

2014/2015 FY

BELA-BELA LOCAL MUNICIPALITY



ANNUAL REPORT

Volume I

Contents

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A:

1. MAYOR’S FOREWORD

2014/15 Financial Year was a fairly stable year in terms of functionality of Council and its Governance Structures, and all Councillors participated satisfactorily to the meetings of Council and its Structures. This enabled all Councillors through varying Structures therein to effectively and efficiently perform their Oversight responsibility towards realization of Council’s long-term Vision.

Our Long-Term Developmental Vision remains: ***“We are the Prime Agricultural Hub and Tourist Destination of choice”***

In all its endeavours, our Municipality is committed in enhancing its capabilities Administratively and Politically to be able to adequately respond to the Developmental demands of an Economy with immensely strong potential on Tourism and Agriculture as the Strategic catalysts of overall development throughout the Bela-Bela Municipal jurisdictional area.

Culminating from the Launch of the Back to Basics Approach by the President during September 2014, our Municipality went into great strides to review its Governance Model with a view of incorporating the Approach as the National Policy directive, and this was successfully done.

Pertaining to the implementation Spatial Planning Land Use and Management Act (SPLUMA) our Municipality managed to complete all the key requirements as required for readiness to implement as of 1st July 2015. We shall however, continue to enhance our Administrative and Oversight capability with regard to SPLUMA implementation thereto.

We have managed to register number improvements in Service Delivery, which is further outlined later in the report during the year under review, and our realization is that amidst these improvement, there are still a plethora of developmental challenges for us as a collective to respond to.

Community Participation remains pivotal to the sustenance of our Democracy, particularly in our Municipality. To this end, majority of the 9 Ward Committees established within our Municipality were functional as envisaged, and other Public Participation mechanisms and processes were enhanced during the year under review.

We are however not satisfied that not 100% of our Public Participation Structures functioned as envisaged.

Chapter 1

Hence moving forward we will need to strengthen them, thereby ensuring their effectiveness. Key amongst those will be the capacitation of our Communication and Public Participation Division.

Looking into the future, we will continue to engage all our Social Partners with a primary purpose addressing more resources to our jurisdictional area thereby positively impacting on the wellbeing of our communities.

The Municipality have also embarked various benchmark tours in and beyond the borders of our Country, culminating from which Partnerships were entered into with a prime view of enhancing the capability of our respective Municipalities.

Whilst it is evident that our Leadership collective, our Municipality made many strides towards the betterment of the wellbeing of our communities, the emanating developmental challenges therein remains key to the resolve of our Municipality within its collective and our Social Partners to ameliorate such.

As 2015/16 will be the last year of the current term of Council, we will endeavour to address majority of those developmental challenges that are of short to medium – term in nature, and make necessary recommendations to the incoming Council pertaining the medium to long-term developmental priorities for their consideration when concluding the next 5 Year Strategic Plan of the Municipality.

We are truly humbled for the opportunity that our communities gave to us as a collective with a primary view of ensuring sustainable improvement of their livelihoods. Whilst Development by its nature is a fiercely contested terrain, we are pleased to pronounce that under the limitation of the availability of resources, we have managed to ensure balanced development throughout the Municipality.

We further would like to thank our Administration Team under the astute Leadership of our Municipal Manager, who dedicated their skills and traits to ensure that our Municipality is always in a favourable position to ably respond to all the developmental queries confronting our communities.

(Signed by :) _____

CLLR L NHLAPO

MAYOR

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

2. MUNICIPAL MANAGER'S OVERVIEW

During the Year under review, our Municipality realised far improved performance across many fronts in as far as Service delivery is concerned. Key amongst the contributing factors was that we developed and implemented a New Governance Model, which enhanced the capability of Administration to timeously and efficiently process well packaged reports to Council and its Structures thereby enabling informed decision-making and efficient and effective performance of oversight responsibilities thereto.

To further enhance the capacity of the Municipality, we concluded the process of recruiting both the M Planning & Economic Development; Manager: Technical Services and the Chief Financial Officer respectively. We also enrolled majority of our Divisional Managers into a Municipal Finance Management Programme with the prime aim of enhancing their skills in executing their tasks within the Municipality.

We have also managed to reduce the vacancy rate within the Municipality, with particular emphasis to Key Departments with the primary view of enhancing our capability to adequately and timeously respond to all the Service Delivery issues.

Our aforesaid Governance Model placed vast emphasis on putting in place reliable controls and Service Standards thereby strengthening the following quality assurance components of its Administration:

- Internal Audit
- Risk Management
- Information and Communication Technology
- Shared Audit Committee Function/ Performance Audit Committee

The Municipality will progressively continue empowering the aspects of its work, which remains pivotal to its Good Corporate Governance and the impact thereto.

Municipality also embarked on emphatic implementation of the Back to Basics (B2B) Approach, which was launched by the President in September 2014. The Approach was premised on the following priorities, which have also proven to be pivotal in our developmental Agenda as a Municipality:

Chapter 1

- .Putting People and their Concerns First
- Demonstrating Good Governance and Administration;
- Delivering Municipal Services
- Sound Financial Management and Accounting and
- Sound Institutional and Administrative Capabilities

Culminating from our Governance Model, our Municipality extremely excelled in its implementation of the B2B Approach, and received resounding accolades across National and Provincial Government. As a consequence of the manner in which we packed our B2B Action Plan, COGTA and Limpopo COGHSTA identified our Action Plan as a model that can be shared with other Municipalities in the Province as they prepare their respective Action Plans.

Pertaining to Infrastructure Development, key achievements amongst our achievements the following can be highlighted:

- Successful completion of Storm water Projects throughout the Municipality;
- Successful completion of Phase of the Multipurpose Centre;
- Successful completion of Phase 4 of Road paving at Extension 2;
- Attainment of funding from the Department of Environmental Affairs for the development of New Parks and rehabilitation of Old Parks and Nursery within the Municipality;;
- Successful occupation and operation of the New Testing Station and
- In terms of Services managed to sustain 100% collection of Refuse throughout the Municipality.
- Initiated a process of taking over Electricity Infrastructure from Eskom.
- Establishment of a Customer Care Unit

Key amongst the emanating challenges with regard to Infrastructure development that will need attention as we contuse in our journey of bettering the livelihoods of our communities are:

- Underperformance of Contractors and Consultants;
- Labour related issues which are in most instances beyond the control of the Contractors;
- Inadequate Sporting and Recreational Facilities throughout the Municipality leading to over utilization with the repercussion of rapid deterioration thereto;
- Landfill site that is nearing its operational lifespan; and
- Cemetery reaching its saturation level.

Chapter 1

Pertaining to Financial Management and Sustainability thereto key amongst the notable achievements are the following:

- We managed to ensure increase in payment level from 89% in 2013/14 Financial Year to 95% in 2014/15 Financial Year.
- We managed to sustain our attainment of good Audit outcome by receiving another Unqualified outcome with a reduction of matters of emphasis from 54 of the previous Audit period to 12 during the 2014/15 Audit period.
- We also managed to reduce our Long-Term loan thereby settling it earlier than planned.
- Also managed to replace all the aging Municipal Vehicles with new Fleet thereby enhancing the Municipality's ability to adequately and efficiently perform all its Service Delivery mandate.

Whilst the aforementioned milestones are commendable, to further enhance our Financial Sustainability, the following challenges will need to be progressively addressed moving forward.

- Work towards absolute reduction of old debt, which is mainly rife at Pienaarsrivier and Masakhane areas thereby increasing payment levels throughout the Municipality.
- Illegal connection of Water and Electricity mainly in the Spa Park area.
- Increase in the cost of Electricity which impact on the affordability of Services by the Consumers, and in most instances resulting in negative impact on their payment patterns, and the ability of the Municipality to invest more funds towards Service Delivery.

Our Public Participation mechanisms, procedures and Processes can be categorised as thus:

- Direct Community Engagements;
- IPD Representative Forum and IDP Steering Committee;
- Ward Committee System, and
- Strategic Bilateral with targeted Stakeholders to achieve a specific objective.

Whilst as the Municipality we do have Ward Committees, we are of the view that they need to be strengthened and empowered for them to be able to fulfil their mandate of deepening Democracy at Local level.

All these mechanism have immensely benefited the Municipality in the development, implementation, review and monitoring of key Developmental and Governance instruments such as:

Chapter 1

- Integrated Development Plan (IDP);
- Medium Term Expenditure Framework (Annual Budget)
- Performance Monitoring and Evaluation.
- Strategies, Plans, Policies and By-Laws of Council.

Based on the assessment of our Performance and the impact thereto, we have agreed that amongst others the following will need to be prioritised in the medium to long-term period:

- Upgrading of the aging water infrastructure throughout the Municipality, particularly in Town,
- We have initiated the process of having an FET/TVET College within our jurisdictional area with a primary view of addressing the Skills challenge confronting our populace, thereby reducing the unemployment rate due to shortage of requisite skills.
- We have started mobilizing a Team of Partners and Strategic Stakeholders towards the roll-out of the Carnival at a National/International level, as one of the key Tourism supporting initiative.
- In an endeavour to address the current housing backlogs and informal Settlements therein, we have started the process of acquiring suitable land through the support of COGHSTA and HAD.

In an endeavour to ensure sustained growth to our Economic focussing its key Drivers of Tourism and Agriculture, we have established the following Partnerships:

- Partnered with the Port of Spain in Trinidad and Tobago towards successful hosting of the Multinational and Multicultural Carnival in the coming years.
- Started working on a Partnership with United Nations Industrial Development Organization (UNIDO) towards exploiting in the Agro processing opportunities within our Municipality and downstream beneficiations thereto.

As the Head and hunger to go an extra mile, which is the key requirement for Organization aspiring to grow in the of Administration within the Municipality, I am greatly humbled to have such a Team of dedicated Team of Professionals under my Stewardship, majority of whom displayed great signs and hunger, which are the key requirements for any Organization to grow and excel in mandate.

Chapter 1

It is also imperative to thank our Council and our Social Partners for making it possible for the Administration to astutely perform its responsibilities without undue interference thereto.

DRAFT

Chapter 1

3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

3.1 INTRODUCTION TO BACKGROUND DATA

Bela-Bela Local Municipality is performing the Powers and Functions on the Table below: as assigned through the Constitution of the Republic of South Africa and the Local Government: Municipal Structures Act.

Table 1

Function	Is this a Shared Service (Y/N)	RESPONSIBLE DEPARTMENT AT THE MUNICIPALITY
Air Pollution	N	Social and Community Services
Building Regulation	N	Economic Development and Planning
Electricity Reticulation	N	Technical Services
Fire Fighting	Y	Social and Community Services
Local Tourism	Y	Economic Development and Planning
Municipal Airports	N	Social and Community Services
Municipal Planning	Y	Economic Development and Planning
Stormwater Management Systems in Built Up Areas	N	Technical Services
Trading Regulation	N	Economic Development and Planning
Potable Water	N	Technical Services

Whilst the Administration of the Municipality is tasked with the responsibility of ensuring optimal performance of all the Powers and Functions assigned to the Municipality as per the determination of the prescripts of the Law, Council through its Structures regularly performs an Oversight to all the respective Departments to ensure Legislative compliance to that effect and impacts aimed at improving the livelihoods of the communities therein.

Accordingly, the Municipality has developed and approved an Organizational Structure as depicted under Figure 8 below that seeks to ensure optimal performance of these Functions. The picture correctly painted by the Organizational Structure is that the Departments of Technical Services, Social & Community Services and Planning & Economic Development respectively as the primary Service Delivery oriented Departments in line with the depiction under Table 5 above jointly constitutes more than 60% of the personnel of the entire Municipality.

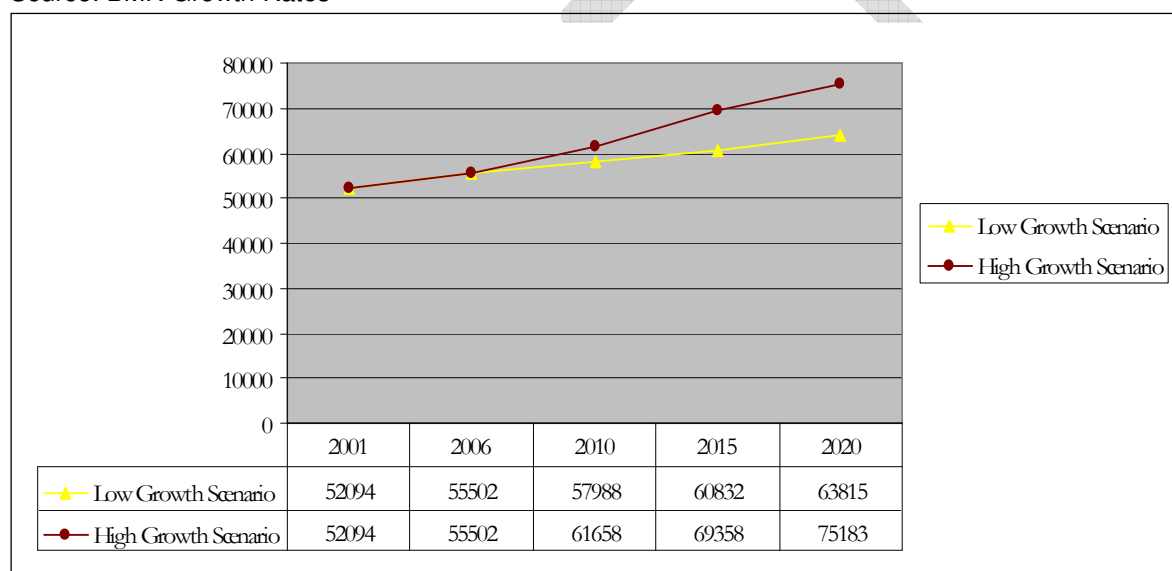
Chapter 1

3.1.1 Population Dynamics and Future Growth Trends

The total size of Bela-Bela's population as of 2011 was estimated to be at **66 500** individuals which has increased by 27.6 % by 2011 compared to Census 2001. Annually, the Population of the Municipality is growing at the rate of **2.44%**. This is based on Census 2011 which also estimates that there are approximately **18 068 households** within Bela-Bela which is 3.7% increase from 2001 figure See **Table 2** below. Statistics South Africa indicated that this figure also takes into account Rapotokwane Village which was incorporated into the Municipality from Dr J.S. Moroka Local Municipality (Mpumalanga Province) in 2000. The **graph below** illustrates the estimated population projection when the information from BMR is taken into account.

Graph 1 : Population Growth 2001 – 2020

Source: BMR Growth Rates



The high growth ratio takes into account other main factors such as in – migration, which can result in further increase in the population within Bela-Bela. It would be recalled from the 2007/ 08 IDP that there are a number of people who have relocated from Gauteng to Bela-Bela Town (specifically in the Warmbaths Extensions) to get away from the busy life of Gauteng.

Some of the impacts of the HIV/AIDS

- Low and/or zero population growth rate – affecting revenue base of the Municipality and sustainability of projects

Chapter 1

Table 2: Households Dynamics

Municipality	Census 2001		Census 2011	
	Households	Ave HH size	Households	Ave HH size
Bela-Bela	12 335	3.7	18 068	3.7
Waterberg	145 883	3.7	179 866	3.8

[Source: StatisticsSA: Census, 2011]

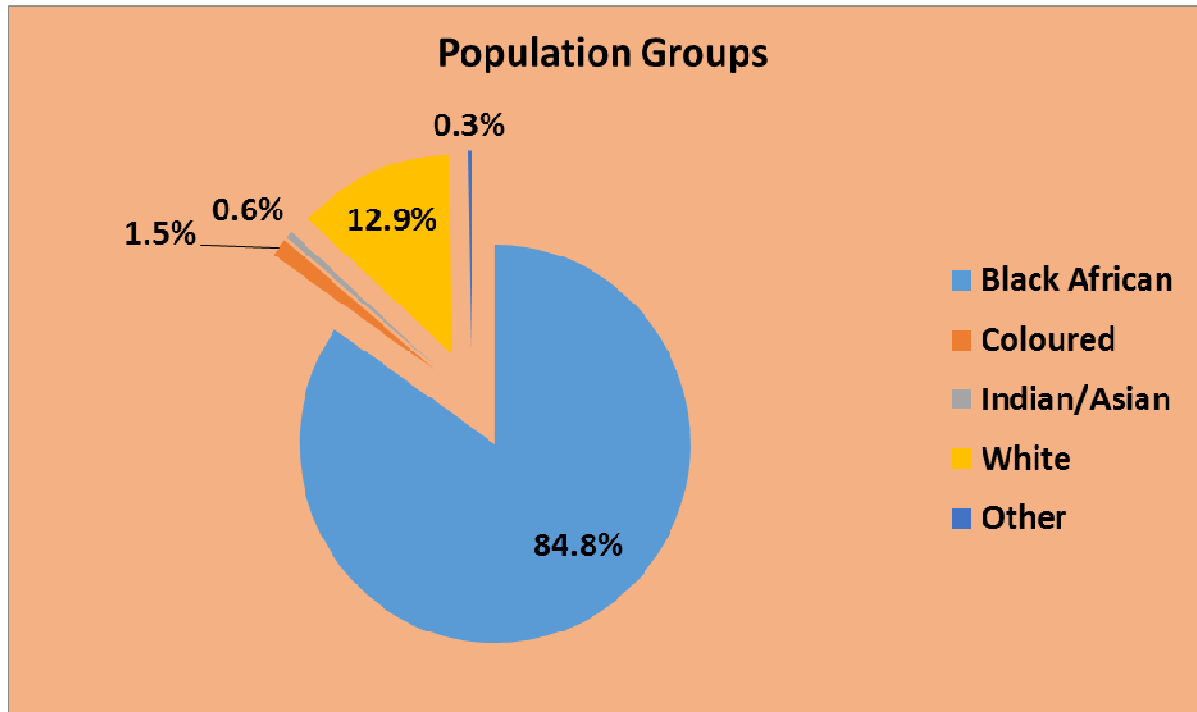
They still have offices in Gauteng, but due to the development of technology they do not need to go to the office every day and therefore choose to live in areas such as Bela-Bela Town, further away from the city. The second factor is the increase of people entering the property market to such an extent that the number of home owners have increased. There was also an increase in people who bought weekend/holiday homes in resorts, estates, etc., of which some also opted for permanent residency specifically in the Estate developments. It can be assumed that the real growth rate for permanent residence in Bela-Bela Municipal area might even be higher than anticipated BMR growth rates up to the year 2020 as indicated in **Graph 1** above.

3.1.2 Population Group, Age Group and Gender in Bela-Bela Municipal Area.

The population of Bela-Bela Local Municipality in terms of groupings categorized as per the **Graph 2** below. It is evident that Black Africans are in the Majority followed by Whites. It is therefore imperative to take caution that whilst the development priorities within the Municipality seeks to address the plight of Black Africans who majority of which is still characteristics of the previous dispensation in the Country, such should not be at the detriment of the other minority groupings therein.

Chapter 1

Graph 2 Population Groups



[Source: StatisticsSA: Census, 2011]

All the residents of Bela-Bela Local Municipality irrespective of their Colour of ethnicity should be encouraged to partake in the developmental Agenda of the Municipality from within their respective localities and interest groupings.

The age composition or structure determines the kinds of economic activities which are currently existing and may need to be explored in the future within the locality. Different age groups have different economic needs and different spending patterns. According to Census 2011, the composition of the Population of the Municipality is Young (0–14) 28.1%, Working age (15-64) 66% and Elderly 65+ 5.9%

Chapter 1

Table 3 Census 2011 age group, gender and population group

	Black African	Coloured	Indian or Asian	White	Other	Unspecified
LIM366: Bela-Bela						
Male						
0 - 4	3 225	52	14	206	5	-
5 - 9	2 730	43	17	208	2	-
10 - 14	2 563	37	13	225	5	-
15 - 19	2 686	47	8	214	2	-
20 - 24	3 377	63	27	201	28	-
25 - 29	3 243	66	36	243	22	-
30 - 34	2 619	28	31	241	9	-
35 - 39	1 997	37	18	260	11	-
40 - 44	1 690	27	17	280	12	-
45 - 49	1 371	18	9	250	7	-
50 - 54	1 119	16	7	282	1	-
55 - 59	817	20	7	254	2	-
60 - 64	599	23	5	338	3	-

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65 - 69	350	10	5	333	6	-
70 - 74	188	3	2	239	2	-
75 - 79	101	1	-	198	2	-
80 - 84	68	-	-	107	1	-
85 +	56	-	4	47	1	-
Total	28 799	489	218	4 127	122	-
Female						
0 - 4	3 188	39	16	204	8	-
5 - 9	2 798	29	11	213	7	-
10 - 14	2 540	43	11	211	3	-
15 - 19	2 496	44	18	219	1	-
20 - 24	2 849	61	14	197	5	-
25 - 29	2 782	38	12	257	8	-
30 - 34	2 094	31	16	229	9	-
35 - 39	1 992	33	8	248	8	-
40 - 44	1 606	30	10	305	4	-
45 - 49	1 525	30	14	268	2	-
50 - 54	1 123	41	5	334	5	-

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55 - 59	910	24	8	310	3	-
60 - 64	554	18	4	393	1	-
65 - 69	385	8	3	336	3	-
70 - 74	312	4	6	287	4	-
75 - 79	205	3	4	207	3	-
80 - 84	129	1	-	134	-	-
85 +	117	-	-	82	-	-
Total	27 603	476	161	4 433	74	-

[Source: StatisticsSA: Census, 2011]

This trend in age composition obliges the government departments and the Municipality to ensure that a large percentage of the budget is allocated to Social Development Facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant Skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the Municipality in partnership with the sector departments such as the Department of Education, Health, Public Works, Roads and Transport etc.

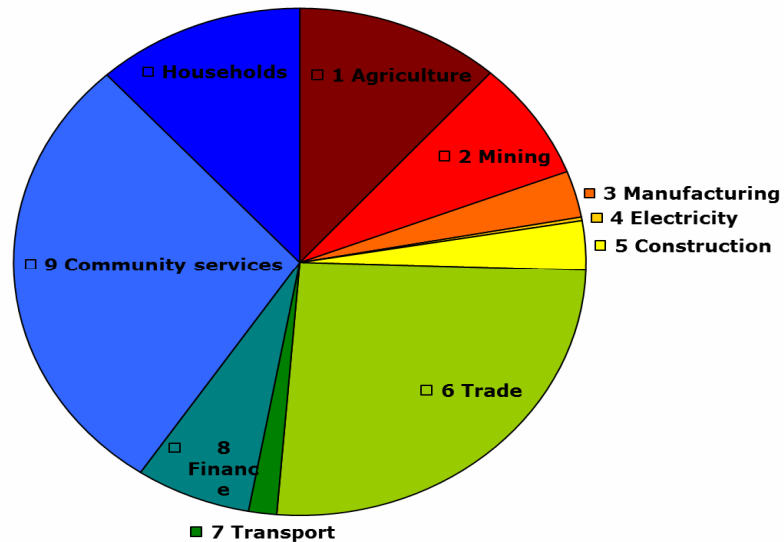
The goal of the Local Economic Development Unit is to facilitate economic development, job creation and poverty eradication within Bela-Bela Local Municipality which is part of Waterberg District Municipality. This will be achieved by reducing the numbers of unemployed people, especially the youth, women and people living with disabilities. Secondly, by ensuring that there is economic development in the Municipality and in particular in the identified sectors. Furthermore, that there is reduction in the number of people living below the poverty line. **Section 153 of the Constitution** stipulates the following developmental duties of all Municipalities:

- A Municipality must structure and manage its administration, budgeting and planning processes to give priority to the needs of the community, and to promote social and economic development.
- A Municipality must participate in national and provincial developmental programmes

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Graph 3

**Formal Employment - Sector's share of H366 Bela-Bela's total (%)
2012**



Source: IHS Global Insight Regional eXplorer version 920

Based on the above, Bela Bela Local Municipality is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A Municipal budget is being implemented and equally redistributed within the parameters or principles of EPWP, this implies that each and every Capital project that the Municipality is implementing (capital expenditure) the element of social partnership is being taken into cognizance.

- Number of Youth : **484**
- Number of Women : **271**
- Persons with Disability : **2**
- The number of FTEs is : **308**

Notably, Local Economic Development is also concerned with the creation of an environment, which will engage stakeholders in implementing strategies and programmes.

The LED Unit will be reviewing the LED Strategy, which will guide implementation of programmes and projects going forward.

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Table 4

Economic Activity by Sector			
Sector	2012	2013	2014
Agriculture, forestry and fishing	11.6%	11.8%	11.7%
Mining and quarrying	7.6%	7.3%	7.3%
Manufacturing	3.0%	2.9%	2.8%
Wholesale and retail trade	25.8%	25.7%	25.6%
Finance, property, etc.	6.5%	6.3%	6.2%
Government, community and social services	28.8%	29.6%	30.4%
Infrastructure services	1.6%	1.6%	1.5%
Total	84.9%	85.2%	85.5%

Table 5

Economic Employment by Sector			
Sector	2012	2013	2014
	Agriculture, forestry and fishing	1144	1207
Mining and quarrying	747	749	767
Manufacturing	292	294	293
Wholesale and retail trade	2546	2625	2674
Finance, property, etc.	644	648	648
Government, community and social services	2844	3025	3177

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Infrastructure services	157	160	155
Total			
Global Insight South Africa			

3. CONTINUATIONS ON LOCAL JOB OPPORTUNITIES:

Bela Bela Local Municipality like any other institution is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A budget have been set aside to create work opportunities through Community Works Programme by CoGHSTA and more than 1000 work opportunities have been created through this government led programme.

- Number of youth : 350
- Number of women : 470
- Senior Citizens : 120
- Persons with Disability : 10

There have been drop outs in the programme since some of the participants have been fortunate enough to get other work opportunities from the private sector. But replacements of participants are done frequently since the recruitment of participants is ongoing.

Whilst the above is indicative of job opportunities within government, there were number of initiatives from private sector which culminated into creation of number of job opportunities due to opening of shops and other developments therein. According to Census information during 2011, the unemployment rate within the municipality was at 22.5% which was 10.1 % decrease from 32.6% in 2001.

Due to the annual growth rate of 2.44% the unemployment rate within the Municipality in 2014/2015 Financial Year was projected to be at 10.3%, which was a decrease of 12.2% from 2011 rate. It is important to point out that due to the global and national economic challenges, the level of unemployment might actually increase to the figure above the projected 10.3%. This will be confirmed during the forthcoming community survey to be conducted by Stats South Africa during 2016.

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Table 6

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2012/2013	2	130
2013/14	2	130
2012 to 2015 (CWP)	1	1000
* - Extended Public Works Programme		

Table 7

REVIEW OF NEIGHBOURHOODS WITHIN BELA- BELA LOCAL MUNICIPALITY	
Settlement Type	Households
Towns and townships	
Bela Bela Town and Township(Growth Point)	12 000
Sub-total	12 000
Small Towns	
Pienaarsriver	500
Radium, Vingerkraal & Tsakane	1137
Rust de Winter, Mabula, Settlers & Farming Areas	2000
Sub-Total	3 637
Rural settlements	
Rapotokwane	600
Sub-Total	600
Informal settlements	
Jacob Zuma	1020
Bela bela ext 9	600
Spa park(proposed warmbath extension 25)	255

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Vingerkraal	250
Eersbewoon/tsakane	245
Masakhane	145
Rapotokwane	30
Sub-total	2545
Total	18 182

Table 8

Natural Resources within Bela-Bela	
Major Natural Resource	Relevance to Community
Hot Natural Springs	One of the key Tourism attraction point and the origin of the name of the Municipality. Large number of job and business opportunities.
Natural Gas	Potential employment and Business opportunities in the green Economy

MINING: The contribution of the mining sector towards economic development of Bela-Bela is not highly significant. There is only one (1) mine (i.e. NAMCO which mine Industrial Diamonds) that exists within Bela-Bela. This mine is located on the southern parts of municipal area and approximately six (6) kilometres to the south east of Radium.

Although diamonds are found on the existing mining activity the previous research undertaken as part of the past IDP reviews revealed that the mineral occurrences that existed in Bela-Bela for mining resources and precious metals (i.e. gold and diamonds) is of a very low grade and potential to such an extent that it cannot be considered probable that these minerals can be mined within the next 20 – 50 years.

Chapter 1

Other metals that are found on a limited scale include manganese, copper, tin, cobalt and the supply of calcite, refractory clay and fluorspar is sufficient. The distribution of limestone industrial mineral is small, with a medium scale supply of sandstone and clay which is used to manufacture the bricks within the area.

AGRICULTURE: In terms of the weather conditions, Bela-Bela comprises of temperatures between 20-29°C, with the average rainfall between 520 – 650 mm per annum. There are black and red clay soils of medium to high potential in the Springbok flats. Sandy, red soils and wetlands cover the rest of the area.

Vegetable crops include the following: Squash butternut, Squash hub barb, Onions, Watermelons, Cabbage assorted, Sweet Corn, Pumpkin Grey, Pumpkin White, Beetroot, Carrots, and Peppers. Fruit types include the following: Grapes, Citrus, and Peaches. Other crops include: Maize, Cotton, Millet, Tobacco, Lucerne, Cowpeas, Groundnuts, Wheat, Jugebeans, Chinabeans and Sunflower.

4. COMMENT ON BACKGROUND DATA

Whilst the Hot Water Springs attracts thousands upon thousands of tourists to Bela-Bela, the benefits beyond mere employment opportunities, but for those aspiring to enter the Tourism business are still to be realised, particularly to the majority of the Black population therein

Due to the various crops produced, production systems vary widely. Although the trend is changing the whole industry is still characterized by a high unskilled labour input and a serious lack of middle management capacity. In the commercial estate farming the competitiveness of commercial production will be enhanced through appropriate skills development programmes at all levels and through infrastructure development. Access to water for irrigation is particularly important, but feeder roads to production areas and arterial roads to markets are just as important.

Chapter 1

The agriculture sector is by its nature one of the most labour intensive industries, however, this ability to create jobs has decreased in recent times and there is evidence that the sector has even shed jobs.

The main reasons can be attributed to the following:

- Mechanization – As with most other sectors, there is a trend towards mechanization (e.g. precision farming) in order to increase production output (per hectare).
- Availability of labour – There are claims that those people that have access to some form of social grant, may find the agriculture sector less attractive as they can probably get a similar, or very close to, a similar income through the social grant. As such, they may either withdraw their labour effort, or only offer it partially, which presents practical problems for the farmer.
- Effects of ESTA - The Extension of Security of Tenure Act (No. 62 of 1997) (ESTA) stipulates that farm labour that has worked on the farm for longer than 10 years and is 60 years and older, has a right to stay on the farm. Some of the farmers are trying to avoid this by employing less people.

The main conclusion is that the agriculture sector will play an increasingly important role to secure food security to the South African population, therefore making it a key sector in the economy. It is therefore important that all land be used productively.

1.4 FINANCIAL HEALTH OVERVIEW

The municipality financial activities depict surplus of R10.2 Million based on approved original budget. The revised budget through the adjustment has led to deficit of R49 million with actual result for 2014/15 financial year resulting to deficit of R46 million. Municipality have prioritized the implementation of cost containment measure to help address the deficit in the future.

Table 9

Financial Overview: Year 2014/15			
Details	Original budget	Adjustment Budget	Actua R' 000
Income:			
Grants	60 905 000	61 905 000	61 905 000
Taxes, Levies and tariffs	205 154 000	193 334 000	193 334 000
Other	41 120 000	52 003 000	52 003 000
Sub Total	307 179 000	307 242 000	308 079 000
Less: Expenditure	296 979 000	356 330 000	354 680 000
Net Total*	10 200 000	(49 088 000)	(46 602 000)
<i>* Note: surplus/(defecit)</i>			

Chapter 1

Table 10

Operating Ratios	
Detail	%
Employee Cost	28%
Repairs & Maintenance	5%
Finance Charges & Impairment	2%

5. COMMENT ON OPERATING RATIOS:

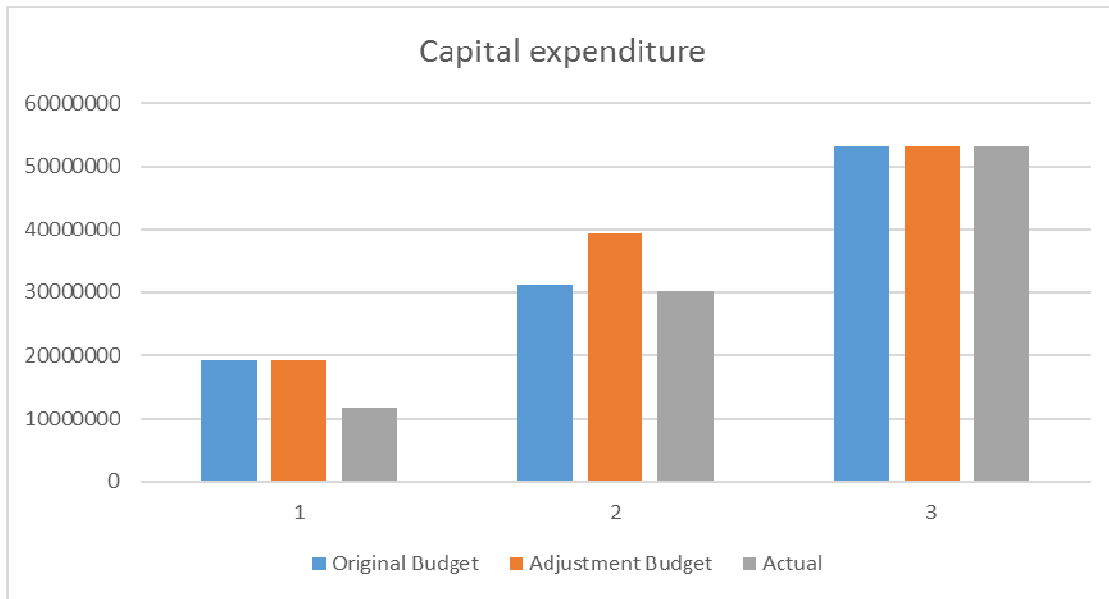
Employee cost for ratios resulted to 28% which is below the set norm by National Treasury of 30%. Both repairs & maintenance and finance charge are calculated to be below the set norms by National Treasury of 20% and 10% respectively.

Table 11

Total Capital Expenditure: Year 2013 to Year 2016			
	R'000		
Detail	2013/14	2014/15	2015/16
Original Budget	19 347 000	31 193 000	53 183 000
Adjustment Budget	19 347 000	39 503 000	53 183 000
Actual	11 862 000	30 177 000	53 183 000

Graph 4 Total Capital Expenditure

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7. COMMENT ON CAPITAL EXPENDITURE

The actual spending on capital budget is lower than the adjustment budget due to project which are classified as multiyear projects. The effected projects are rolled over to the next financial year.

8. AUDITOR GENERAL REPORT 2014/2015

Bela-Bela Local Municipality complied with the provisions of Section 125 of MFMA and Section 45 of MSA of 2000 by compiling and submitting both the 2014/2015 Annual Performance Report and the 2014/15 Annual Financial Statements. The municipality obtained an unqualified audit opinion in the 2014/2015 financial year and the preceding financial year. Below is the detailed report of the Auditor General.

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Auditor's report
BELA-BELA LOCAL MUNICIPALITY
30 JUNE 2015

Chapter 1

Report of the auditor-general to the Limpopo provincial legislature and the council on Bela-bela Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Bela-Bela Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

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Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bela-Bela Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 41 to the financial statements, the municipality has various lawsuits which are still pending at year end. The municipality is disputing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R5 699 088 were incurred as a result of water and electricity losses.

Irregular expenditure

11. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R3 485 146 in contravention of the supply chain management (SCM) regulations.

Additional matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not

Chapter 1

form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Technical services on pages x to x
 - Social and community services on pages x to x
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the selected objectives are as follows:

Technical services

Usefulness of reported performance information

21. The processes and systems that produced the performance indicator should be verifiable, as required by the FMPPi. A total of 29% of the indicators were not verifiable.

Reliability of reported performance information

22. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting

Chapter 1

of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 40.2% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to a lack of adequate document management system that ensures that all reported performance information is supported by adequate supporting documents/evidence.

Social and community services

23. I did not identify material findings on the usefulness and reliability of the reported performance information for community and social services.

Additional matter

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on pages xx to xx and xx to xx for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs xx to xx of this report.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statement, performance and annual report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Irregular expenditure

28. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Procurement

29. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were

Chapter 1

identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Human resources management

30. An acting municipal manager and senior managers were appointed for a period of more than six months in contravention of section 54A(2A) and 56(1)(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Internal control

31. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.

Leadership

32. Inadequate oversight over financial and performance reporting and compliance as well as related internal controls, resulted in material misstatements in the financial statements and findings on performance management.
33. Leadership failed to implement effective human resource management to ensure that properly skilled resources are in place. The municipality did not fill key management positions within 12 months, resulting in managers acting in positions for more than 6 months.
34. The municipality did not establish and communicate procedures to enable and support the understanding of processes for collating, monitoring and reporting on performance indicators included in the SDBIP.

Financial and performance management

35. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting, as a result sufficient and appropriate evidence could not be provided for the material targets in the annual performance report.
36. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, in that material misstatements were identified on the financial statements.

Governance

37. Internal audit unit audited compliance with laws and regulations and performance information, however, some material findings were identified by the external auditors which internal audit did not report on in their audit report.

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Other reports

Investigations

38. An independent consulting firm performed an investigation at the request of the municipality during 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against nine employees. These proceedings are currently in progress.
39. An independent consulting firm is performing an investigation at the request of the municipality. The investigation was initiated based on an allegation of the possible irregularities in the housing department. The outcome of the investigation is expected by 30 November 2015.

Auditor-General

Polokwane

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 1

9. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

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10. COMMENT ON THE ANNUAL REPORT PROCESS

In terms of Section 127 (2) of the Local Government Municipal Finance Management Act No 56 of 2003, the Mayor of the Municipality must within seven months after the end of the year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control. In order to comply with the provisions of the above mentioned Act, Bela-Bela Local Municipality established a process of compiling the 2014-2015 Annual Report. The process began with the adoption of the National Treasury Circular 11 and 63 which provides guidance on how and when to compile and to submit the Annual Report. It should be noted that the requirements of the two circulars compliments each other hence both applied in the compilation of 2014/2015 Annual Report of the Municipality.

Management commenced with the compilation of the report from July 2015 and the 2014/2015 Draft Annual Report was tabled to the Auditor General during Auditing of the 2014/2015 Annual Financial Statements and the 2014/2015 Annual Performance Report in August 2015. Management deemed it necessary to achieve the timelines as set out in the circulars to afford Council ample time to exercise its oversight role over the Administration work. Over and above, the compilation of the Annual Report as per the above mentioned National Treasury Circulars allow the Municipality to provide more and comprehensive information on the activities and decisions made by the Municipality during the financial year under review.

Furthermore, the municipality adhered to the timeliness on the compilation of the Annual Report to provide more range of information on the challenges, successes and the overall performance of the Municipality. The information assist the new planning cycle for the 2016/2017 Financial Year. The Municipality also compiled the 2014/2015 quarterly performance reports in line with the 2014/2015 approved IDP, Budget and the SDBIP which formed the basis of the 2014/2015 Annual Performance Report outlined in Chapter 4 of this Annual Report.

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Chapter 2

CHAPTER 2 – GOVERNANCE

2. INTRODUCTION TO GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Bela-Bela Local Municipality is a Category B municipality established in terms of Section 12 of the Municipal Structures Act (Act 117 of 1998) and applying a collective Executive Committee System. The Municipality has established Section 80 Committees and are functional. The Committees meet on monthly basis. The recommendations of the Committees are then forwarded to the Executive Committee chaired by the Mayor which also meet monthly.

The Municipality also established an Audit Committee which comprises of three members. The Committee is functional and established in terms of section 166 of MFMA (2003). For the audit of performance the Municipality utilizes the existing Audit Committee for the purpose of the Performance Audit Committee as per Municipal Performance Regulations. Municipal Public Account Committee (MPAC) is also established, and performs the role of the Oversight Committee.

Chapter 2

POLITICAL STRUCTURE

MAYOR



Cllr L Nhlapo

SPEAKER



Cllr S Maluleka – Ward 2

FUNCTION

The Mayor provides general political guidance over the fiscal and financial affairs of the municipality and perform all duties as prescribed in of Section 53 of the Local Government Municipal Finance Management Act No 56 of the 2003.

Presides at the meetings of the Executive Committee.

Performs the duties, including and ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or Executive Committee. In terms of Section 49 of the Local Government Municipal Structures Act No. 117 of 1998 and Regulations.

The Speaker of Council presides at meetings of Council

Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government Municipal Systems Act (MSA) No 32 of 2000.

Ensures that Council meets at least quarterly

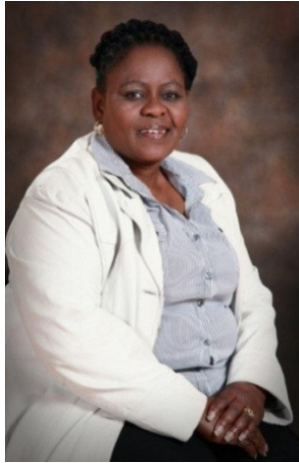
Also maintain order during meetings.

The Speaker is also responsible for ensuring compliance in Council and Council Committees with the Code of Conduct set out in Schedule 1 of MSA No 32 of 2000.

Ensures that Council meetings are conducted in accordance with the Rules and Orders of Council.

Chapter 2

Chief Whip



**CHIEF WHIP CLLR R
RADEBE**

The Chief Whip of Council maintain sound relations between the Municipal Council and various political parties. Ensure that relationships are constructive and focused on the key issues at hand. Furthermore the Chief Whip is responsible for ensuring that Councillors of the various Political Parties are allocated to different Committees.

It is the responsibility of the Chief to ensure quorum at Council meetings, Advise councillors belonging to various parties to convene party caucuses so as to determine the party's position on specific item/motions on the Council's agenda. To collaborate with the Speaker in relation to issues of discipline and code of conduct of councillors. Attend IDP Rep Forum. Also draw Speaker's lists for the Council debates and determine the speaking time for members after consultation with the respective chief whips of all political parties in Council.



**Cllr J Van der Merwe – Ward
1
Ward Councillor , EXCO
member and Planning &
Economic
Development/Infrastructure
member**

The Executive Committee (EXCO) is the Principal Committee of Council in the Municipality. The Committee receives reports from other Committees and Sub-Committees of Council. Members of EXCO identify the needs of the Municipality. They also review and evaluate those needs in order of priority. Recommend to the municipal council strategies, programs and services to address priority needs through the Integrated Development Plan (IDP) and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and also recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programs and services to the maximum benefit of the community.

Chapter 2



Ward Councillor
Cllr W Mokgethoa – Ward 9

Planning & Economic Development and Infrastructure Committee Chairperson.

The Chairperson of the Planning & Economic Development and Infrastructure Committee presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee further advise the Executive Committee on Infrastructure development and service delivery issues and proposals that includes water, sanitation, electricity, roads and maintenance. The Committee also serves as a hearing panel for all the applications as and when there are objections received by Council. It also plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments



Ward Councillor
Cllr J Sesane – Ward 7

Planning & Economic Development and Infrastructure Committee member.

Members of this Committee are responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee members further advise the Executive Committee on Infrastructure development and service delivery issues and proposals which includes water, sanitation, electricity, roads and maintenance. Plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments.

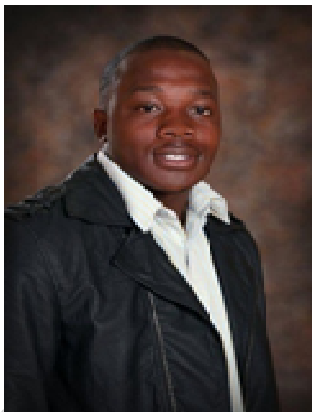
Chapter 2



PR Councillor
Cllr T Mokonyane.

Social & Community Services Chairperson

The Chairperson of the Social & Community Chairperson presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Social & Community Services. The Committee further advises the Executive Committee on Social Services, Disaster Management, Environment, Waste Management, and Safety & Security. The Committee also plays an oversight role on the performance of the Community and Social Services.



Ward Councillor
Cllr P Aphane – Ward 8

Social & Community Services Member

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services.



Ward Councillor
Cllr FS Hlungwane –Ward 04

Social & Community Services Member

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services

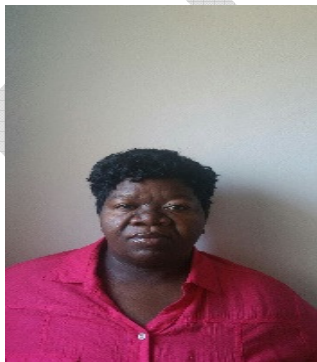
Chapter 2



PR Councillor
Cllr D Senosha

Social & Community Services Sub-Committee and Local Labour Forum Member

Members of the Social and Community Services Sub-Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services while the Local Labour Forum (LLF) is a Structure designed to strengthen the relationship between the Organised Labour and Management. Members of the LLF has the responsibility of negotiating and consulting on matters of mutual concern pertaining to the municipality and which do not form the subject matter of negotiations at the South African Local Government Bargaining Council (SALGBC). The Forum also addresses matters referred to the Forum by the SALGBC, employees and also by the Municipal Management. Furthermore, the members of the LLF also negotiate on the implementation of Minimum Service Level Agreements and other matters as may be relevant.



PR Councillor
Cllr GT Maletle

Budget & Treasury/Governance and Transformation Sub-Committee Chairperson.

The Chairperson of the Budget & Treasury and Transformation Su-Committee also presides and provide political leadership to the meetings of the Sub- Committee. Councillors in this Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD, Legal Services, Occupational Health and Safety matters. The Sub-Committee also plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.

Chapter 2



Ward Councillor
Cllr LR Mpete – Ward 03

Budget & Treasury/Governance and Transformation Sub-Committee member.

Councillors in the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.

Budget & Treasury/Governance and Transformation Sub-Committee member.

Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.

Ward Councillor
Cllr H Ledwaba – Ward 5



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