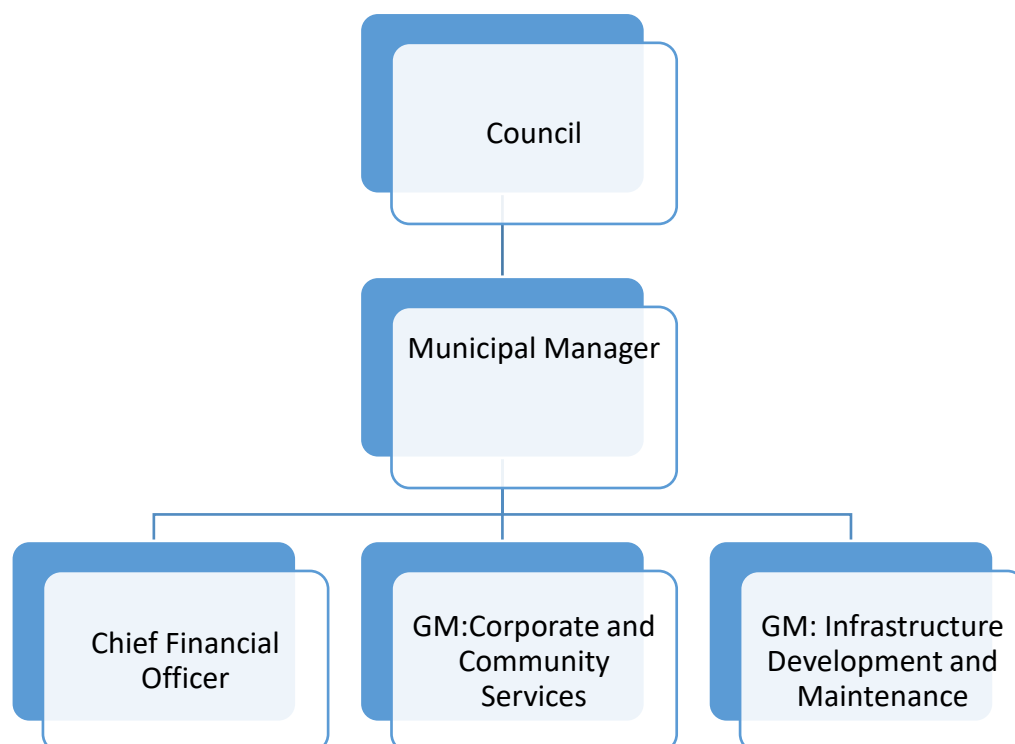
- Local Labour Forum
- Integrated Development Planning Representative Forum
- Portfolio Committee

Portfolio Committee	2019/2020	2020/2021
Number of Council Meeting	10	18
Number of Budget & Treasury Portfolio Committee	10	8
Number of Infrastructure Development and Maintenance Portfolio	10	12
Number of Corporate and Community Services Portfolio Committee	10	16

Minutes of all above committees are tabled at Council as recommendations. The Councillors are Chairpersons of their respective Portfolio Committees. Head of Departments provide Technical support in their respective Portfolio Committees.

2.1.2 Administrative Governance

The following structure indicates decision making hierarchy in the Municipality



Departmental Functions

<i>Designation</i>	<i>Name</i>	<i>Responsibility</i>
Municipal Manager	Dr Hlula Dladla	Implement national and provincial legislation applicable to the municipality
		Internal Audit, Risk Management and Compliance
		The formulation and development of an economic effective, efficient, and accountable administration
		The management of the municipality's administration in accordance with the legislation applicable to the municipality
		The implementation of the municipality's integrated development plan
		Management of the provision of services to the local community in a sustainable and equitable manner
		Manage the communications between the municipality administration and political structure
		Carry on the decision of the structures and functions of the municipality
		Administer and implement the municipal by-laws and other legislation
		Communication Strategy
		Fleet Management
		Public Participation

Chief Financial Officer	Mr Pitso Molefe	Revenue Management
		Expenditure Management
		Asset Management
		Budget and Reporting Management
		Supply Chain Management
GM: Corporate and Community Services	Mr Mgezeni Ngonyama	Human Resources Management and Development
		Compliance with Legislation
		Enforcing By-laws
		Office and Building Maintenance
		Events Management and Communication Strategy
		Management of Ward Committees
		Information and Communication Technology Administration
		Support the mayoral and council activities
		Local Economic Development
		Social Services
		Management Community Services
		Public Protections Community Safety
		Tourism
		Management of Libraries and Museum
		Youth Development
		Special Programmes
		Waste Management
		Human Settlement Unit

GM: Infrastructure Development and Maintenance	Mrs Samukelisiwe Zwane	Provision of Basic Services
		Mobilisation of Resources to continually improve the level and quality of service delivery
		Roads
		Electricity
		Project Management Unit
		Infrastructure Planning
		Storm Water Drainage
		Construction Management
		Building Inspector
		Community Works Programme
		Expanded Public Works Programme

2.2 Introduction to Co-operative Governance and Intergovernmental Relations

Operation Sukuma Sakhe operates in all wards (5) of Mpofana Local Municipality. Each ward has a war room and sub-war rooms or satellite war rooms for only Ward 1, Ward 2 and Ward 4, where all stakeholders (Government Departments, Non-Government Organizations (NGOs), Traditional leaders, Faith Based Organizations (FBO), Community Care Givers (CCGs) come to the war room to fight poverty, crime and other issues that are problematic in the community. Each war room has a convener who chairs the Ward Task Team (WTT) meetings and the ward Councillor is the champion of the war room.

The convener comes to the meetings and they meet every month with all stakeholders to discuss community issues that were identified during household profiling by the CCGs and the walk-in registers in the war rooms. The war rooms operate in community halls and Traditional Courts. Some wards are too large, so sub-war rooms or satellite war rooms were established for the benefit of the entire ward. War rooms are open every day of the week for the community to come with their issues that need necessary interventions. Managers are deployed in these 5 Wards to monitor the functionality of the war room.

CCGs do households' profiling whereby they identify different needs that need to be fulfilled through different referrals/ intervention from different stakeholders/ government departments, also the community have an easy access to the war room walk in registers which are nominated by the OSS Office every after 3 months. Each conducts an MBO after finishing analyzing the household profiling forms, where all government departments will come and render their services to people at a ward level.

Local Task Team meetings take place once a quarter in the Municipality Offices whereby all Department Managers, WTT conveners, traditional leaders and NGOs, Ward Councillors and the Mayor come to the meeting to discuss issues that were unresolved in the war room and to get the report of the WTTs from the ward conveners. They also discuss the functionality of the war rooms and come up with solutions for those that need help. The Local Task Team writes a quarterly report to the District Task Team about the operations of the WTTs. OSS celebrate all calendar events.

Challenges

No attendance of some Government Departments in the Local Task Team meetings. Slow interventions are taking place in the war rooms due to non-attendance of Departments at the war rooms. Non-attendance of the Ward Champions in the War room and Local Task Team meetings are also a cause for concern.

2.2.1 Intergovernmental Relations

- The Inter-governmental Relations Act, (Act No. 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate services delivery effectively, to ensure access to services. In this regard the Municipality complies with the provision of the Act.
- Mpofana Local Municipality participates in the Provincial and District MIG Forum. Those forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure on projects which are funded under Municipal Infrastructure Grant projects.
- UMgungundlovu District has adopted a Cluster Model to share best practices amongst its Local Municipalities. These Clusters
 - The District Inter-governmental Forum (DIF) or the Mayors Forum
 - The District Technical Support Forum (DTSF) or the Municipal Manager's Forum

- The Municipality also has entered into shared services on Development and Planning Services and Geographic Information System (GSI)

2.3 Overview on Public Accountability and Participation

Mpofana Local Municipality has implemented its Communication Strategy Framework to enhance its effectiveness in all operational spheres. The municipality is committed to provide accurate service delivery and is willing to engage with business, communities and other stakeholders to ensure that service delivery targets are met. The communication strategy ensures that municipal staff are well informed of what is happening in the municipality and well equipped with information.

Communication dissemination methods include the following:

- ✚ Communication between internal departments through information sharing meetings such as MANCO.
- ✚ Communication between communities, entities, affiliates, partners and staff.
- ✚ Cost reduction efforts by using notice boards and internal memos.
- ✚ Ensuring quality standards of municipal documents.
- ✚ Customer service training.
- ✚ Instant Messaging Services such as WhatsApp

External communication flows:

- ✚ Traditional Media: newspapers, Municipal newsletter
- ✚ Social Media: Email newsletter, SMS Marketing and Facebook
- ✚ Loud Hailing
- ✚ Instant Messaging Services in the form of WhatsApp

2.3.1 Public Participation

The Municipality adopted its public participation program to involve the community during the Integrated Development Plan (IDP) and Budget Process.

The functional public participation structures for the municipality are:

- ✚ IDP Representative Forum
- ✚ District Wide Cluster Forums (Municipal Managers Forum, Mayors Forum and District Clusters)

2.3.2 Ward Committee Structures

The primary objective of the ward committee is to enhance public participation of the community of Mpofana in the programmes of the Municipality.

Accordingly, 5 ward committees are operational in the Mpofana Municipality. A Ward Committee consists of the relevant Ward Councillor, who automatically assumes chairpersonship of the committee, and ten (10) other members who represent different sectors.

2.3.3 IDP Participation and Alignment

The Integrated Development Plan (IDP) is a five-year plan which local government is required to compile to determine the development needs of the municipality. The 2020/2021 has marked the fifth year of the third generation of the IDPs. The Municipality's IDP process has once again gone through the exercise of public participation and the community needs and concerns are recorded. The Municipal System Act has prompted changes in the way in which the Council plans for the future of the Municipality. It also provides greater scope for communities to make their own choices about what the Council does and how. The Integrated Development Plan is a planning tool used to implement a co-operative and integrated development project in South Africa's spatial economy. The 2020/21 IDP was developed in-house and the Representative Forum Meeting was held virtual. The municipality undertook an intense public participation, roadshows were held in April.

2.3.4 Performance Management System (PMS)

The Integrated Development Plan (IDP) is one mechanism and instrument that seeks to give meaning to the developmental local government. At the centre of this process lies the challenge of addressing the extreme poverty, inequality and backlogs in service delivery and the challenge to overcome the enormous racial, gender, and geographic disparities that exist in our communities.

The Municipality has designed a Performance Management System (PMS) that assists with the implementation and monitoring of the IDP. The Mpofana Municipality's Performance Management Framework guides and gives direction to the process of preparing and implementing the Municipality's PMS. The performance management model provides a set of procedures and functional tools that enable effective implementation of a performance

management system. It tells what aspects of the municipality's performance are measured and managed.

The 2020/21 Organizational Scorecard was developed at the beginning of the financial year and was adopted. The Service Delivery and Budget Implementation Plan (SDBIP) was approved by the Mayor and the Performance Agreements and Plans were entered into and signed by the Senior Managers. Performance reporting was conducted quarterly and submitted to the Internal Audit section; Audit and Performance Audit Committee; and the Council. Internal audit findings were addressed through the development of action plan and continuous follow-ups from the Internal Audit section. The performance reporting system underwent many challenges and scrutiny from the internal audit and audit and performance audit committee respectively.

2.4 Risk Management

Mpofana Local Municipality is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Financial Management Act (MFMA), Act no 56 of 2003, and has developed an Enterprise Risk Management Policy and Framework.

Risk Management is recognized as an integral part of responsible management and the Municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Municipality's Risk Management Framework. It is expected that all departments, operations and processes will be subject to the risk management framework. It is the intention that these departments will work together in a consistent and integrated manner with the overall objective of reducing risk as far as reasonably practicable.

Effective risk management is imperative to the Municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Municipality. The realization of the Municipality's strategic plan depends on the Municipality being able to take calculative risks in a way that does not jeopardize the direct interest of stakeholders. Sound management of risk will enable the Municipality to anticipate and respond to changes in its service delivery environment, as well as to take informed decisions under conditions of uncertainty. The Municipality subscribes to the fundamental principles that all resources will be applied economically to ensure:

-  The highest standards of services delivery;

- ✚ A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;
- ✚ Education and training of all staff to ensure continuous improvement knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- ✚ Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Municipality is adopting a wide approach to risk management, which means that every risk in each part of the Municipality will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the Municipality's systems and processes, ensuring that the Municipality's responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Municipality's objectives. Equally, they must ensure compliance with relevant legislation and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance. The municipality has an established municipal risk management.

2.5 Anti-Corruption and Fraud

Fraudulent and corrupt practices undermine the basic values and principles governing public administration as set out in Chapter 10 of the Constitution.

The Municipality expects all its employees, councilors, service providers and the community not only to be fair and honest, but also to provide any help, information and support necessary to combat fraud and corruption.

The Municipality often acknowledges the causes, aggravating factors and debilitating effects of fraud and corruption and consequently the need to root out these elements. It is in this commitment that has seen the development and implementation of numerous policies such as Anti-fraud Policy.

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any

material or fundamental issues before external audit. Other issues arising will be prioritized and addressed accordingly.

2.6 Mpofana Municipality Website

The Municipality has been continuously finding new ways of enhancing the image of its website. This helps to ensure a modern, clean and fresh look-and-feel as compared to the older design. The office of the Municipal Manager is gearing itself up to ensure that all documents required upload are uploaded timely.

The municipality does not have a dedicated computer to be accessed by the members of the community, however the community have access to the computers at our library for the purpose as envisaged in Section 75 of the MFMA.

2.7 By-Laws

Municipal by-laws are public regulatory laws, which apply in a certain area, in this case Mpofana Municipality. A local or municipal government gets its power to pass laws through a law of the national or provincial government, which specifies what things the town or city may regulate through by-laws. The Mpofana Municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11 (3) of the Local Government Systems Act, 2000 (Act 32 of 2000) developed the by-laws but still to be promulgated.

2.8 Public Satisfaction on Municipal Services

No Public Satisfaction Survey was done for the year under review, however one was done in the 2017/18 financial year in Ward 4 area through a CDW deployed to the ward. The Municipality therefore still heavily relies on the Community Satisfaction Survey that was conducted in 2016. The survey found that people in the urban area are somewhat satisfied with the level of services from the Municipality, however a greater number of people in the rural areas are not satisfied with the level of service they are receiving from the Local Authority. It is for this reason that the Municipality has implemented projects in the rural areas so that the perception is changed.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

The 2020/21 financial year saw with it several infrastructure development projects funded through the government's largest local government's infrastructure development funding: the Municipal Infrastructure Grant (MIG).

Planned projects for the 2020/21 financial year include: Bhumaneni Multi-Purpose Centre, Bruntville Internal Roads, Phumlasi Internal Roads, York Terrace Road, Rondebosch Community Hall, Ngcobo Access Road and Upper Town Main Road Phase 3

Mpofana Local Municipality received an allocation of R11 981 000.00 for implementation of Municipal Infrastructure Grant (MIG) projects for the financial year under review.

The table below reflect 2020/2021 project breakdowns by name and ward, as well as the source of funding.

Project Title	Approved MIG Funding	Expenditure to date	Progress/ Status
Bhumaneni Multi-Purpose Centre	R2 781 892.80	R2 806 519.6	Complete
Rehabilitated Phumlaas Internal Tar Roads (700 meters)	R3 614 272.67	R4 937 906.97	Complete
Bruntville Internal Roads Rehabilitation (860 meters)	R3 064 219.85	R4 106 215.61	Complete
York Terrace Road Rehabilitation (1160 meters)	R7 307 424.71	R2 893 668.26	In Progress
Re-graveled High-Over Gravel Road (210 meters)	R3 506 745.59	R3 269 396.34	Complete
Rondebosch Community Hall	R3 616 988.12	R3 549 261.11	In Progress
Ngcobo Access Road (350 meters)	R2 886 367.05	R2 873 195.74	In progress
Upper Town Main Road Phase 3 (390 meters)	R11 646 749.07	R12 229 129	Complete

Mpofana Local Municipality will receive an allocation of R12 463 000.00 for the implementation of Municipal Infrastructure Grant (MIG) projects for the current financial year 2021/22.

Appended below is a brief summary of budget allocation and commitments for 2021/22 financial year.

No.	Project title	Actual Project Cost	Expenditure to date	Progress / Status	Start Date
1.	York Terrace	R7 307 424.71	R2 893 668.26	In progress	31 June 2021
2.	Osuthu Gravel Road	R12 085 252.26	R5 490 713.61	In progress	01 July 2021

3.1.1 Electrification Project

The Municipality completed its Electrification Project and realize that the current electrification backlog numbers are achievable. As the Municipality, we have achieved 100% universal access to electricity connections by the of 2020/21 financial year. We strongly believed that our target to electrify infills is within our reach.

INEP PROGRAM

The INEP Program is an intervention made by Department of Energy and Minerals to address serious challenges of service delivery in the Electrification of householders.

The following grants were received:

2018/2019 Financial Year, R6 984 000.00 allocated for electrification of households

2019/2020 Financial Year, R5 000 000.00 allocated for electrification of households

200 Electrified Households

- Scotsfontein Electrification Ward 1 Project has 16 households
- Nyamvubu Electrification Ward 4 Project has 80 households
- High-Over and Hidcote Electrification Ward 2 Project has 35 households
- Birdspruit Electrification Ward 4 project has 69 households

Project Title	Approved INEP funding	Actual Project Cost (Tender sum + fees)	Expenditure in 2020/2022 financial year	Balance	Progress/ Status
Electrify 200 Households	R15 984 000.00	R15 984 000.00	R15 631 157.5	R0.00	100% Complete

Challenges

The biggest challenges we encountered in this is the increase number of household that were not included in the Project budget.

3.1.2 Housing Projects

In terms of housing, we have made insignificant progress. Problems with bulk infrastructure has affected negatively the ability of Mpofana Municipality to deliver houses, this worsen by a change of approach by the Department of Human Settlement, that no houses would be constructed without some physical work of bulk infrastructure being on the ground. In other instances the land issue proves a challenge in the implementation of housing project.

UMgungundlovu District Municipality has since been made aware of the challenges the Municipality is facing in terms of their slow movement in putting Bulk Infrastructure in place before any commencement of the construction of houses. Municipality is committed to show case with more housing delivery once the aforementioned challenges are addressed.


Phumlaas Housing Project has progressed fairly well, the PSC works closely with Municipal officials and Human Settlement Department to ensure that challenges relating to implementation are addressed speedily.

Hereunder is a list of Housing Projects that were at a standstill due to the aforementioned challenges of lack of Bulk Water Supply. For some projects there are land issues.

No.	Project Name	Ward
1.	Nkululeko Farm Housing Project	4
2.	KwaNtuli Farm Housing Project	2
3.	Tendela Housing Project	2
4.	Craigeburn Housing Project	4
5.	Hostel Housing Project	3
6.	Ebuhleni Housing Project	4
7.	Riversdale Housing Project	1
8.	Ekujabuleni Housing Project	2

3.1.2.1 Operation Sukuma Sakhe Projects

- OSS/ Disaster Housing Projects

 At Ward 4, 12 housing units that has been completed.

3.1.3 Road and Storm Water

Road Transport

Municipality is responsible for major access roads that are not maintained by Department of Transport. Due to very bad weather conditions we experienced some dilapidation of some roads. Through many years of use without maintenance or hardening, many have developed in deep dongs where storm-water continuously deepens them. However the municipality, where it can has maintained 8 km under very tight budgetary constraints.

Waste Water

There is not storm water master plan resulting in adhoc projects being identified where complaints are received. Problems are experienced in both the CBD and in the township area where concrete pipes are collapsing owing to fatigue from heavy rains and traffic loads. This has resulted in most of the CBD infrastructure becoming aged at a very rapid pace.

In an attempt to clean-up, and revamp the town of Mooi River, emphasis was placed on infrastructure development and maintenance of the town. Our commitment is to ensure quality service delivery to the residents of our Municipality. We are working hard in ensuring that Mpofana Municipality keeps moving forward.

Solid Waste Management

The Municipality continued implementing its Integrated Waste Management Plan (IWMP). It provide strategies in addressing the backlogs in refuse removal collection. The Municipality's landfill site is situated in Lakeview area covers Bruntville, Rosetta, Lakeview and Mooi River.

Waste collection is done on weekly basis in residential areas and daily in the Mooi River CBD. We have donated bins to a number of schools and businesses to encourage recycling and environmentally friendly practices.

The Mpofana Municipality provides some assistance in the recycling center which is monitored closely by the Municipality in consultation with the Wildlands Conservation Trust. The project

was founded by Sbusiso Dladla in 2007 because there were no employment opportunities in the area, a lot of people including himself were unemployed. Since the project has started it has created 15 jobs. The community seems to ignore the call that has always been made to recycle.

Electricity

There has been a substantial improvement in the percentages of households that use electricity for lighting purposes. The majority of households using electricity are located in the urban centers of the municipality, more especially Mooi River, Bruntville and Rosetta. Within the current context of the electricity crisis in South Africa, it has been seen imperative for the municipality to promote alternative source of electricity, hence Department Of Energy allocated 5000 solar geyser project for Mpofana Municipality.

3.2 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGET SET IN THE SCORECARD

This section of the Annual Report will report on the Municipality's actual performance against Municipality targets as per Integrated Development Plan, the planning document of the municipality. A detail report of the Municipality's performance (Annual Performance Report) is also attached to the Annual Report.

3.2.1 Free Basic Service and Indigent Support:

- Mpofana Local Municipality adopted Indigent Support Policy to promote social and economic development within the community of Mpofana. The objective is to assist the indigent community with funding from Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation. In order to qualify for such assistance, each indigent household is required to meet certain criteria. The municipality recognizes the high level of poverty that exists within the community and the high number of households whose monthly income is below the poverty line. The number of households who will receive such assistance will be determined by the Council on an annual basis, in relation to the equitable share allocation available for such purposes as determined in the annual budget. An indigent register has been compiled for households with an income of less than R 5000 per month, or R60 000 per annual which is considered indigent.

3.2.2 Road Transport

Road Condition

- The following situation persists in respect of the condition of roads:
 - ✚ Most of our roads in Mpofana Local Municipality are gravel,
 - ✚ Some of the tarred roads are dilapidated with potholes and storm water is also an issue.
 - ✚ There are only few pedestrian crossing facilities that are available.
 - ✚ Some of the bridges are damaged due to floods.
 - ✚ Access management is a problem.
 - ✚ Road safety is a problem.

Public Transport

As many of the community do not have their own motor vehicle, public transport is essential in providing mobility and accessibility of these communities to socio-economic facilities. Transportation within the Municipality is almost exclusively achieved through the use of road vehicles.

Categories of transport are as follows:

- ✚ Public Transport - Taxis
 - ✚ Private Transport - Passenger Vehicle
 - ✚ Private Transport – Trucks
- The Local Integrated Transport Process Plan has been developed.

3.2.3 Sports and Recreation

Most of the available facilities required significant upgrading and revamping in order to fully benefit in sports, arts and culture aspect of the municipality. The aim of Sports and Recreation is to improve the quality of all South African by promoting participation in sports and recreation in the country. There is recreational facilities that are available, although some areas are still without. The Mpofana Municipality has had a great impact in the performing art and indigenous games and would require the municipality to invest in this aspect.

3.3 PLANNING AND DEVELOPMENT

3.3.1 Planning and Development Overview

The Municipality has been involved with reviewing SPLUMA aimed at improving the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipality's available resources.

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is national law that was passed by Parliament in 2013. The law gives the Department of Rural Development and Land Reform (DRDLR) the power to pass Regulations in terms of SPLUMA to provide additional detail on how the law should be implemented. The final version of these Regulations (Regulations in terms of SPLUMA) was published on 23 March 2015. The law came into effect on 1 July 2015.

This plan seeks to expose the vision and goals, and context for development. The principles that align that urban planning and development are guided by other spheres of government's policies, strategies and priorities. It is our responsibility therefore, to meet the objectives of the municipality, community members and all other relevant stakeholders regarding future development of project nodes. The existing land use and socio-economic characteristics form the basis for the urban or rural redesign and redevelopment model. This model is to ensure that the planned future development (public and private) not only serve the envisaged changing land use environment within the existing urban fabric of the node, but that it also unlocks the development potential of areas earmarked for future urban expansion.

3.4 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.4.1 Local Economic Development

An LED Manager has since been appointed in 2017. This has seen the development of LED Strategy in-house with an assistance of COGTA with a clear Implementation Plan. LED component consists of Information Services Centre located in Woza Woza complex and a Museum that is situated in Mooi River. SMMEs and Co-operatives which are an important stakeholder in micro-economies of scales have been prioritized, and the Municipality has embarked on a process of registering all SMMEs on its database and ongoing support is still being given to SMMEs and Co-operatives. There is still a need to develop more SMMEs that deal with

Agri-processing since agriculture possesses immense potential given that the Municipality mostly has agricultural land. The municipality's LED progress bears testimony to the recent COGTA Excellent Awards, where the municipality has been awarded as the 1st Best Performing municipality in the Province.

3.4.2 Tourism

Tourism continues to play an increasingly important role in the local economy Mpofana Municipality, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. Although there is a substantial private sector involvement and investment into the tourism industry there appears to be a lack of integration, marketing and a creative approach to local tourism. The National Tourism Department has funded a learnership programme. Mpofana Local Municipality has a total of 2 learners participating in the programme.

3.4.3 Informal Traders

The Municipality is trying to organize informal economy actors in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and allocate informal economy actors accordingly.

3.4.4 Co-operatives and SMMEs

Training courses that transpired through the Municipality provides technical skills for Co-operatives and SMMEs and in the 2020/21 financial year 20 Co-operatives and SMMEs benefited from the training. The trainings were conducted in conjunction with the Small Business Development and SEDA.

4.1 INTRODUCTION

Departments

The Municipality has the following 4 administrative department namely, the Office of Municipal Manager, Corporate and Community Services, Budget and Treasury and Infrastructure Development & Maintenance.

Administration

The administration of the municipality is headed by the Municipal Manager. In addition to the Municipal Manager's Office, the municipality has 3 departments, each being headed by a General Manager (GM).

Office of the Municipal Manager

The Office of the Municipal Manager is responsible for the Internal Audit as well as the IDP/PMS, Communication, Legal, Risk Management and Compliance, Disaster Management, Fleet Management, and Messenger.

Budget and Treasury Services

The primary responsibility for ensuring transparency, accountability and sound financial management. This means ensuring that: all statutory requirements are adhered to monthly management reports, National Treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilized, and there is efficient implementation of the Supply Management Policy.

Corporate and Community Services

Responsibilities for this department include Community Facilities, Libraries, Museum, Tourism, Local Economic Development, Traffic/Law Enforcement, Youth, Employment Recruitment, Skills Development, Human Resources related issues, Committee/Secretary, Records Management, Municipal Building, Receptionist, Information Technology, and enhanced administrative system.

Infrastructure Development and Maintenance

This department is responsible for implementation of all MIG projects, INEP projects, EPWP and CWP programmes, Road maintenance, Electricity, and Building infrastructure.

4.2 Employee Totals

Staff Information

The Municipality currently have 128 staff members employed excluding Councillors (10), with 64 vacant posts (with budget and with no budget) as illustrated in the following table:

Function	No. of Positions	No. of Staff	No. of Vacancies
Municipal Manager	14	9	5
Budget and Treasury	25	17	8
Corporate and Community Services	92	65	27
Infrastructure Development and Maintenance	61	37	24
Total	191	128	64

4.3 Occupational Levels

Occupational Level	Males	Females	Total
Top Management	01	0	01
Senior Management	02	01	03
Professionally Qualified and Experienced specialists and Mid Management	08	06	14
Skilled Technical and Academically qualified workers, junior management, supervisors, foreman, foremen, and superintendents	28	32	58
Semi-skilled and discretionally decision making	19	12	31
Unskilled and defined decision making	14	05	19
Total Permanent	72	56	128
Temporary Employee	5	1	6
Grand Total	77	57	134

4.4 Employee Remuneration including Councillors

The total cost to the Employer for the year was R52 055 061 (this amount is inclusive of Councillors who made up R2 721 233 of the entire amount)

Occupational Level	Post Level	No of Employees
Top Management	Contract	04
Professional qualified and experienced specialists and mid-management	Task Grade 15-12	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Task Grade 11-5	61
Semi-skilled and discretionary decision making	Task Grade 4	22
Unskilled and defined decision making	Task Grade 3-2	14
Total Permanent		128
Temporary Employees	Task Grade 4	6
Grade Total		134

4.5 Departmental Changes

4.5.1 Appointment per department

Office of the Mayor	0
Office of the Municipal Manager	3
Budget and Treasury	10
Corporate and Community Services	10
Technical Services	2

4.5.2 Deaths per Department

Office of the Municipal Manager	0
Budget and Treasury	0
Corporate and Community Services	0
Infrastructure Development and Maintenance	1

4.5.3 Dismissals per Department 2020/2021

Office of the Municipal Manager	1
Budget and Treasury	0
Corporate and Community Services	1
Infrastructure Development and Maintenance	1

4.5.4 Resignations per department 2020/2021

Office of the Municipal Manager	0
Budget and Treasury	0
Corporate and Community Services	0
Infrastructure Development and Maintenance	0

4.6 Skills Development and Training

The Municipality embarked on an aggressive internship programme, with a view to providing qualified unemployed graduates with practical experience in order that they become employable.

Area of Focus	No. of Interns
Office of the Municipal Manager	2
Budget and Treasury	1
Corporate and Community Services	4
Infrastructure Development and Maintenance	0

4.7 Performance Management and Rewards

The Organizational Performance Management is used to assess the overall performance of the organization using the approved Organizational Scorecard, which is also a tool to assess performance of the Municipal Manager as well as that of individual Senior Managers.

The municipality is striving to introduce the individual performance management system and cascade it down to all lower levels, however, financial implications are thus far a huge impediment, which also was acknowledged by SALGA. Individual performance management would ensure high level of performance and accountability by each employee, if implemented, which would ultimately assist the Municipality to achieve its desired level of performance and

service delivery. The municipality did not pay any performance bonuses to its Senior Managers for the year under review. The municipality has obtained Unqualified Audit Opinion in PMS for 2020/2021 financial year.

CHAPTER 5: FINANCIAL PERFORMANCE

Ultimately, the implementation of the capital budget is based on availability of funds, the need to develop services, especially to the poor and for economic development, it is vital for the future, but this will not be possible should the collection rate not improve. It would then be prudent to stress that the implementation of the capital projects is reliant on the cash flow position for the Municipality.

The Municipality has since established a Project Management Unit, and will be in a position to execute the Capital Projects speedily.

Mpofana Local Municipality adopted Indigent Support Policy to promote social and economic development within the community of Mpofana. The objective is to assist the indigent community with funding from Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation.

The main goal of Mpofana Local Municipality is to create an economic environment in which investment can grow and jobs be created. Increase in employment opportunities will result in empowered citizens who take full responsibility to pay for basic services and improved Municipal revenue. It is Municipal's strategic goal to, attract big corporations to establish their industries in Mpofana. It is desirable state of affairs to have sectors that we have competitive advantage, like the agro-processing, tourism, retail and golf estate, to expand this Municipality's generated revenue.

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Consequently, an increased number of indigents characterize the municipality revenue base. As a result long outstanding debtors have been significantly been impaired.

Although the municipality is vast geographically, the size relative to population is very small. Therefore, this is reflected in the small equitable share allocation because the formula put

significant weight on the population size. In light of the above, the municipality is still exploring ways of funding indigents as the equitable share is not enough. The Municipality has developed indigent register which in turn will see the Municipality benefit through increased Equitable Share Grant.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings attributed to the old infrastructure.

The electricity supply in the Municipality is being supplied by the Municipality in Ward 1, 3 and 5 which is predominantly the urban area and Eskom supply in Ward 2 and 4 and some of the areas in Ward 1 which is predominantly the rural areas.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality.

Supply Chain Management

The municipality has developed and adopted the Supply Chain Management Policy. A supply chain management unit established operates under the direct supervision of the Chief Financial Officer.

CHAPTER 6: REPORT OF THE AUDITOR GENERAL (2020/2021) (ATTACHED)

CHAPTER 7: AUDIT ACTION PLAN (ATTACHED)

CHAPTER 8: MONITORING, EVALUATION REVIEW

At the end of every quarter, Managers were to prepare and submit quarterly performance reports with the assistance of the performance management section within the Municipal Manager's Office for monitoring and evaluation of actual set targets.

APPENDENCES

Appendix A: Council Meeting Attendance

Name	Council	Budget and Treasury	Corporate and Community Services	Infrastructure Development and Maintenance	MPAC
Cllr X Duma	18	4	N/A	N/A	N/A
Cllr L Mkhize	18	3	N/A	N/A	5
Cllr B Khumalo	17	N/A	N/A	5	2
Cllr M Magubane	18	N/A	4	6	1
Cllr B Madlala	16	N/A	N/A	1	N/A
Cllr I Mahomed	17	3	4	2	N/A
Cllr L Shabalala	18	N/A	4	7	N/A
Cllr J Dlomo	11	N/A	N/A	N/A	2
Cllr N Ndlovu	18	3	N/A	3	4

Appendix B: Third Tier Administrative Structure

Directorate	Director
Executive and Council	Mr. EH Dladla (Municipal Manager)
Budget and Treasury Office	Mr. P Molefe (Chief Financial Officer)
Corporate and Community Services	Mr. M Ngonyama (Mr Ngonyama was overseeing the department in 2020/2021 financial year)
Infrastructure Development and Maintenance	Mrs. SR Zwane (Director)

Appendix C: Functions of Municipality

Municipal Functions	Function Applicable to Municipality (Yes/No)
Constitution Schedule 4, Part B Functions:	
Air pollution	No
Building Regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting Services	No

Local Tourism	Yes
Municipal Airport	No
Municipal Planning	Yes
Municipal Health Services	No
Municipal Public Transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution of any other	Yes
Pontoons, ferries, jetties, piers, and harbors, excluding the regulation of international and national shipping and matters related	No
Storm Water Management Systems in built-up area	Yes
Trading Regulations	Yes
Water and Sanitation Services limited to Potable Water Supply system and domestic waste-water and sewage disposal systems	No
Beaches and Amusement Facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, Funeral Parlours and Crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation and burial of animals	Yes
Fencing and Fences	Yes
Licensing of Dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local Amenities	Yes
Local Sport Facilities	Yes
Markets	Yes
Municipal Abattoirs	No
Municipal Parks and Recreation	Yes
Municipal Roads	Yes
Noise Pollution	Yes
Pounds	Yes
Public Places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street Trading	Yes
Street Lighting	Yes
Traffic and Parking	Yes

Appendix D- Ward Reporting

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor	Committee Established (Yes/No)	No of monthly committee meetings held during the year (2020/2021)	No. of monthly reports submitted to Mayor/Speaker's Office timely	No. of quarterly public meetings held during the year
1.	Councillor CI Mahomed	Yes	0	0	0
2.	Councillor B Khumalo	Yes	0	0	0
3.	Councillor LQ Mkhize	Yes	0	0	0
4.	Councillor B Madlala	Yes	0	0	0
5.	Councillor XM Duma	Yes	0	0	0

Meetings were suspend due COVID 19 restrictions, consequently, no reports submitted to Speaker/Mayor.

Appendix E: Annual Financial Statements: Refer to Attachment (Audited Annual Financial Statements 2020/2021 Attached)

Appendix F: Annual Performance Report: Refer to Attachment (Audited Annual Performance Report 2020/2021 Attached)

Appendix G: Municipal Audit Committee Report (Audit Committee Report 2020/2021 Attached)

3 YEAR CAPITAL WORKS PLAN

Project Title / Name	Total Planned Expenditure on MIG Funds for 2021/2022	Total Planned Expenditure on MIG Funds for 2022/2023	Total Planned Expenditure on MIG for 2023/2024
PMU Support	R623,150.00	R655,700.00	
Rehabilitation of York Terrace Access Road			
Osuthu Access Road (Tendela).	R2,388,935.81		
Bruntville Internal Road Rehabilitation Phase 2	R1,549,206.00		
Sgubudu Crèche	R1,505,776.44	R2,272,342.89	R218,556.67
Phumlaas Community Hall	R2,558,771.03	R1,985,934.43	R1,588,515.47
Old Station Main Road Rehabilitation	R521,166.82		
The Rehabilitation of Ngcobo Access Road	R262,843.48		
Construction of Rondebosch Community Hall	R1,374,226.00		
D6 Dozer		R2,496,293.50	
Waste Compactor Truck		R2,623,500.00	R3,000,000.00
Construction of Penningdale			R6,871,663.11