

**2020/21**  
**ANNUAL REPORT**  
**OF**  
**OKHAHLAMBA**  
**LOCAL**  
**MUNICIPALITY**

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD FOR THE AR 2020/21 FINANCIAL YEAR

It is an honour for me to present to you, on behalf of the collective leadership of vibrant men and women, the 2020/21 Annual Report of Okhahlamba Local Municipality.

I would like to begin by honouring the memory of our employees that have passed on through this year. We pray for solace for their grieving families and colleagues.

This financial year has seen maintenance in the overall performance and functionality of our municipality.

We are committed to maintaining a clean administration premised on the overall objective of transforming the lives of our people, as well as implementing creative, innovative ways to ensure that our service delivery targets are met.

The Municipality has successfully completed infrastructure development projects. We currently have two projects that are in progress and they are: Bergville Grandstands at the Sports Complex and Khethani Access Roads. We have completed the following projects: Ntumba Vehicular Bridge and Edotsheni Pedestrian Bridge; and have purchased specialised Waste Management vehicles such as a Tipper truck and a Skipper truck. Our Director of Technical Services resigned to take up a new post elsewhere and we are in the process of appointing a new director in the new financial year.

Our municipality encourages and fosters a culture of educational pursuit and fourteen of our employees have made use of the municipal bursary scheme to advance their educational aspirations. One of these bursary recipients are currently pursuing a postgraduate diploma. They embark on these educational pursuits whilst continuing their selfless service as employees of the municipality and their commitment to ensuring the success of our organisation must be commended. A total of 29 officials have completed their Municipal Finance Management Programme (MFMP) certifications. A further 23 officials are set to begin their MFMP certification in the 2021/22 financial year.

During this financial year we had a significant change in the management of our Finance Directorate as our new Chief Financial Officer (CFO) resigned for a different opportunity. Our Finance Manager also resigned to take up a CFO post elsewhere. We have since appointed an interim acting CFO and are in the finalisation process of appointing a new CFO; and we have appointed a new Finance Manager. As a municipality, we are financially viable and have remained consistent in maintaining our finances and investments. We have

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## COMPONENT A: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### Municipal Manager's Overview

#### Municipal Manager's Overview

The Okhahlamba Local Municipality (OLM) has remained consistent in the recent financial years in achieving its constitutional mandate to delivery service and uphold principles of good governance. A key indicator in maintaining consistency is in achieving consecutive clean audit outcomes from the Auditor General of South Africa.

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. This situation has been further compounded by the global COVID-19 pandemic which has adversely affect many economic sectors, predominantly, our local tourism sector. 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 Systems Act, and the Municipal Structures Act.

As a municipality, our strategic framework is premised on the goals laid out in the National Development Plan 2030. As a means of achieving these goals, the National Government operationalised programmes to which we subscribe to as local government. The municipality has met most of its set of targets as outlined in the Municipal Integrated Development Plan, organisational scorecard and the Municipal Performance Plan; and has exceeded the targets for some. Our Municipal Performance Plan is intrinsically linked to the Municipal Service Delivery Budget Plan and the municipal medium expenditure framework. Through our annual public participation process we have engaged with our citizens and culminated their concerns and suggestions into our strategic operations. Essentially, we are a citizen-centric municipality and believe that our communities are at the forefront of our objectives.

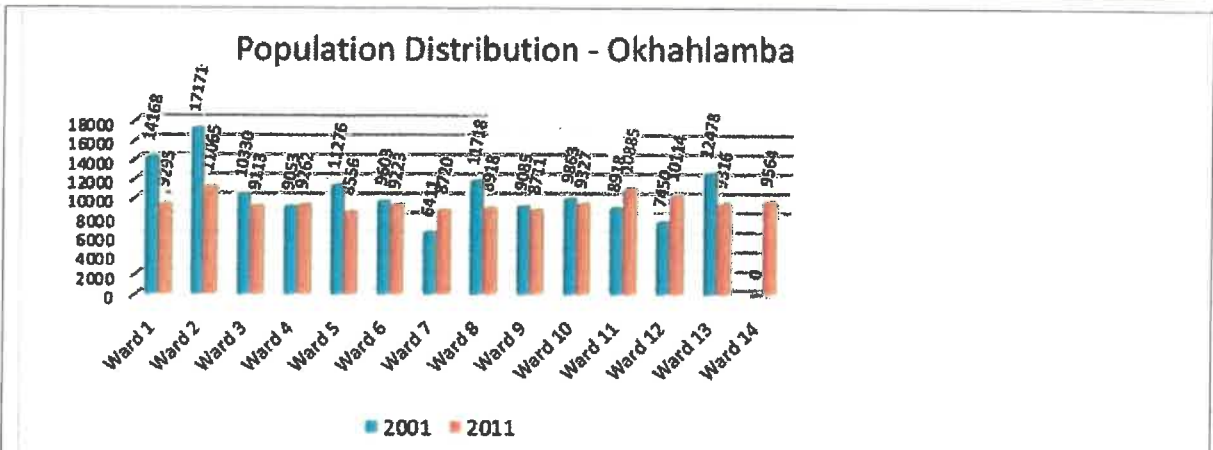
Throughout this year, the world was affected by the COVID-19 global pandemic. Our operations as a municipality were also affected as varying lockdown levels were implemented through the course of the year. As a result, we had to maintain innovative ways to ensure that municipal services were ongoing. This included working remotely, at times on skeletal staff, and adjusting to virtual council, EXCO, troika, portfolio and management meetings. We also had to adjust the ways in which we operate to ensure that we were complying with the new regulations.

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

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### Municipal Powers & Functions

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

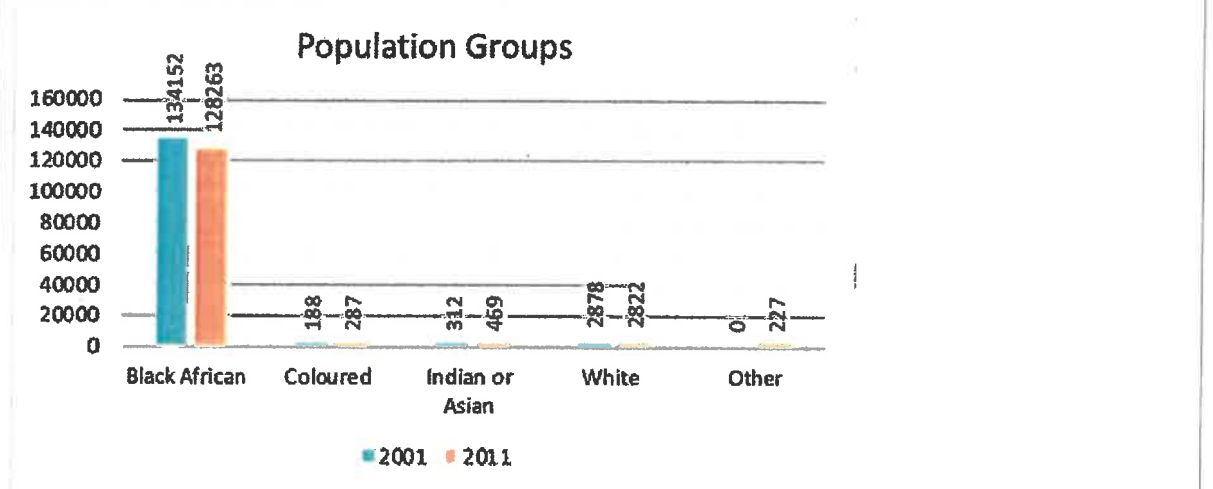


Source: Stats SA, Census 2011

**Population Groups**

Figure 2 indicates population groups that form the majority of the population of Okhahlamba Municipality. It illustrates that the majority of population is formed by Black Africans and very few from the White population. This graph re-emphasises the decrease that has taken place between 2001 and 2011, however it is shown more specifically that it has been the Black Africans that have decreased in numbers and not so much the White population.

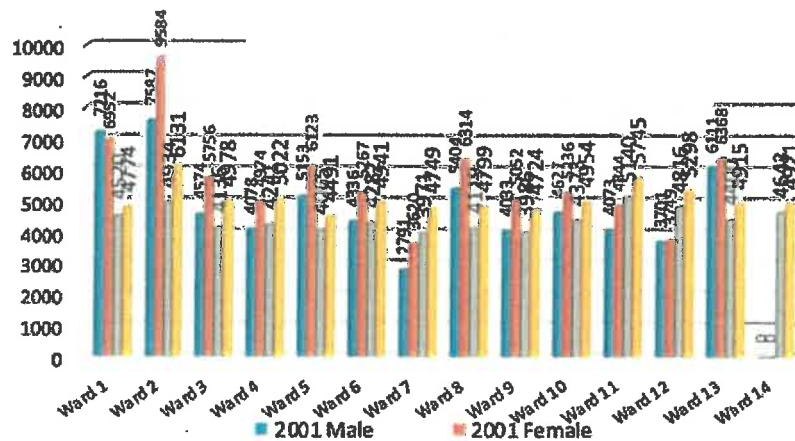
Figure 2: Population Groups



Source: Stats SA, Census 2011

**Age Distribution**

Table 2 and Figure 3 reflect the age structure of the Okhahlamba Local Municipality. The majority of the population is made up of individuals ranging from ages 0-35 (youth) and little ranging between 64 and 100. In 2001, 41.1% of the population were individuals under the age of 15 and in 2011 there was a decrease in this age group. The 15-64 age group also decreased as in 2001 it represented 54.1% of the overall municipality's population and in 2011 represented 55.9% of the population. The older age



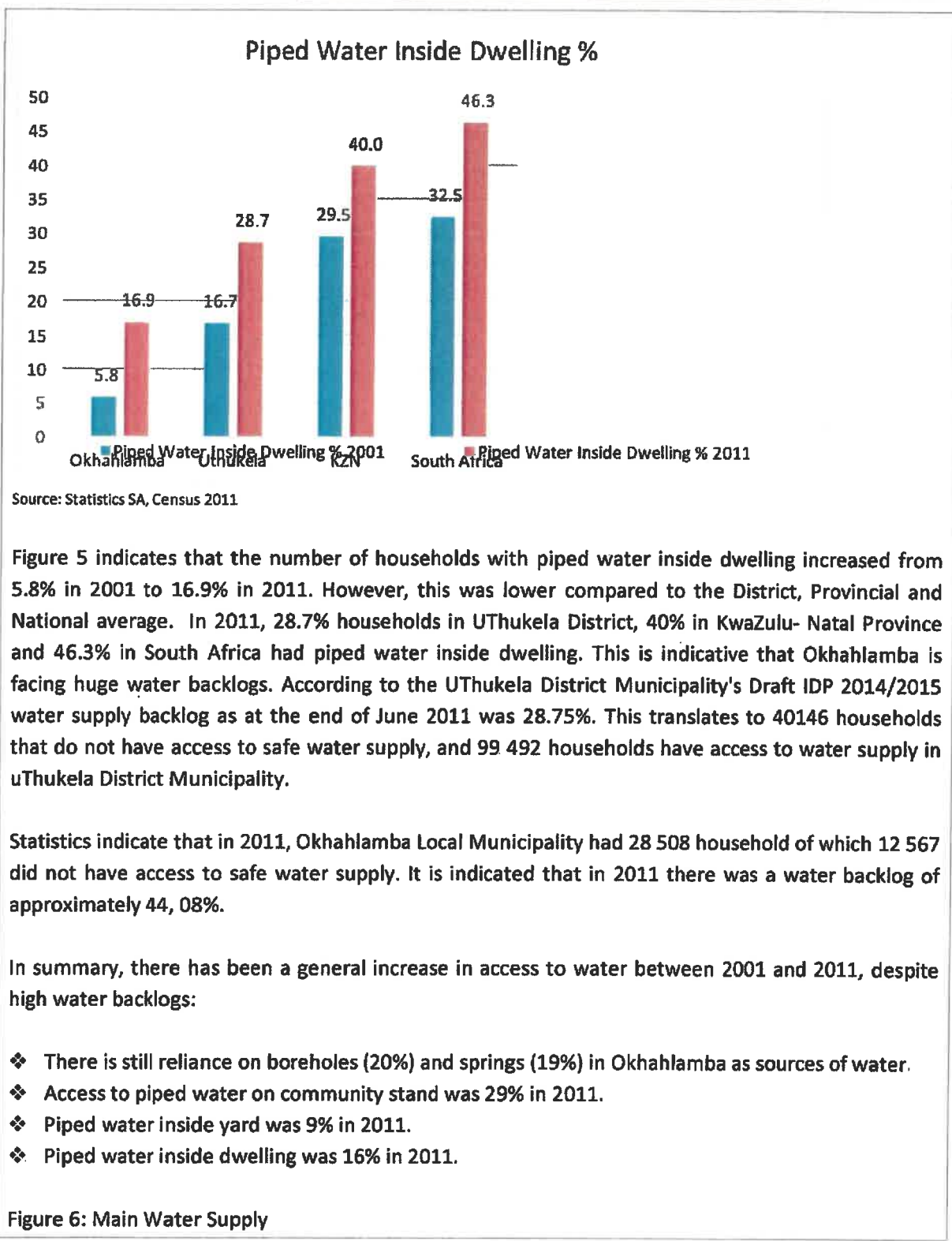
Source: Stats SA 2001 and 2011

The above graph illustrates gender distribution in Okhahlamba Local Municipality and shows the gender profile of each ward within the municipality. The data reflects an uneven gender distribution. Generally, there has been a decrease in both males and females between 2001 and 2011. However more specifically there has been a greater decrease in males in each ward between 2001 and 2011. This applies for all wards except wards 4, 7, 11, 12 and 14. These wards have had an increase in both males and females between 2001 and 2011. The most significant increase seen is ward 14.

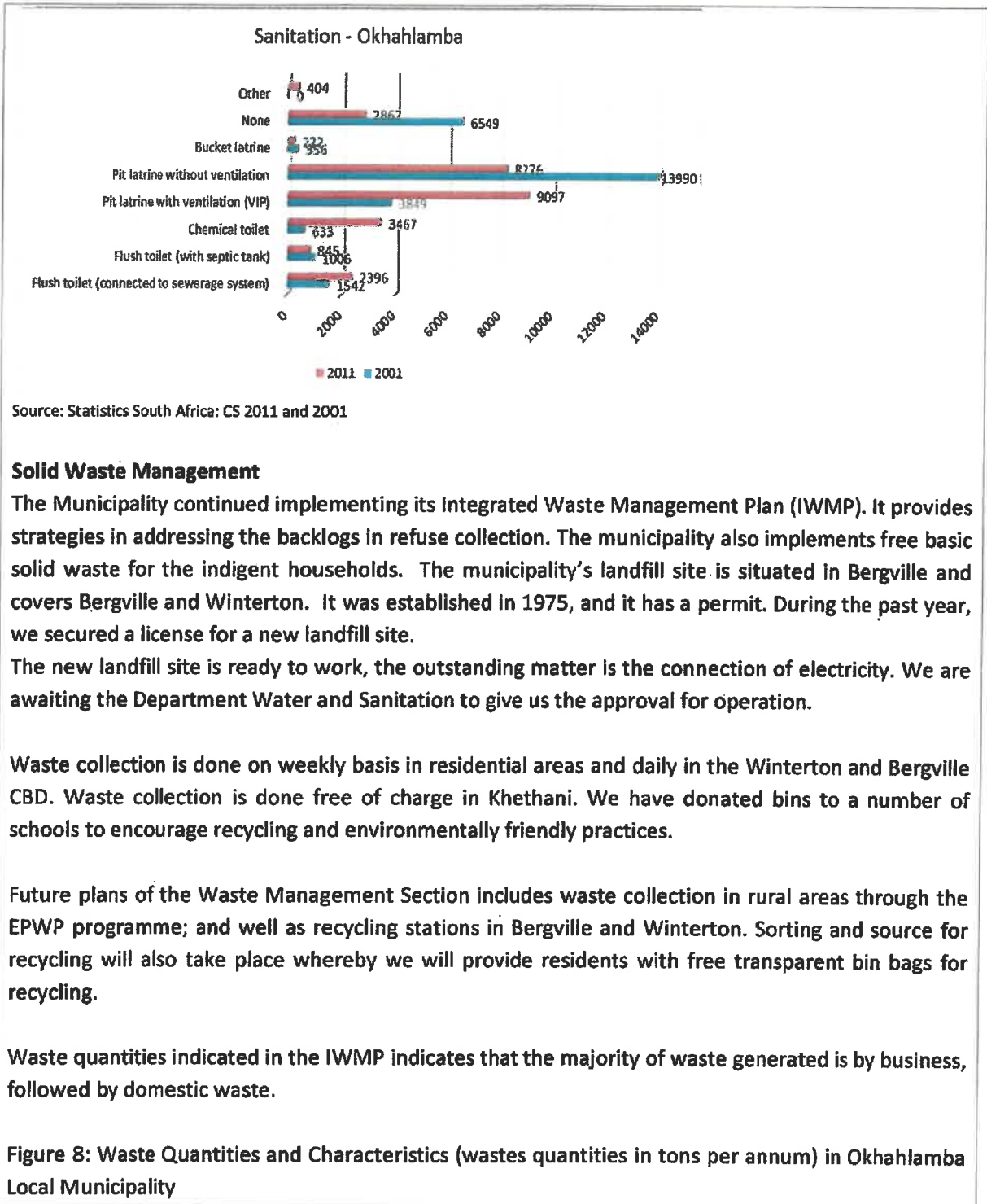
**COMMENT ON BACKGROUND DATA:**

Following is a summarized key findings of the demographic analysis:

- ❖ Okhahlamba experienced a positive growth on its population as the population size increase from 132 068 in 2011 to 135 132 in 2016 recording a 1.2 positive;
- ❖ Ward 2 is found to have had the greatest decrease in its population;
- ❖ The number of households increased between 2001 and 2011, which suggests circular migration;
- ❖ Wards 4, 7, 11, 12 and 14 are the only wards which have had an increase in population between 2001 and 2011;
- ❖ Majority of Okhahlamba population is formed by Black Africans and very few from the White population;
- ❖ Bergville, Winterton and Traditional Areas around the foothill of the Drakensberg are seen to have higher concentrations of people;
- ❖ The majority of the municipality is with 0-42 persons per square km;
- ❖ Majority of the population is made up of individuals ranging from ages 0-35 (youthful population);







## FINANCIAL 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.

### **5 year plan /objectives**

Successful monitoring of MSCOA implementation and monitoring for 2017-2018 to 2020 to 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

Continuous maintenance of clean 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**

Improved financial stability through improved staff discipline, financial management and reporting. This has resulted in the improved liquidity ratios such as current ratio (1.55 in 2020/21 and 1.38 in 2019/20 financial year respectively) meaning that the municipality will be able to pay its current liabilities with its current assets, Operating cash flow ratio meaning the municipality has generated enough cash to pay its short- term liabilities.

Decrease in cash flow as a result of lack in debt collection and management (monitored on a weekly basis). From 64% 2019/20 to 75.6% in 2020/21. The Municipality has achieved 100 % expenditure on MIG funding and improved grant spending due to improved supply chain processes and payment of consultants and contractors on time (even less than 30 days). The uniform ratios and the norms for 2020/21 in attached in this report.

### **mSCOA**

The Municipality has successfully began implementing the Municipal Standard Charts of Accounting (mSCOA) financial approach as prescribed by National Treasury. Implementation began in July 2017, and has proved useful in ensuring that standardising business processes, and ensuring the quality and credibility of data within the municipality.

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**Financial Analysis**

The Annual Financial Statements for the 2020/21 financial year have been compiled and forwarded to the Auditor General for audit on the 31 August 2021. The financial Statements show an upward trend in the municipal finances.

**Finance 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.

**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.

**POLITICAL STRUCTURE**



**Mayor**  
(Cllr M.G Ndlangisa)



**Deputy Mayor**  
(Cllr T.G Ngozo)



**SPEAKER**  
(Cllr. S.A Zulu)

## COMPONENT A: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Operation Sukuma Sakhe operates in all wards (15 wards) of Okhahlamba Local Municipality. Each ward has a war room and satellite war rooms to each and every ward, where all stakeholders (Government Departments, Non-Government Organisations (NGOs), Traditional leaders, Faith Based Organisations (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 CCG's 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 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 15 wards to monitor the functionality of the war room.

CCG's do households' profiling whereby they identify different needs that need to be fulfilled through different referrals/ interventions from different stakeholders/government departments, also the community have an easy access to the war room walk in registers which are monitored by the OSS Office every after 3 months. Each ward conducts an Operation MBO (MBO is a Zulu name for the campaign to revoke communication) after finishing analysing 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 month in the Municipality Offices whereby all Departmental 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 monthly report to the District Task team about the operations of the WTTs. OSS celebrates all calendar events.

On the 25 April 2018 there was an Operation Sukuma Sakhe Cabinet Visit where the Premier and the Ministers were visiting the following wards: 1,3,4,5,6,7,8,10,11,12 and 15. This is the visit to monitor the service delivery to the community by Governmental Departments. There were issues which were raised by the Community to the Ministers some of them were the same: water issue, job opportunities and crime. For more information the OSS Cabinet issues document can be provide.

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**Finance Forum,  
Corporate Forum; and  
Infrastructure Forum.**

2.3 PUBLIC MEETINGS

2.5 ANTI-CORRUPTION AND FRAUD

**FRAUD AND ANTI-CORRUPTION STRATEGY**

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, councillors, 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.

In addition, financial management systems and procedures were reviewed to incorporate the following policies:

- ❖ Anti-Fraud and Corruption Policy
- ❖ Appointment of Consultant Policy
- ❖ Bank Investment Policy
- ❖ Budget Implementation and Management Policy
- ❖ Communications Policy
- ❖ Consumer Credit Control and Debt Collection Policy
- ❖ Ethics Policy
- ❖ Human Resources Strategy
- ❖ Human Resources Policy
- ❖ Indigent Support Policy
- ❖ Municipal Property Rates Policy
- ❖ Tariff Bylaw
- ❖ Unallocated Revenue Policy
- ❖ Employee Assistant Programme
- ❖ Enterprise Risk Management Framework Policy
- ❖ Fixed Asset Policy
- ❖ Full and Registration Fee Bursary
- ❖ IT Disaster Recovery Plan Policy
- ❖ IT Framework Policy
- ❖ IT Policy
- ❖ IT Security Policy



2.6 SUPPLY CHAIN MANAGEMENT

**OVERVIEW SUPPLY CHAIN MANAGEMENT**

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

**Financial Viability and Management Swot Analysis**

**STRENGTHS**

- ✓ Land for development(Urban and Rural)
- ✓ Tourism
- ✓ Qualified Staff Complement
- ✓ Existing facilities for rental
- ✓ Policies in place
- ✓ Supply chain management unit and policy in place
- ✓ Financial strategies in place to enhance revenue raising
- ✓ Less reliance on consultants

**WEAKNESSES**

- ✓ Limited rate base
- ✓ Lack of staff retention
- ✓ Recruitment of qualified personnel
- ✓ Acquisition of land
- ✓ High grant dependency
- ✓ Lack of capacity to implement projects
- ✓ Limited implementation on debt collection

**OPPORTUNITIES**

- ✓ Tariffs imposing
- ✓ Revenue enhancement
- ✓ Implementation of cost cutting measures
- ✓ MSCOA will improve financial reporting ,planning and financial discipline

**THREATS**

- ✓ Staff turnover
- ✓ Non- spending on conditional grants
- ✓ Debtors collection
- ✓ Theft and abuse of municipal assets
- ✓ Change management on MSCOA
- ✓ Grant dependence

**SCM Organisational Structure**

A SCM unit must where possible operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Neli Moloi : PMU Technician  
 Ramadimetja Shabalala : Supply Chain Management Clerk  
 Khethiwe Dubazane (Secretary): Budget Clerk  
 Andile Nkosi : Building Inspector

#### Contract Management

The MFMA 56 of 2003 Section 116 has reference on contract management. There is a contract management register in place, which complies with the prescribed template for contract management.

#### Quotations and Bids

The SCM unit has quotations registers (below and above 30 000 transactions) and a bids register in place.

#### Inventory Management

There is a policy in place for Inventory Management. There is operational stores for stationery, cleaning material and other inventory items present.

## 2.7 BY-LAWS

### COMMENT ON BY-LAWS:

Municipal by-laws are public regulatory laws, which apply in a certain area, in this case Okhahlamba 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 Okhahlamba Municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11(3) (m) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) made the following municipal by-laws:

- ❖ Control of Outdoor Advertising.
- ❖ Pound By-laws.
- ❖ By-laws relating to Dogs.
- ❖ Public Health By-laws.
- ❖ Business licence by-law
- ❖ Public drinking by-law

## 2.8 PUBLIC SATISFACTION ON MUNICIPAL SERVICES