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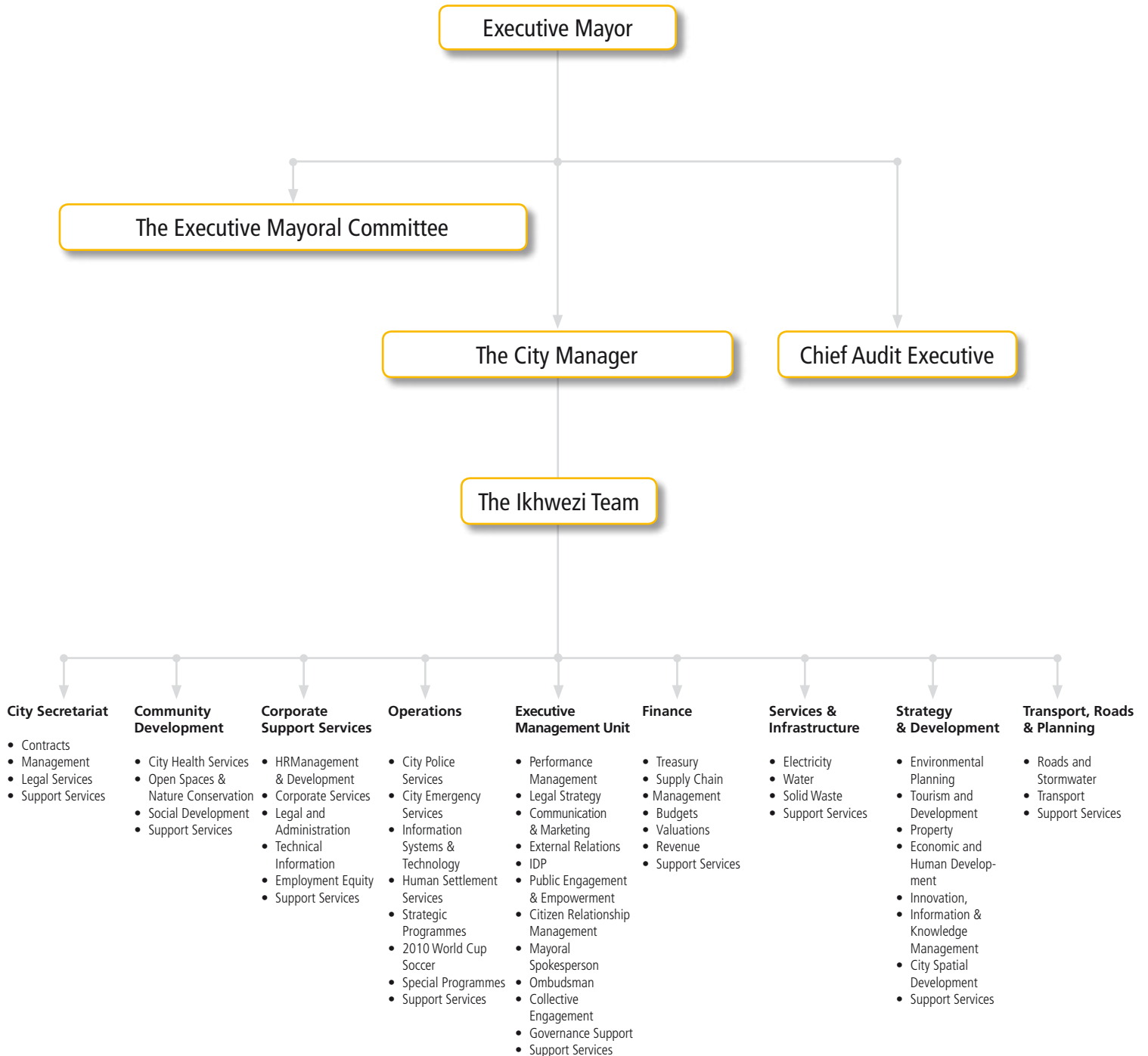
Chapter Three

HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

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HUMAN RESOURCES

ORGANISATIONAL STRUCTURE



During June 2006, the City of Cape Town began the realignment of its organisational structure. This realignment resulted in the following directorates being established:

- **Corporate Services**
 - Administrative Services
 - Legal Services
 - HRManagement
 - Communication and Marketing
 - Organisational Optimisation
- **Finance**
 - Treasury
 - Revenue
 - Expenditure
 - Supply Chain Management
 - Valuations
 - Budgets
 - Asset Management
- **Health**
 - Environmental Health
 - Primary Health
 - HIV/Aids and Special Health Programmes
- **Strategy and Planning**
 - Environmental Resource Management
 - City-wide Spatial Planning
 - Land Use Planning
 - Strategy
- **Economic and Social Development**
 - Property
 - Social Development, Arts and Culture
 - Economic & Tourism Development
- **Community Development**
 - Parks and Cemeteries
 - Sport Recreation and Amenities
 - Library Services
- **Integrated Human Settlement Services**
 - City Scapes
 - Policy Research Planning & Monitoring
 - Existing Settlements
 - New Settlements
- **Safety and Security**
 - Emergency Services
 - Metro Police
 - VIP Security
- **Transport Roads and Stormwater**
 - Roads And Stormwater
 - Transport
- **Utility Services**
 - Water
 - Electricity
 - Solid Waste
- **Service Delivery Integration**
 - Programme Management
 - Cross-cutting Projects
 - IT Infrastructure
 - IT Process Management
 - Information Management
 - IDP

RESTRUCTURING AND TRANSFORMATION

To ensure improved and sustainable service delivery, the City initiated a process that aims to align its organisational structure to its core mandates. This principle is that of creating an administration that is responsive to the needs of the people of Cape Town and avoids the duplications that strain limited resources and compromise progress.

Initiatives aim to integrate human resource systems and practices in line with the need to establish a single, integrated administration that is sustainable over time.

This entails the introduction of a single set of conditions of service that must be negotiated in the first half of the 2006/07 financial year. These initiatives aim to reduce the risk of 'hidden' employment-related costs that can drive the wage bill to unmanageable levels and compromise the delivery of basic services, e.g. the impact of the concept of free medical aid to selected staff.

Also on the transformation agenda is the current implementation of TASK as a job evaluation system for municipalities. This aims to facilitate parity in the context of 'equal pay for work of equal value'.

The City of Cape Town also embarked on a project to align all staff from level five down to the correct cost centre, line manager as well as department. The levels five and below were addressed by project Ikhambi under the auspices of the Director HRDevelopment and Management.

The process was approved by Mayco and the top management team. An organisational unit structure with the supporting financial cost centre structure was developed for all levels in the organisation and staff has been aligned to these organisational units on SAP.

As a result the 2005/06 budget was reworked in October 2005 and established a sound basis for the staff budget for 2006/07. It enables managers to know which staff they are responsible for and the cost. It provides for accountability of management for staff productivity and utilisation.

Further, a position-to-position reporting exercise completed at the end of June 2006 depicted a command structure of who reports to who. This

provides an organisation structure for the whole organisation, which is still subject to consultation with the unions.

The investment in the HRSAP module was enhanced by using SAP technology for the organisational structure. The realignment of the levels five and below with the new levels one to four will be necessary once it is finalised.

EMPLOYMENT EQUITY

Affirmative action

In 2005/06 the City's Employment Equity Department concentrated on the application of affirmative action measures in terms of section 15 of the Employment Equity Act by:

- Participating in the allocation of bursaries to internal and external bursars;
- Conducting employment equity awareness raising sessions to all staff in City Parks, Procurement and Revenue departments;
- Established and capacitated six EE/WSP forums to operate in all directorates.

The department has staff shortages impacting on its ability to follow-up or investigate employment equity-related staff grievances.

Diversity management

This in-house programme is facilitated by six accredited staff members. The department initially had one facilitator but this increased to six in 2005. The baseline of participants was previously 800 but this was increased to 1 544 in this year.

Workshops seek to inculcate a culture of tolerance, inclusiveness and acceptance of differences and foster harmonious coexistence in the workplace. In 2006/07, the department will address the cancellation of these workshops as a result of staff non-attendance and non-availability of venues.

Disability co-ordination

In its drive to eliminate discrimination against people with disabilities and sensitise management and staff about appropriate facilities for people with disabilities. The department audited 25 Council-owned facilities for accessibility exceeding the target of twelve.

Chapter Three - Human resource and other organisational management

The City's challenge is that only one staff member is allocated to serve both the internal and external communities in as far as disability co-ordination is concerned.

Further more the number of staff with disabilities is significantly below the percentage required. Plans are being developed to address this in the line departments once the integrated disability strategy is approved.

Gender equity

A gender focus group including two staff members from the Employment Equity Department is now operational citywide and workshops that focus on women were held.

Further efforts will be made to enhance the development of women in order to ensure that they are represented in senior positions.

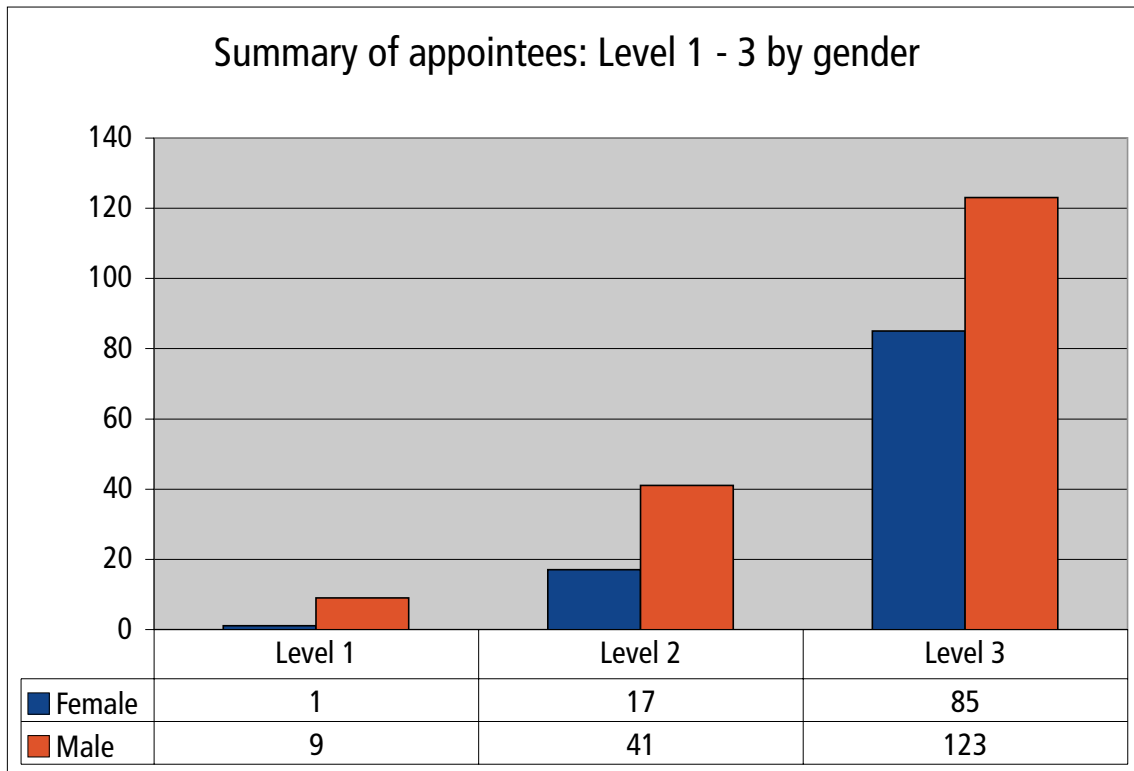
Achievements include:

- A gender forum established and operational in Finance Directorate;
- Improvement in the appointment of women in levels one to four during restructuring; and
- A women a empowerment strategy tabled for adoption by the Human Resources Portfolio committee for implementation by November 2006.

The key challenge is to achieve representation of women in all directorates.

The diagram below indicates the targets reached in terms of the City's Employment Equity Plan. The first three levels in the organisation are depicted in the graph.

Directorate	African	Coloured	Indian	White	Total	Female	Male
Chief Operations Officer	9	14	3	7	33	8	25
City Manager	7	7		3	17	9	8
City Secretariat	3	5		2	10	6	4
Community Development	11	11		10	32	17	15
Corporate Support Services	19	5		7	31	14	17
Executive Management Unit	18	6		10	34	12	22
Finance	8	6	1	8	23	5	18
Internal Audit	2	4		3	9	2	7
Services & Infrastructure	13	6	3	6	28	6	22
Strategy and Development	10	14	2	13	39	20	19
Transport, Roads and Planning	3	10	1	6	20	4	16
TOTAL	103	88	10	75	276	103	173
% Achieved	37,32%	31,88%	3,62%	27,17%	100,00%	37,32%	62,68%



STAFFING INFORMATION

City expenditure on personnel in the periods 2003/04 and 2004/05 and 2005/06 is set out below:

	Total Actual Expenditure	Total Actual Staff Exp.	Ratio
	(R'000)	(R'000)	%
2003/04 (audited)	8,601,070	2,869,496	33%
2004/05 (audited)	8,920,799	2,674,246	30%
2005/06	9,405,746	2,975,318	31%

Pension funds

The following pension and or retirement funds are in operation in the City of Cape Town:

- Cape Joint Funds (Retirement and Pension)
- Cape Municipal Pension fund
- SAMWU Provident Fund
- National Municipal Workers Fund
- South African Local Authority Fund

Medical aid schemes

Staff at the City of Cape Town can make use of the following medical aid funds:

- SAMWUmed
- Global Health
- LA Health
- Munimed
- Bonitas
- Hosmed

Assessment of future risks or liabilities

Delays in implementing TASK poses a major risk for the City in that it may lose most of its critical human capital to other comparable employers in the area.

The current staffing levels below level four does not reflect the needs of the organisation resulting in a total breakdown of services in some areas.

The absence of a single set of conditions of service as well as one single pay table for the City of Cape Town means that parity cannot be achieved, causing unhappiness and an unproductive workforce.

HUMAN RESOURCE GOVERNANCE

The Human Resources Management department achieved several successes in the past financial year.

Human capital

- Workplace Skills Plan 2005/06 submitted within the legal timeframe with a \pm 84% implementation rate;
- WPSP 2006/07 completed and signed off;
- Targets reached in terms of internal and external bursaries, placement of interns as well as co-operative students;
- Claims submitted in terms of grant funding and funds received in respect thereof. A total of R27 million was received;
- Development of a comprehensive staffing strategy and the development of a proposed model which has been handed to the Department of Technical Information for further development;
- Labour broker project saw the development of a computerised management model of critical vacancies and the development of a framework and procedure;
- Training of line managers in basic HR procedures and policies Directorates completed include Community Development, Metro Police and Strategy and Infrastructure; and
- Project Ikhambi was finalised.

Remuneration and benefits

- Started with roll-out of TASK evaluation system and the training of committee members has been finalised. The City of Cape Town has been able to identify, define and evaluate all jobs that are designated as benchmark jobs in the City.
- A number of policies were identified and submitted for review. Other policies are continuously being reviewed and revised. These include: Remuneration Policy; Relocation Policy; Model Link; Recruitment and Selection Policy; Training and Development Policy; Bursary Policy; Learnership Policy (New); Disciplinary and Grievance Policy (collective agreement); Sport and Recreation;
- Mandated source document for standard conditions of service were submitted for negotiations with labour;

- A time and attendance project had been successfully implemented; and
- A number of pilot sites were identified for roll-out in the 2006/07 financial year.

Employee Relations

- Employee Wellness: Out of 1 225 staff members tested, 33 staff members tested positive for HIV/Aids, 27 of whom declared their status and are currently on a treatment programme. This is an indication of the good relationship between the section and staff.
- Labour Relations: The roll-out of industrial relations training for senior and middle managers had been concluded for levels one, two and three. A 95% success rate had been achieved in terms of disputes defended at the SALGBC and CCMA.
- A pilot project to investigate absenteeism was undertaken.
- Training in Occupational Health and Safety is ongoing for safety representatives and committees.

Skills development

Workplace Skills Plan 6 was submitted to the Local Government Sector Education Training Authority (LGSETA) in November 2005. The City received an amount of R8, 754, 514.21 back from the LGSETA as mandatory grant.

The Skills Development Plan of the City supported the achievement of the City's goals and operational requirements. The plan specifically expressed annual targets, e.g.

- Priority training needs
- Beneficiaries based on employment equity
- Budgetary allocations

Training needs assessments were based on current staff functions and cognisance taken of the City of Cape Town's strategic priorities and pledges.

The City's strategic priorities in line with national government did not change and training interventions are provided against these priorities for the WSP7 implementation as well.

Skills Priority Number	Skills Priority Area
1	Finance
2	Management / Supervisory /Leadership
3	Policy and Legislation
4	Community Development and Partnership
5	Safety and Security
6	Information Technology
7	Organisational Change, Transformation and Project Management
8	Administrative
9	Quality Management
10	Job/ function specific
11	Human Relations
12	Formal Education

Training implementation

84% training implementation was measured against WSP6.

Training implementation was achieved across all occupational categories.

Skills audit

The skills audit is in its roll-out phase. The two targets are councillors as a national requirement and Fire and Rescue Services. A total of 19 783 staff completed and submitted skills audit questionnaires previously captured on SAP. This information is being verified and should be completed by March 2007.

Learnerships

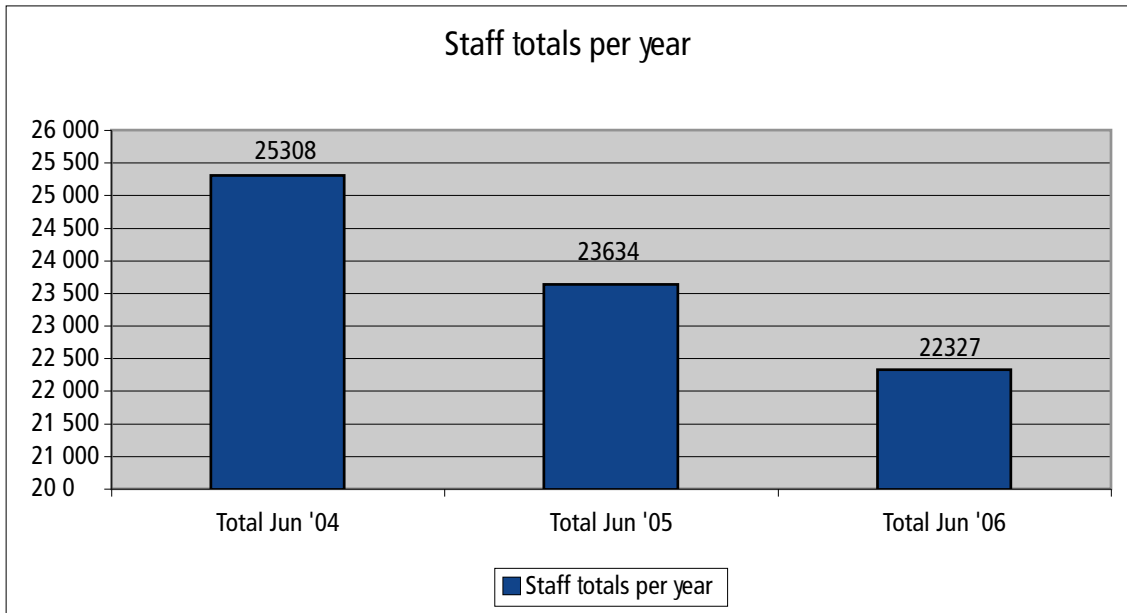
The City embarked on a Local Economic Development Learnership Programme, with learners from previously disadvantaged communities. 80% of the learners were assessed and found competent as Local Economic Development Officers and are currently completing internships in the City.

Bursaries

The City afforded 112 bursaries to community bursars. 61 are current and 51 are new.

Staffing information

DIRECTORATE	Staff numbers - June 2004			Staff numbers - June 2005			Staff numbers - June 2006		
	Perm	Temp	Total Jun'04	Perm	Temp	Total Jun'05	Perm	Temp	Total Jun'06
RED 1							3	3	6
Chief Operations Officer	4241	586	4827	3930	641	4571	3761	685	4446
City Manager	7	16	23	6	4	10	12	5	17
City Secretariat	0	0	0	1	0	1	15	10	25
Community Development	5321	720	6041	4929	804	5733	4568	923	5491
Corporate Support Services	1161	137	1298	1156	137	1293	1102	137	1239
Executive Management Unit	207	30	237	201	51	252	215	130	345
Executive Mayor	14	5	19	7	8	15			0
Finance Service	1386	372	1758	1272	436	1708	963	390	1353
Internal Audit	53	11	64	51	16	67	29	20	49
Services and Infrastructure	7259	322	7581	6815	306	7121	6250	431	6681
Strategy and Development	308	47	355	283	83	366	274	120	394
Transport Roads and Planning	2401	141	2542	2260	172	2432	2031	174	2205
Historical Services							26	0	26
Not allocated to specific directorate	20	543	563	35	30	65	17	33	50
TOTALS	22 378	2 930	25 308	20 946	2 688	23 634	19 266	3 061	22 327



TRENDS IN PERSONNEL EXPENDITURE

	2006	2005
	R'000	R'000
EMPLOYEE-RELATED COSTS		
Salaries and wages	2,059,727	2,018,661
Social contributions - UIF, pensions and medical aid	524,882	526,206
Travel, motor car, accommodation, subsistence and other allowances	204,989	200,253
Housing benefits and allowances	44,325	54,542
Overtime payments	117,136	97,953
Performance bonus - net contribution	14,468	740
Long-service awards	0	259
Expenditure recharged	2,965,527 (225,527)	2,898,614 (224,368)
Recharged to repairs and maintenance	(207,266)	(207,645)
Recharged to capital projects	(18,261)	(16,723)
Total employee-related costs	2,740,000	2,674,246

PERFORMANCE MANAGEMENT

In order to instil a high performance the City is implementing a comprehensive performance management system in accordance with Chapter 6 of the Local Government Municipal Systems Act of 2000 and the Planning and Performance Management Regulations (2001).

The Performance Management Department has three branches - individual performance management, organisational performance management and research, reporting and monitoring.

Organisational and individual performance management

Through the balanced scorecard methodology, the City developed a comprehensive and strategy-focused Cooperate Scorecard in the 2005/06 financial year. Ten directorates and 60 departments developed scorecards that are aligned with the City's Scorecard, a 70% and 100% improvement respectively.

All directorates and departments conducted performance review sessions (Plan-Do-Review) for the first time in the 2005/06 financial year and an Individual Performance Management Cycle was rolled out and implemented to the senior management level.

For rigor, impartiality and objectivity in the performance management and reward process, the Executive Mayor established a Performance Management and Remuneration Committee to made decisions regarding the performance and remuneration for executive directors.

60% of the newly elected councillors were trained in performance management.

Monitoring, research and reporting

Annual reporting

The Performance Management Department was responsible for co-ordinating the preparation of the City's 2004/05 Annual Report in terms of the Municipal Finance Management Act. This included the tabling of the Annual Report in Council and the adoption Council of the Oversight Report. Unfortunately, the statutory deadlines of 31 January 2005 for the tabling of the Annual Report and 31 March for the adoption of the Oversight Report could not be met, due to decision not to hold Council meetings in January 2006 or during the run-up to the local elections in March 2006. Consequently the Annual Report was tabled on 31 March 2006 and the Oversight Report adopted on 31 May 2006. Although the statutory timelines could not be met, all legislative processes were completed.

Mid-year budget and performance assessment

The Performance Management Department was responsible for co-ordinating the preparation of the service delivery performance component of the City's budget and performance assessment, required in terms of the Municipal Finance Management Act. As with the 2004/05 Annual Report, the timelines for the necessary processes were affected by the Council decision not to hold Council meetings in January 2006 and prior to the local elections.

Quarterly performance reports

The Performance Management Department is responsible for the preparation of corporate quarterly performance reports and the submission of these to various committees. During the 2005/06 financial year, four quarterly reports were prepared and submitted.

DISCLOSURES

Remuneration of councillors

	Salaries/Allowances	Medical Aid (Emp)	Pension (Emp)	TCOE
Executive Mayor	R595 189	R8 685	R36 872	R640 746
Dep. Exe Mayor	R500 567	R10 140	R47 485	R558 192
Speaker	R509 353	R7 318	R41 262	R557 933
Mayoral Members	R3 874 834	R50 332	R368 140	R4 293 306
Subcouncil Chairs	R6 130 541	R108 421	R589 589	R6 828 551
Chief Whip	R442 548	R3 615	R42 147	R488 310
Councillors	R34 058 028	R898 900	R3 476 545	R38 433 473
Sub Total	R46 111 059	R1 087 413	R4 602 039	R51 800 511

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are employed full-time. Each is provided with an office and secretarial support at the cost of the Council.

Subcouncil Chairpersons are provided with an office, administrative and secretarial support at the cost of Council. The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council-owned vehicles for ceremonial and official functions.

The Executive Mayor has two full-time bodyguards and all Councillors have access to security in terms of the Councillors' security policy. Councillors are provided with work stations or ward offices which are appropriately equipped. Computers are provided to councillors either in their offices or at their homes.

Remuneration of senior officials

Remuneration of Executives	Total	Annual salary	Performance bonus	Car allowance	Social contribution
	R'000	R'000	R'000	R'000	R'000
2006					
Municipal Manager (until February 2006)	935	563	186	93	93
Finance	1,053	755	167	110	21
Chief Operations Officer (until May 2006)	935	888	31	16	
City Secretariat	1,087	718	172	83	114
Community Development	950	713	29	93	115
Corporate Support Services (until May 2006)	985	922	46	16	0
Corporate Support Services (June 2006)	96	74		10	11
Executive Management Unit	889	833	39	9	7
Strategy & Development	965	909	42	14	0
Transport, Roads & Planning	1,114	717	179	95	123
Services & Infrastructure	693	560	0	65	68
Chief Audit Executive	880	782	39	56	4
	10,581	8,434	930	660	557

Remuneration of senior officials (continued)					
Remuneration of Executives	Total	Annual salary	Performance bonus	Car allowance	Social contribution
	R'000	R'000	R'000	R'000	R'000
2005					
Municipal Manager	1,104	729	138	120	117
Finance	808	686	0	100	22
Chief Operations Officer (from May 2005)	260	260	0	0	0
City Secretariat (from April 2005)	147	120	0	8	19
Community Development (from May 2005)	144	127	0	7	10
Corporate Support Services (from April 2005)	306	306	0	0	0
Executive Management Unit (from April 2005)	182	182	0	0	0
Strategy & Development (from April 2005)	181	181	0	0	0
Transport, Roads & Planning (from April 2005)	229	177	0	21	31
Community Services (until March 2005)	911	523	211	84	93
Development & Infrastructure (until March 2005)	882	496	231	64	91
Corporate Systems & Services (until March 2005)	934	513	189	128	104
Chief Audit Executive (from April 2005)	236	236	0	0	0
	6,324	4,536	769	532	487