



2009 – 2010 Mangaung Local Municipality Annual Report

Planning | Performance | Progress

• **The Editorial Team**

Managing Editor

• **Compilation and Editorial Support**

• **Published by**

Mangaung Local Municipality

P.O. Box 3704

Bloemfontein

9300

South Africa

Tel. +27 (51) 405 8212

Fax. +27 (51) 405 8141

e-mail teboho.maine@mangaung.co.za

website: <http://www.mangaung.co.za>

FOREWORD BY THE EXECUTIVE MAYOR

This report year has been both an exciting and challenging one. Regarding the latter, this report year has witnessed one of the most severe global economic crises never seen in three decades. The global economic crunch saw many major world financial institutions and multinational, especially automobile companies facing near-collapse prompting huge bailout packages with public money. Thanks largely to our alert financial regulatory framework; our economy was spared this type of haemorrhage. On the positive side, this report year saw South Africa host one of the biggest sporting events in the world, the 2010 FIFA World Cup. Our municipality, Mangaung was a proud host of four matches of high quality attracting record attendance of fans and supporters from both our province, the country at large, including international visitors. This magnanimous event served to market our City, Municipality and Province to potential investors, as well as potential tourists in a way surpassing any imagination. It further, served as a major catalyst for development in our Municipality firstly by, ensuring job creation through infrastructural projects (in the midst of the worst economic crisis at global which led to jobless bloodbaths across the developed economies). Secondly, the event boosted infrastructure development in our Municipality. Last but not least, the event injected the much-needed revenue. While the extent of revenue created through the event is yet to be determined, we remain optimistic. I shall refer to this august event and its legacy further below.

Good Governance

This report year witnessed an impressive improvement in the governance of our Municipality. This has been largely due to relative stability at the top leadership of both the Council and the Executive arms of our governance structure. While we have received a disclaimer and not yet reached our stated objective of receiving an unqualified Auditor-General's report, we have laid a solid foundation to realise this ideal. In the first instance, we have managed to stabilize administrative and Council arms of our governance. Secondly, we have begun a vigorous process of filling key positions – especially those relating to internal auditing, risk management and performance monitoring and evaluation – with suitably qualified personnel. These plans are deemed as mechanisms to oversee good corporate governance practices. Lastly, we have embarked on a large-scale support and development programme for councillors, and support for Ward Committees, including the fostering of good relations with other spheres of governance. We dare not and will not relent in our quest for good corporate governance at our Municipality.

Public Participation

As a Council, we do not take the participation of our communities in the affairs that affect their lives and livelihoods for granted, nor do we pay mere lip service to the ideal. To realise this goal we went all out to engage communities of MLM in a genuine effort to solicit their views on developmental issues and the solutions they propose. We involved our communities in the IDP and Budgeting processes and engaged them in

community-based ward-based planning. We also facilitated community participation in the delimitations of new ward boundaries as well as in the formulation of the naming of streets policy of Council.

Public Information and Communication

We further believe that for optimum public participation to be realised, the community should be properly informed about their rights, responsibilities and obligations. To this effect, we facilitated workshops on the role and responsibilities of and the relationship between councillors, ward committees and community development workers. This process of thorough community engagement enabled the Council leadership to intervene effectively to quell community protest actions for service delivery thereby ensuring stability in the Mangaung Local Municipality.

Clean and Healthy Environment

Building on our previous years' successes of weekly kerbsides household collections and cleaning of the CBD as well as the installation of receptacles at bus stops, we continue to strive for a cleaner and healthy environment for our communities. In this report year, we meaningfully engaged communities in the clean-up operations in our cities. We established Community Waste Service Programme to drive cleanliness across the Mangaung Local Municipality. The initiative involved communities, SMMEs as well as local schools. Of significant importance, the campaign served to instil a sense of pride in the Council, the Municipality and neighbourhoods among residents of Mangaung Local Municipality. As a result communities

are undertaking their own initiatives in some respect to keep the Municipality clean. Furthermore, the campaign included the upgrade of landfill sites in Botshabelo and Mangaung.

Service Delivery

Serving our people is our natural call. In order to fast-track the provision of services to our communities, we registered three townships in this report year. Twenty PDIs were allocated pieces of land for social and economic purposes. More than 600 applications for housing subsidy and 695 applications for upgrading dilapidated houses were processed. We are proud to announce that we met our goal of providing water and sanitation services to our people while all 29 000 registered indigents are receiving free 6kl of water and 50kw of electricity per month as pledged in our Service Delivery and Budget Implementation Plan. We will intensify this campaign in the next reporting year in order to alleviate the situation of our poor people.

Economic Growth

We pride ourselves in the fact that we met our target of creating 5 000 jobs in this reporting year. A total of 5 105 jobs were created. We also established 257 new SMMEs – exceeding our target of providing 200 new SMMEs in this reporting year. Furthermore, 200 PDI SMMEs were linked with financial institutions as pledged in the Service Delivery and Budget Implementation Plan.

2010 FIFA World Cup

As pointed out in the opening paragraphs, the Mangaung Local Municipality was one of the host cities for the 2010 FIFA World Cup. We hosted the event from the 14th to the 27th June 2010. The event has been highly successful and received accolades in, firstly, completing infrastructure projects such as the upgrade of the stadium, widening of the Nelson Mandela Drive and Parfitt Avenue as the Bloemfontein Airport Bridge on time, secondly, for hosting an incidents-free event, thirdly for an aggressive branding campaign for the event and lastly, and related to the above, the Fan Fest at the Mangaung Outdoor Sport Centre was voted the best Fan Fest by Radio 702. Most importantly, the event has been a catalyst for development and economic growth in our Municipality, and we hope in our Province as well. We look forward to welcoming the football fans and supporters on their return with their families to holiday in our friendly and hospitable Municipality; Mangaung.

Executive Mayor

Clr. FK Morule

INTRODUCTION BY THE CITY MANAGER

This is indeed an exciting year to present the Annual Report for the Mangaung Local Municipality for the financial year 2009/2010. We are still basking in the limelight of the ever-successful World Cup tournament in the history of FIFA as reflected by the flawless logistical arrangements and preparations. The first ever FIFA World Cup to be held on the African soil has scored the highest revenue for FIFA in the entire history of the football tournament. We pride ourselves as the Municipality for having been part of this historic event and for contributing directly to its success. Our Municipality and the rest of the country have been heaped with praises across the political spectrum in our country and by many football nations across the globe leaving our detractors and doomsayers with eggs on their faces. At the local level, the 2010 FIFA World Cup has left an indelible legacy of social cohesion, jobs creation through economic growth and a world-class infrastructure in Mangaung.

Regarding good governance, our Council and administration are in better shape and are collectively responding to the pressing challenge of providing effective and efficient services to the inhabitants of our Municipality. The Council has been more visible in the community interacting with our key stakeholders at various forums and utilising a variety of mediums. This alone, has engendered a sense of pride amongst our citizenry in the Council and its administration. Central theme has been improved relations between the council, and its administration and the communities through meaningful and genuine engagement.

We are steadily realizing the noble goals of economic growth and job-creation. We managed to achieve our goal of creating job 5000 job opportunities. We not only facilitated the establishment of more than 200 new SMMEs, we also linked them with financial institutions to help them access funding for start-up capital. Furthermore, we facilitated entrepreneurship training sessions for these new entrepreneurs. Moreover, we are making steady improvement in attracting investors in our Municipality in line with our Vision as articulated in the IDP of ensuring that Mangaung is recognised nationally and internationally as a safe and attractive place to live, work and invest. In this report year we attracted investment from two major investors, with massive revenue injection to our fiscus and the economy of the Municipality.

We are also advancing towards financial sustainability through improved revenue collection and investment attraction. Through our concerted campaign to identify and register all indigent households we are able to identify and target households which can afford to pay for Municipal services. This campaign has resulted in improved collection of revenue through service charges. We have also tightened our screws in terms of fiscal discipline and sound financial management systems. This strategy is born us fruits as exemplified by improved financial accountability. We are a step closer to improving our not so good record with regard to the Auditor-General's reports.

The morale of the heart-beat of our organisation, our staff, is at all-times high due to sound human resources strategy that has been put in place. This has led to improved delivery of services to our communities as

reflected in the recent client satisfaction survey which indicates that the majority of the populace is happy with the quality of most of our services and particularly our turn-around time in responding to emergency calls and general queries. These and many other achievements outlined in the Annual Report, bears testimony to the fact that, indeed, Mangaung is a city on the move as our motto attests.

Sandile Msibi
City Manager

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List of acronyms

AIDS	Acquired Immune Deficiency Syndrome
CBD	Central Business District
CBP	Community-Based Planning
CCTV	Close Circuit Television
CCMA	Commission for Conciliation Mediation and Arbitration
CDW	Community Development Worker
CFO	Chief Financial Officer
COO	Chief Operating Office
ED	Executive Director
FIFA	Federation Internationale de Football Association
GRAP	Generally Recognised Accounting Procedures
GAMAP	
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRM	Human Resources Management
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Planning
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
Km	Kilo Metre
Kl	Kilo Litre
LOC	Local Organising Committee
MERSTA	
MFMA	Municipal Financial Management Act
PDI	Previously Disadvantaged Individuals
PTIS	
PTZ	
SALA	
SALGBC	South African Local Government Bargaining Council
SAMWU	South African Municipal Workers Union
SANS	
SDBIP	Service Delivery and Budget Implementation Plan
SEDA	Small Enterprise Development Agency
SMME	Small, Micro and Macro Enterprises

USAR

UIF

Unemployment Insurance Fund

CHAPTER 1: INTRODUCTION AND OVERVIEW

CHAPTER 2: COUNCIL PERFORMANCE HIGHLIGHTS

Municipalities in South Africa are governed by Municipal Councils. Mangaung Council is therefore the governing body of the Mangaung Local Municipality (MLM) and the custodian of its powers, duties and functions, both legislative and administrative. The Constitution of the RSA, read in conjunction with Municipal Structures and Municipal Systems Acts (both as amended) stipulates that the purpose of the municipality includes but is not limited to:

- Providing good governance for its community in terms of representation of the public interests including consideration of people well-being and the interests of the municipality
- Developing and evaluating policies and programmes of the municipality
- Ensuring that administrative policies, systems and procedures are in place to implement the decisions of the Council
- Providing services, facilities, and other services that the municipality considers necessary or desirable for all members of its community
- Ensuring accountability and transparency of the operations of the municipality, including the activities of senior management of the municipality
- Fostering the current and future economic, social and environmental well being of its community

The Mangaung Council collectively develops policies through the adoption of by-laws and passing of resolutions. It is important to note that individual members of Council cannot make a decision on behalf of Council neither could they acting as individual members, give orders and direction to staff. To do either, they must give a collective direction as a group at a properly convened Council meeting.

Key milestones of Council

The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) reads as follows:

A Municipal Council

- (a) Makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality
- (b) Must elect its chairperson

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- (c) May elect an executive committee and other committees, subject to national legislation
 - (d) May employ personnel that are necessary for the effective performance of its functions

The Council therefore performs a legislative and executive role. The local government legislation defines and allows the following legislative role for Council:

- Development of Integrated Development Planning (IDP)
- Policy
- Approval of By-laws
- Formulation and approval of the Budget
- Setting tariffs for rates and charges
- Approve the implementation of community-based planning (CBP) to afford communities an opportunity to influence the IDP and resources allocation
- Successful hosting of the IDP/Budget Representative Forum to afford stakeholders an opportunity to make inputs into the final IDP and Budget.

Office of the Speaker of Council

The Speaker of Council is the elected chairperson of the Council in terms of Section 160 (1) (b) of the Constitution and Section 36 of the Municipal Systems Act (MSA). The main duties and responsibilities of Council are the following:

- Presiding at meetings of Council and ensuring that Council meets at least quarterly
- Receiving a report of the accounting officer of the municipal entity regarding any interference by a Councillor outside that Councillor's assigned duties, in the financial affairs of the municipal entity; or the responsibilities of the board of directors of the municipal entity
- Determining the reasonable time period to be allowed during a Council meeting at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken for the discussion of any written submissions received from the local community or organs of state on the annual report and for members of the local community or any organs of state to address the Council

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- Receiving information from the Auditor-General regarding the failure to submit annual financial statements
 - Submitting information received from the Auditor-General regarding the failure to submit annual financial statements to the Council
 - Must liaise closely with the Office of the City Manager and the responsible unit, namely, Committee Services, for the agenda and minutes of each meeting, in consultation with the Executive Mayor as and when necessary
 - Must co-ordinate the arrangements inter alia regarding venues, dates and the circulation of agendas and minutes of all the meetings of the Council and Council committees
 - Must liaise with Councillors, as well as members of the public and media who attend Council meetings, regarding proper conduct during such meetings to ensure compliance with Council's rules and orders
 - Responsible for ward committees, community development workers (CDWs) and matters of public participation in general;
 - Holding both the executive and administration accountable for the performance of their functions
 - Determination of Council agenda including dates for the meetings
 - Exercise and implementation of those powers and duties assigned to the Speaker during meetings
 - Implementation of community-based planning (CBP)
 - Capacity building and personal development of Councillors, and
 - Facilitate interface with other stakeholders and organisations including provincial and national departments on matters of community development

Key milestones for 2008/2009

- During the year under review, the Office of the Speaker successfully conducted Ward Committee elections and thereafter an induction workshop was conducted
- Facilitated the processes of public participation during the development and review of several MLM policies
- Facilitation and implementation of community involvement in planning processes including IDP and budget
- Conducted a workshop on roles and responsibilities and the relationship between Councillors, ward committees and Community Development Workers (CDW)
- Implementation of CBP

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- Provision of ongoing support and development programmes to Councillors, including monitoring
 - Ensuring that ward committees are functional and receive support
 - Fostering of good working relations between Councillors, ward committees and CDWs
 - Participated in the activities and initiatives of the District and Provincial Speakers' Forums
 - Promoting good working relations between Councillors and administration
 - Commenced the process of street naming
 - Intervened and assisted to quell a number of community protest actions on service delivery for stability in Mangaung
 - Hosted a workshop on eradication of informal settlements
 - Commenced the process of payment of out-of-pocket expenses to the amount of R1 000 per ward committee member
 - Facilitated the process of community inputs on delimitation of new municipal ward boundaries
 - Initiated the discussions on the separation of powers between the executive and legislature in the Municipality
 - Fostering good relations with other spheres of government and supporting activities initiated by them

Community Priorities

The Municipal Systems Act (as amended) has prompted changes in the way in which Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what Council does and the way in which it does these things.

This legislation requires the Mangaung Council to undertake an exercise, at least once in every five years, to identify community development priorities. These development priorities are determined by the community, rather than by Council. However, they do provide Council with clear direction in planning by forming the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2004, the Mangaung Local Council has been consulting with members of the community, local business community and community organisation to discover the aspirations of the people of Mangaung.

The development priorities for the second term of Council (2005-2009) were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats. The outcomes are as outlined below.

Table 2.1 Mangaung desired outcomes

Preferred outcome	We know we are succeeding when
Personal income and jobs	Mangaung has strong, healthy economy. The standard of living has improved. Economic development prioritises future wellbeing.
Security	Prevalence of crime has been reduced. People are safe at all the time in Mangaung and everybody is able to participate in the economy of the municipality, particularly those who are most vulnerable.
Housing	The people of Mangaung own their houses serviced with acceptable infrastructural services.
Improved education	Everybody receives a good basic education and there is broad range of learning opportunities in Mangaung. Mangaung people are skilled people.
Improved infrastructural services	The people of Mangaung have access to well-maintained, affordable level of infrastructure.
HIV/AIDS and health	We have access to affordable health services that meet our needs. The level of HIV/AIDS infection and affection has been reduced. The Municipal environment supports the health of the community.
Clean environment	Mangaung is attractive and well maintained. Everybody takes responsibility for their impact on the environment. We manage the Municipality to minimize damage to the environment.
Recreational facilities	People have access to improved and maintained recreational facilities. More people participate in recreational facilities.

Economic Development and Growth

Strategic Priority Area: Stimulate integrated and sustainable economic development

The Focus

- Enable economic growth and development for improved and new job opportunities
 - Creating the right conditions for sustained support and growth
-

Targets for 2009/2010

- Create 5 000 new formal and informal sector jobs
- Realize R1.1 billion increase in rand value in local services rendered and products purchased
- Established 200 new small, micro and macro enterprises (SMMEs)
- 200 previously disadvantaged individuals (PDI) SMMEs are assisted with financing by local financial institutions
- Through the municipality's informal economy policy, implement three projects
- Facilitate four business plans aimed at having livelihoods supplemented through labour-based construction, community based services/projects
- In order to attract tourist and investment in the municipality we will hold five exhibitions and place eight adverts in the local media
- Produce and distribute 3 000 visitors' guides and 5 000 tourists' maps
- Service 10 000 visitor and tourists through information services
- Enter and conclude three partnership agreements to support the municipality's programmes
- Attract four investors and facilitate one development
- Register three townships through Deeds Office
- 20 PDIs are allocated land for social and economic purposes
- Implement development projects at two nodes along N8 corridor

-
- Implement three projects emanating from CBD Masterplan and conduct at least three active engagements with stakeholders in the CBD for project implementation processes
 - Finalise 80% of land use applications within the prescribed time frames
 - Process 80% of traffic impact studies received within the prescribed time frames
 - 80% of persons displaying signs or advertisements comply with the outdoor advertising by-laws
 - Complete, capture and submit 2 400 subsidy applications to the province for building new individual houses
 - Complete, capture and submit 300 subsidy applications for the upgrading and/or re-building of dilapidated house to province
 - Complete, capture and submit 1 000 identified and/or affected properties declaration to the province for the upgrading of land tenure
 - Complete, capture and submit 176 subsidy applications for the building of new high density house to the province
-

Highlights for 2009/2010

Sustaining a high-performance economy and exploring new ways to diversify our business community requires solid planning and collaboration. To achieve our immediate and long-term goals, we work closely with many partners to nurture our diverse business community, which includes small- and medium-sized firms. We also foster an environment that encourages new and established businesses to grow and expand.

The following are some highlights of how the Mangaung Local Municipality managed to deliver on its economic and development priority area.

As in the case of all municipalities across the country, Mangaung Local Municipality was faced with and affected by the challenges posed by the global economic crisis of 2008-09. Despite this economic downturn, the Municipality managed to create 5 103 formal and informal sector job opportunities. Furthermore, 257 new SMMEs were established while 200 PDI SMMEs are assisted with financing by local financial institutions that include banks, SEDA, IDC, etc. The Municipality also facilitated four business plans aimed at improving the livelihoods of the

SMMEs and supplemented them through labour-based construction, community based services and projects.

The implementation of the informal economy policy yielded eight tangible and sustainable projects and as part of boosting the municipal economy two investors were attracted to the municipality and more than R302 million in local services rendered and products were procured within the municipality.

As it relates to tourism attraction, a number of initiatives that included distribution of tourist guides, exhibitions and advertisements were undertaken and almost 26 726 tourists were serviced through the Information Centre.

The Municipality managed to register three townships and as a result allocated pieces of land to 20 PDIs for social and economic purposes. 97% of land use applications were finalized within the prescribed timeframe. Additionally 6 424 housing subsidy applications were completed in respect of the land identified for the construction of low-cost housing with further 2 066 applications for the identified land tenure upgrading in Bloemfontein as whole handled and 695 applications for upgrading of dilapidated houses in Batho Location were processed. To achieve the objective of densification in the municipality, 284 applications for Hostel 1 (White City) were processed.

In terms of out-door advertising, 80% of person displaying their adverts complied with the municipal out-door advertising by-laws and R595 522 in revenue was generated from out-door advertising.

Infrastructure Development and Service Delivery

Strategic Priority Area: Service delivery excellence within and around Mangaung Local Municipality

The Focus

- Eradicating service backlog by maintaining the existing and extending access to infrastructure services
 - Continuing to provide responsive and quality services
 - Ensuring the conservation and prevention of losses of infrastructural resources
-

Targets for 2009/2010

- There is access to functioning basic water supply to 92.27% of formal erven
- 85.24% of households that have access on their stand to at least a functioning basic sanitation
- 74.41% of households with access to waterborne sanitation
- 90.8% of streets (km) which are gravelled or tarred to provide access to erven and properties
- All households with access to basic levels of electricity
- 95% of households in formal erven with access to a weekly door-to-door refuse collection service
- 15 litter hotspots serviced
- Upgrading of landfill sites in Mangaung Areas
- Botshabelo Landfill Sites Upgrading and Rehabilitation
- Closure of Thaba Nchu Landfill Sites
- 18.8% households with access to ventilated pit latrine (VIP)
- All indigent households, who receive free basic water
- 8.54% of sewer disruptions or failures per 1 000 erven per month
- 6.80% of water disruptions or failures per 1 000 erven per month
- 100% of roads and stormwater disruptions or failures per month
- 70% availability of critical fleet
- 80% plant and equipment availability
- 100% development of quality management system from the division
- 100% compliance at MLM premises

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- 95% development of the lockout system
 - 80% vehicles of MLM connected to a tracking system
 - Development of fleet management system policy
 - 70% revenue recovery
 - Acquisition of accreditation certificate
-

Highlights for 2009/2010

The Municipality is progressively working to improve the level and delivery of infrastructural services and provide relevant and cost-effective services to residents and businesses. Citizens value the services the Municipality provides, and they want to continue seeing these services delivered in a responsible and efficient manner. The Municipality has adopted a culture of continuous improvement and performance measurement initiatives.

Council is committed to achieving excellence in service delivery. The delivery of the basic service remains the Municipality's most important and noticeable responsibility. As a result the Municipality continues to integrate and coordinate activities across directorates to ensure that communities receive quality services. MLM is committed to working with other levels of government to make it easier for residents and stakeholders to access effective and relevant municipal services.

During the year under review Council's key services delivery achievements in the provision and maintenance of infrastructural services included the provision of access to a functioning basic water supply to 93.69% of households in formal erven which represents 157 356 of the total households serviced. While access to sanitation was provided to 142 760 households signifying 85% achievement against 85.24% of the target set. The municipality also provided and maintained waterborne sewerage system to 75.18% of the residents which represents 126 268 households and 18.8% of households had minimum VIP sanitation access.

All registered and deserving indigent households totalling to 29 000 by the end of 2009/2010 financial year received free basic services in the form of 6kl of water and 50 kw of electricity in line with the municipal indigent policy.

A total of 2 278.6 km of streets and roads were re-gravelled, resealed and tarred to provide access to erven and properties during this financial year. This means that the target set according to the scorecard

has been achieved and the percentage of access and main roads re-gravelled, resealed and tarred has been attained by 90.8%.

During the year under review, the municipality installed a total number of 2 156 subsidised electricity connections in informal settlements achieving 100% of the target set for the financial year.

The Municipality's electricity reinforcement for the 2010 FIFA World Cup™ was on track and met to ensure that the electricity supply requirements are uninterrupted during the international soccer event.

The Municipality administers a waste collection service that includes weekly to door to door domestic waste collection and trade waste collection that is done according to requests. Public cleaning that includes litter-picking and to some extent street sweeping and ad hoc services related to illegal dumping is also done. To ensure that waste is disposed of in an environmentally sustainably manner waste collected is transported to three municipal owned permitted landfill sites. The Municipality also ensures that business premises have appropriate collection vehicle access and storage facilities. About 420 000 tons of waste was disposed of at the three landfill sites during the report period. As part of ensuring a clean city a total of 15 litter hotspots mainly in and around the CBD were attended to, as well as conducting cleaning awareness campaigns across the municipal area. These concerted efforts by the Municipality ensured that 95% of households in formal erven now have access to a weekly door-to-door refuse collection service.

As part of the refuse collection service of the Municipality, a Community Waste Services Programme has been adopted to utilise a total of eleven SMMEs in the weekly door-to-door waste collection and public cleansing services. The total budget spent on this job-creating initiative amounted to 6.4% of the total operational expenditure. The Municipality's intention to comply with waste management principles and promoting sustainability allows it to conduct awareness and education on how to manage waste holistically and according to the waste management hierarchy. About 85 education and awareness sessions on waste management were conducted to this effect. As part of the education and awareness initiative in schools the municipality introduced a cleanest school competition programme. A total of 27 schools within the entire Mangaung benefited from 254 refuse receptacles for different recyclable waste that were given out to all the competing schools. Forty-four clean-up campaigns were also conducted to augment the education and awareness programme.

In terms of the conserving and preventing of losses on infrastructural resources, the Municipality managed to attend 8.70% against 8.54% of sewer disruption or failures per 1000 erven per month, 6.58% versus the target of 6.80% of water disruptions or failures per 1 000 erven per month while all roads and stormwater disruptions or failures per month were handled during the financial year.

Other performance highlights includes:

- 20% progress was made towards upgrading of landfill sites in Mangaung areas through installation of weighbridge , upgrading access roads, and installation of a stormwater and leachate management system and renovation of offices at the Southern landfill site
- No significant progress made to Botshabelo landfill sites upgrading and rehabilitation in terms of the development of stormwater and leachate management system
- No significant progress made on the closure of Thaba Nchu landfill sites
- 66.25% of critical fleet was available for service delivery activities
- 70% of plant and equipment was made available
- Development of quality management system policy was at 60%
- 85% of MLM premises were identified to be compliant
- The development of lockout system was concluded
- 70% of municipal fleet were installed with tracking system
- Development of fleet management system policy
- 70% revenue was recovered
- The Municipality acquired accreditation of LGSETA MERSETA certificate

Mangaung 2010 Soccer World Cup

Mangaung Local Municipality was one of the host cities for the 2010 FIFA World Cup™ and it hosted a successful international event from the 14th until the 27th of June 2010.

Mangaung was commended for the turnaround in the completion of key infrastructure projects such as the widening of Nelson Mandela Drive and Parfitt Avenue, the timeous completion of the Bloemfontein Airport Bridge.

Furthermore compliments were also received regarding the branding which was rolled out to create 2010 FIFA World Cup™ look and feel within the municipality area and in the city.

All the transport arrangements worked to precision. The Municipality maximised the involvement of the taxi industry as part of the shuttle service.

The Fan Fest at the Mangaung Outdoor Sport Centre was voted the best Fan Fest by Radio 702 due to the diverse entertainment package which it offered.

The 2010 FIFA World Cup™ event was considered a great success and provided a perfect platform to once again put Mangaung on the international map as one of the most exciting sporting arena.

In terms of the progress achieved the Municipality bestowed significant progress in finalising all its operational plans to ensure its successful hosting of the 2010 event. The 2010 FIFA World Cup™ highlights include the following:

- Successful completion of the Free State stadium, maintenance and rehabilitation of the pitch, as well as the stadium pitch in Seisa Ramabodu and Botshabelo
- Submitted Mangaung compliance reports to LOC on 1 March 2010
- Projects related to PTIS which include Bloemspruit pedestrian route and bridge, Wilcocks road and public transport plan were completed
- Volunteer programme exceeded expectations of the host city volunteers
- Great support from Provincial government, SAPS and other local stakeholders
- Well run Fan Fest with great entertainment catering for a variety of groups within community (e.g. Kids, Youth, Adult, Poetry, Comedy, etc)
- A total of 124 604 people visited the Mangaung Fan Fest between 10 June 2010 and 11 July 2010
- Recorded the highest attendance of 22 563 people during the Bafana against France on 22 June 2010
- A daycare facility accommodated a daily average of 500 children; a unique feature which also assisted in getting the Fan Fest voted the best

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- “5-a-side” programme for the under-17 involving 350 kids from 32 teams competed over four weekends. Two kids were selected to form part of the Celtics youth development programme as a result of the Fan Fest “5-a-side” programme
 - Establishment of Public Viewing Areas in Botshabelo and Thaba Nchu
 - Great atmosphere at the stadium and within the city in general

Addressing Infrastructural Backlog

Mangaung Local Municipality has experienced tremendous increase in urbanisation over the past five years which has placed pressure on its budgets that have not grown as fast as this urbanisation and/or its resident population. Many of the migrants come to the municipality for political asylum and socio-economic opportunities and become surplus to the municipality. Although the future growth of the municipality depends on these migrants, in the short term their arrival stretches municipal resources.

This rapid population growth, coupled with increased demand for development, has resulted in the increased pressure on municipal council to cater services for communities and residents efficiently.

Mangaung Local Municipality is continuously working to improve elimination of infrastructural backlogs in its area of jurisdiction, and mainly with a focus in informal settlements to an acceptable level. Communities and residents recognise the changing infrastructural landscape and the implementation patterns that emerge in addressing the service delivery backlogs.

To ensure that minimum services are provided and the backlog is addressed, the Municipality ensured that service delivery infrastructure is in place and maintained depending on the level and standard of service the municipality has decided to provide to each ward or section of the community based on the IDP 2009/2010. The table below exemplifies in detail the functional areas in addressing the backlog during the year under review through new infrastructure or renewal of existing infrastructure.

Table 2.2 Municipal Service Delivery Backlogs

	30 June 2008			30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Water Backlog (6 kl per month)									
Backlogs to be eliminated (No. households not receiving minimum standard of service) 167 954	12 396	736	736	11 873	523	523	11 620	253	253
Backlogs to be eliminated (% households identified as backlogs / total household in municipality)	7.38%	0.44%	0.44%	7.07%	0.31%	0.31%	0.692	0.15%	0.15%
Spending on new infrastructure to eliminate backlogs (R'000)	46.485	19.442	19.442	49.035	22.792	22.792	52.813	28.101	28.101
Spending on renewal of existing infrastructure to eliminate backlog (R '000)	173.969	10.091	10.091	183.853	0.00	0.00	222.726	9.1147	9.147
Total spending to eliminate backlogs (R '000)	220.454	29.533	29.533	232.888	22.792	22.792	275.539	37.248	37.248
Spending on infrastructure to ensure no new backlogs created (R'000)	1.859	0	0	1.641	0	0	2.113	0	0
Sanitation Backlogs									
Backlogs to be eliminated (No. households not receiving minimum standard of service)	30 991	30 89	30 89	20 208	10 783	10 783	18 955	1 253	1253
Backlogs to be eliminated (% households identified as backlogs / total household)	18.45%	1.84%	1.84%	12.03%	6.42%	6.42%	11.29%	0.75%	0.75%
Spending on new infrastructure to eliminate backlogs (R'000)	395.755	106.609	106.609	283.922	45.781	45.781	292.855	137.806	137.806
Spending on renewal of existing infrastructure to eliminate backlog (R '000)	84.368	7.610	7.610	80.308	1.577	1.577	103.531	0.00	0.00
Total spending to eliminate backlogs (R '000)	480.123	114.219	114.219	364.230	47.358	47.358	396.386	137.806	137.806
Spending on infrastructure to ensure no new backlogs created (R'000)	15.830	0	0	11.357	0	0	11.714	0	0
Refuse Removal Backlogs									
Backlogs to be eliminated (No. households not receiving minimum standard of service)	-	-	-	-	-	-	39 700	-	-
Backlogs to be eliminated (% households identified as backlogs / total household in municipality)	-	-	-	-	-	-	24%	-	-
Spending on new infrastructure to eliminate backlogs (R'000)	R3 640 000	R1 820 000	R2 800 000	R3 320 000	0	0	R4 900 000	0	R13 978 224
Spending on renewal of existing infrastructure to eliminate backlog (R '000)	-	R7 356 420	R8 387 041	-	R8 660 590	R9 879590		R9 526 650	R9 842 150
Total spending to eliminate backlogs (R '000)	-	R9 176 420	R1 1187 041	-	R8 660 590	R9 879 590		R9 526 650	R23 820 374
Spending on infrastructure to ensure no new backlogs created (R'000)	-	-	-	-	-	-	-	-	-

	30 June 2008			30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Electricity Backlog (50 kw per month)									
Backlogs to be eliminated (No. households not receiving minimum standard of service)	5 384	1 445	1 445	4 000	2 675	2 675	5 811	3 663	3 663
Backlogs to be eliminated (% households identified as backlogs / total household in municipality)	82.5%	26.8%	26.8%	33.2%	66.8%	66.8%	36.96%	63.04%	63.04%
Spending on new infrastructure to eliminate backlogs (R'000)	R20.4 mil	R10.8 mil	R10.8 mil	R22 mil	R14.3 mil	R14.3 mil	R31.97 mil	R20.5 mil	R20.5 mil
Spending on renewal of existing infrastructure to eliminate backlog (R '000)	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs (R '000)	R20.4 mil	R10.8 mil	R10.8 mil	R22 mil	R14.3 mil	R14.3 mil	R31.97 mil	R20.5 mil	R20.5 mil
Spending on infrastructure to ensure no new backlogs created (R'000)	R14.9 mil	0	0	R7.28 mil	0	0	R11.8 mil	0	0
Road Backlogs									
Backlogs to be eliminated (No. households not receiving minimum standard of service)	1530.9	20	20	1510,9	20	20	1490,9	19,6	19,6
Backlogs to be eliminated (% households identified as backlogs / total household in municipality)	60.7%	.8%	.8%	59,9%	.8%	.8%	59,1%	.8%	.8%
Spending on new infrastructure to eliminate backlogs (R'000)	R3,9 billion	72 466 340	72 466 340	R4,5 billion	68 891 540	68 891 540	R7,5 billion	78 727 224	31 240 537
Spending on renewal of existing infrastructure to eliminate backlog (R '000)	R6,5 million	R6,5 million	R6,5 million	R14 million	R14 million	R14 million	R22.9 million	R22.9 million	R22.9 million
Total spending to eliminate backlogs (R '000)	R3,907 billion	78966340	64565109	R4,5014 billion	82891540	82891540	R7,5 billion	78727224	31240537
Spending on infrastructure to ensure no new backlogs created (R'000)	R210 million	78640390	49701955	R240 million	87335055	69893283	R300 million	99589460	39642260

Community and Social Development

Strategic Priority Area: Service delivery excellence within and around Mangaung Local Municipality

The Focus

- Continuing to provide responsive and quality services
 - Communities are self-reliant, proud and strong as the risks that face them have been identified and reduced and women, youth, aged and the disabled have been mainstreamed
 - Residents perceive municipal area as a safe and secure place to live in, visit and to do business
 - Reduce crime levels and eliminate crime hotspots
-

Targets for 2009/2010

- 10 workplaces contingency plans completed
- 25% of existing contingency plans revisited and exercised of identified high risk premises in the MLM
- 12 of rural disaster management committees established and met during the financial year
- 2 cluster committees established in Thaba Nchu and Botshabelo to deal with emergencies
- 130 volunteers recruited and trained
- 5 of sub-directorates with established internal disaster management committees
- Management of major public gatherings to ensure public safety
- 110 community members trained in first aid per year and on record
- 90% of fire and rescue calls handled in compliance to SANS 10090 i.e dispatch within 3 minutes
- 90% of customers satisfied with service rendered by control centre
- Reactive emergency response to equal or exceed SANS 10090 in respect of 70% of incidents attended
- 100% of high risk premises to be inspected
- 33% of moderate risk premises to be inspected
- 20% of low risk premises to be inspected
- Conducting 150 compliance certificate inspections in terms of Occupational Health and Safety Act
- 100% of building plans scrutinized for compliance to statutory fire safety measures

-
- 32 schools interacted with on fire safety and emergency preparedness
 - 300 health care facility staff members trained in fire safety and evacuation procedures
 - 6 public outreach events in creating public awareness on Fire Safety and Disaster Management
 - Fire safety training of the 300 members of the commercial community;
 - 65% of fire-fighters trained to fire-fighter 2 level
 - 50% of fire-fighters trained to rescue awareness level
 - 25% of fire-fighters trained to rescue operations level
 - 75% of fire and rescue staff trained to hazmat operations level
 - 20 fire and rescue staff trained to hazmat technician level
 - 20 fire and rescue staff trained in USAR- structural collapse and confined space rescue modules
 - 1 officer trained as hazmat task force incident commander
 - 2 training instructors trained as hazmat technician instructors
 - 80 fire brigade reservists recruited and trained to fire fighter 1 level
 - 80 food samples taken per month and in accordance with Foodstuffs, Cosmetics and Disinfectants Act 54 1972
 - 150 Drinking Water samples taken per month and 99% complying with SANS 241
 - 95% of communicable diseases reported and investigated within 48 hrs in order to identify possible sources
 - 99% environmental pollution complaints received and attended to within 24 hrs
 - All building plans scrutinized in accordance with SABS Building regulations with specific relevance to Health requirements
 - 95% noise related nuisances handled and resolved within the given time limit of 3 hrs
 - 85% applicable businesses in MLM that have a valid trading license
 - 90% food premises applying for certificate of acceptability inspected within 2 weeks
 - 40 schools reached with relevant education
 - 750 MLM employees reached
 - 15 farms reached
 - 99% unidentified bodies found in MLM area buried within 2 weeks of request received from Prov. Dept of Health
 - 12 buffer zone camps (controlled commonages and MLM open spaces-parks) inspected and monitored per annum
 - Review and implement business plan for the zoo Upgrade zoo to be compliant with legislation and standard required in keeping animals
 - 70% visitors satisfied with the conditions and services provided at zoo

-
- All game remain in a healthy condition and basal coverage of grasses maintained
 - All parks maintained at acceptable maintenance standards at the end of the financial year
 - One park to be developed
 - 1 000 greening trees planted in MLM
 - 5 city entrances upgraded and beautified
 - Eradication of alien vegetation species - bush encroachment removed on Naval Hill
 - Installation of CCTV Completion of phase 4 (installation of 39 PTZ cameras at the identified hot spots)
 - Reduce crime levels at the top ten hot spots Eliminate 4 crime hot spots (Thaba Nchu Taxi Rank, Botshabelo CBD, South Landfill, Bloemfontein CBD)
 - Reducing the number of traffic related crimes in Mangaung municipal area by increasing the number of notices issued to 135 820
 - 53 260 traffic cases successfully enforced to finality and payment received
 - Reduction of robbery related incidences by 3 178, burglary by 4 962, theft out of motor vehicles by 2 958 in Mangaung Municipal
 - 50 seminars held per annum
 - Reduce the impact of HIV/AIDS on the community by identifying and referring 15 child headed families and orphanages.

Highlights for 2009/2010

The Municipality strives to make continuous improvements in its fire safety and disaster management, paramedic and public health services to enhance health and safety for all residents and businesses. The Municipality is also equally committed to encouraging individuals of all ages to participate in the broad range of recreational activities and education programs the municipality offer that promote a healthy lifestyle.

The following are some highlights of how the Mangaung Local Municipality is delivering its community and social development to reduce the vulnerability to stresses and shock - whether from disaster, crime, HIV/AIDS, abuses such as rape or how to channel their ideas into action - in a way that residents are resilient and self-reliant.

During the year under review Emergency Management Services completed 7 municipal workplace contingency plans while 44% of the existing contingency plans were reviewed and 23 (21%) exercised.

As part of the overall disaster management plan, five sub-directorates established internal disaster management committees to monitor the execution of the plan and identify potential types of disasters that can affect their operations and livelihood of the communities. The basic overall responsibilities of the committees are to ensure that the respective sub-directorates will be adequately prepared to promptly respond during disasters.

During the review period 120 planning meetings were attended and a Joint Operations Centre was established to manage 68 events to ensure public safety.

Further 240 community members were trained in first aid and also to increase awareness of the need for fire and disaster preparedness. Six public outreach events were also held and 51 schools and 3 549 learners interacted with in creating public awareness on fire safety and disaster management.

During the period under review the Emergency Control Centre dealt with a total of 1 409 calls relating to the fire and rescue service. In 1 033 instances appropriate resources were dispatched within three minutes. This translates into almost 74%. Out of 192 callers polled to determine their satisfaction with the service rendered by the emergency control centre 184 (96%) callers expressed their satisfaction with the service rendered by the Centre.

In 2009/2010 131 high (55.95% of identified high risk premises), 467 moderate (44.75% of identified moderate risk premises) and 2 151 low risk premises (8.48% of identified low risk premises) were inspected and scrutinized for compliance to statutory fire safety measures. 174 compliance certificates were issued following inspections in terms of the Occupational Health and Safety Act.

In 2009/2010 the operational section of the fire and rescue division responded to 1 330 calls for assistance. In 83% of the responses the response standard set by SANS 10090 was achieved. The 1 330 responses translate into attending 977 incidents of fires, 237 of rescue, two hazardous materials and 114 special services.

In the year under review environmental health unit ensured that drinking water quality was kept well within the South African National Standards 241. The compliance rate of 99% of 1294 samples taken is well above the National norm of 97%. Further the all possible sources of communicable diseases reported were identified and investigated within 48 hours.

The unit also embarked on identifying and implementing health and education programme in delivering and advocating the services to 22 rural villages and reaching 40 schools focusing on hygiene education, health promotion and environmental protection for the health of the communities.

For the past financial year, the municipality maintained 82% of all parks at acceptable standards, upgraded and landscaped five city entrances and planting 2 850 new trees to make our municipality a healthier place to live and visit, improving air quality, and lowering energy consumption (and therefore carbon emissions). At the same, good conditions of recreational facilities will make Mangaung a safer, stronger municipality by providing beautiful spaces for children, communities and residents to meet.

Holistically, the municipality has played a limited role in security, but with the involvement and partnership with the Free State Department of Police, Roads and Transport and business community, a huge investment was made in CCTV technology and 82 PTZ cameras were installed at the identified hot spots within the municipality, to effectively contribute to the reduction of crime to a certain degree.

Crime and fear of crime affect many aspects of everyday life in the Mangaung Local Municipality. Without question, many reasons justify people's deep-felt concern about crime, particularly when crime is viewed as an event that occurs at a specific site in a specific situation. To address this, the municipality identified four crime prone hotspot areas to reduce criminal activity.

The law enforcement unit continued to make a valuable contribution to the safety at Thaba Nchu taxi rank, Botshabelo CBD, South Landfill, South Park Cemetery, Naval Hill, Hoffman Square, Bloemfontein CBD and MLM taxi ranks to users by reducing crime level and rate through search and seizure and as well as enforcement of compliance to municipal by-laws.

Financial Management and Viability

Strategic Priority Area: Improving and sustaining financial viability

The Focus

- Ensure that organisation's finances are managed in a sustainable manner and meet the needs of the community
 - Ensure full compliance and effective internal controls over municipal financial management and reporting
-

Targets for 2009/2010

- Realise 29.2% debt coverage
 - Achieve 25.8% outstanding service debtors to revenue
 - Cost coverage should be at 0.8%
 - 97.5% cash collection
 - 95% spent on the municipality's capital budget
 - All 40 000 registered indigent households to have access to free basic services in line with the indigent policy
 - 25.5% net debtors to annual income
 - External debt to revenue to be less than 5%
 - Creditor payment days within 30 days
 - Less than 15% capital charges to total expenditure
 - Improvement of credit rating to at least...? (Long term debt: at least investment grade; Short term debt: at least high grade)
 - Improve the municipal audit process to achieve unqualified audit opinion
 - Develop and adopt asset management policy in working towards 30% fully compliant asset register
-

Highlights for 2009/2010

The Finance Directorate is responsible for the general financial management of the municipality. Financial management is about planning income and expenditure, and making decisions that will enable the institution to survive financially. Financial management includes financial planning, management and budgeting, financial accounting and analysis, financial decision making and action. The finance directorate

also plays an oversight role as it has to make sure that each and every unit in the municipality complies with prudent fiscal management and adheres to MFMA. The main objective of the Finance Directorate is to ensure that Mangaung finances are managed in an economic, efficient and effective manner. Financial practices are aimed at ensuring financial sustainability of the municipality, which will enable the municipality to meet the needs of the community.

Actual financial performance achieved as compared to budget for revenue, operating expenditure and capital expenditure was 122%, 103% and 75.45% respectively for the 2009/10 financial year.

The achievement in respect of the measure of outstanding service debtors to revenue was 47.13% against a target of 25.8%. The decline in the performance ratio is in line with rising/increasing debtor's book, mainly as a result of uncollectable debts or inability of communities to pay for municipal services.

Cost coverage which is an indicator of the available cash and investments as against the required monthly fixed operating expenditure to keep the municipal machinery running achievement was a cover of 0.21 times , instead of a benchmark figure of 0.8 times. This outcome serves to confirm the liquidity challenges facing the municipality, as alluded to earlier/above.

Percentage of net debtors to annual income ratio measures the extent of the net debtors (total debtors less provision for doubtful debts/impairment) as a percentage of income of the municipality. The ideal percentage of the net debtors to annual income ratio should be 25.5%, however the outcome for 2009/10 is 15.80%. The outcome is indicative of the debt collection challenges facing the municipality, with about 70.9% of our debtor's book being doubtful or impaired.

Number of creditors days measures how many days does it take for the municipality to pay its creditors. The measured outcome for this year indicates that it takes the municipality on average 35.07 days to settle its debts, instead of the prescribe 30 days time limit. This trend continued to decline in the first quarter of the 2010/11 financial year.

Debt coverage is a measure of total operating revenue minus operating grants, as a percentage of debt service payments (external loans) due within the financial year. The cover for the year is 47090.8% against a benchmark of 29.2%. This is mainly as a result of the low external loan exposure of the municipality.

Percentage capital charges to total expenditure measures the proportion of capital costs charges in relation to the total operating expenditure of the municipality. The actual performance was 7.82% for the year, against a benchmark of 15%.

The collection rate of the municipality declined from a high rate of 104.74% on the final outcome of June 2009 to a low of 98.51% at the end of June 2010. In terms of monthly cash collection rate defined by billing for the previous month against cash received in the current month, the municipality achieved 70.23%. This is significantly short of the required 97.5% collection rate of fees and service charges. Despite the decline, the municipality must continue to aggressively collect monies owed to it and must therefore continuously work on finding creative ways to do that. Some of the highlights instituted to improve the municipality's cash collection include:

- FBS to all municipal households discontinued from January 2010 and only the approved indigent households qualify to access the free 6kl of water, 50kwh of electricity and in addition they are exempted from paying rates and sanitation fees. The rest of the citizen is expected to pay for their consumption
- Establishment of dedicated business units dealing with different categories of debtors has been established namely, business, government and residential units. The idea is to focus on each and every debtor type to ensure that the services are paid regularly and in time
- Introduction of a dedicated unit dealing with disconnections located in debt collection sub-directorate and every debtor who fails to pay the account in time is disconnected
- No business account is allowed to make repayment arrangements as was the case in the previous financial years. The policy has been changed to ensure that all businesses pay their account on time and failure to pay lead to immediate disconnection

During the year under review, the municipality exercised some degree of caution in spending pattern due to its financial situation and considering the economic meltdown. As a result the municipality's expenditure on capital budget was at 75.67% by the end of the financial year.

A process has been started to register indigent households in the municipality in terms of the approved policy on indigents. During the year under review the municipality was able to register 29 000 indigent households and is continuously improving its efforts to register all

qualifying indigent households. Once all indigents are registered, the municipality will be in a better position to focus and strengthen all the efforts for collection on people who can afford to pay for services rendered by the municipality. Among other measures, electricity and water supply cuts are used as a mechanism to change the behaviour of users of the municipality's services to pay for such services.

Over a 12 month period our investments decreased by R70.2 million from R96.8 million to R26.6 million as at the end of June 2010. This declining trend needs to be reversed during the 2010/11 financial year. This poses a serious threat to the municipality's liquidity and ability to pay accounts timeously. To curb or arrest this downward trend, the municipality, has amongst others, put the following measure in the 2010/11 financial year:

- Limited its capital budget programme mainly to external loans and grant projects. Funds from own resources being mainly provided as top-up capital required for counter funding
- Developed and adopted the Municipal Turnaround Strategy and the Financial Recovery Plan, as intervention measures to return the municipality to a sustainable and liquid institution
- Has budgeted for a surplus in its new budget in order to accumulate and maintain a certain amount of "own monetary reserves" net of any commitments, in the form of investments

In terms of financial reporting in compliance to MFMA, the Municipality continues to strive for full compliance in terms of submitting reports to National Treasury and to Council. The budget and annual financial statements were completed within the required timelines.

Like most municipalities compliance with ever changing accounting standards such as GRAP/GAMAP remains a challenge. Our main challenge is, in terms of expertise and financial resources, the compilation of a GRAP/GAMAP compliant fixed asset register. The municipality has gone in the market looking for service provider experts in this field to help with the implementation of such standards.

In terms of long term domestic credit rating performance, the municipality obtained BBB+ whilst the short term result was A3. The key factors which would affect Mangaung Local Municipality's credit rating negatively are the increasing debtors balance and decreasing cash and equivalents. In the other previous years the municipality received positive ratings in both long term and short term.

Governance and Transformation

Strategic Priority Area: Institutional excellence through re-engineering, effective leadership and long range development planning

The Focus

- Strategic leadership and management
 - Promote effective intergovernmental relations and mobilize other resources
 - Ensure responsive and accountable local governance
-

Targets for 2009/2010

- 90% implementation of the SDBIP
- IDP reviewed annually and aligned to all municipal planning processes
- SDBIPs streamlined and linked to performance management and plans
- Internal audit delivers reports to management and the audit committee
- Four meetings were held with the Audit Committee to discuss matters relating to MLM and its entities as per MFMA
- Two reports on the activities of Audit Committee submitted to Council on the activities of the Audit Committee
- Approved risk management policy
- Annual operational plan developed and implemented
- 8 departmental intranet pages redeveloped, launched and operational
- Integrated data warehouse plan for the municipality developed
- Internet migrated to a share point
- Time and attendance management system installed and operational
- 42 servers virtualized and implemented
- Development and implementation of disaster recovery and business continuity plans
- Developed and implemented printing strategy
- Desktop support strategy and implementation Case developed
- Access point name deployed and functional at 5 satellite offices, and on all 3-G data cards migrated
- Audit the general network and IT security of the municipality
- Install and operationalise access control system as part of coordination of the Mangaung 2010 City IT&T programme
- Acquire and maintain information technology equipment and the system and its availability at all times

-
- Internet and email support
 - Optimum information communication and technology service support
 - Trained and certified officials
-

Highlights for 2009/2010

The development of Service SDBIPs is a requirement under MFMA which gives effect to the municipality's IDP and annual budget and in Mangaung these are integral to the establishment of performance management system. The SDBIP facilitates accountability and transparency of the municipal administration and managers to the Council and Councillors to the community. It also fosters the management, implementation and monitoring of the budget, the performance of top management and the achievement of the strategic objectives as laid out in the 2009/2010 approved IDP.

The SDBIP indicates the consolidation of Mangaung's quarterly service delivery and financial performance targets that seek to improve performance and intervention catalyst to strengthening service delivery, and assigns responsibility for their implementation. The Municipality reviewed its quarterly performance achievements based on the approved SDBIP, and reported progress on performance against targets set to Council and ultimately publishes the yearly achievements in the annual report.

The overall performance target of the municipality during the year under review was to achieve 90% of the implementation of the programmes, projects and services (performance measures) identified in the SDBIP and as part of realizing municipal IDP and actualizing the budget. The municipality managed to achieve 61% of its performance measures in the SDBIP.

Information communication and technology is a central component of effective and efficient service delivery and benefit the municipality as a whole. The municipality was able to virtualise all 42 servers by utilizing the existing IT infrastructure during the year under review and disaster recovery and business continuity plans were developed.

Desktop strategy and printing strategy has been developed and implemented for benefit of increasing the efficiency in the delivery process of printed information.

With the introduction of the shared access point and the intranet/internet applications and its operationalisation in the municipality's five satellite offices and the migration of all 3-G data cards, the municipality has been successful in adding value to communication and dissemination of information.

With the training and certification of four officials, the municipality is able to acquire and maintain its ICT infrastructure in-house. As a result, the municipality achieved 100% performance in relation to availability of internet and e-mails and ICT support services with the organization.

Operational time and attendance management system has been installed as a time tracking solution address tracking and accounting for employee hours, salary and wages by cost centre, employment function or directorate while giving management the ability to measure and track labour efficiency as well as for payroll purposes.

Interventions for 2009/2010

- Accountability and responsiveness of municipality is about:
 - Policies, processes, and approaches of municipality for better service delivery
 - Expenditure and revenue management, grant utilization, and financing of indigent services
 - Citizens and/or people participation
Tools, instruments and user feedback
- Key role of the municipality on citizens/civil society, private sector is to Improve citizens access to information and their participation in the local governance processes would lead to greater accountability and transparency
- Citizens participation has been widely recognized as a deterrent to corruption particularly at local governments
- Good governance would minimize or eliminate graft and corrupt practices in local governments and will improve service delivery, access and development
- Improving service delivery and access through enhanced municipal performance through decentralization:
 - Deconcentration
 - Devolution
 - Debureaucratization
- Data quality control
 - It is imperative to maintain the integrity of data so that it is reasonably accurate and credible to outsiders such as elected officials and citizens and members of media

Emerging Issues and Challenges

The Challenges and Issues

- Unsatisfactory and often dysfunctional governance systems including corruption and malfeasance
- Lack of resources and inappropriate allocation of resources
- Inefficient revenue systems
- Weak delivery of vital municipal services
- Are we *doing the right things*, i.e. delivering services consistent with citizen preferences
- Or are we *doing it right*, i.e. providing services of a given quality at the lowest rates and tax costs to citizens
- What is the extent to which municipal programs meet stated goals
- Are municipal services being delivered in a least cost manner for a given quantity and quality of services
- Is the access to municipal services being expanded with appropriate partnership or contractual relationships between and beyond municipality? What activities or programs could be outsourced in whole or in part to the private sectors
- Are municipal resources being put to their best use, for example, is
 - Governance quality, service delivery and access is enhanced by:
 - More closely matching services with citizen preferences (eg. Availability of land for human settlement, etc)
 - Moving municipality closer to the people they are intended to serve
 - Ensure greater accountability of the municipality
- Installing accountabilities to prevent corruption
- Response time - time from a request for a service was made until the time the service unit provided a response:
 - Especially for emergency services (police, fire, etc), and
 - Time to get registered, obtain permits, receive assistance, applications acted upon, etc.
- With manual data collection or tabulation procedures, the opportunities for inaccuracies and data manipulation are particularly high

CHAPTER 4: HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

Introduction

Local and global organisations, both private and public are continuously facing challenges of better delivering their services to clients and they depend on their workforce to help differentiate themselves and position themselves as the best in class. To avoid extinction and irrelevance these organisations must creatively and innovatively identify, develop, manage and connect with the human talent and expertise at their disposal. The strategic management of human resources is therefore critical in ensuring that Mangaung builds a workforce that is highly productive, responsive and customer-oriented.

The modern organisation is also characterised by a continuous state of change and the municipality is no exception. This organisational change impacts not only on the business processes of the municipality, but also on our employees. It is therefore essential that, in order to maximize organisational effectiveness, the human potential in the municipality (i.e. individuals' capabilities, time, and talents) is managed in an effective and efficient manner. Human resources management therefore works to ensure that employees are able to meet the strategic objectives of the municipality, as contained in the IDP.

The human resources management function is also responsible for the strategic management of human capital of the organisation so as to ensure that the strategic development vision and objectives of the municipality are attained. Essentially, the function is responsible for bringing people into the municipality (recruitment and selection), helping them to perform their work (individual performance management), compensating them for their labour (benefits administration), and creating a positive working environment (employee relations). This chapter aims to highlight a number of these

human resources management practices that may have a bearing on bringing the organisation closer to the realising of its objectives and targets for the period under review.

Human Resources Strategy

During the 2007/8 financial year a human resources strategy as well as an implementation plan was developed. This strategy basically consists of six strategic goals and 16 strategic objectives for the human resources management function in the municipality that are aligned with the strategic objectives of the municipality, as contained in the IDP. All relate to two main focus areas of the MLM, namely; services delivery and civic leadership and common purpose. The goals of the human resource strategy are to:

- Ensure that the required number of employees with the required skills and expertise are available when needed
- Ensure sound labour relations
- Ensure that employees are developed in accordance with the Work Place Skills Plan
- Enhance the quality of institutional and individual performance;
- Ensure that all relevant human resource systems are established and implemented
- Promote Occupational Health and Wellness Services

Moreover, a human resources management model was developed to enhance the image and streamline the functioning of the Human Resources Management Sub-Directorate of the municipality. This model prescribes the operational activities that need to be performed in order to achieve the strategic goals and objectives as contained in the Human Resources Strategy. The model subscribes to the following value system as contained in the IDP:

- Civic pride and responsibility in our citizens
- Accountability, honesty and integrity
- Mutual trust and strong partnerships with stakeholders through transparent and accountable governance
- Valuing people and their diversity, including cultural diversity

The following issues, taken from the IDP, are integrated into different facets of both the Human Resources Strategy and the human resource management model:

- Facilitating opportunities for PDI's
- Improving the skills of the workforce
- Promoting and strengthening our cultural diversity and richness
- Promoting community confidence

-
- Focusing on HIV/AIDS programmes and support
 - Developing and supporting programmes to increase literacy
 - Maintaining high standards of integrity, honesty and transparency
 - Improving customer care and responsiveness
 - Rationalising the service portfolio to core business

Results

During this report period the HRM Sub-Directorate of MLM continued to work on the projects contained in the human resource strategy implementation plan. The following successes have been achieved:

- The Employee Reward Programme was developed; it will be taken to the LLF Forum for ratification
- The IPMS for employees in level 4 and lower has been developed but not yet implemented as organised labour has requested that it be put on hold until the national TASK job evaluation process has been finalised
- MLM is awaiting results from the National Job Evaluation Committee
- There were 76 Work Study investigations reports

Human Resources Management

Towards the end of the report period a specific position was created in the Human Resources Management Sub-Directorate for a person who would be dedicated to the review, revision and upgrade of all human resource policies. The following policies were reviewed or developed: Scarce Skills Policy, Retention Strategy, Rapid Progression Policy and Bursary Policy

Labour Relations

The relationship between the employer and its employees, as represented by organised labour, is governed by collective agreements as well as the Constitution of the Republic of South Africa as well as other applicable labour legislation. The Human Resource Management Sub-Directorate is tasked with the responsibility of ensuring sound labour relations in the municipality by effectively managing and enhancing all relevant aspects of labour and employee relations.

The consultative forum used for the purposes of addressing issues of common interest between the employer and organised labour is the LLF. During this report period the Human Resource Management sub-directorate faced a number of challenges in getting the LLF to function in a proper manner.

A total of 12 LLF meetings were scheduled during the financial year of which only three (27 October 2009, 17 and 18 October 2010 and 24 March 2010) took place. Notwithstanding the lack of LLF meetings, the relationship between the parties remained positive and promising.

The maintenance of discipline in the workplace still remains one of the most important aspects with which the Human Resource Management Sub-Directorate deals and the directorate is committed to maintaining a disciplined workforce. Thirty-eight disciplinary processes, hearings, grievances, ill-health and damages/losses were held and 26 disputes referred to CCMA/SALGBC.

Skills Development and Training

One of the strategic goals of the human resource strategy is to ensure that the employees of the municipality are developed in accordance with the Workplace Skills Plan. This implies that the municipality should annually draft a Workplace Skills Plan, obtain the “buy-in” of organised labour for the plan, submit it to the LGSETA for approval and ensure that the skills development interventions, as contained in this plan, are undertaken once the funding for the plan is received from the LGSETA.

The municipality drafted the Workplace Skills Plan (WSP) that was co-signed with organised labour for submission to the LGSETA. As a result of the submission the municipality received the mandate from the LGSETA for implementation of training programmes.

Skills development programmes that were presented included the following:

- Basic SHE Representative Skills
- Hazard Identification and Risk Assessment
- Certificate Programme in Management Development
- Local Government Accountancy Certificate
- Marketing Learnership
- MS Level 1 (Basic) and 2 (intermediate)
- Induction Programme

- Batho Pele Change Management
- Batho Pele Principles
- Chiring Disciplinary Hearings
- Sustainable Human Settlements in the context of HIV/AIDS

During this financial year the centralization of training was taken forward with the establishment of the HRD Sub-directorate within the Corporate Services Directorate. Traffic Training, First Aid and Mechanical Training were incorporate into the new Sub-directorate.

Employment Equity Plan

The municipality has made significant strides in ensuring representation at the different levels within the organization. The following employment equity targets were set for the municipality for the 2008/9 financial year:

- 70% of staff employed in the three highest levels of management should be Black people (i.e. African, Indian and Coloured)
- 50% of staff employed in the three highest levels of management should be women
- 2% of staff employed in different categories and levels should be people with disabilities
- 50% of staff employed in different categories and levels should be black people (i.e. African, Indian and Coloured)

Table 4.1 contrasts the above-mentioned employment equity targets against the actual employee statistics as on 30 June 2010.

4.1. Employment equity statistics

Employment Equity Target	Actual employee statistics as on 30 June 2010
70% of staff employed in the three highest levels of management should be Black people	94.56%
40 % of staff employed in the three highest levels of management should be women	13.522%
2% of staff employed in different categories and levels should be people with disabilities	0.4%
50% of staff employed in different categories and levels should be black people	88%

Women are under-represented in the three highest levels of management and people with disabilities are also under-represented in the workforce. This will be a focus area when EE Plan of the municipality is finalised. The employment equity statistics with regard to occupational categories and levels are reflected Table 4.2 and Table 4.3 represents the percentage employment equity with regard to gender representivity for 2008/09 and 2009/10.

The municipality must exercise a careful balancing act in order to ensure that its total employee related costs remain within acceptable limits when compared to the total income of the municipality. The high number of vacancies that exist within the municipality does however have a negative impact on other factors such as service delivery, overtime costs and employee morale.

The staff establishment of the municipality increased with a total of 184 positions during the report period. There was an increase in the number of positions that were filled and in the number of vacant positions. A comparison of the staff establishment statistics as on 30 June 2009 to 30 June 2010 is given in Table 4.4.

4.2. Employment Equity Representation by Sex, and Race, June 2010

Occupational Categories	Female					Male					TOTAL
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	
Legislators, senior officials and managers	20	1	2	6	29	78	5	1	28	112	141
Professionals	22	1	0	8	31	45	1	1	35	82	113
Technicians and associate professional	53	3	0	11	67	146	17	1	86	250	317
Clerks	294	51	0	90	435	204	18	0	42	264	699
Services and sales workers	46	5	0	9	60	271	26	1	59	357	417
Skilled agricultural and fishery workers	3	0	0	1	4	30	4	0	2	36	40
Craft and related trades workers	3	0	0	1	4	142	15	0	46	203	207
Plant and machine operators and assemblers	19	0	0	1	20	279	2	0	8	289	309
Elementary Occupations	406	7	0	1	414	1046	26	0	1	1073	1487
TOTAL PERMANENT	866	68	2	128	1064	2241	114	4	307	2666	3730
%	23.22%	2%	0.08%	3.4%	29%	60%	3%	0.1%	8%	71%	100%
People with disability	15 = 0.39%										

4.3. Employment Equity Representation by Sex in 2009 and 2008

	Year	Percentage
Males in MLM	2009	72.7
	2008	73.84
Females in MLM	2009	27.3
	2008	20.24

Filling of Posts

4.4. Comparison of the staff establishment, 2009 and 2010

	End June 2010	End June 009	
Filled permanent posts	3 761	3577	
Vacant posts	3 761	2453	
Total	5 213	5030	
	End June 2010		
Directorate	Incumbents	Vacancies	Posts
Office of the City Manager	159	131	290
Regional Operations	41	15	56
Community and Social Development	856	379	1235
Economic Dev & Planning	247	84	331
Corporate Services	307	89	396
Finance	259	77	336
Infrastructural Services	1381	569	1950
Centlec	511	108	619
Total	3 761	1452	5 213

4.5. Trends of total employee related costs, 2009/10

Year	Total Employee Related Costs	Total Expenditure	Total Employee Related Costs as % of Total Expenditure
2009/10	647 580 255	2 612 582 254	24.79

The total employee related costs as % of total expenditure is 24.79% and is less than the national treasury bench mark of 29%. The expenditure on employee related costs is also expressed as a percentage of total income for the purposes of the restructuring grant conditionality which requires of the municipality to maintain a salary budget of 29% of the total income of the municipality including Centlec.

Table 4.5 shows the expenditure on employee related costs during the last two financial years.

Table 4.5 Employee related costs, 2010 and 2009

	2010	2009
Employee related costs – salaries and wages	369 635 041	399 955 418
Employee related costs – contributions for UIF, pensions, and medical aid	81 916 374	82 921 850
Travel, motor car, accommodation, subsistence and other allowances	312 63 401	35 940 604
Housing benefits and allowances	4 544 706	5 160 168
Overtime payments	28 978 394	35 061 137
Performance bonuses	2 976 477	2 126 847
Long-service awards	19 467	15 000
Provision for bonuses	289 908	2 137 782
Current service cost	-	16 754,000
Provision for leave	10 542 709	10 716 343
Total employee related costs	530 166 477	590 789 149

Table 3.6 shows the trends of total employee related costs over the last seven (7) years when expressed as a percentage of total expenditure.

Table 4.6: Trends of total employee related costs

Year	Total Employee Related Costs	Total Expenditure	Total Employee Related Costs as % of Total Expenditure
2003/4	339 965 290	1 153 556 564	29.47
2004/5	412 662 113	1 334 125 281	30.93
2005/6	442 097 983	1 363 811 259	32.42
2006/7	504 262 384	1 773 744 046	28.43
2007/8	530 166 477	1 745 890 143	30.37
2008/9	590 789 149	2 009 283 824	29.4
2009/10	647 580 255	2 612 582 054	24.7

The target for the ratio for the total employee related costs for the 2009-10 financial year was 29% which means that the actual figure of 24.7% is less than the target.

The expenditure on employee related costs is also expressed as a percentage of total income for the purposes of the Restructuring Grant conditionality which requires of the municipality to maintain a salary budget of 29% of the total income of the municipality.

Table 4.6 Total employee related costs

Year	Total Employee Related Costs	Total Income	Total Employee Related Costs as % of Total Income
2009/10	647 580 255	2 612 582 054	24.7%
2008/9	590 789 149	2 081 225 077	28.87%
2007/8	530 166 477	1 828 232 706	28.41%

The expenditure on overtime increased with 14.04% from R 35 061 137 during the 2008-09 financial year to R46 114 198 during the 2009-10 financial year.

The table below shows the overtime costs in relation to the total employee related costs over the past three financial years:

Table 4.8 Overtime costs

Year	Total Employee Related Costs	Overtime Costs	Overtime Costs as % of Total Employee Related Costs
2009/10	R 647 580 255	R 46 114 198	14.04
2008/9	R590 789 149	R35 061 137	5.93
2007/8	R 530 166 477	R 28 978 394	5.47

The below table reflects the overtime costs per Directorates during the 2009/ 10 financial year:

The four highest levels of management (i.e. the City Manager, the COO, CFO, EDs, Deputy ED and General Managers or Directors) contributed to 6.6 % of the municipality's total employee related costs during the 2009/10 financial year.

These management employee related costs, are expressed as a percentage of the Total Employee Related Costs for the 2008/09 and 2009/10 financial years in the table below:

Table 4.9 Allocation of overtime costs to the different Directorates during the 2009/10 financial year

Directorate	Amount Spent on Overtime (R)
Office of the City Manager	846 837
Corporate Services	373 616
Fresh Produce Market	343 496
Finance	271 840
Community and Social Development	6 753 604
Economic Development	66 327
Housing	0
Infrastructure	15 103 053
Water	10 042 804
Centlec	12 312 621
Total	46 114 198

Table 4.10 Management employee related costs expressed as a percentage of total employee related costs

	Financial Year 2009-10	Financial Year 2008-9
Management Employee Related Costs	45 254 406	40 593 706
Total Employee Related Costs	647 580 255	590 789 149
Management Employee Related costs as a % of Total Employee Related Costs	6.9	6.87

Disclosure of Information

The remuneration of the MLM's Councillors was as follows:

Table 4.11 Remuneration of Councillors over the last two financial years, 2009/10 and 2008/09

Remuneration of Councillors	2009-10	2008-09
Executive Mayor	594, 809	625,594

Remuneration of Councillors	2009-10	2008-09
Deputy Executive Mayor	538, 510	504,680
Speaker	538, 510	500,474
Chief Whip	458, 282	473,138
MMCs Members	4 145 679	4,219,997
Councillors	15 628 587	13,578,193
Councillors' Medical and Pension Contributions		-
Total Councillors' Remuneration	21 904 381	19,902,076

The remuneration of the of the MLM's senior officials was as follows:

Table 4.11 Remuneration of Senior Managers over the last two years, 2009/10 and 2008/09

Remuneration of the City Manager	2009/10	2008/9
Annual remuneration	1 008 510.03	981,988
Performance bonus	0.00	212,543
Car allowance and cell phone	220 000.00	150,000
Contribution to UIF, medical and	0.00	15,767
Other benefits or allowances	1413.83	
Pension Contributions	182 237.77	
Total	1 412 161.62	1,360,298
Remuneration of the CFO		2008/9
Annual remuneration	903 906.97	876,704
Performance bonus	0.00	7,140
Car allowance and cell phone	156 000.00	156,000
Other benefits or allowances	1 542.36	
Contribution to UIF, medical and pension funds		182,769
Total	1 272 563	1,222,613

Remuneration of the CEO 2010	2009/10	2008/9
Annual remuneration	1 192 113,30	
Performance bonus		
Car allowance	156 000,00	
Other benefits or allowances	1 542,36	
Total	1 349 655,66	
Remuneration of the ED: Community and Social Development	2009/10	2008/9
Annual remuneration	519 982.73	-
Pension contributions	81 599.34	
Performance bonus	-	-
Car allowance	73 000	-
Medical aid contributions	6 055.98	-
Other benefits or allowances	899.71	
Total	681 537,76	-
Remuneration of the ED: Corporate Services	2009/10	2008/9
Annual remuneration	1 260 745.84	952,637
Performance bonus	-	172,905
Car allowance	84,000	84,000
Other benefits or allowances	7 544.53	1,539
Total	1 352 290.37	1,211,081
Remuneration of the ED: Economic Development And Planning	2009/10	2008/9
Annual remuneration	629 228.82	542,033
Performance bonus	-	57,986
Car allowance	60,000	60,000
Contribution to UIF, medical and pension funds	771,18	769
Total	690,000.00	660,788

	The remuneration as reflected in 2010 is for a period of 6 months because the incumbent started work in the middle of the financial year after the resignation of the previous incumbent.	
Remuneration of the ED: Infrastructure	2009/10	2008/9
Annual remuneration	927 928,37	812,880
Performance bonus	-	-
Car allowance and cell phone	240 000,00	240,000
Medical aid	11 328,00	11,479
Other benefits or allowances	1 542,32	
Total	1 180 798.73	1,064,359
The remuneration as reflected in 2008/09 is for a period of 12 months and 2007/08 is for a period of 7months due to a new appointment during 2007/08		

Retirement Funds

Mangaung Local Municipality employees are members of the following Retirement Funds:

Table 4.13 Retirement Funds

Name of Fund	Membership	Employer Contribution
SAMWU National Provident Fund	1 252	18.07%
SALA Pension Fund	960	20.78%
Free State Municipal Pension Fund	237	18.07%
Free State Municipal Provident Fund	374	18.07%

Government Employee Pension Fund	549	13.00%
Old Mutual Orion Pension Fund	40	17.50%

The following retirement funds claims were processed for the period 1 June 2009 – 30 June 2010.

Table 4.14 Retirement funds claims

	Death	Retirement	Resignation	Dismissal	Ill-Health
Samwu National Provident Fund	19	18	2	1	2
SALA Pension Fund	4	7	9	1	2
Free State Municipal Pension Fund	11	6	0	0	1
Free State Municipal Provident Fund	0	4	1	0	0
Government Employee Pension Fund	0	3	3	1	0
TOTAL	34	38	15	3	5

With regard to future risks or liabilities the following number of employees is due for compulsory retirement within the 2010/2011 financial year.

Table 4.14 Number of employees due for compulsory retirement within 2010/11 financial year

Name of Fund	Number of employees
Samwu National Provident Fund	12
SALA Pension Fund	4
Free State Municipal Pension Fund	1

Free State Municipal Provident Fund	5
Government Employee Pension Fund	12
Old Mutual Orion Pension Fund	2
No Retirement Fund	3
TOTAL	39

Medical Aid Schemes

The following Medical Aid Schemes are accredited by the SALGBC.

Table 4.15 List of Medical Aid Schemes accredited by SALGBC

Name of Medical Aid Scheme	Membership
Key Health	180
Bonitas	499
Hosmed	372
Samwumed	388
LA Health	243
Total	1 682

The maximum amount of the employer subsidy is **R 2 850.80**.

Performance Management System

Performance management is regarded as a critical communication tool that helps managers provide a motivating climate to assist employees in developing and achieving high standards of performance. The Municipal Systems Act 32 of 2000 requires that the municipalities establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its IDP. It is also required to promote a culture of performance management among its political structures, political office bearers and Councillors and its administration.

MLM has developed and implemented a range of systems and processes targeting improved performance and enhanced service delivery for its citizens. This system was aimed at meeting the legislative requirements as laid down by the Municipal Systems Act, 32 of 2000 and the

Municipal Structures Act, 117 of 1998 and the Municipal Structures Amendment Act, 2000.

Defining Performance Management

Performance management is about the setting and measurement of desired outcomes and activities of the organisation, its individual components as well as its staff who contribute to the achievement of the strategic vision of the organisation. It is a multilevel process that starts with an overall strategy and follows through to organisational, directorates and individual performance management and appraisal.

It is performance at individual, directorates, organisational and municipal-wide level that collectively contributes to the Municipality's success in ensuring delivery to its citizens. Performance management includes planning, monitoring, measurement and report of performance at a city-wide, organisational (departmental, regional and municipal entity) and individual level. For this reason, the Municipality has chosen to adopt an integrated performance management system - with the process starting with the Mangaung's strategic planning phases and moving all the way through to the various levels of the contribution; from municipal, organisational to individual levels.

With this approach, performance priorities for the Municipality as a whole are cascaded through the entire organisation, such that employees understand their unique and important contribution to the organisation meeting its strategic objectives.

Performance management within the Municipality therefore starts with the Municipality's IDP encompassing the development of key areas of performance and targets across the municipality. The design of the system is in such a way that key performance areas, indicators and target measures contained in the municipality's scorecard are cascaded to directorates and then into individual performance plans, maintaining that the a positive alignment between individual performance and organisational performance is secured.

Performance management therefore forms part of a strategic management approach within the Municipality, aimed at ensuring that

the organisation is strategy-led and that key systems such as integrated development planning, budgeting and performance management are integrated. This approach enables the Municipality to plan and budget better, monitor and measure performance more effectively and report on achievements in a transparent and convincing manner.

The three-tiered approach to performance management, and its alignment with the planning and IDP process, is outlined in the diagram.

Performance management can therefore be defined further at the city-wide, organisational and individual level, where:

Municipal-wide performance management is the process of strategic planning through which performance objectives for the Municipality are identified, based on input from the Integrated Development Plan, Mayoral Priorities and the Vision, and then monitored and measured via the City Manager's scorecard.

Organisational performance management is the process through which performance objectives for the City, as defined in the municipal administration's scorecard, are translated into the Service Delivery and Budget Implementation Plans (SDBIPs) and scorecards for the various directorates. Directorates' performance is monitored at the level of (SDBIPs) and Executive Director scorecard.

Individual performance management is the process through which the objectives as defined in scorecards at the level of directorates are cascaded into individual scorecards, allowing for planning, monitoring, reviewing and rewarding of performance, and the enhancement of development, at the level of the individual employee.

Institutional Arrangements of Performance Management

In support of the implementation of the performance management system and policy, the City has a range of institutional arrangements that seek to ensure that the performance management is effectively implemented and managed. These include the following:

The Chief Operating Officer holds responsibility for overseeing and

managing the performance management system and for providing strategic and administrative support to the City Manager and plays a role in ensuring the integration and alignment of IDP, SDBIPs, budget and individual scorecards.

Human Resources, according to the Performance Management Policy and Procedure, is viewed as the custodian of the performance management system on behalf of employees, and holds the responsibility for ensuring effective implementation and operation of the system.

Performance Management System and Policy

Performance management within Mangaung local Municipality is presently regulated through the following key documents:

- The Performance Management System
- The Performance Management Policy
- The Performance Reward Scheme

Furthermore, the Municipality has had the benefit of learning from the implementation of the system since its inception. This will necessitate a thorough review of all key documents and processes relating to performance management.

CHAPTER 5: AUDITED FINANCIAL STATEMENT AND RELATED FINANCIAL INFORMATION



Mangaung Local Municipality

Contact Details

Bram Fischer Building
Cnr Nelson Mandela Drive and Markgraaf Street
Bloemfontein
P.O. Box 3704
Bloemfontein, 9300

Office of the City Manager

Tel: (051) 405 8212
Fax: (051) 405 8149

e-mail: teboho@civic.mangaung.co.za

www.mangaung.co.za