



CHRIS HANI DEVELOPMENT AGENCY (SOC) LIMITED

(REGISTRATION NUMBER 2012/033437/30)

SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Table of Contents

1.	Agency Establishment and Role.....	2
2.	Agency Operating Environment.....	2
3.	Agency Mandate and Strategic Focus.....	9
	3.1 Mandate and Development Outcomes.....	9
	3.2 Strategy and Strategic Focus.....	9
	3.3 Development Initiatives and Projects	16
4.	Agency Performance for 2017-2018	24
	4.1 Summary Organisational Performance	24
	4.2 Key Performance Highlights	28
	4.3 Key Performance Challenges.....	32
	4.4 Way Forward.....	37
5.	Governance	39
	5.1 The Accounting Authority / Board of Directors.....	39
	5.2 Board Sub-Committees	42
	5.3 Board's Role and Responsibilities	43
	5.4 Board Remuneration	44
	5.5 Board Evaluation and Performance	45
	5.6 Board Training and Development.....	45
	5.7 Fraud, Corruption and Risk Management.....	45
	5.8 Company Secretariat.....	47
	5.9 Management.....	48
6.	Human Resources Management and Organisational Development	51
7.	Supply Chain and Fleet Management	56
	7.1 SCM Activities.....	56
	7.2 Fleet Management.....	59
8.	Financial Summary.....	61
	8.1 Summary Financial Performance.....	61
	8.2 Summary Financial Position	61

ANNEXURE A _ DETAILED ANNUAL PERFORMANCE REPORT

ANNEXURE B _ DETAILED ANNUAL FINANCIAL STATEMENTS

1. Agency Establishment and Role

The Chris Hani Development Agency (CHDA) was established in 2012, and is the Chris Hani District Municipality's (CHDM) local economic development (LED) agency. As such, the role of the CHDA is to support the objectives of the CHDM in transforming the economy of the district.

The CHDA envisages itself as a leader in rural economic development, and as such, is focused on ensuring that rural communities in the CHDM are self-sufficient in order to reverse the negative effects poverty, unemployment, lack of skills, and scarcity of jobs due to limited number of small, medium and large businesses and industries, by implementing development projects which have the potential to create jobs and increase household disposable incomes by focussing primarily on rural economic development, so as to address the significant unemployment in the district.

Therefore, the role of the CHDA is to be:

- A provider of customised solutions for economic development challenges
- Adviser, facilitator, and enabler for public and private co-operation
- An entry point for District – level economic development
- A one stop service provider for investment opportunities

2. Agency Operating Environment

Macro – Level:

Levels of inequality (as measured by the Gini Coefficient), poverty and unemployment in South Africa are critically high. The extent of the marginalisation of poor people from the formal mainstream economy and opportunities for income generation is of a level that demands that successful interventions must address issues of distribution of resources and meaningful participation of the marginalised communities in the economy. Chronic poverty is usually transferred across generations. A lack of access to assets prevents households from accumulating sufficient surpluses to move out of poverty over time. Living in precarious circumstances also of itself acts as a brake on people's ability to use their resources to move out of poverty. Focused strategies to address poverty alleviation and meaningful participation of the disadvantaged communities into the main stream economy need to be implemented.

The CHDA's strategic framework is therefore in line with the strategic objectives and targets of government. It is attuned with the following ten strategic priority areas underpinning the strategic direction of national Government:

- 1) Speeding up growth and transforming the economy to create decent work and sustainable livelihoods,
- 2) Massive programmes to build economic and social infrastructure,
- 3) Comprehensive rural development strategy linked to land and agrarian reform and food security,
- 4) Strengthening the skills and human resource base,
- 5) Improving the health profile of all South Africans,
- 6) Intensifying the fight against crime and corruption,
- 7) Building cohesive, caring and sustainable communities,
- 8) Pursuing African advancement and enhanced international co-operation,
- 9) Sustainable resource management and use, and
- 10) Building a developmental state including improvement of public services and strengthening democratic institutions.

The CHDM has not escaped the manifestations of inequality, poverty and unemployment. Consequently, based on the national and provincial strategies and plans the CHDM has developed a Regional Economic Development Strategy that seeks to address these socio-economic ills.

Micro / District Level

Geographical Location:

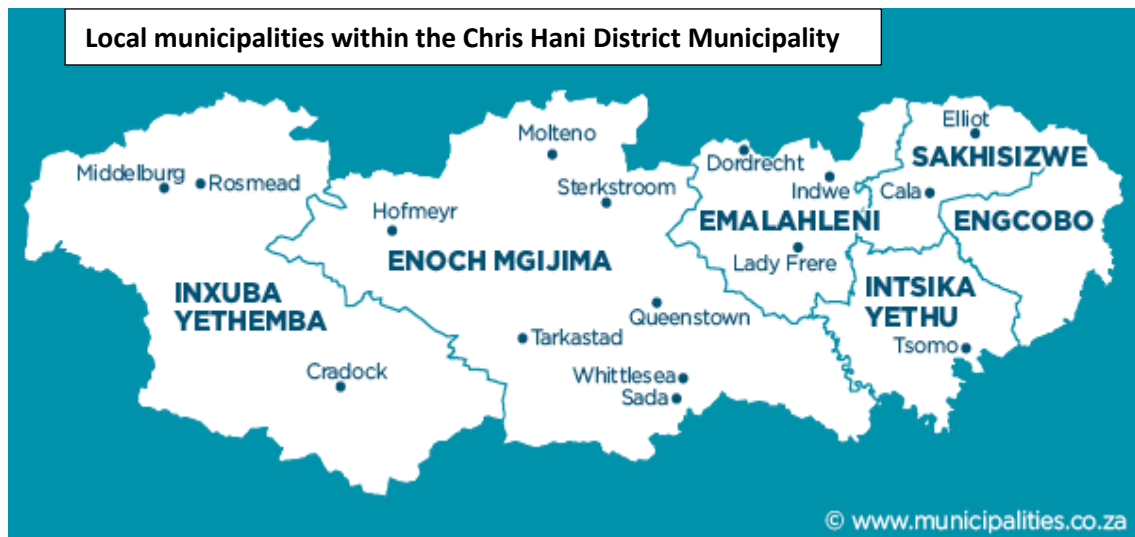
The Chris Hani District Municipality is land locked and is located in the north-eastern sector of the Eastern Cape. It includes parts of the former homelands in the previous dispensation and South Africa. The District includes major mountain ranges –the Stormberg and Bamboesberg Mountains near Sterkstroom and Molteno, as well as the Drakensberg north of Elliot.



Map 1: Chris Hani District Positioning

The District is surrounded by the District municipalities of Amathole, Cacadu, Joe Gqabi and OR Tambo. The District is made up of the following six local municipalities: Emalahleni, Engcobo,

Intsika Yethu, Inxuba Yethemba, Sakhisizwe and Enoch Mgijima local municipalities, as indicated in the map below.



Map 2: Chris Hani District Local Municipalities

The Chris Hani District has a land mass of 36 558 square kilometres, a change from its previous size of 36, 561 Km² in extent due to the changes in demarcation. Enoch Mgijima is the largest local municipality in the District, followed by Inxuba Yethemba and Intsika Yethu, with Sakhisizwe and Engcobo being the smallest in terms of size (6% each).

Demographics:

Just under 12.2% of the population of the Eastern Cape lives in Chris Hani, representing less than 1.6% of South Africa's population. In 2010 there were an estimated 824,383 people living in the Chris Hani District. The population of the Chris Hani District has been in decline since 2004. The annual rate of population growth since 2005 has declined by about 0.2%. Although population growth has increased by 3.9% for the same period, it still remains far below the national and provincial averages.

The Chris Hani District is relatively sparsely populated with only 22 people per Km² compared to South Africa with 41 people per Km² and the Eastern Cape with 40 people per Km².

The statistics further reveal that the population distribution of the District is such that females are in greater numbers as compared to their male counterparts. Additionally, the population is dominated by young people of ages 0 – 24 years (55.9%).

In 2010 there were just over 100,000 households in the District, representing 0.8% of South African Households and 6% of those in the Eastern Cape. Since 2005 the number of households in the District has declined marginally (-0.3%) while the number of households in South Africa has increased by an average of 1% per annum and 1.2% per annum in the Eastern Cape, however, Black households have increased by 1.0% for the same period. The black households are still by far the largest (86.1%) followed by Whites (6.9%) and Coloureds (6.7%).

Economic Growth and Transformation

The Provincial Industrial Development Strategy presents the Eastern Cape framework and broad approach to industrialisation. PIDS sets out deliberate government efforts to alter the structure and distribution of industrial activity to promote economic growth and development. Its vision is “a state-led industrialisation path towards a robust, resilient and sustainable industrial base by 2025”. The strategic imperatives of the PIDS are economic growth, labour absorption and job retention. The prioritised areas for the Eastern Cape are:

- **Automotive;**
- **Agro-processing;**
- **Capital goods;**
- **Green economy;**
- **Petrochemicals; and**
- **Tourism.**

Within the framework of Provincial Development Industrial Strategy, New Growth Path and IPAP2 District and local municipalities identify priority sectors based on comparative and competitive advantages, and availability of natural resources. These sectors and priority projects are outlined in the Integrated Development Plan and Regional Economic Development Strategy of the District (REDS) and amongst others are ***agriculture, agro-processing, green economy and tourism.***

The economy of the Chris Hani District is relatively small, contributing only 0.5% to the South African economy and 7.6% to the Eastern Cape economy. The performance of the Chris Hani District has been satisfactory over the past decade or so, with an average annual growth rate between 2000 and 2010 of 3%. The 2008-09 recession had a marginal effect on the overall performance and growth rates dropped by -0.7% compared to the national average of -1.5% and provincial average of -1%. However, has been slower, with the growth rate of only 2.2% in 2010 (as opposed to a South African average annual growth rate of 2.8% and an Eastern Cape average annual growth rate of 2.3%). The District is heavily reliant on government/community services. This means that on aggregate, this is the sector contributing most to employment and economic growth rate (52%). A number of factors warrant this situation and chief amongst these is the rural setting of the District coupled with the educational levels of the population, particularly around entrepreneurial skills.

As a result of the conditions prevalent in the District, the District has positioned itself as an agricultural area and has put greater efforts specifically within agriculture (crop production and dry land cropping as well as livestock farming), agro-processing and related industries.

Unemployment is a major challenge in our economy. It is estimated to be about 57% and currently higher than that of the country at 37% and that of the EC Province at 51%. Due to high rates of

unemployment there is a generally high dependence on grants and remittance (monies sent home by sons and daughters working in urban centres) as the main sources of household incomes in especially in the poor areas of the District. ***The Chris Hani Development Agency will therefore focus on facilitating economic growth on the identified areas and any other areas that could support this growth.***

Economic Landscape

It can therefore be said that, despite challenges in the implementation of the strategic objectives of government in relation to local government, there is stability in the political space.

Local municipalities derive their mandate from the Municipal Systems Act (2000), and for financial management they are guided by the Municipal Finance Management Act (2003). This allows for certainty and encourages accountability which are attributes that are attractive to external investors.

The District REDS from which the CHDA derives its mandate is a multi – party and multi – stakeholder agreed – upon platform for District economic development. It enjoins various municipalities and stakeholders around common socio – economic development priorities. It is supported by the National and Provincial Government, together with development entities. ***As far back as 2008 the Chris Hani District Municipality developed Chris Hani Regional Development Strategy 2008 (CHREDS 2008-2013), that suggested a three pronged approach of corridor development, value chain integration, and cluster development. The strategy proposed the development of an Economic Development Agency to be mandated with specific focus areas in line with the overall strategic objectives of the District Municipality and in respect of prioritised areas of intervention.***

To give meaning to the CHREDS 2008, further work was done that resulted in development of Corridor Development Plan (2010) and the Agro Industrial Plan (2011). In 2011 the Chris Hani District Municipality also adopted a “District Development Agenda” that seeks to guide development in its area of jurisdiction. This agenda highlights the key economic sectors and activities that are expected to drive economic development initiatives in the local municipal areas of the Chris Hani region.

Key sectors identified by the Chris Hani District Development Agenda were tourism, industrialisation, industrial expansion and development of regional economic hub(s), forestry, agriculture and agro-processing (crop production, irrigation scheme operationalisation, livestock improvement)

The agency function of the CHDA therefore stems from the Chris Hani District Development Agenda, with the primary focus of facilitating local economic development through mainly agriculture and agro - processing initiatives, which also include key aspects associated with scarce skills development, investment promotion and industrialisation.



Shiloh Vineyard

3. Agency Mandate and Strategic Focus

3.1 *Mandate and Development Outcomes*

The development mandate of the agency has determined the planned outcomes of the agency's existence, with the key deliverables being to:

- Leverage funding for development initiatives in Chris Hani District
- Secure financial viability for the agency through realisation of own revenue to support development projects
- Rebrand the district as a food production region with an emphasis on the realisation of rural – based economies through:
 - *Operationalisation of the four big Irrigation Schemes namely Ncora, Qamata, Bilatye and Shiloh*
 - *Expansion of new hectares under production of crops, fruit, vegetables and grain, with emphasis on yield management through new technologies*
 - *Livestock improvement programmes to support in-district processing facilities*
- Develop and grow sector – specific scarce skills to support economic activity in the district
- Revitalise industrial parks for attracting of investment into the district, and promotion of black industrialist opportunities through large scale agro-processing initiatives
- Create new SMME's and retention of existing SMME businesses through creation of opportunities for small business start-ups and growth, and
- To facilitate the creation of job opportunities from various development initiatives

3.2 *Strategy and Strategic Focus*

These planned outcomes informed the strategic direction of the agency over the last 5 years of operations, and these strategic programmes are aligned to the parent municipality's IDP objectives.

These have been secured in a Service Level Agreement (SLA) between the agency and the CHDM for the year 2017-2018, and have served the basis of structuring the agency's Annual Performance Plan (APP) for the year.

These strategic programmes are:

- 1) ***To develop a proficient and viable organization***
- 2) ***To develop viable and sustainable rural economies***
- 3) ***To facilitate investment promotion and SMME development***
- 4) ***To facilitate development of sector – specific scarce skills***
- 5) ***To develop strong stakeholder and community engagement for increased public accountability***

These strategic programmes have the following focus:

Strategic Programmes	Intent / Focus
<i>1_ To develop a proficient and viable organization</i>	<p>In order to develop a proficient and viable organisation, the focus is to promote and maintain organisational operational excellence and long – term sustainability. This will be achieved by CHDA positioning itself as trusted, reliable and efficient advisor and partner in the regional economic development space.</p> <p>Key areas of focus will be centered on good corporate governance and shareholder accountability, financial viability, attainment of unqualified audit outcomes, efficient management of risk, good performance management, and the development of internal competencies through promotion of learning and growth.</p> <p>Future sustainability of the CHDA will depend on its ability to position itself as leader in regional economic growth for the Chris Hani region. This includes having a solid financial viability plan in place, for operational and programme – implementation going forward.</p> <p>In pursuit of this the CHDA plans to achieve the following :</p> <ol style="list-style-type: none"> 1. Develop and implement innovative fundraising and co-funding initiatives for CHDA programmes and projects; and 2. Develop comprehensive project pipeline of own - revenue generation initiatives through exploitation of the Agency Function, where the CHDA develops in-house project management capacity to allow for positioning as a preferred implementer of development projects, at a fee, so as to reduce the reliance on operational grants from the CHDM as well as other organs of state
<i>2_ To develop viable and sustainable rural economies</i>	<p>The core business of the CHDA is the conceptualisation and delivery of projects that will contribute to the economic transformation of the Chris Hani District. This will be achieved through leveraging funding from the parent municipality, provincial and national departments and other institutions in the development finance space, for implementation of high impact development projects, geared towards development of rural economies, job creation and development of economic – enabling or economic development support infrastructure.</p> <p>Towards realisation of this goal, the CHDA has identified agriculture and agro processing linked to infrastructure and production support as strategic operational</p>

	<p>areas. The rationale is that high value agricultural activities and primary product beneficiation can be utilized to maximize the economic benefit to rural - based communities.</p> <p>As a result, the operational emphasis for the remaining three years of this strategic framework will be the facilitation and implementation of programmes that will:</p> <ol style="list-style-type: none"> 1. Ensure the operationalization of the four main irrigation schemes in the Chris Hani District, namely Qamata, Ncora, Bilatye and Shiloh irrigation schemes, 2. Enable increased production of high value crops, fruit, vegetables and grain. This will allow for high volumes of primary production, to allow for the re-branding of the four key irrigation schemes as dedicated centers of large – scale food production, as well as primary input suppliers for agro-processing initiatives 3. Linked to this will be a dedicated focus towards the development of support infrastructure that includes storage facilities, roads, fencing, infield irrigation systems, processing facilities, farmer support units, mechanisation support and investment in research and piloting of alternative and innovative farming technologies, to support value addition. 4. Mechanization Support will focus on facilitating the operations of mechanization canters at strategic locations in the District that will linked to the primary production activities mentioned above. The plan is to use the mechanisation centre to gradually introduce no-till or zero tillage farming technique whose benefits include reduced soil erosion, more stable yield and reduced fuel cost and tractor hours. 5. To ensure realisation of its core business, the CHDA plans on focusing on galvanizing financial and technical support for development initiatives from all spheres of government (local, provincial and national), Developmental Finance Institutions (DFI's), private financial institutions and foreign donor organisations in support of identified projects.
<p>3_ To facilitate investment promotion and SMME development</p>	<p>There is a need for long term sustainability of interventions that are geared at attracting investment into the Chris Hani District economy. CHDA plans in following years to assume a leading role in identifying, assessing and facilitating investment opportunities focusing primarily on manufacturing – based industries.</p> <p>Key initiatives will be on:</p> <ol style="list-style-type: none"> 1) Facilitation of the revitalization of Queenstown Industrial Park thereby attracting much needed investment in the district economy 2) Fostering local business linkages between small & medium enterprise and commercial business, 3) Facilitating access to markets both regional, provincial, nationally and exports, and the

	<p>4) Promotion / creation and/or improvement of an enabling environment for business</p> <p>Through this platform emphasis will bias towards fostering broad based participation in the industrial sector by community and rural - based enterprises and the promotion of black industrialists</p>
<p>4_ To facilitate development of sector – specific scarce skills</p>	<p>It has been identified that in order for rural communities to be uplifted, community skills development is important to target both individuals and community-based enterprises.</p> <p>This will be achieved by CHDA strengthening its position as the principal co-ordinator for accredited academic and multi - sectoral vocational skills training within the region.</p> <p>This will be achieved in partnership with the SETA's and Institutions of Higher Learning, with the focus being on producing maximum possible number of graduates in scarce skills, and building technical and vocational abilities and related small enterprises in rural communities.</p> <p>Key initiatives will be on:</p> <ol style="list-style-type: none"> 1) Managing the Chris Hani District Skills fund (Bursary fund); 2) Facilitate learnerships and internships in partnership with different SETA's; 3) Co-ordination of Career seminars and symposium in partnership with institutions of higher learning and FET's, and 4) Boosting the level of accreditation and certification of artisans, which will allow young people to be employable, or create own businesses from their trade
<p>5_ To develop strong stakeholder and community engagement for increased public accountability</p>	<p>The CHDA operates in the local government sphere - a highly political and diverse stakeholder environment with differing expectations amongst various stakeholders that need to be managed to ensure impact and sustained relevance of the organisation.</p> <p>Secondly in order to implement and galvanize support for projects, there is a need to attract partners. Therefore, the target is to have strategic and functional partnerships at community level, all three spheres of government, DFI's, financial institutions and foreign donor organisations</p> <p>Key initiatives will be on:</p> <ol style="list-style-type: none"> 1) Social facilitation to ensure development projects are implemented in a conducive environment. 2) Participation in engagement platforms that bring interest groups and decision makers together to facilitate alignment of activities and ensure information flow.

	3) Negotiation of strategic partnerships and both organisational, programme and project level.
--	--

Given the context within which the CHDA was established, as an enabler and support for the CHDM to realize its development objectives, the strategic programmes are in line with the mandate of the agency.

As a result, operational focus has been channeled towards these key areas of development, and the strategic programmes have informed the stand-alone projects and development initiatives that the CHDA has implemented in the 2017-2018 period.



Inkosi wine from Shiloh



CETA Learnership

3.3 Development Initiatives and Projects

The agency grew its programming line-up in 2017-2018, increasing the number of active projects within each strategic programme area. The following development initiatives or projects were implemented during the year:

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
1_ To develop a proficient and viable organization	Irrigation Scheme Support Initiative	2016-17	R 3 476 438 ECDRDAR	An SLA was secured with ECDRDAR for CHDA to support the organization with its ongoing mandate of effectively administering the payroll and business planning activities within the major irrigation schemes in the district, as well as in Amathole. This initiative has allowed the irrigation schemes in the district to have access to full-time administration, operational and security personnel, as well as access to social facilitation support for community engagement as well as technical support for business plan development.	Ongoing into 2018-19
	DEA Waste Buy-back Centers	2014-15	R 21 968 800 DEA	The CHDA was appointed in 2014-15 as an implementing agent for the Department of Environmental Affairs, towards the creation of multiple waste recycling buy-back centers in the district, based in and around the Enoch Mgijima LM. This initiative would assist the LM in its waste management function, as well as create multiple job opportunities for locals in waste collection. At the end of June, a total of 381 locals had been employed in the project, earning an average of R 2500 per month, and construction of the centers had commenced	Ongoing into 2018-19
	Seating Factory CSI Initiative	New	R 100 000 CHDA	The former Seating Factory in Ezibeleni was identified as a strategic project, where R100 000 financial support was provided to the co-operative to assist with working capital. The co-op is comprised of 39 former workers of the factory, who lost their jobs when the factory was relocated to Gauteng 3 years ago.	Ongoing into 2018-19

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
2_ To develop viable and sustainable rural economies	HumKoop Working Partnerships for Qamata Irrigation Scheme	New	Nil	The CHDA was active in the co-ordination of emerging farmers in Qamata sections 1A and 1A towards signing a long-term partnership agreement with Humansdorp Ko-op, which would assist farmers with access to technical support, inputs and infrastructure improvements	Ongoing into 2018-19
	Operationalisation of Bilatye Piggery	2015-16	Nil	The CHDA conducted renovations to the existing piggery building in Bilatye in the prior year, and had intentions to operationalize the facility in 2017-18. A business plan was developed, and funding applications submitted, resulting in approvals for funding of operations in 2018-19 amounts to R1 million from ECDRLR and R250 000 from NDA.	Ongoing into 2018-19
	Qamata Electricity Upgrade	2015-16	R 125 000 CHDM	The CHDA has taken on the objective of operationalising the mechanization center based at Qamata irrigation scheme since 2014. The center has had an ongoing challenge of not having an electrical connection. With funds secured from CHDM in 2016-17, the center was renovated, but the electrical connection not finalized due to a required transformer and powerline upgrade required from Eskom. This was finalized, and the connection to the center completed in the last quarter of 2017-18	Complete
	Operationalisation of the Qamata Mechanisation Center	2014-15	R 2 843 344 CHDM	The CHDA has taken on the objective of operationalising the mechanization center based at Qamata irrigation scheme since 2014. The CHDA was in charge of operating the center in 2017-18, after the end of the operator contract given to Dicla Projects in 2014 to end June 2017. The center had a challenge with damaged equipment, and could not realize its targetted R 1 million own-revenue generation in 2017-18 (R373 000 was generated in the last quarter of 2017-18)	Ongoing into 2018-19

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
2_ To develop viable and sustainable rural economies	Agri-BEE Linkages Project	2015-16	R 60 000 000 Jobs Fund	The CHDA was part of a 3-party application made to the Jobs Fund to assist livestock farmers in the Elliot area with large-scale beef farming support, where qualifying emerging farmers would be taken onto a buy-back scheme enabling them to be placed with calves, provided with technical support, and guaranteed buy-back once the animals reached mature weight. To date, a total of 16 farmers were approved, and a total of 288 animals delivered resulting in over R 2.4 million revenue generation for participating farmers	Ongoing in 2018-19
	Saskhisizwe Beef Insemination Project	New	R 90 000 CHDA	The CHDA embarked on a pilot artificial insemination project to help emerging livestock farmers in Elliot improve their livestock genetic profile. A total of 251 animals from the participating 10 farmers in Elliot were inseminated in the AI project, where CHDA provided budget for bull semen, equipment, and training costs. A pregnancy diagnosis was conducted with a success rate of 67% confirmed pregnancies	Ongoing in 2018-19
	Ikhephu Office Building Construction Completion	2016-17	R 260 000 CHDM	The CHDA commenced construction of an office building to support the Ikhephu secondary co-op in Elliot. The building was approved to assist with a formal administration center to co-ordinate large scale livestock farming in the area, given the multiple initiative being implemented around the beef value chain	Incomplete, but will be aborted due to lack of budget
	200ha Sorghum Production at Ibuyambo Secondary Co-op at Emalahleni	New	R 1 147 972 CHDM	CHDA signed an SLA with the Ibuyambo Secondary Co-op in Emalahleni, and funds approved via CHDM for assistance of emerging farmers in Lady Frere for planting of sorghum. CHDA provided farming inputs as per production plan, resulting in a total of 392ha of sorghum being planted by the end of June 2018	Complete

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
2_ To develop viable and sustainable rural economies	Gubenxa Deciduous Fruit Pilot	2016-17	R 526 318 ECDRDAR	A 3ha fruit pilot site was established in Elliot in 2016/17, where apples, pears and vine were planted as a trial in a partnership between CHDA, Distell, Stargro and Qwathi-tolo farms in Sakhisizwe. To date, 3ha of fruit have been planted, and the crop site has been monitored to identify best performing cultivars. If trial is successful, plans are under way to possible expand production in the future.	Ongoing in 2018-19
	Shiloh Vineyard Expansion Project	2015-16	R 376 656 CHDM	The CHDA, in a partnership with FarmVision, planted 5ha of vineyard in 2015-16, as an expansion to the pre-existing 5ha at Shiloh. The aim was to increase the quantity of production of wine grapes, so as to motivate for the establishment of a cellar in the future. In 2016-17, the first harvest operation was conducted, and the grapes processed into Pinotage and Chenin Blanc wines, which are sold by the Shiloh – based Mayime Winery Co-operative, under the Inkosi wine brand. The Inkosi wines will be sold via approved liquor outlets on approval of a liquor license in early 2018-19.	Ongoing in 2018-19
	Pomegranite Pilot at Mitford	2015-16	R 150 000 CHDM	The pomegranite trial site was planted in prior periods, with the 2017-18 target being the ongoing maintenance and monitoring of the existing 30ha crop. The crop was maintained throughout the year, and fruit harvested in quarter 4 of 2017/18	Ongoing in 2018-19
	Operationalisation of the Vusisizwe Tree Nursery	2015-16	Nil	The CHDA was tasked with the mandate of providing technical assistance to the tree nursery at Vusisizwe with relation to the facilitation of offtake agreements. The CHDA assisted with the securing of a buyers agreement with Hans Merensky, where the tree nursery would be in a position to grow seedlings, which the forestry company would buy in bulk for their forest plantation	Complete

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
3_ To facilitate investment promotion and SMME development	Operationalisation of the Komani Industrial Park	2015-16	R 45 320 940 DTI	The CHDA was tasked with the mandate of facilitating the work being done by the DTI with regards to the improvements to the industrial park in Queenstown / Ezibeleni. The work was initiated in 2015-16, where an infrastructure upgrade commenced, with a focus on security upgrades involving lighting, fencing and security in the park. In 2017-18, the CHDA submitted an application for further upgrades, and a total of R 45 million was approved for the Komani Industrial Park, which would additional security and infrastructure upgrades	Ongoing in 2018-19
	CHDM SMME Funding Initiative	New	R 3 760 713 CHDM	The CHDM issued a call for applications in 2015-16, and a total of 42 SMME's from the Chirs Hani district were approved for funding of their small businesses in 2017-18. The CHDM approved SMME funding to the value of R 3.7 million, which the CHDA was mandated to manage the disbursement of funds to approved SMME's	Complete
	Facilitation of New Job and Work Opportunities	Ongoing	Project budgets	The CHDA had a mandate of ensuring that locals benefits from development initiatives through job and employment opportunities. In 2017-18 alone, the CHDA was able to place more than 368 locals in various projects, allowing these people to earn a wage on a monthly basis.	Ongoing in 2018-19
4_ To facilitate development of sector – specific scarce skills	CHDM Mayors Bursary Fund	2013-14	R 2 425 485 CHDM	The CHDA has been administering the CHDM Mayors Bursary Fund initiative since 2013-14, and is in its second placement cycle. A current 21 students are being supported on the bursary fund to further their tertiary studies in identified scarce skills, ranging from agricultural studies, engineering, finance and accounting, as well as IT and tourism.	Ongoing in 2018-19

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
4_ To facilitate development of sector – specific scarce skills	CETA Bursary Fund	New	R 900 000 CETA	With engineering being identified as a scarce skill in the district, the CHDA submitted a funding application for bursaries with the Construction Seta in 2016-17, which was approved for implementation in 2017-18. A total of 15 young people were selected by the CETA, and enrolled in various institutions of higher learning to further their studies in engineering. A total of 11 students were active by the end of June 2018, as the 4 had been taken off the programme due to poor academic performance	Ongoing in 2018-19
	Career Seminars	2013-14	R 75 550 CHDA	The CHDA hosts career exhibitions during the year, targeted at both teachers and learners. The career seminars assist both learners and teachers access the latest information on career choices, application procedures with various institutions, as well as access bursary information at these events. Various bodies are invited to present, and setup exhibition stands, so as to enable learners to make educated and informed career and further study choices	Ongoing in 2018-19
	CETA Internship Programme	2016-17	R 1 080 000 CETA	The CHDA submitted an application for the placement of unemployed youth with engineering studies in various places of employment. The project commenced in 2016-17, and a total of 15 interns were enrolled and placed at various workplaces in a partnership with the EC Dept of Roads and Public Works, in positions related to engineering and related studies.	Complete
	CETA Learnership Programme	2016-17	R 720 000 CETA	The CHDA submitted an application for the placement of unskilled youth in various learnership programmes involving bricklaying, plastering, and carpentry. The project commenced in 2016-17, and a total of 44 learners were enrolled and participated in the programme, for final certification by the CETA	Complete

Strategic Programme	Projects	Origin	Budget and Funder	Purpose	Status
4_ To facilitate development of sector – specific scarce skills	MICT Seta ICT Learnership	2016-17	Externally funded by MICT Seta	50 young people from the district were recruited onto the MICT Seta learnership programme, hosted by Silulo Technologies, in 2016-17. The programme was completed at the end of July 2017, and a total of 49/50 (98%) learners graduated in a ceremony held in Dec2017	Complete
	Rural Artisan Certification Project	New	R 40 000 CHDA	The CHDA has identified a need for artisans in rural communities, both to provide much needed specialist services in communities, as well as create jobs and small businesses for registered artisans. A project commenced in 2016-17, where 8 young people from communities in the district would be selected for undergoing an artisan accreditation process with the CETA	Ongoing in 2018-19



CareerSeminar

4. Agency Performance for 2017-2018

4.1 *Summary Organisational Performance*

The annual performance report provides an assessment of the agency's performance in the period starting 1 July 2017 to 30 June 2018, against these identified strategic programmes, and reflect in depth on areas of non-performance, so that remedial action can be taken timeously to ensure planned objectives are realized by 30 June 2018.

The Annual Performance Plan (APP) for 2017-2018 was developed and approved by the CHDA board, in line with the signed SLA with the parent municipality, CHDM, for the year 2017-2018.

There were a total of 41 performance deliverables due by end June 2018, of which

- 14/41 deliverables (34% of the APP) were aligned to finance, administration and support activities of the organization, and
- 27/41 deliverables (66% of the APP) being attributed to programming and projects, or the core business of the organisation:

The agency's assessed performance for the period 1 July 2017 to 30 June 2018, is as follows:

Achieved: 78.05 % (100% or greater completion of planned outputs due by end June 2018)

Partially achieved: 2.44 % (76 – 99% completion of planned outputs due by end June 2018)

Not achieved: 19.51 % (75% or less completion of planned outputs due by end June 2018)

The chart below (Figure1) indicates the status of key output deliverables at 30 June 2018 in terms of overall organizational performance. The chart summarises organizational performance by depicting the distributions of achieved, part achieved and non-achieved organizational performance targets.

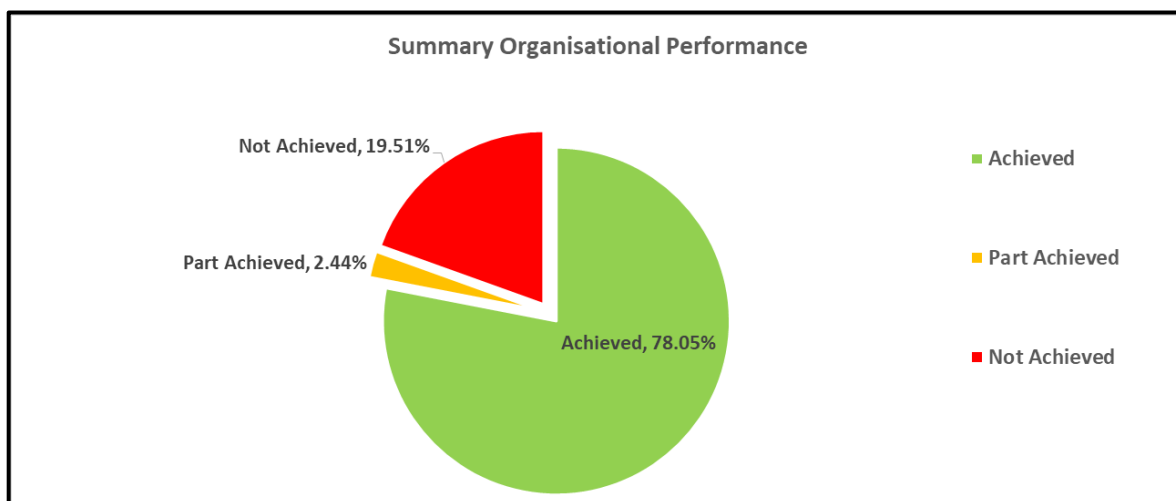


Figure1_Summary Organisational Performance

Strategic Programme	Targets 2017-2018	Achieved 100% or >	Part Achieved 77% - 99%	Not Achieved 75% or <
PROG_1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	14	13	1	0
PROG_2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	14	9	0	5
PROG_3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	3	2	0	1
PROG_4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	8	6	0	2
PROG_5: TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	2	2	0	0
Total:	41	32	1	8
	100%	78%	2%	20%

Figure2_Detailed Organisational Performance

Figures 1 and 2 above can be explained in more detail below:

Achieved

A total of 32 deliverables of the 41 (78.05%) identified for the year have been achieved in full or in excess of the planned target (100% or greater). Of these 32, a total of 12 (37.5%) targets were exceeded from the annual set target, i.e, achieved above 100% of required level of achievement

Part Achieved

A total of 1 deliverable of the 41 (2.44%) identified for the year has been partially achieved to within 76-90% of the annual target, and

Not Achieved

A total of 8 deliverables of the 41 (19.51%) identified for the year have been not achieved, as they have fallen within 0-75% of the annual target.

In compiling the performance figures, the organizational performance was reviewed against the 5 individual strategic programme performance areas the detail of which has been summarized below:

Strategic Programme	Achieved	Part Achieved	Not Achieved
PROG_1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	93%	7%	0%
PROG_2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	64%	0%	36%
PROG_3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	67%	0%	33%
PROG_4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	75%	0%	25%
PROG_5: TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	100%	0%	0%

Figure3_Detailed Organisational Performance by Strategic Programme

The information in the table above can be viewed in a graphical distribution as per the chart below:

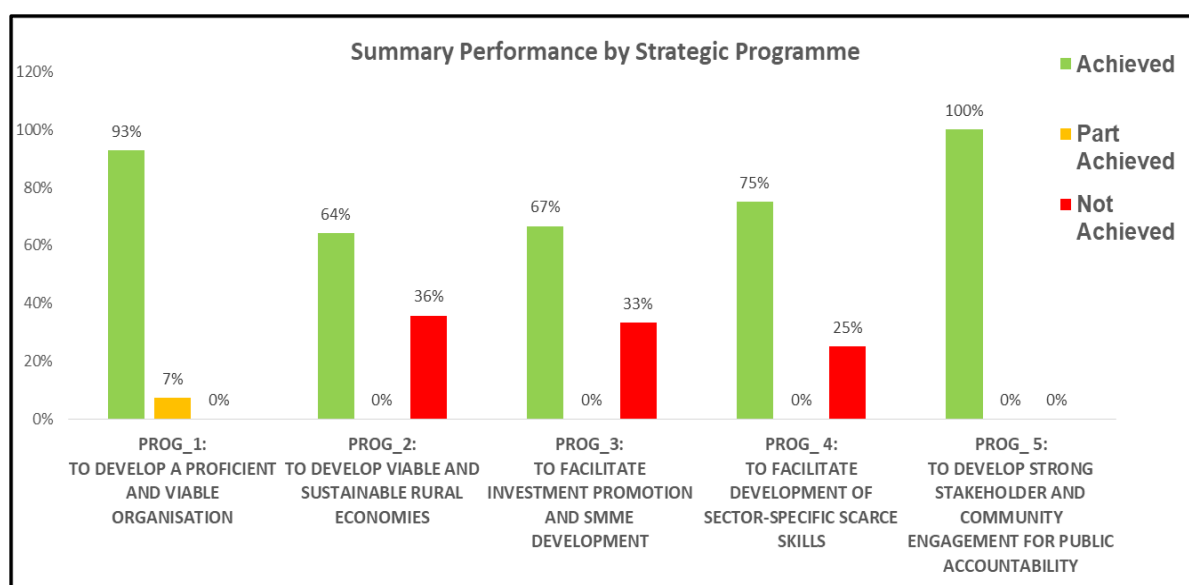


Figure4_Chart_Representation of Organisational Performance by Strategic Programme

Figures 3 and 4 above highlight that:

- Programmes 1 and 5 performed the best during the year, having achieved above 90% of set targets for the year
- Programme 4 talking to skills development has been consistent, having achieved 75% of set targets
- Programmes 2 and 3 talking to agricultural development and investment promotion / SMME development and job creation activities have shown the most improvement from prior years, having achieved 64% and above of set targets. These programmes have averaged 50% and below in prior years

These performance figures were achieved with the agency utilizing 74% of its overall budget, as follows:

2017-2018	Budgeted	Year to date Movement	Available Budget	% Spent	Funds Budgetted:
Project Expenditure	32,618,326	18,320,605	14,297,721	56%	55,034,056
Operational Expenditure	22,415,730	22,478,657	-62,927	100%	Funds Received (incl. Rollovers):
<i>Programmes</i>	<i>286,305</i>	<i>165,550</i>	<i>120,755</i>	<i>58%</i>	38,751,739
<i>General Expenses</i>	<i>7,026,864</i>	<i>7,207,610</i>	<i>-180,747</i>	<i>103%</i>	
<i>Repairs and Maintenance</i>	<i>47,862</i>	<i>47,391</i>	<i>471</i>	<i>99%</i>	
<i>Asset Finance</i>	<i>2,034,952</i>	<i>2,034,952</i>	<i>-</i>	<i>100%</i>	
<i>Employee Related</i>	<i>13,019,748</i>	<i>13,023,153</i>	<i>-3,405</i>	<i>100%</i>	
Total Expenditure	55,034,056	40,799,262	14,234,794	74%	70%

However, it is worth noting that one of the key challenges for the year resulting in some non-performance was the access to only 70% of budgeted – for funds, with the rest not being received from external funders, and a small portion outstanding at year-end for the annual operational grant allocation with the parent municipality. This is indicative in the total programming expenditure being at 70, resulting in the reported 78% performance of predetermined objectives for the year (some targets were at nil-budget).

The next part of the report will indicate in detail areas of key achievement, and areas of non-achievement for 2017-18, within each of the programmes' key areas of focus.



Pomegranite Pilot – Mitford

4.2 Key Performance Highlights

Programme _ 1: To Develop a Viable and Proficient Organisation:

Objectives	Focus Area	Actual Deliverables / Successes Realised
Governance Structures	Strategic Planning	☺ Improvement in the annual strategic planning processes, with the annual strategic review being held with good attendance and inputs from key stakeholders, LM's and the parent municipality
Corporate Finance, SCM and Compliance	Audit Outcomes and Annual Reporting	☺ Unqualified audit opinion realized for 2017 in management and audit report issued by AG in November 2017 ☺ The agency improved turnaround timeframes in development and approval of annual report. The annual report was submitted to the parent municipality by 30 September 2017, and approved at the AGM held mid-December 2017
ICT Governance	ICT Steering Committee and ICT Strategy	☺ The ICT steering committee was established and functional during the year ☺ ICT strategy developed for the first time, and 96% of action items completed against annual planned target of 80%. This is due to improved management over ICT
Fundraising	Funding strategy for own revenue to supplement operational grant	☺ An organizational funding strategy was developed to assist with sourcing of external project funds. The strategy includes an own – revenue generation from the agency function, which can be utilized in the CHDA earning own revenue as a supplement to the operational grant
Own Revenue Generation	Agency Function Activities	☺ The contract with ECDRDAR was renewed for 2017-18 irrigation schemes support ☺ The DEA waste recycling project business plan was finally approved for implementation in November 2017 ☺ The agency was commissioned by the CHDM to assist with the implementation of its SMME development funding programme, which resulted in over R3.7 million being paid out in emerging small business support expenditure ☺ The agency also facilitated the securing of an implementation support contracts between Qamata farmers and Humansdorp Co-op, towards production and infrastructure support. The agency has been tasked with community mobilization and negotiation of agreeable terms with communities resulting in 2 signed implementation partnership agreements

Risk Management	Risk Assessment, Reporting< organizational Policies and Operating Procedures	<p>☺ The agency conducted its annual risk assessment workshop in the first quarter, and developed a risk action plan to address identified risks. A total of 71% of the risk action plan was addressed by the end of June 2018</p> <p>☺ The agency implemented all approved internal audit assignments in line with approved plan, as well as all commissioned ad-hoc assignments</p> <p>☺ The agency reviewed 100% of its policies and formalized its policies through the publication of a Policy Handbook. Also, all policies were expanded into 3 SOP manuals covering Finance, SCM and HR and Other Admin Processes and Procedures</p>
Performance Management	Improvement in Agency Performance	☺ The agency attained a 62% performance rate for 2016-17, and this was improved to 76% in 2017-18,
Strategic HRM	HRM Strategy	☺ The agency developed a HR strategy for the first time in 2017-18. 90% of the plan was implemented, which exceeded the set target of 80%

Programme _ 2: To Develop Viable and Sustainable Rural Economies

Objectives	Focus Area	Actual Deliverables / Successes Realised
Resuscitation of Irrigation Schemes	Partnerships and Synergies	<p>☺ The agency has developed a comprehensive community engagement model for the work to be done in the irrigation schemes to guide the way forward in how the agency interacts with partners and communities. This strategy was presented to CHDM and local municipalities, and approved for implementation</p> <p>☺ The agency also secured 2 partnership arrangements with the Humansdorp Koop, to assist with infrastructure improvements and production at the irrigation schemes in Qamata</p>
	Fundraising	<p>☺ The CHDA submitted 3 funding applications for operationalisation of the Bilatye piggery. 2 of the 3 applications were approved by end June 2018, allowing for implementation to commence in 2018-19</p> <p>☺ The agency also submitted 2 funding applications for the planned winery / cellar at Shiloh, but no approvals had been received by end June 2018</p>
	Infrastructure Improvements	☺ The agency finalized work on the electrical upgrade to the Qamata center, which has been pending since 2015-16. Eskom finalized the transformer installation, which allowed for an independent electrical contractor to finalise the connection to the center

Development of Agricultural Value Chains	Development of Livestock Value Chain	<p>☺ The farmer verification and approval processes were finalized for the beef linkages project, with a total of 16 farmers from Sakhisizwe being approved by the Jobs Fund for placement of livestock</p> <p>☺ A total of 251 animals were inseminated in an artificial insemination project to help Elliot farmers improve their livestock breeds, with a success rate of 67% confirmed pregnancies by end June 2018</p>
	Development of Crop Production Value Chain	☺ The CHDA entered into an agreement with Emalahleni LM to facilitate planting of 200ha of sorghum. A total of 392 hectares were confirmed as planted by end June 2018
	Development of Fruit Cluster Value Chain	<p>☺ The agency continued support of the 30ha pilot of pomegranate in Mitford. A successful harvest was done in the last quarter</p> <p>☺ The agency continued its technical support to the Qwathi-Tolo farms in Gubenxa towards a successful apple / pear pilot in a partnership with Distell, Stargro and Qwathi-Tolo farms</p>
Market Linkages	Offtakes	☺ The Berlin Beef / Jobs Fund project helped realize a total of R2.4 million in revenue for participating Elliot farmers selected to participate in the beef linkages programme. This revenue was realized from successful placement and buy-back of livestock with 10/16 approved farmers

Programme _ 3: To Facilitate Investment Promotion and SMME Development

Objectives	Focus Area	Actual Deliverables / Successes Realised
Investment Promotion	Fundraising	☺ The agency has successfully submitted an application to the DTI for the cluster development initiative at Komani Industrial Park. A total approval of R 45 million was granted to support improvement of the industrial park to support investment into the CHD
	Job Creation	☺ The agency exceeded the targetted number of new jobs, work opportunities or those that were retained from prior years. A total of 326 new jobs were created in the DEA waste buy-back project by end June 2018, and the remaining 42 jobs retained from prior year(s)

Programme _ 4: To Facilitate Development of Sector Specific Scarce Skills

Objectives	Focus Area	Actual Deliverables / Successes Realised
Development of Sector – Specific Scarce Skills	Fundraising	☺ The agency submitted 3 applications for skills development programmes with the MerSeta, HWSeta and Agriseta.
	Bursary Fund Assistance	☺ The agency has continued to deliver on the implementation of the CHDM Mayor's bursary fund in 2017-18. A total of 21 students were supported during the year ☺ An additional R 900 000 in bursaries from CETA for engineering studies was secured and disbursed in support of 11 students participating in formal engineering studies
	Career Expos / Seminars	☺ The agency delivered on its target of hosting 6 career seminars during the year.
	Skills Programmes	☺ The CETA programmes applied for in 2013-14 were finally given the go-ahead for implementation 2016-17, and a total of 44 learners and 15 interns were active on the learnership and internship programmes respectively ☺ The MICT learnership in a partnership between the agency, Silulo Technologies and the MICT Seta, came to an end in July 2017, but graduations were confirmed for 49/50 students in a ceremony held in November 2017

Programme _ 5: To Develop Strong Stakeholder and Community Engagement to Increase Public Accountability

Objectives	Focus Area	Actual Deliverables / Successes Realised
Stakeholder Engagement	Participation in District Planning Forums	☺ The agency has successfully participated in various district – level planning forums, contributing towards co-ordinated development planning for the district between key development stakeholders, entities and partners
Corporate Communications	PR and Communications Strategy	☺ The agency achieved in its targeted performance on implementing on its PR and communications plan for the year. The desired performance was achieved, despite budget constraints

4.3 Key Performance Challenges

The key areas of non-performance up to the end of June 2018 were due to challenges within and outside of the agency's control, namely:

- ☹ Limited generation of own – revenue, resulting in high reliance on grant funding for operations, and an inability to access own funds in instances of donors not delivering on funding promises to enable service delivery.

This is also enabled by limited in-house skills for conceptualization, feasibility and business planning to assist with alternative funding access and expansion in development programming
- ☹ Limited co-ordination and planning with other district development agencies, as well as local municipalities
- ☹ Non-receipt of budgeted – for funds from programme donors, resulting in non-availability of budget for programme implementation and general underspending
- ☹ Reneging on agreed terms by third parties and non-performance by development partners or third parties, who do not honour development priorities and deliverables set out in agreed MOU's and SLA's, resulting in programme non-performance. This is linked to under-developed internal ability to select partners, and monitor partner performance and take required legal action in instances of non-performance
- ☹ Social issues and delays in irrigation scheme agreed working arrangements
- ☹ Performance monitoring is still reactive in nature, and a more proactive method of monitoring programme success is required, as well as extensive baseline data in order to monitor the agency's development impact in a formal M&E system

Goal 1: To Develop a Viable and Proficient Organisation:

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Governance Structures	Board and sub-committees	The annual board and sub-committee performance reviews were not conducted	The board and sub-committees comprise of new members, and the company secretariat is also new. It was felt best that reviews be conducted after all the planned sittings / events for 2017-18	Retain performance commitment made, and carry forward to APP 2018-19	The company secretariat to conduct the assessments in the first quarter of 2018-19	Part Achieved	High level of confidence target will be achieved

Goal 2: To Develop Viable and Sustainable Rural Economies

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Livestock value chain development	Farmer livestock placements	16 farmers were approved for the beef linkages programme, but only 10/16 farmers were placed with livestock	The Jobs Fund transferred funding late in the season to the implementing agent, and as a result, the remaining farmers to be placed with livestock in the next placement cycle (spring 2018)	Retain performance commitment made, and carry forward to APP 2018-19	Contracts have been signed, and deliveries confirmed	Part Achieved	100% level of confidence target will be achieved

	Ikhephu office structure	100% completion rate of structure could not be confirmed	An unqualified builder was appointed by the beneficiaries in 2016-17, and sub-standard materials used, resulting in an unstable structure that cannot be completed. The structure was not completed in 2017-18	Retain performance commitment made, and carry forward to APP 2017-18	A qualified contractor will be appointed to ensure quality work is done to complete the structure.	Structural engineer has been appointed to ensure unstable structure is re-enforced, and will supervise the appointment of contractor, as well as contractor output	100% level of confidence target will be achieved
--	--------------------------	--	--	--	--	--	--

Goal 3: To Facilitate Investment Promotion and SMME Development

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Investment Promotion	Investor Event to market CHD as Preferred Investment Destination	Planned event did not take place	The initial date was set to promote the Elitheni Coal Mine initiative as part of the events around the annual strategic planning event, but date changes resulted in the event not being held as key stakeholders no longer available	Retain performance commitment made, and carry forward to APP 2018-19	Follow up with the CHDM and Emalahleni LM on the re-scheduling date for the investor event, or identify new investment event to host	Not Achieved	Possibility of non-achievement as target depends on third party availability and input

Goal 4: To Facilitate Development of Sector Specific Scarce Skills

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Multi-targetted skills development initiatives	CETA Bursary	11 students were active on the bursary by end June 2018	The target is for 15 active students, and the 4 were part of programme at the start of the year, but were removed by CETA due to poor performance	The target to be reduced to 11 in 2018-19, and kept on the APP. This is due to CETA not approving the recruitment of new students halfway through the programme / funding cycle	Maintain the 11 currently on the programme	Not Achieved	100% level of confidence target will be achieved
	Technical Skills Accreditation / Artisans	8 registered artisans were not produced by end June 2018	The CETA amended its selection criteria after applications had been submitted, resulting in learners identified not meeting the new regulations for enrollment. Enrollments were only confirmed in June 2018, for artisan certification by December 2018	Retain performance commitment made, and carry forward to APP 2018-19	CETA applications have been approved for 7 learners and 1 additional learner identified. A training center has confirmed acceptance of the 7. To follow up on acceptance of the 1 learner, and ensure examinations are attended by the learners	Not Achieved	100% level of confidence target will be achieved



Artificial Insemination in Elliot

4.4 Way Forward

The key areas of non-performance up to the end of June 2018 are due to areas within the CHDA's area of control, and outside of its control:

Non-Performance Issues Within Agency's Area of Direct Control	
1) Improvement in own fund-raising for programmes	<p>Agency to consider:</p> <ul style="list-style-type: none"> - Building internal skills associated with programme conceptualization, feasibility analysis, business planning and funding applications to help reduce reliance on handed-over projects, and non-receipt of promised funds. This will create project autonomy, and alternative sources of programme implementation funds
2) Investment in skills and capacity of implementing resources	<p>Agency to invest more in:</p> <ul style="list-style-type: none"> - Attracting and recruiting the right candidates with the right set of skills, which are needed for building distinct competencies and build organizational strengths - Training and development for implementation staff, to ensure that those who drive programmes are well-equipped with technical, financial and project-management capabilities
3) Improvement in monitoring processes	<p>Agency to consider:</p> <ul style="list-style-type: none"> - Allocating the responsibility of a strategic manager / performance officer or senior operations to a single individual on a full-time basis to ensure that programme and performance planning, monitoring and management of programme risks is managed daily and prioritized, so performance can be championed within the agency - Design improved methods of reporting by project implementers, linked to pre-approved key performance indicators on programmes. This function has to be driven and monitored by a key resource in the agency, so all reporting is not only reactive, but linked to solutions and counter-measures, and monitoring of high – importance / high – impact areas that could result in poor performance - Investment in advanced monitoring and evaluation training for those involved in project implementation - Investment in a monitoring and evaluation baseline study to identify benchmarks for performance planning, and performance review. This will help motivate a business case for the agency, and highlight key achievements

4) Improvement in partner selection and evaluation	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Create a formal method of selecting partners for development projects, so as to enter in meaningful MOU's and SLA's, given CHDA's disappointments from third parties in the past. - All partnerships must be based on distinctive competencies the agency does not have access to, so all partnerships are mutually beneficial, and reduce the likelihood of non-performance on both parties - A formal method of vetting partners, and monitoring their performance under the terms of the MOU are necessary, so un-beneficial partnerships are cancelled timeously to mitigate associate strategic risk from non-performance
5) Better coordination and planning with CHDM and LM's	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Find suitable means of engaging with the parent municipality and local municipalities to better package development solutions and harness shared budgets. <p>This would position the CHDA as an ally, rather than a competitor, and make working partnerships more feasible for all parties</p>
6) Better documenting of lessons learnt in APP development	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Ensure better alignment between performance indicators and targets to ensure they do not conflict with each other in the APP - Ensure better selection of verification methods / POE items to be applied in confirming realization of target. The selected POE must support both target and indicator to ensure that POE is found to be sufficient on review

Non-Performance Issues Outside of Agency's Area of Direct Control	
1)	Default on MOU terms by third parties, or non-performance by technical partners
2)	Non-receipt of approved funding for programme implementation
3)	Handover of projects by the parent municipality which may be difficult to fully have control and power over anticipated outcomes
4)	Social issues in communities, which affect how well the agency is able to fulfil its mandate in these areas

5. Governance

Corporate governance embodies processes and systems by which municipal entities are directed, controlled and held to account. In addition to legislative requirements based on the applicable enabling legislation, and the Companies Act, corporate governance with regard to the CHDA is applied through the prescripts of the Municipal Finance Management Act (MFMA) and run in tandem with the principles contained in the King III Report on Corporate Governance.

5.1 *The Accounting Authority / Board of Directors*

The Board of Directors (Board) of CHDA represents the organisation's system of corporate governance, and is ultimately responsible for the performance and affairs of the agency. ***Good governance is regarded as critical to the success of the CHDA, and the Board is unreservedly committed to applying the fundamental principles of good governance in every way. This involved ensuring transparency, integrity, accountability and responsibility in all dealings by, and on behalf, of the CHDA.***

The Board embraces the principles of good governance as set out in the King Code of Governance for South Africa 2009 and the King Code of Governance Principles (collectively known as King III), and seeks to comply in all applicable aspects to the MFMA, as well as national Treasury regulations, as amended.

The current Board assumed office in early 2014. The Board comprises 8 members, who were appointed by the Shareholder, the Chris Hani District Municipality (CHDM), who are all skilled in various disciplines, and stem from multiple background, thus bringing an eclectic and highly skilled mix of experience, and required levels of technical expertise.

The Board Charter:

The CHDA Board Charter defines the governance parameters within which the Board exists, sets out specific responsibilities to be discharged by the Board collectively, as well as certain roles and responsibilities incumbent upon the directors as individuals. The Board Charter further serves to ensure that all members of the board, agency management and staff, and other stakeholders are aware of the duties and responsibilities of the Board, as well as the basis upon which it interacts with Management in order to give effect to its obligations to the shareholder.

The Board Charter sets out the board governance principles and parameters within which the board operates, and constitutes an integral part of setting out the composition and meeting procedures for the Board.

Composition of the Board:

The Board is appointed by the shareholder, the Chris Hani District Municipality (CHDM), and comprises of 8 Non-Executive Directors. In determining the optimum composition of the Board, the shareholder sought to ensure that it collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the CHDA as necessary to secure its sound performance.

The Board is led by an independent non-executive Chairperson who, inter alia, presides over meetings of the Board, and who is responsible for ensuring the integrity and effectiveness of the Board governance process.

The role of the Chairperson is regarded as critical to good governance. In ensuring this role is fulfilled, the Chairperson relies on the technical expertise of the Company Secretary.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Manager of Operations (EMO) are ex officio members of the Board.

Irrespective of a director's special expertise or knowledge all members of the Board recognise that they are collectively responsible to the shareholder for the performance of the CHDA.

The board members during the 2017-18 financial period were:

Manjezi, LH	Resigned
Dzengwa, SP	Resigned
Ntsubane, UN	Resigned
Skeyi, N	Board Chairperson
Sigabi, MS	Board Member
Ngqwala, SM	Board Member
Matsiliza, VV	Board Member
Mushohwe, F	Board Member
Songo, P	Board Member
Ramabulana, RT	Board Member
Mbawuli, ZJ	AC Chairperson
Galada, L	AC Member
Langa, AM	AC Member
Plaatjies, AW	AC Member



(Left to right)

Siyathemba Sokutu (Company Secretary), **Phumzile Songo** (Board Member), **Nokulunga Skeyi** (Board Chairperson), **Thukela Mashologu** (Chief Executive Officer), **Vuyelwa Matsiliza** (Board Member), **Tshililo Ramabulana** (Board Member), **Singa Ngqwala** (Board Member) and **Mafuza Sigabi** (Board Member)

Absent: **Fungai Hluyo** (Board)



5.2 Board Sub-Committees

The effectiveness of the Board is assured by the work of three (3) duly appointed sub-committees, which assist the Board with its performance of tasks in order to comply with the principles of good governance, and ensure adequate levels of oversight over key CHDA operations.

1) AUDIT, RISK AND ETHICS COMMITTEE

The audit, risk and ethics (ARE) committee is an independent advisory committee of the Board and is established to assist CHDA board to manage risk and financial affairs of the agency. The committee therefore supports the board in implementing its oversight responsibility by overseeing and reporting to the board on:

- The quality and integrity of the agency's Annual Financial Statements and Performance Report
- Compliance with regulatory, legal and tax requirements
- Implementation of accounting policies Overall risk management
- Independent auditors opinions and measures for improvement, and
- The performance of the internal audit function and systems of internal control

The committee convenes on a quarterly basis as required. The committee performed well and conducted all the necessary reviews and approvals for the year under review.

2) HR and REMUNERATION COMMITTEE

The HR and Remuneration committee assists the board in fulfilling its obligations and oversight responsibility for human resources strategies. To this end the committee advises the board on:

- Ensuring the agency has an effective organizational structure and competitive human resource and compensation policies and practices
- Ensuring appropriate processes are in place for selection, evaluation, compensation and succession of senior management
- Oversight of the implementation of the agency's performance management system, and
- General administration issues as they affect all staff

The committee convenes on a quarterly basis as required. The committee performed well and conducted all the necessary reviews and approvals for the year under review.

3) PROJECTS AND INVESTMENT COMMITTEE

The PFI committee was established to assist the board in giving effect to the obligations of the CHDA in terms of the mandate and service level agreement (SLA) as entered into with the CHDM, or shareholder.

The key deliverable is to promote service delivery and programing performance in line with the strategy of the CHDA, as aligned to the SDBIP and IDP of the CHDM. The committee serves to assist the board

in identifying high impact strategic programmes, as well as the programming performance of the agency in meeting in strategic objectives.

The committee convenes on a quarterly basis as required. The committee performed well and conducted all the necessary reviews and approvals for the year under review.

5.3 Board's Role and Responsibilities

The Board's role is to effectively represent, and promote the interests of, shareholders (CHDM) with a view to adding long-term value to the development impact outcomes of the CHDA and the community. The board of directors' key purpose therefore is to determine the organisational strategy, and consequently its performance, as well as ensure adequate levels of control, where it is ensured that Management actions strategic decisions effectively and according to the laws and applicable prescripts, and legitimate expectations of stakeholders.

During the year, the Board did all that was necessary to ensure that its role, as expressed in the Board Charter, was fulfilled:

- 1) The Board acted as the focal point for, and custodian of, corporate governance by managing its relationships with management and the shareholder;**
- 2) The Board appreciated that strategic risk, performance and sustainability are inseparable, and gave effect to this by:**
 - Contributing to and approving the corporate performance plan as aligned to the corporate strategy;
 - Satisfying it that the strategy and operational plans do not give risks that have not been thoroughly assessed by management;
 - Identifying key performance and risk areas, and monitoring the agency's performance against agreed objectives (including the assessment of the evaluation of the performance of executive management in terms of defined objectives) ensuring that the strategy will result in sustainable outcomes;
 - Providing effective leadership based on an ethical foundation;
 - Ensuring that the agency's ethics are managed effectively;
 - Retaining full and effective control over the agency, and monitoring Management's implementation of the strategic plans and financial objectives as defined by the Board;
 - Defining levels of delegation of authority to Board sub-committees and management and continually monitoring the exercise of delegated powers;
 - Ensuring that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the agency and its business;
 - Ensuring compliance by the agency with all relevant laws and regulations, audit and accounting principles, the approved code of conduct, and such other principles as may have been established by the Board from time to time;
 - Ensuring that the agency has an effective and independent Audit and Risk Committee and that there is an effective risk-based system of internal audit;

- Being responsible for information Communication Technology (ICT) governance;
- Being responsible for the governance of risk and regularly reviewing and evaluating the risks to the agency and ensuring the existence of comprehensive, appropriate internal controls to mitigate against such risks;
- Acting in the best interests of the agency by ensuring that individual directors: adhere to legal standards of conduct;
- Are permitted to take independent advice in connection with their duties following an agreed procedure;
- Disclose real or perceived conflicts to the Board and dealing with them accordingly;
- Exercising objective judgement on the business affairs of the agency, independent from management but with sufficient management information to enable a proper and informed
- Ensuring that the agency is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the agency but also the impact that the business operations have on the environment and the society within which it operates;
- Identifying and monitoring non-financial aspects relevant to the business of the agency
- Ensuring the integrity of the agency's Annual Report;
- Evaluating the performance of the Chief Executive Officer;
- Together with the CEO evaluating the performance of the Board Secretary; and
- Reviewing and evaluating the adequacy of the Board Charter.
- In terms of the Board's oversight function, the Board Chairperson and the Chief Executive Officer held bilateral meetings at least once each month.

5.4 Board Remuneration

The composition of the Board reflects a variety of skills and experience that are required to govern the CHDA, and provides the much needed strategic direction to take the entity to the next level. Amongst these skills are: Accounting, Auditing and Municipal and Development Finance, Strategy, Human Resources Management, Agricultural Economics, Economic Development, Performance Management and Risk Management,.

Some of the members have to take time from their own private practices and full – time employment in key positions, in order to support the agency, and this comes at a cost that cannot easily be matched at times. Failure to recognise this fact through narrowing the gap between revenue streams might compromise the quality of Board members that the CHDA is capable of attracting. The Board thus comprises of highly committed members who are capable of engaging meaningfully with the activities of the agency at a strategic level and provide the necessary guidance to management.

Remuneration made to Board members during the period 1 July 2017 to 30 June 2018 is as follows:

BOARD REMUNERATION					
01/07/2017 - 30/06/2018					
	Designation	Sitting Fees	Mileage	Other Refunds	Gross
<i>Manjezi, LH</i>	Resigned	-	-	-	-
<i>Dzengwa, SP</i>	Resigned	-	-	-	-
<i>Ntsubane, UN</i>	Resigned	-	-	-	-
Skeyi, N	Board Chairperson	191,948.00	17,457.00	650.00	210,055.00
Sigabi, MS	Board Member	95,770.83	5,296.00	-	101,066.83
Ngqwala, SM	Board Member	61,000.00	14,472.00	-	75,472.00
Matsiliza, VV	Board Member	34,000.00	151.80	-	34,151.80
Mushohwe, F	Board Member	59,417.00	6,408.60	-	65,825.60
Songo, P	Board Member	47,000.00	10,395.20	-	57,395.20
Ramabulana, RT	Board Member	68,750.00	9,464.00	234.50	78,448.50
Mbawuli, ZJ	AC Chairperson	114,775.00	16,415.80	-	131,190.80
Galada, L	AC Member	41,000.00	5,992.80	-	46,992.80
Langa, AM	AC Member	46,000.00	9,240.00	1,735.00	56,975.00
Plaatjies, AW	AC Member	46,000.00	9,248.00	900.00	56,148.00
		805,660.83	104,541.20	3,519.50	913,721.53

5.5 Board Evaluation and Performance

Although individual board members are appointed on a 3 year term, performance evaluations of the board as a whole and of individual members are conducted on an annual basis. The Chairman of the Board appraises the shareholder on the performance of the Board and its individual members annually, and the efforts of the Board are reviewed as a whole by the shareholder.

There were no performance reviews conducted by end June 2018

5.6 Board Training and Development

During the year under review, the CHDA Board and sub-committees underwent a comprehensive induction process, as well as training on corporate governance, ethics and mSCOA.

5.7 Fraud, Corruption and Risk Management

The CHDA considers fraud risk and controls as an objective of internal control activities. Fraud is perceived to be a potential internal control failure, and fraud risk monitoring is deemed as a positive cost due to the benefit of protecting revenue and recouping losses.

The agency independent internal auditors, Sizwe Ntsaluba Gobodo, performed the role of risk – based internal auditing. Findings were reported to Management, the ARE Committee as well as the Board. There were no fraud - related findings.

The agency also has a good relation with the shareholder's internal risk unit. The CHDM hosted a risk and whistle-blowing awareness workshop, and all CHDA staff and management were required to attend, as part of the shareholder's internal awareness programme on risk, fraud and corruption. The agency has access to the parent municipality's recently implemented independent fraud and anti-corruption whistleblowing hotline.

Internal controls have continuously been strengthened. This includes the review and update of key agency policies, governing operations and key business processes where potential losses or strategic and operational risks could be incurred.

The Audit, Risk and Ethics Committee of the Board has a close relationship with the Board and comprises of externally – sourced members, to maintain its independence. The audit, risk and ethics committee is an independent advisory committee of the Board and is established to assist CHDA board to manage risk and financial affairs of the agency. The committee therefore supports the board in implementing its oversight responsibility by overseeing and reporting to the board on:

Risk Management:

Effective risk management is integral to the organisation's objective of consistently adding value to the business. The CHDA fully implemented a system of risk management in accordance with the requirements of the MFMA. A risk assessment was facilitated by the Office of the CEO and Internal Auditors, and the organisational risk register was developed, and monitored during the year.

Management is continuously developing and enhancing its risk and internal control procedures to improve the mechanisms for identifying and monitoring risks. The agency is working on developing a formal Risk Management Policy and Risk Management Strategy for approval and implementation in 2017-18.

Effectiveness of Internal Control:

In order to meet its responsibility of providing reliable financial information, the CHDA maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and the transactions are properly authorised and recorded.

The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the organisation, and the careful selection, training and development of staff.

The CHDA has appointed internal auditors who are guided by a Board - approved internal audit plan. The auditors adopt a risk based audit approach in order to ensure that the process adds value to the organisation. Internal auditors monitor the operation of the internal control system and report findings and recommendations to the Audit and Risk Committee and Executive Management. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through its audit and Risk Committee, provides oversight of the financial reporting process and internal control system.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

During the financial year the Audit and Risk Committee met with management and internal auditors on a quarterly basis to track their progress in resolving outstanding internal control issues previously raised by the auditor-General and internal audit.

In conclusion in respect of the internal control environment, based on our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity revealed weaknesses, which were then raised with the entity.

Internal Audit:

The internal audit plan for 2017-18 was carried out by the outsourced internal audit provider. The following internal audit work was completed during the year under review:

- Review of Performance Information
- Review of Annual Financial Statements
- Review of Fruitless and Wasteful Expenditure
- Review of ITC Governance
- Review of Assets and Asset Management
- Review of Agency Income Tax Position
- Review of Compliance and Governance
- Review of mSCOA Readiness

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the agency management.

In-Year Management and Reporting

The CHDA has reported monthly and quarterly to the Board, CHDM and to Treasury as is required by the MFMA.

5.8 Company Secretariat

The Company Secretary has an arms-length relationship with the Board and is not a director of the Corporation. The Company Secretary duties include, but are not restricted to:

- Providing guidance to directors as to their duties, responsibilities and powers
- Making directors aware of any law relevant to / affecting the company
- Reporting to the shareholders any non-compliance with Act by company / directors
- Ensuring proper recording of minutes of meetings: shareholders, directors, board and committee meetings, as well as keeping an update of resolutions and their implementation

- Ensuring copy of AFS and annual report is sent to every person who is entitled to it
- Ensuring a person is responsible for compliance by company with transparency and accountability provisions of Act
- Assisting nomination committee with appointments
- Assisting the board with performance appraisals of Board and its sub-committees
- Assist with director induction, training and education
- Ensuring the board charter and committee terms of reference are updated
- Being responsible for board documentation, compilation and circulation
- Assisting the board and sub-committees with interpretation of legal advice and opinions received

5.9 *Management*

During the year 2017-18, the CHDA was managed by the 3 existing Exco members:

Thukela Mashologu	-	Chief Executive Officer
Nontembeko Mayekiso	-	Chief Financial Officer
Zolile Duze	-	Executive Manager Operations



Left to right: Zolile Duze (Executive Manager Operations), Nontembeko Mayekiso - Nomnganga (Chief Finance Officer) and Thukela Mashologu (Chief Executive Officer)

Thukela Mashologu (Chief Executive Officer)

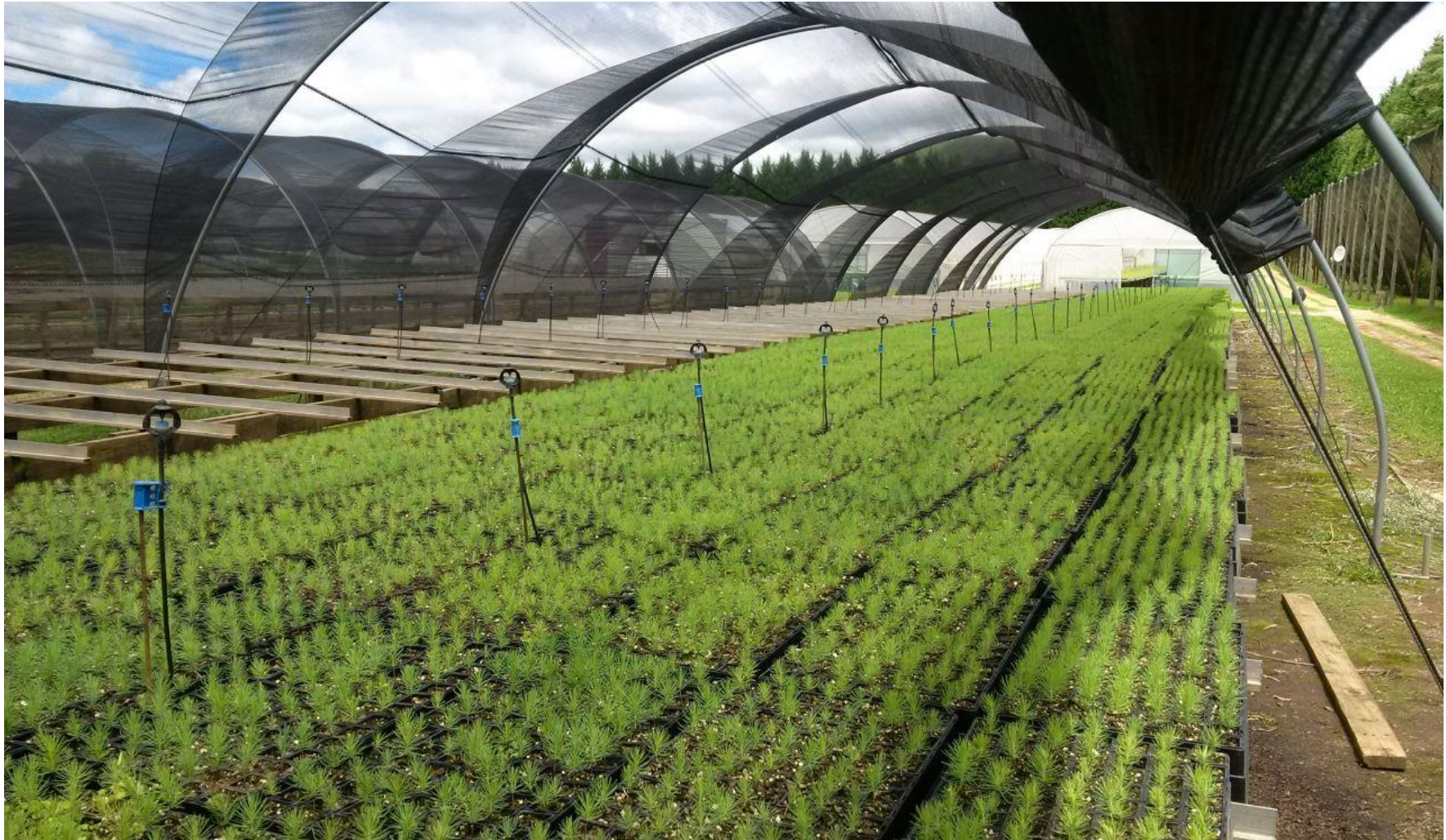
Thukela resumed duties as CEO of the agency in May 2014, after initially serving as a board member from October 2013. He calls himself an Economic Development Activist with extensive experience and knowledge in the economic development and agribusiness. His economic development experience has been gained at Nestle', Fort Cox College of Agriculture and Forestry, the Chris Hani District Municipality as LED Manager after which he joined AsgiSA EC and later acted as Chief Operation Officer of the ECRDA. He then ventured in Business Finance sector having worked for IDC as a Senior Regional Officer for the EC. He currently sits on the boards of the Mohair Trust and Mohair Empowerment Trust, and has acted as deputy chairman for the Eastern Cape Ostrich Producers Organisation (ECOPA) and was a member of the Ostrich Business Chamber, the Integrated Meat Processors of the Eastern Cape (IMPEC), and the Tsitsikamma Development Trust. Thukela holds a Master's in Business Administration (MBA) from the Nelson Mandela Metropolitan University, BSc in Agricultural Economics from the University of Fort Hare, Diploma in Farm Business Management from Fort College of Agriculture and Project Management Diploma from Tshwane University of Technology.

Nontembeko Mayekiso - Nomnganga (Chief Finance Officer)

Mrs Nomnganga is the Chief Financial Officer (CFO) at the Chris Hani Development Agency. Prior, she worked for the parent municipality, Chris Hani District Municipality, for 11 years, from intern to the position of Deputy Director Annual Financial Statements. She has vast knowledge on the processes and functions within local government, and holds a National Diploma in Cost and Management Accounting and a BCom Accounting Degree from Walter Sisulu University, previously known as the University of Transkei. She also holds a Certificate Program in Management Development (CPMD) endorsement from Wits Business School. She is also currently a member of the Chris Hani District Municipality Planning Tribunal.

Zolile Duze (Executive Manager Operations)

Mr Duze is currently employed as the Executive Manager Operations (EMO) at the Chris Hani Development Agency, after a few years as General Manager at GFADA. He is an Agribusiness Practitioner with 13 + years' experience in developing small scale farmers through market linkages, capacity building and skills development to commercialize their farming operations. He participated in the land reform programme restructuring and support in the Free State, KwaZulu Natal and Limpopo Provinces, through resource mobilization from Public and Private Sector partners. He has served as a Ministerial Trustee in the Sorghum Trust National Agricultural Marketing Council, Essential Oils Incubator Programme, South African Grain Information Services (SAGIS) and the Transformation Committee for Winter Cereal Trust. He holds an Honours Degree in Agricultural Extension and Rural Development from Tshwane University of Technology, an Advanced Management Programme (MAP) from Wits Business School, National Diploma in Farm Management from Fort Cox College of Agriculture and Forestry, and a CPMD from Wits Business School.



Vusisizwe tree nursery – Qhumanco

6. Human Resources Management and Organisational Development

The CHDA considers its staff to be an important recourse in its being able to deliver on its mandate. As such, efforts have been made in the 2017-18 financial period to create a better environment for staff, allowing them to be more productive, and better capacitated.

The agency does not have a stand-alone Human Resources unit, or line function. The function therefore sits with the Office of the CFO, as a support function, given the size of the organisation, and number of its employees. The HR function is managed on a day-to-day basis by the Finance and Administration Manager.

Organogram:

The agency conducted a review on its organogram during the year, with no changes being made to the organizational structure.

However, the 2017-18 year saw the following key development in the organization:

Finance and Administration:

- SCM Officer – Demand Management and SCM Clerk positions was filled
- Groundsman and General Assistant positions were filled

Operations / PMU:

- Project Officer – Skills Development, Project Officer – Agribusiness Development and Project Manager – irrigation Schemes were filled
- SCM Officer and Project Accountant positions were filled in November 2016 and December 2016 respectively, helping to build to staff complement in the finance/ admin and PMU
- 3 contract positions were filled for the DEA waste recycling project, comprising of 2 administration staff and 1 social facilitator

This led to a vacancy rate of 4% by end June 2018, which was an improvement to the previous year's vacancy rate of 17% due to new appointments.

Employment Equity Statistics:

The agency does not have an Employment Equity Plan in place, but an employment equity policy was developed in 2017-18, to be approved in 2018-19, with an attempt to align the CHDA equity policy to the CHDM's.

The employment statistics, or employee demographics were as follows at end June 2018::

- ☺ **40% of the total CHDA workforce in 2016/17 was below the age of 35 years (youth category)**
- ☺ **65% of the total workforce in 2016/17 was female**
- ☺ **85% of the total workforce in 2016/17 was originally from the Chris Hani district**
- ☺ **100% of all employees were African Black**

Employment Equity / Employee Demographics			2017-18	% of total workforce
Total	Total number of employees at end June 2018		29	
	Executive		3	10%
	Management		5	17%
	Support, including interns		21	73%
Locality	Total number of employees originally from CHD at end June 2018		23	
	Executive		2	9%
	Management		1	4%
	Support		20	87%
Race	Total number of South Africa black employees at end June 2018		29	100%
Gender	Total employee gender statistics at end June 2018			
	Males		10	35%
	Females		19	65%
	Total distribution of male employees at end June 2018		10	
	Executive		2	20%
	Management		3	30%
	Support		5	50%
	Total distribution of female employees at end June 2018		19	
	Executive		1	5%
	Management		2	11%
	Support		16	84%
Youth	Total youth employees (below 35 yrs) at end June 2018		12	41%
	Youth Females		8	67%
	Youth Males		4	33%

Employee Remuneration and Benefits

In an attempt to attract and retain talented employees, the Board approved the implementation of the TASK grading system in the remuneration of employees from September 2015. The TASK system was implemented, but reserved for formally employed employees, and excludes interns and contract positions, whose remuneration is aligned to the parent municipality.

The structuring of the TASK system to remunerate employees was aligned to the Provident Fund and Medical Aid benefit systems, which were implemented from April 2015, with employee cost-to-company packages being restructured to incorporate basic, travel and cell-phone allowances where applicable, and contributions to a 13th cheque.

The allocation of employee costs can be summarised as follows:

Performance bonuses:	904,532.37
Leave pay expenses:	147,118.77
Salaries and wages- CTC:	10,771,754.34
Medical - co contributions:	384,716.35
Provident - co contributions:	732,488.47
UIF - co contributions:	37,955.07
COID - Occ injuries:	33,765.15
	13,012,330.52

Within this distribution, Executive Management remuneration accounted for 35% of the total payroll costs for 2017-18, as can be detailed below:

EXECUTIVE REMUNERATION 2017 - 2018							
Name	Position	Gross Salary and Allowances:	Gross Medical Contributions:	Fund Contributions:	Gross UIF Contributions:	Gross Performance Bonuses:	Total Earnings
Mashologu, Thukela Eustice	CEO	1,450,203.72	-	98,307.02	1,784.64	141,256.62	1,691,551.99
Mayekiso, Nontembeko Faith	CFO	1,203,470.81	26,750.04	81,563.62	1,784.64	117,895.62	1,431,464.73
Duze, Zolile McPhee	EMO	1,195,126.14	26,750.04	81,563.62	1,784.64	119,821.31	1,425,045.75
		3,848,800.66	53,500.08	261,434.25	5,353.92	378,973.55	4,548,062.47

Performance Rewards:

The agency has a Performance Management System (PMS) in place, for both organisational and individual employee performance. This ensures that individual as well as group efforts are rewarded, as all efforts contribute to organisational performance.

The 2017-18 period saw the agency paying out a cash total of R 904 523 in performance bonuses to staff and executive management, for performance bonuses accrued for the prior year performance results.

Employee Attraction and Retention Strategies:

In 2016/17, the agency developed an attraction and retention policy that governs how key employees with scarce skills are attracted and retained within the organisation, for competitive advantage.

There were no resignations in 2017-18.

Work Opportunities for Unemployed Graduates:

The agency also focused on creating work opportunities for young people in the district, with its in-house unemployed graduates internship programme.

During the year under review, the agency was able to retain 4 interns, and recruit 1 additional intern. Also, a learner was taken in for the first time for in-service training.

Employee Training and Development:

The agency has shown and increasing commitment to staff and employee development and capacitation.

The Board approved a policy on staff personal development through the Bursary Assistance Policy, to encourage employees who are high performers to study further, so as to be able to add more value, through improved employee engagement, which is also linked to improved performance. There were 4 study bursaries awarded to staff in 2017-18.

This led to an improved spending on staff training and development initiatives from previous years, as 100% planned training activities were conducted during the year, resulting in an 86% implementation of the approved HR plan for 2017-18.

This led to a total staff training and development expenditure of R 379 364

Employee Health and Wellness:

The CHDA also implemented a shared services agreement with the CHDM on employee wellness. This has included subsidised gym membership with a local gymnasium for encouraging a healthy work – life balance and exercise opportunities for staff, as well as dietician and social work visits for healthy nutrition, and stress management and substance abuse problems.

During the year under review, the agency did not encounter challenges from employee sick leave balances being depleted, or overused, due to illness, work – related stress, or abuse of sick leave.

Grievances and Disciplinary Procedures:

The agency has a grievance and disciplinary policy in place. There were no grievances lodged with management during the period under review, and there were no disciplinary actions taken against employees.



Animal placements in Beef Linkages Project by Jobs Fund

7. Supply Chain and Fleet Management

7.1 *SCM Activities*

1. BIDS AWARDED BELOW THE VALUE OF R 30 000.00

The total value of all the bids orders below the R 30 000.00 threshold which were awarded during the 2017/2018 financial year as at 30 June 2018 was R 1 122 551.22 including VAT.

Their commitments were only R 26 298 by the end of the 2017/2018 financial year on 30 June 2018.

2. BIDS AWARDED BETWEEN R 30 000.00 AND R 200 000.00

By the end of the last and fourth quarter of the 2017/2018 financial year forty one (41) bids were awarded in the range of the threshold which is between R30 000.00 to just below R 200 000.00.

The total value of those bids which were awarded during the 2017/2018 financial year period and by the end of the fourth quarter was R 3 467 995.71 including VAT.

The total value of commitments of bids with values between R 30 000.00 and R 200 000.00 which were awarded was R 153 626.46 by 30 June 2018.

3. CONTRACT MANAGEMENT AND MONITORING OF SERVICE PROVIDER'S PERFORMANCE

For procurement between R30 000 to R200 000 a bid notice is advertised for a period of one week on the notice board, and on the agency's website, and evaluated using the 80/20 preference points system by the SCM office staff.

For procurement greater than R 200 000 to below R10 million, a competitive bidding processes is followed where the bid evaluation committee makes a recommendation for awarding the bid to the bid adjudication committee on the preferred bidder. In the case of the procurement being greater than R10 000 000, the bid adjudication committee would make a recommendation to the chief executive officer on the preferred bidder, who would then issue a written approval.

Subsequent to the authorisation by the relevant party to appoint the best bidder, a service level agreement between the agency and the service provider is drafted and signed. The agency has an effective system of contract management. Part of the function covered by this system is to:

- Administer all contracts entered into between the Agency and appointed bidders;
- Facilitate the signing of service level agreements with all appointed responsive bidders;

- Maintain the contracts register/ schedule that tracks expenditure, deliverables and validity of contracts to date;
- Conduct performance reviews at a very informal level, where each invoice submitted for payment is cross-referenced with signed contract / SLA / order specifications, and end user signs off indicating their satisfaction with the service / items delivered, prior to any payments being processed.

The value of the Formal Contracts Commitments as at 30 June 2018 was R 1 883 110.06

The largest formal contract was awarded to Newground Projects who are Consultants for the construction of the Lukhanji Waste Buy Back Recycling Facilities at a value of R 2 454 446.00 including VAT.

This contract resumed on 19 February 2018 and it's contract value was later adjusted to R 2 475 976.23 including VAT after the South African VAT value was increased from 14% into 15% in April 2018.

The value of the Contracts Orders as at 30 June 2018 was R 1 793 393.54

4. REPORT ON DEVIATIONS, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The SCM Policy Section 50.1 and the MFMA: Municipal SCM Regulation 36 states that the Accounting Officer may dispense with the official procurement processes established by this Policy, and procure any required goods or services through any convenient process, which may include direct negotiation, but only in respect of:

- any contract relating to an emergency where it would not be in the interests of the Municipal entity to invite bids,
- any goods or services which are available from a single provider only,
- the acquisition of animals for zoos, or
- the acquisition of special works of art or historical objects where specifications are difficult to compile;
- any other exceptional circumstances where it is impractical or impossible to follow the official procurement process, and
- Ratify any minor breaches of the procurement processes by an official or board acting in terms of delegated powers or duties which are purely of a technical nature.
- The accounting officer must record the reasons of any deviations in terms of the policy mentioned above and report to the next meeting of the board and include as a note to the annual financial statements

However, by the end of the entire 2017/2018 financial year no procurement deviations had been processed within the Agency

Section 1 of the MFMA defines irregular expenditure as an expenditure incurred by municipal entity in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the entity. Although a transaction or an event may trigger irregular expenditure, a municipality or municipal entity will only identify irregular expenditure when a payment is made, in other words, the recognition of irregular expenditure will be linked to a financial transaction. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance. The same applies to the determination of the fruitless and wasteful expenditure.

During the entire 2017/18 financial year no Irregular Expenditure was identified within the Agency

However, there were about twelve fruitless and wasteful expenditure which were identified during the 2017/18 financial year.

Total fruitless and wasteful expenditure incurred_2017-18:				26,210.16	36.23	26,246.39
Total fruitless and wasteful expenditure WRITTEN-OFF_2017-18:				-19,630.92	-	-19,630.92
Total fruitless and wasteful expenditure RECOVERED_2017-18:				-6,579.24	-36.23	-6,615.47

5. BID COMMITTEES

The Accounting Officer has per Section 26 of the MFMA: Municipal Supply Chain Management (SCM) Regulations appointed the bid specification, evaluation and adjudication committees members for the 2017/2018 financial year. The Bid Committees Chairpersons and secretaries were also appointed by the Chief Executive Officer.

Their functions are consistent with the SCM Regulations 27, 28 and 29. Each Bid Committee member, Chairperson and secretary was given a copy of the functions and powers of Bid Committees for studying and understanding.

After signing the acceptance of appointment to Bid Committees, the members and the secretariat also signed the Code of Conduct of SCM Practitioners, the oath for confidentiality and they also completed the SCM Practitioners declaration of interest forms.

The SCM Manager arranged a Bids Committees Training which was conducted by the Provincial Treasury Chris Hani District office for all Committee members and the CEO on the 16 and 17 of November 2017.

7.2 Fleet Management

The CHDA Fleet includes a VW Polo Sedan, an Isuzu Club Cab and an Isuzu Double Cab

The utilisation administration and the maintenance of the fleet are functions which are the responsibility of the SCM Office

On a monthly basis, the SCM office draft a Fleet Management Report which indicates the vehicles technical services data, repairs data, accidents data, licencing data as well as the monthly fuel consumption expenditure



New CHDA Offices in 2017-18

8. Financial Summary

8.1 *Summary Financial Performance*

The statement of financial performance shows an increase in income from the previous year. This is due to new programmes being introduced in 2017/18, despite a decrease in programme funding received from CHDM.

Employee costs increased due to the annual increment, and the filling of vacant positions in 2017/18. This was also enabled by the taking in of intern staff, to assist with key operational areas in finance, administration, ICT and programming.

There was a corresponding increase in general expenditure and asset depreciation in 2017/18, despite a decrease in project expenditure linked to less budget being approved for programmes, and less than budgeted-for funds being received.

Summary Table of Financial Performance			
		2017/18	2016/17
		R	R
Income			
	Grants	20,480,000.00	17,680,000.00
	Taxes, Levies and Tariffs		-
	Other	19,296,152.00	29,394,868.00
		39,776,152.00	47,074,868.00
Expenditure			
	Employee cost	13,050,633.00	10,771,801.00
	Project cost	18,548,811.00	16,244,382.00
	Repairs and Maintenance	47,391.00	181,832.00
	Finance charges/interest	-	-
	Other	8,702,024.00	9,603,321.00
		40,348,859.00	36,801,336.00
Taxation		-	2,895,645.00
Surplus for the year		- 572,707.00	7,377,887.00

8.2 *Summary Financial Position*

The agency showed an improvement in its closing financial position in 2017/18 from the previous year, due to an increase in the agency's asset base. This was due to improved debtors, cash balances, as well as asset additions during the year.

Summary Table of Financial Position			
		2017/18	2016/17
		R	R
Assets			
Current assets			
	Receivables-non exchange transaction	1,282,863.00	933,894.00
	Other receivables	65,503.00	256,265.00
	Cash and cash equivalents	2,337,407.00	153,941.00
		3,685,773.00	1,344,100.00
Non-Current assets			
	Property,plant and equipment	15,900,601.00	16,794,771.00
	Intangibles	273,161.00	361,298.00
		16,173,762.00	17,156,069.00
Total Assets		19,859,535.00	18,500,169.00
Liabilities			
	Payables-non exchange transaction	2,878,080.00	2,878,080.00
	Payables-exchange transaction	403,385.00	2,612,612.00
	Other payables	476424	17565
	Unspent conditional grants/receipts	5517542	1835101
		9,275,431.00	7,343,358.00
Net Assets		10,584,104.00	11,156,811.00
Share Capital		1000	1000
Accumulated Surplus		10583104	11155811
Total net assets		10,584,104.00	11,156,811.00