



CHRIS HANI
DISTRICT MUNICIPALITY

**SUSTAINING GROWTH
THROUGH OUR PEOPLE**

The Executive Mayor
15 Bells Road
Queenstown 5320;
Private Bag X7121
Queenstown 5320;
Tel: (045) 808 - 4600
Fax: (045) 838 - 1556
www.chrishanidm.gov.za

DRAFT

CONSOLIDATED

ANNUAL REPORT

2013/2014 FINANCIAL YEAR

Table of Contents

TABLE OF FIGURES	5
LIST OF TABLES.....	5
LIST OF GRAPHS	7
1.1 EXECUTIVE MAYOR'S FOREWORD	8
1.2 EXECUTIVE SUMMARY	10
1.3 DISTRICT OVERVIEW	12
1.3.1. SPARTIAL LOCATION	12
1.3.2. MUNICIPAL POWERS AND FUNCTIONS	13
1.3.2. MUNICIPAL STRATEGIC INTENT	15
1.3.3. DISTRICT DEMOGRAPHIC PROFILE.....	18
1.3.4. ECONOMIC OVERVIEW	21
1.4 SERVICE DELIVERY OVERVIEW	27
1.4.1. HEALTH AND COMMUNITY SERVICES	27
1.4.2. INTEGRATED PLANNING AND ECONOMIC DEVELOPMENT (IPED)	39
1.4.3. Engineering Services	56
1.5 FINANCIAL HEALTH OVERVIEW	58
1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW.....	60
1.7 REPORT OF THE AUDITOR GENERAL	83
1.8 ANNUAL REPORT PROCESS	84
2.1 INTRODUCTION TO GOVERNANCE	86
2.1 POLITICAL ARRANGEMENTS	87
2.2 FACES OF COUNCIL	89
2.3 ADMINISTRATIVE ARRANGEMENTS.....	91
2.4 CHDM SENIOR MANAGEMENT	92
2.5 INTERGOVERNMENTAL RELATIONS.....	94
2.5.1. Key Intergovernmental Relations Structures.....	95
2.6 PUBLIC PARTICIPATION AND ACCOUNTABILITY AND COMMUNICATIONS	97
Communications Unit	104
2.7 CORPORATE GOVERNANCE.....	106
2.7.1. Risk Management	106
2.7.2. Purpose of the Internal Audit Unit.....	106
2.7.3. Summary of performance of the unit	107

2.7.3.1. Internal Control Environment.....	107
2.7.3.2. Governance processes.	107
2.7.3.3. Fraud and corruption prevention measures.....	107
2.7.3.4. Audit committee functionality.....	107
2.7.3.5. Performance management.....	108
2.7.3.6. Anti-Corruption Strategy.....	108
2.7.3.7. Internal audit performance.....	108
2.7.4. Resources.....	109
2.7.4.1. Financial Resources.....	109
2.7.4.2. Human resources.....	109
2.7.5. Challenges.....	110
2.7.6. Recommendations.....	110
2.7.6. Supply Chain Management.....	111
SCM Strategic Objectives.....	111
State of Supply Chain.....	111
2.7.7. By-Laws.....	112
2.7.8. Municipal Website.....	112
2.7.9. Public Satisfaction on Municipal Services.....	113
3.1 INTRODUCTION TO THE ANNUAL PERFORMANCE REPORT.....	114
BASIC SERVICE DELIVERY.....	187
3.2. Water and Sanitation Provisioning.....	187
PLANNING AND DEVELOPMENT.....	188
3.3. Local Economic Development.....	188
COMMUNITY AND SOCIAL SERVICES.....	192
3.4. Cemeteries and Crematoriums.....	192
ENVIRONMENTAL PROTECTION.....	192
HEALTH.....	193
3.5. Health Inspection: Food and Abattoir Licensing and Inspection.....	193
SAFETY AND SECURITY.....	195
3.6. Fire.....	195
3.7. Disaster Management.....	197
INTRODUCTION TO THE MUNICIPAL PERSONEL.....	199
4.1. Employee Totals, Turnover and Vacancies.....	199
MANAGING THE WORKFORCE.....	201

4.2. Injury, Sickness and Suspension.....	202
4.3. Performance Rewards.....	204
CAPACITATING THE MUNICIPAL WORKFORCE	205
MANAGING WORKFORCE EXPENDITURE.....	209
4.4. Employee Expenditure	209
5.1 INTRODUCTION TO FINANCIAL PERFORMANCE	211
Inflationary Trends.....	211
5.2 INTRODUCTION TO FINANCIAL STATEMENTS.....	213
5.2.1. Revenue Management.....	213
Operational Grants	213
Other Operational Programs	214
Capital Grants	214
Other Capital Programs	214
5.2.2. Water and Sanitation Tariffs.....	214
Free Basic Services.....	216
5.2.3. Financial Reporting and Budgeting.....	217
5.1.1. Statements of Financial Performance.....	218
5.1.2. Grants.....	220
5.1.4. Asset Management.....	221
4.1.3. Financial Ratios based on Key Performance Indicators	223
5.2 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET	225
5.2.1. Capital Expenditure.....	225
5.2.2. Sources of Finance	226
5.2.3. Capital Spending on 5 Largest Projects.....	226
5.2.4. Basic Service and Infrastructure Backlogs	228
5.3 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS	232
5.3.1. Cash Flow	233
5.3.2. Borrowings and Investments	234
5.3.3. PUBLIC PRIVATE PARTNERSHIPS	235
5.4 INTRODUCTION TO OTHER FINANCIAL MATTERS.....	236
5.4.1. Supply Chain Management.....	236
5.4.2. GRAP Compliance	238
5.1 INTRODUCTION TO THE CHRIS HANI DEVELOPMENT AGENCY	239
5.2 GOVERNANCE AND PROCESSES	241
5.2.1. Governance Structures	241

5.2.2. Organisational Arrangements.....	242
5.2.3. Organisational Sustainability	242
5.2.2. Risk Management	243
5.3 KEY PERFORMANCE AREAS – PROGRAMMES.....	244
5.3.1. Programme 1: Corporate Services Unit	244
5.3.2. Programme 2: Economic and Rural Development Unit.....	245
5.3.3. Programme 3 – Project Management Services	246
5.3.4. Programme 4 – Skills Development Services	247
6.1 AUDIT OPINION FOR THE 2012/2013 FINANCIAL YEAR.....	249
6.2 AUDIT OPINION FOR THE 2013/2014 FINANCIAL YEAR.....	261
6.2 AUDIT ACTION PLAN FOR THE 2013/2014 AUDIT REPORT	262
COUNCILORS, COMMITTEE ALLOCATION AND ATTENDANCE	266
ELECTION OF COMMITTEES OF COUNCIL	266
Committee Composition	267
RECOMMENDATIONS OF MUNICIPAL AUDIT COMMITTEE	269
Audit Committee Members and Attendance of Meetings	269
AC Responsibilities	269
Internal Control Issues	269
The Effectiveness of Internal Audit.....	269
CHDM AS AWATER SERVICES PROVIDER (WSP)	270
Evaluation of Annual Financial Statements	270
New developments.....	271

TABLE OF FIGURES

FIGURE 1: District Map	12
FIGURE 2: District Development Agenda.....	16
FIGURE 3: High level political structure	88
FIGURE 4: High level administrative structure	91
FIGURE 5: CHDM IGR structure	96
FIGURE 6: CHDA organisational structure	242

LIST OF TABLES

TABLE 1: Municipal Powers and Functions.....	15
TABLE 2: Population Distribution per Local Municipality (2011 Census)	18
Table 3: Annual performance as per key performance indicators in waste management services	39

TABLE 4: Annual performance as per key performance indicators in housing and town planning services	Error! Bookmark not defined.
TABLE 5: CHDA Strategic Intent	Error! Bookmark not defined.
TABLE 6: LED Projects	Error! Bookmark not defined.
TABLE 7: Annual performance as per key performance indicators in LED	Error! Bookmark not defined.
TABLE 8: Population served with water	Error! Bookmark not defined.
TABLE 9: Population serviced with sanitation	Error! Bookmark not defined.
TABLE 10: Key basic services achievements	Error! Bookmark not defined.
TABLE 11: Annual performance as per key performance indicators in water services..	Error! Bookmark not defined.
TABLE 12: Annual performance as per key performance indicators in sanitation services .	Error! Bookmark not defined.
TABLE 13: Activities as per SLA with Roads and Public Works	Error! Bookmark not defined.
TABLE 14: Annual performance as per key performance indicators in road maintenance services.....	Error! Bookmark not defined.
TABLE 15: Annual performance as per key performance indicators in Electricity services .	Error! Bookmark not defined.
TABLE 16: Financial Overview	Error! Bookmark not defined.
TABLE 17: Operating Ratios	Error! Bookmark not defined.
TABLE 18: Total Capital Expenditure	Error! Bookmark not defined.
TABLE 19: Positions per directorate	Error! Bookmark not defined.
TABLE 20: Workforce profile	Error! Bookmark not defined.
TABLE 21: Disability per occupational level.....	Error! Bookmark not defined.
TABLE 22: Trainings conducted	Error! Bookmark not defined.
TABLE 23: Internship programmes per field.....	Error! Bookmark not defined.
TABLE 24: Experiential learning as per student curricular	Error! Bookmark not defined.
TABLE 25: Full time staff per functional area	Error! Bookmark not defined.
TABLE 26: Full time staff per occupational levels.....	Error! Bookmark not defined.
TABLE 27: Technical Services staff complement	Error! Bookmark not defined.
TABLE 28: Technical staff registration with professional bodies.....	Error! Bookmark not defined.
TABLE 29: Skills levels and education in technical services	Error! Bookmark not defined.
TABLE 30: Personnel expenditure trends	Error! Bookmark not defined.
TABLE 31: List of staff pension and medical aid	Error! Bookmark not defined.
TABLE 32: Annual performance as per key performance indicators in municipal transformation and organizational development.....	Error! Bookmark not defined.
TABLE 33: Council fleet allocation	Error! Bookmark not defined.
TABLE 34: Council vehicle by type	Error! Bookmark not defined.
TABLE 35: Council vehicle conditions	Error! Bookmark not defined.
TABLE 36: Council vehicle – Disaster Management	Error! Bookmark not defined.
TABLE 37: Fire fighting vehicles donated to LMs.....	Error! Bookmark not defined.
TABLE 38: Fire fighting vehicles donated to LMs.....	Error! Bookmark not defined.
TABLE 39: Council vehicles – IPED	Error! Bookmark not defined.
TABLE 40: Water services vehicles	Error! Bookmark not defined.
TABLE 41: Council vehicles – Roads.....	Error! Bookmark not defined.
TABLE 42: Fleet repairs and maintenance	Error! Bookmark not defined.
TABLE 43: Expenditure on Council vehicles.....	Error! Bookmark not defined.
TABLE 44: Legal Register.....	Error! Bookmark not defined.

TABLE 45: Audit history	83
TABLE 46: Annual Report Process.....	85
TABLE 47: Composition of Council.....	87
TABLE 48: Party demographic distribution	87
TABLE 49: IDP Action plan	99
TABLE 50: Draft Annual Report public participation process	99
TABLE 51: IDP Process Plan.....	103
TABLE 52: IDP alignment criteria	103
TABLE 53: Internal Audit Strategy	110
TABLE 54: Website activity	112
TABLE 55: Water and Sanitation tariffs	216
TABLE 56: Statement of financial performance	218
TABLE 57: Financial performance of operational services	219
TABLE 58: Grant performance	220
TABLE 61: Detail of 3 largest assets	223
TABLE 59: Expenditure on repairs and maintenance	223
TABLE 60: Finance ratios.....	224
TABLE 61: Capital programmes	225
TABLE 62: Funding sources.....	226
TABLE 63: Capital projects	228
TABLE 64: Backlog detail.....	231
TABLE 65: Financial detail - backlogs.....	231
TABLE 66: Cash flow outcomes.....	233
TABLE 67: Borrowings.....	234
TABLE 68: Investments	235
TABLE 68: CHDA board members	241

LIST OF GRAPHS

GRAPH 4: Sector contribution to district economy (2011 Census).....	21
GRAPH 5: Comparison of employment levels (National, Provincial and District) (2011 Census).....	22
GRAPH 11: CHDM housing backlog (2011 Census).....	Error! Bookmark not defined.
GRAPH 12: CHDM housing backlog (2011 Census).....	Error! Bookmark not defined.
GRAPH 13: Total capital expenditure	Error! Bookmark not defined.
GRAPH 14: Capital expenditure	225
GRAPH 15: Water infrastructure backlog per LM.....	229
GRAPH 16: Water infrastructure backlog per LM (2).....	229
GRAPH 17: Sanitation infrastructure backlog per LM.....	230
GRAPH 18: Sanitation infrastructure backlog per LM (2)	230

CHAPTER 1: EXECUTIVE MAYOR'S FORWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD

The Chris Hani district Municipality is striving to be accredited by the National and Provincial Government as a Special Economic Zone (SEZ) focusing on agro processing, meaning an investor friendly environment with incentives for investment and job creation. This possibility shall ensure an improved infrastructure, skilled personnel, empowered communities and markets for our products. A feasibility study has been undertaken and our location with functional railway line, road networks, nearby landing strip, reliable water sources and electricity, to mention but a few, position our district better to poverty, joblessness and underdevelopment.

For the 2013/2014 review, the municipality has attained a number of successes in relation to provision of water, toilets, building of the requisite service delivery infrastructure like water treatment works, waste water treatment works and bulk water to mention a few, provision of effective disaster management and emergency services, environmental health services, facilitating access to shelter and playing pivotal role in growing the economy among others.

The municipality is compelled by legislation to prepare an Annual Report for each financial year and the Executive Mayor to table such a report in Council and present it to all our communities. It is always a daunting task to provide a complete account on the responsibilities conferred upon us by our people. It is encouraging and fulfilling to account directly to our people on the mandate they have bestowed on us as they are yearning for faster pace of delivery.

The report covers the milestones we have achieved in our Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) for the year under review. These reports have been through rigorous scrutiny by the internal audit unit and municipal performance audit committee for verification and validation. A performance management unit with performance system is in place and we hope to implement our programmes much faster and more efficiently.

The municipality keeps improving its public participation programmes with all stakeholders as evident in this report and will seek to always improve its sound relations with provincial and national governments and all their agencies. The CHDM is on course to managing the set

development trajectory of the District Development Agenda and will redouble our efforts in partnership with other spheres of government and the people of this district. Our collective resolve as the Mayoral Committee, Council and the administration is that through our commitment we will move our district forward.

CLLR M.C. KOYO
EXECUTIVE MAYOR

Date

1.2 EXECUTIVE SUMMARY

As we close the 2013/2014 financial year, the municipality, as required by legislation, is taking stock of the progress made towards the realisation of the objectives and targets set by Council at the start of its elected term. This annual reporting process is done through an analysis of performance on approved programmes, implemented on a yearly basis, as reflected in the municipality's adopted Integrated Development Plan (IDP), Budget and the Service Delivery and Budget Implementation Plan (SDBIP). This process therefore allows the municipality to give an account to stakeholders, communities and other spheres of government, of the journey traversed during the year in an attempt to deliver on the basic needs of communities and to ultimately lift the poor from the morass of poverty and underdevelopment.

In terms of the approved plans, the municipality had set itself targets aimed at widening access to water and sanitation services, efforts towards improving the district economy through the implementation of innovative Local Economic Development (LED) initiatives and improving the health profile of the district through the implementation of municipal health programmes. As such, the municipality was able to ensure that the quality of water provided to the citizens of the district remains within the legislative norm as prescribed by SANS 241 and related legislation. Additionally, food quality monitoring has been strengthened with a view of ensuring that at all times, the quality of food provided to citizens is as per requirements.

Furthermore, the municipality has made considerable strides in terms of providing the necessary support to Small, Medium and Micro Enterprises (SMMEs) such that there is a positive contribution to the growth of the district economy. Importantly, through the Expanded Public Works Programme (EPWP), the municipality was able to extend job opportunities to over 1200 individuals thus enabling many to provide basic support for their families. In addition to this, the municipality has embarked on an intensive poverty reduction programme wherein people are provided with stipends in exchange for the maintenance of food gardens throughout the district. The agricultural programme that the municipality is implementing continues to show signs of growth, this as evidenced by the support provided to irrigation schemes as well as the livestock programme which saw a number of small farmers being provided with an array of support services.

Lastly, from a governance point of view, the municipality remains stable at senior management level with all director positions filled. Public participation remains the apex priority of the municipality such that communities and all other stakeholders are well informed of the programmes of the municipality. The municipality is also strengthening its approach to audit, this with a view of improving the audit outcomes going forward. The internal audit function as well as the performance functions are assisting the municipality in moving in this direction.

All of this work could have not been realised without the concerted efforts of all Councillors within the municipality. A special thank-you goes to all the employees of the Chris Hani District Municipality for the dedication and hard-work they have displayed throughout the year. Indeed, the Council would not be able to deliver on its priorities without your renewed commitment. Lastly, I would like to extend the greatest appreciation to all stakeholders for the patience and positive attitude that you have shown during the year. I firmly believe that with the concrete relations we have built over the years, this municipality will reach greater heights.

MR M.A. MENE
MUNICIPAL MANAGER

Date

1.3 DISTRICT OVERVIEW

1.3.1. SPARTIAL LOCATION

The Chris Hani District Municipality is at the centre of the Eastern Cape Province surrounded by the district municipalities of Amatole, Cacadu, Joe Gqabi and OR Tambo. It is made up of the following eight local municipalities: Emalahleni, Engcobo, Inkwanca, Intsika Yethu, Inxuba Yethemba, Lukhanji, Sakhisizwe and Tsolwana.

- Lukhanji local municipality, comprising of Queenstown which is a main town and small town of Whittlesea and numerous peri-urban and rural settlements. This is where the seat of the Chris Hani District Council is located (Queenstown).
- Sakhisizwe local municipality, comprising of Cala and Elliot with numerous farming communities, villages and remote rural settlements.
- Emalahleni local municipality, comprising of Lady Frere, Dodrecht and Indwe and numerous farming communities and remote rural settlements.
- Intsika Yethu local municipality, comprising of Cofimvaba, Tsomo and surrounding rural settlements.
- Tsolwana local municipality, comprising of Tarkastad and Hofmeyer and surround rural settlements.
- Inkwanca local municipality, comprising of Molteno and Sterkstroom and surrounding peri-urban and rural settlements.
- Inxuba Yethemba local municipality, comprising of Cradock, Middleburg and numerous peri-urban and rural settlements.
- Engcobo local municipality, comprising of Ngcobo and its rural settlements.

Chris Hani District Municipality covers a land mass area of 36 558 km², a change from its previous size of 36, 561 square kilometres in extent due to the changes in demarcation



FIGURE 1: District Map

1.3.2. MUNICIPAL POWERS AND FUNCTIONS

The Chris Hani District Municipality is a category C2 municipality mandated to perform those powers and functions vested in District Municipalities as contemplated in schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996. In addition to these powers and functions as contemplated in the Act, the CHDM is mandated to perform such functions and powers as determined by the Member of the Executive Committee (MEC) responsible for Local Government and as gazetted by the province. In relation to this, therefore, the core mandate of the CHDM is the supply of bulk water and sanitation infrastructure, disaster management, municipal planning, municipal health services, tourism, local economic development and maintenance of provincial roads as per the agreement interred into between the CHDM and the Department of Roads and Public Works. The table below depicts those powers and functions vested in the district and those allocated to the various local municipalities within the district jurisdiction.

FUNCTION	CHRIS HANI DM	LUKHANJI LM	INTSIKA YETHU LM	ENGCOBO LM	SAKHISIZWE LM	ELM	TSOLWANA LM	INKWANCA LM	INXUBA YETHEMBA LM
Air pollution	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Building regulations	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Child Care facilities	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Electricity reticulation	N/A								
Fire Fighting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Local Tourism	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Health Services	Yes	No	No	No	No	No	No	No	No
Municipal Public Transport	Regulation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Storm water	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trading regulations	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water (potable)	Bulk supply	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

DRAFT CONSOLIDATED ANNUAL REPORT

Sanitation	Bulk supply	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Schedule 5 part b									
Billboards and the display of adverts in public places	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cemeteries, Crematoria and funeral parlours	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cleansing	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control of public nuisances	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control of undertakings that sell liquor to the public	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fencing and fences	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Licensing and control of undertakings that sell food to the public	Yes	No	No	No	No	No	No	No	No
Local amenities	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Local sport facilities	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Markets	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal abattoirs	As related to the LED functions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal parks and recreational facilities	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal roads	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Noise pollution	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Pounds	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Public places	N/A	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Refuse removal, refuse dumps and solid waste disposal	Management of solid waste sites	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Street trading	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Street lighting	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Traffic and parking	N/A	Yes	Yes	yes	N/A	N/A	N/A	N/A	N/A
Licensing of vehicles	N/A	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Road maintenance	Yes (Agent: DORT)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Libraries	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 1: Municipal Powers and Functions

The Chris Hani District Municipality operates within the confines of the listed powers and functions. Importantly is the coordination role that the municipality plays in as far as facilitating the speedy delivery of services to communities. As such, through the intergovernmental relations structures that have been established at the district level, the CHDM ensures that other spheres of government take into account the needs and priorities of communities when the plan their interventions through acting as a liaison point between the local municipalities under the jurisdiction of the district, and provincial and national government.

1.3.2. MUNICIPAL STRATEGIC INTENT

CHDM long term vision has been born out of analysis of the Chris Hani Status Quo and developed through intensive participatory processes. Our Vision and Mission as well as Objectives, Strategies and Programmes are informed by the Development Agenda of the district which in one way or the other seems to be aligned to the National Development Plan as these programmes seek to address the three challenges that South Africa in general faces, which are Inequality, Poverty and Job Creation. The NDP 2030 seeks to help us to chart a new course. It focuses on putting in place the things that people need to grasp opportunities such as education and public transport and to broaden the opportunities through economic growth and the availability of jobs. CHDM through the IPED department also focuses on

economic and social growth which flows from the Constitution of RSA Sec 152 and Sec 153, the sections refers to promotion of economic and social growth.

According to NDP 2013 everything is aimed at reducing poverty and inequality. Our view as CHDM same as the National government view is to shift the balance of spending towards programmes that help people improve their own lives and those of their children and the communities they live in. South Africa can become the country we want it to become. It is possible to get rid of poverty and reduce inequality in 20 years. We have the people, the goodwill, the skills, the resources – and now, a plan. This IDP Review 2013-2014 seeks to address exactly those three challenges.

This is explained through a programme that CHDM Council together with its Councils of Local Municipalities has committed to follow.

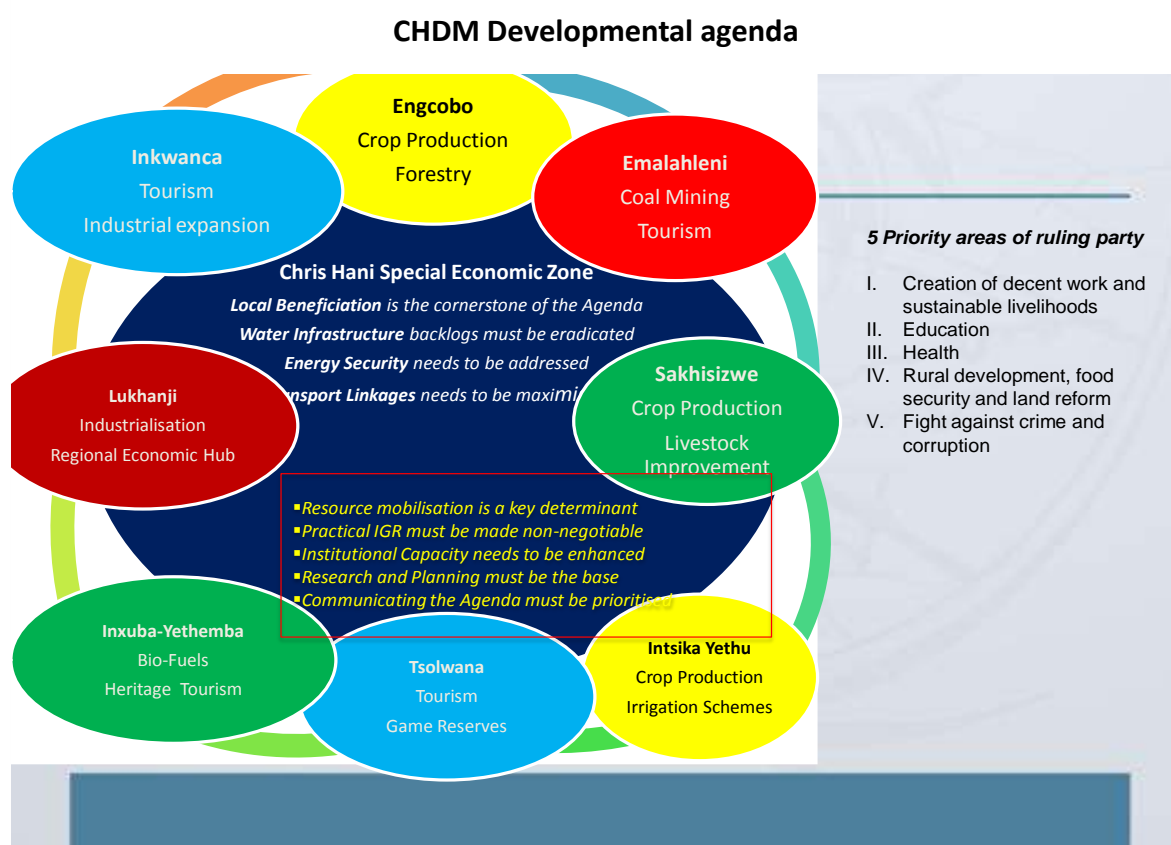


FIGURE 2: District Development Agenda

Chris Hani District Municipal Vision:

“A people-centred developmental rural district municipality”

Chris Hani District Municipal Mission:

"To co-ordinate governance for quality service and better communities through co-operative governance, socio-economic development, integrated development planning, and sustainable utilization of resources”

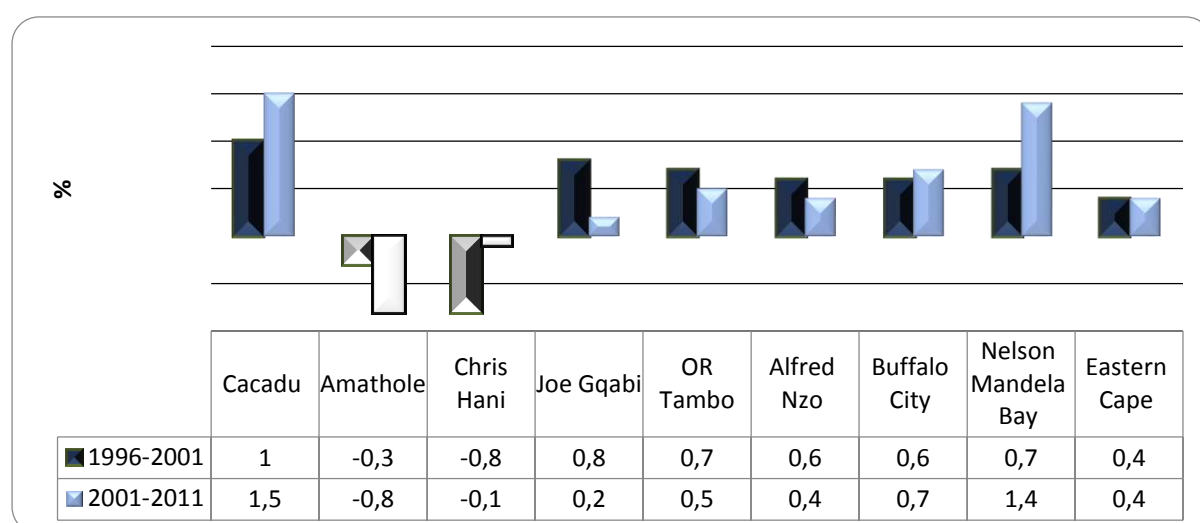
Chris Hani District Municipal Values:

C	=	Commitment
H	=	Humanity
R	=	Respect
I	=	Integrity
S	=	Sincerity
H	=	Honesty
A	=	Accountability
N	=	Nurturing
I	=	Innovative

Taken together, the vision and mission of the CHDM, as well as its values inform the manner in which the entire administration and the political arm of the CHDM conducts itself in engaging communities and in the delivery of services. These are the values against which the standards and performance of the municipality must be measured.

1.3.3. DISTRICT DEMOGRAPHIC PROFILE

The outcomes of the census undertaken by Statistics South Africa (STATSSA) in 2011 suggest that the population of CHDM has decreased from 800 289 in 2001 to 795 461 in 2011. This reflects a decline in population levels by -0, 1. Table 1 below illustrates the comparative figures for population levels in the province reflecting that whilst there have been changes within the province, the total population level for the province as a whole has remained constant for the periods 1996 – 2001 and 2001 – 2011 (0.4). Cacadu and the Nelson Mandela Bay Metropolitan, on the other hand, grew at a rate higher than the provincial average (1, 5% and 1, 4% respectively in the 2001 and 2011 period), with the Amathole District declining to the level of 0, 8% each year and Chris Hani as indicated earlier.



GRAPH 1: Comparative Population Figures (2011 Census)

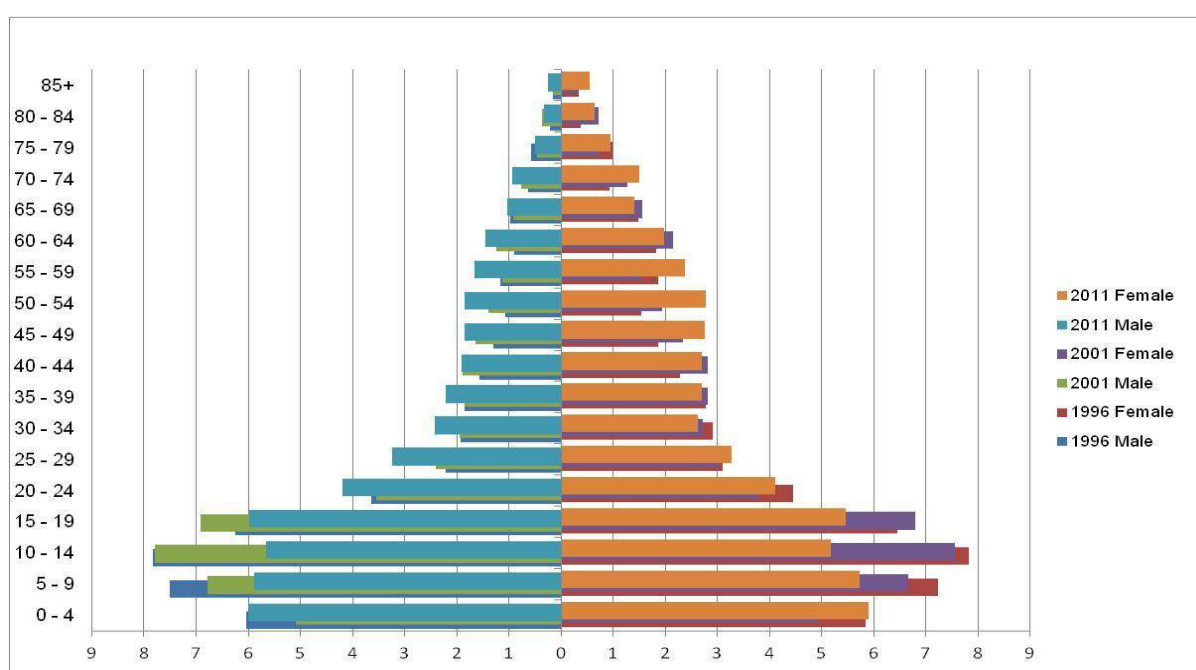
Table 2 below shows the population distribution per local municipality as informed by the 2011 Census.

Municipality	Census 2011		Census 2011	
Inxuba Yethemba	60 364	7.5	65 560	8.2
Tsolwana	32 537	4.1	33 281	4.2
Inkwanca	20 244	2.5	21 971	2.8
Lukhanji	181 799	22.7	190 723	24.0
Intsika Yethu	154 828	19.3	145 372	18.3
Emalahleni	121 822	15.2	119 460	15.0
Engcobo	162 248	20.3	155 513	19.6
Sakhisizwe	66 447	8.3	63 582	8.0
Chris Hani	800 289	100.0	795 461	100.0

TABLE 2: Population Distribution per Local Municipality (2011 Census)

From the table above, it can be seen that the greatest number of people within the district is concentrated in the Lukhanji Municipal area with a total population of 190 723 (24%) of the total CHDM population. This can be attributed to a number of reasons such as inward migration as a result of perceived economic and employment opportunities, education institutions and facilities and generally, a perception of better conditions of living. The changes in boundaries as a result of the demarcation process has had a number of implications notably on the population front with Engcobo LM gaining resulting in it having the second highest population of 155 513 (19.6 %) while Intsika Yethu, decreased in numbers to a total population size of 145 372 (18.3% of total district population). Emalahleni LM has a total population of 119 460 (15% of the district total) and its neighbour, Sakhisizwe LM has a total number of 63 582 people (8% of the total district population). Inxuba Yethemba LM's population is at 65 560 with a percentage of 8.2% of the district total percentage. Tsolwana currently stands at a total population size of 33 281 people (4.2% of the total district population) and Inkwanca is at 21 971 with an average population size of 2.8% of the district total population.

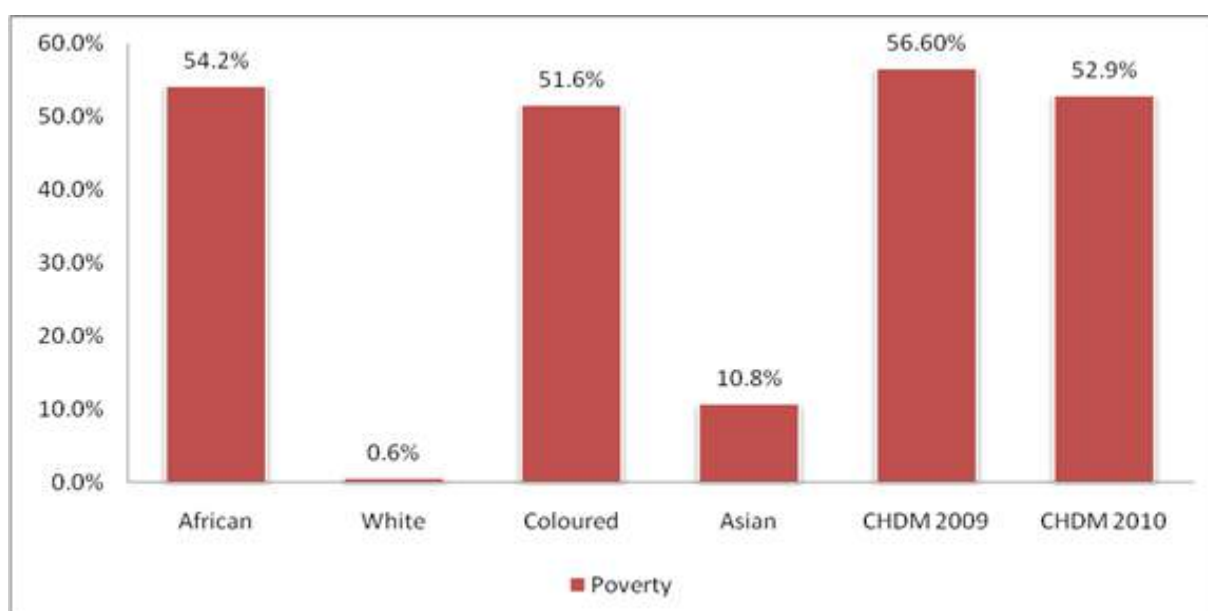
In addition to the sizes of the population, the statistics generated in 2011 provide us with information relating to the distribution of the population by age and sex. The pyramid (graph 2 below) shows a significant decline in male and female aged 15 – 19 and a decline in males 15 – 34. One of the factors for this could be due to out migration for employment and schooling. The decrease in females between the ages of 40 to 54 is worrying as this is the stage when women are still looking after their teenage children.



GRAPH 2: Population distribution by age and sex (2011 Census)

The majority of the population is young people of ages between 0 to 24 (55.9%). These are largely children who are of school going ages and therefore, it has been necessary for the CHDM to engage the Department of Education with a view of ensuring for improved access to schooling infrastructure and resources.

The levels of poverty within the district remain unacceptably high with over half of the district population (52.9%) living in poverty. Graph 3 below displays poverty levels across race groups within the district. Whilst this number remains high it is worth noting that there has been a decrease from the previous year's 56.6% poverty level. Importantly is the concentration of poverty among certain race groups. To this end, the African segment of the DM population is the most affected by poverty, with 54.2% living in poverty, followed by the coloured population at 51.6%, Asians at 10.8 and whites at 0.6%.

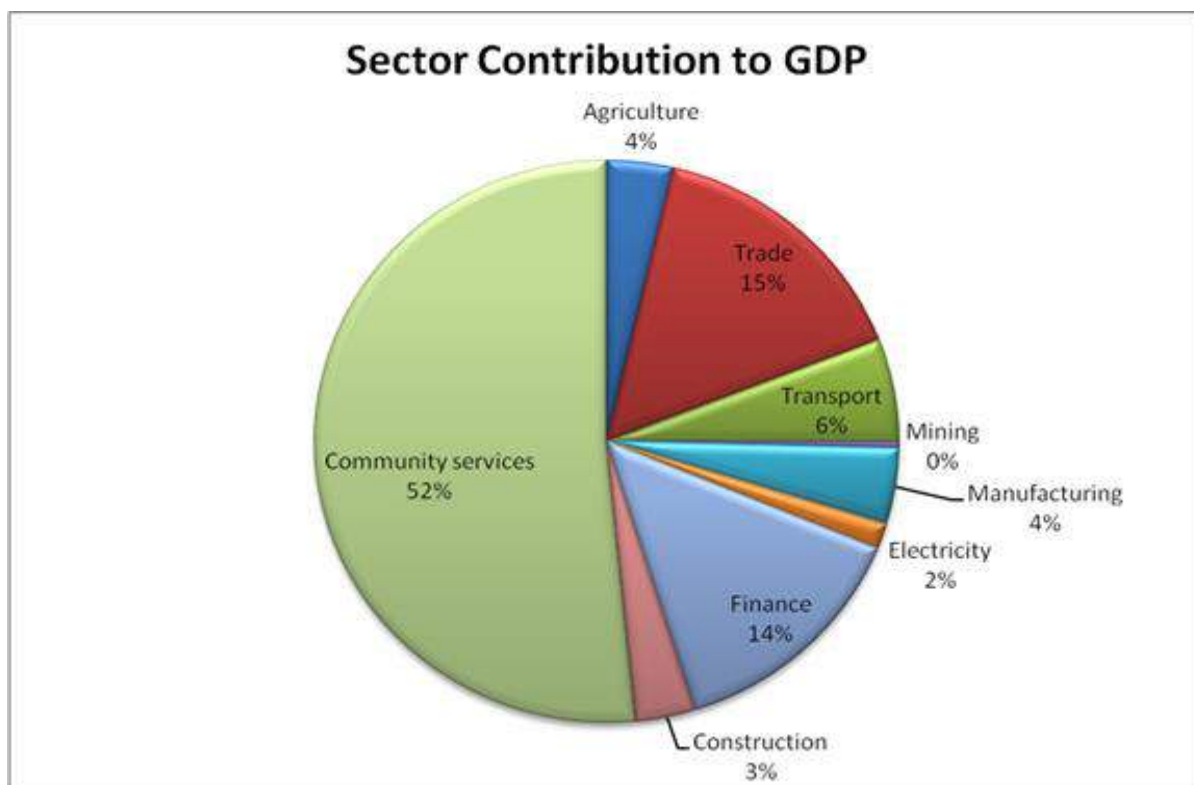


GRAPH 3: Poverty levels per race type (2011 Census)

The reasons for the poverty levels within the district are diverse. This stems mainly from the structural deficiencies of the economy coupled with the geopolitical limitations of the district. In respect of the former, the economy of the country has moved towards an emphasis on skills thus leaving a greater number of the populace outside of the beneficiation process. This mainly can be attributed to the apartheid policies that continue to disadvantage the district. In respect of the latter, the district is a rural one located at the periphery of mainstream economic activity. As such, people are unable to enjoy most of the benefits associated with the structural changes of the economy. Therefore, from a planning perspective, it is incumbent upon the municipality, working together with other spheres of government, to increase their collaborative efforts in dealing with the question of poverty within the district.

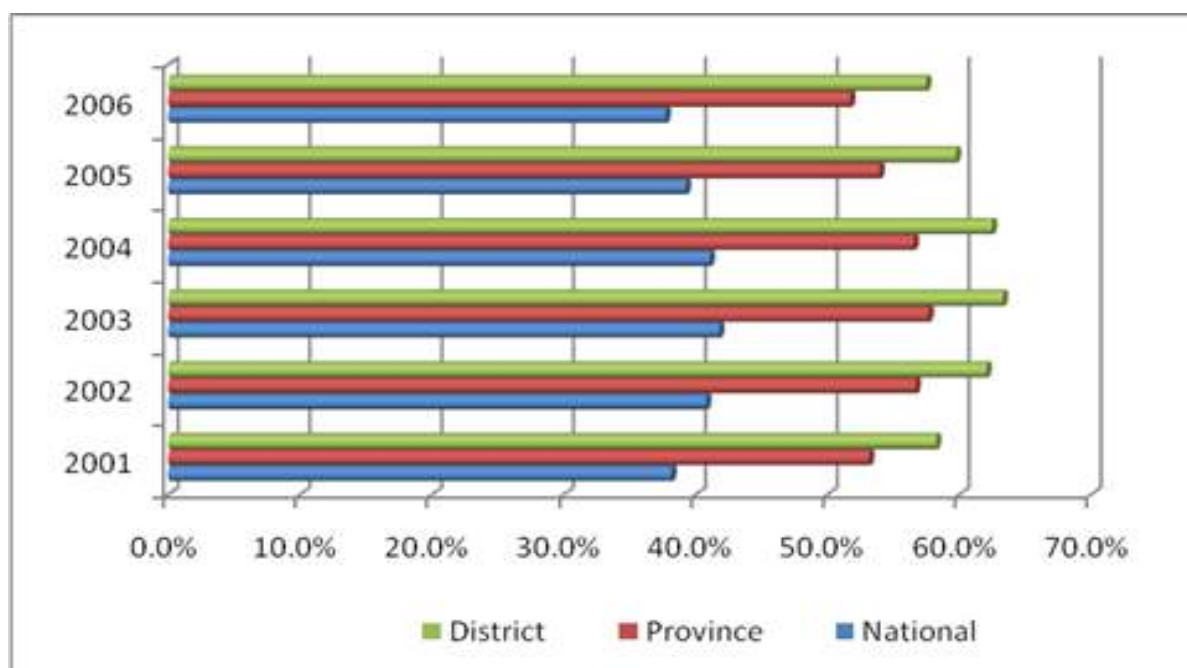
1.3.4. ECONOMIC OVERVIEW

The chart that follows (graph 4) depicts the contribution of each sector in the districts' economy. This chart shows that the main driver of the Chris Hani District Economy is the community services sector (notably government services) with its contribution resulting to over half (52%) of the district economy's performance. This is followed by Trade (15%), the finance sector (14%) and the rest below 10%. This clearly suggests that more effort must be put in place to ensure that the potentials of the different sectors are realised.



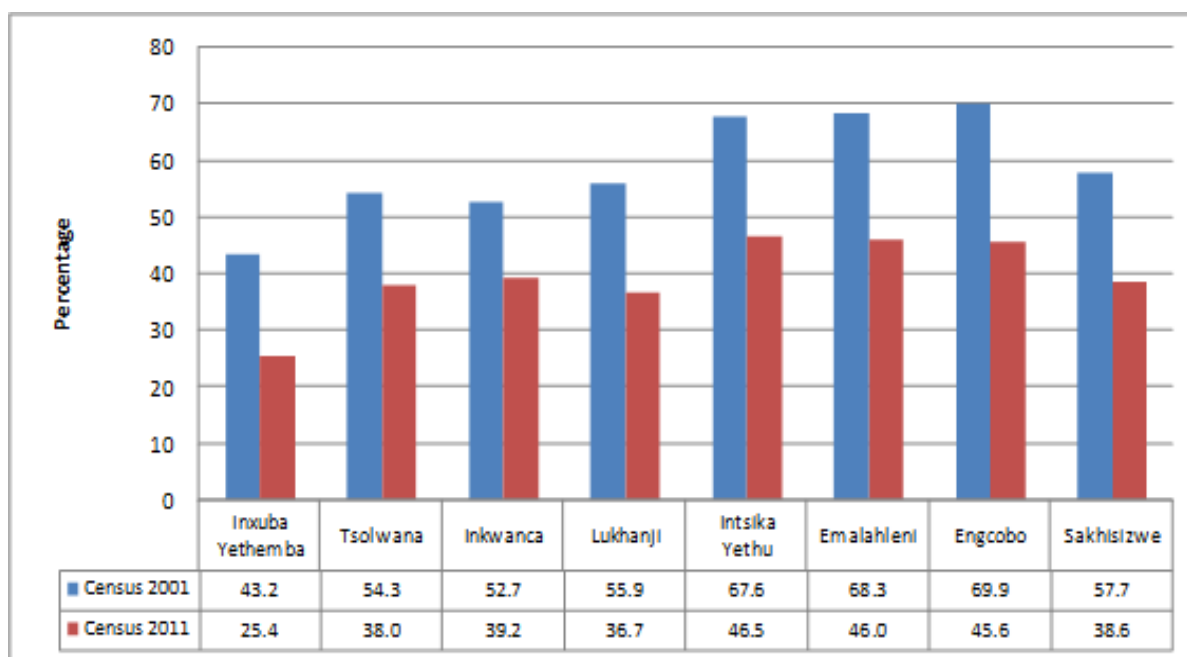
GRAPH 4: Sector contribution to district economy (2011 Census)

The employment trends in the district mirror the economic dimensions of the district. This means that the biggest employer in the district remains the community services sector (government generally), followed by trade and finance. An important employment trend is that of household employment (domestic help) as well as self-employed people (primarily through informal trade). Hereon below is a graphical representation of the unemployment comparisons at national, provincial and district levels. It is important to note that the district surpasses both the national and provincial averages (57%; 37% and 51% respectively) thus requiring that concerted efforts be put in place with a view of addressing the unemployment challenges besetting the district.



GRAPH 5: Comparison of employment levels (National, Provincial and District) (2011 Census)

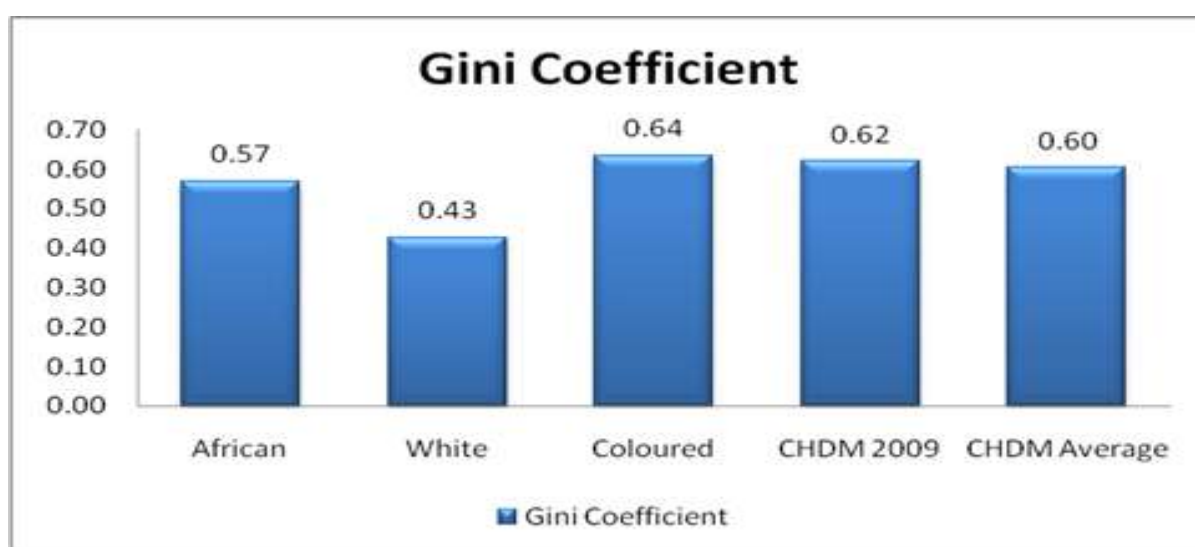
Due to high rates of unemployment there is generally high dependence on grants and remittance (monies sent home family members working in urban centres) as the main sources of household incomes especially in the poor areas in our district. In general most people get their money from social grants especially in Emalahleni. Many especially in municipalities like Tsolwana and Engcobo depend on remittances whilst close to half in Inxuba Yethemba and Sakhisizwe get their income from wages (FIVIMS Report).



GRAPH 6: Comparison of employment levels (2011 Census)

The National Government has lifted unemployment, inequality and poverty as major challenges currently facing the country. To remedy such challenges the Planning Commission as headed by Minister Trevor Manuel developed the National Development Plan 2030. The picture of unemployment within the district as depicted by a graph 6 above reflects that compared to 2001, there is an improvement as unemployment levels have decreased. It further reflects Intsika Yethu, Emalahleni and Engcobo as being the highest within the district with higher levels of unemployment with the least being Inxuba Yethemba.

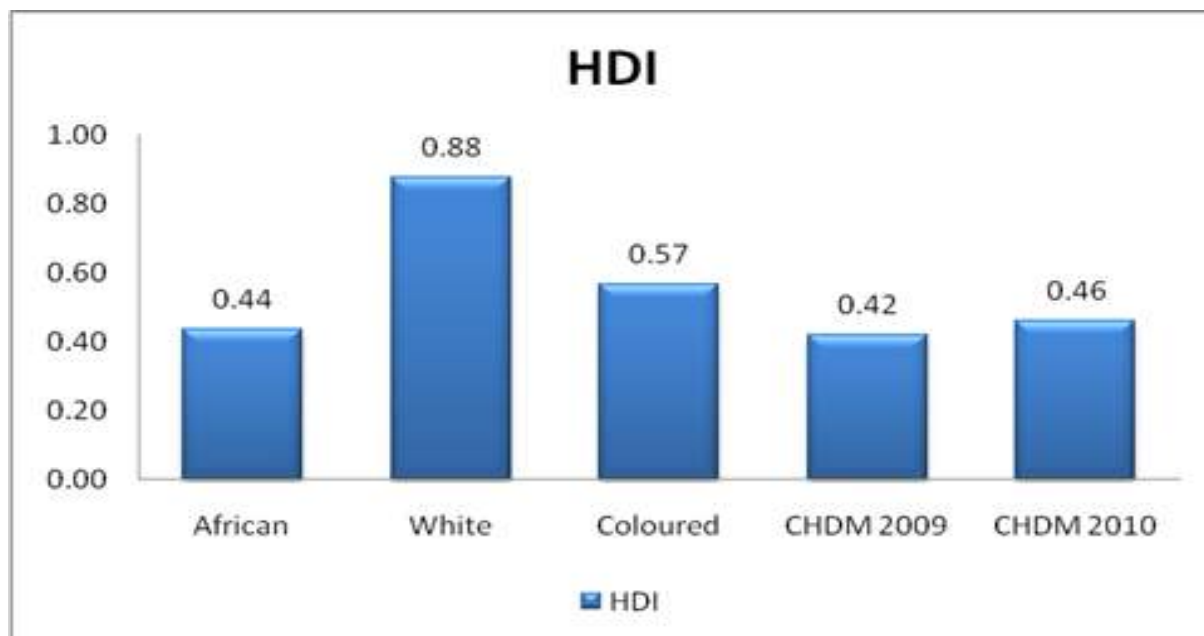
Closely associated with the question of (un)-employment and economic performance is the issue of income inequality. To assess the extent to which the Chris Hani District population is unequal, the Gini Coefficient was used. The Gini coefficient is a statistical summary of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (inequality - in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately between 0, 25 and 0, 70. Graph 7 below suggests that the Chris Hani district is experiencing inequality particularly across race groups:



GRAPH 7: Income inequality by race (2011 Census)

The graph also illustrates that there has been a year-to-year improvement in the gini coefficient within the municipality, showing that there are strides being made in trying to address the present inequalities. It is clear though that a lot still needs to be done towards addressing these inequalities.

Whilst economic growth rates are important to assess the success of some of the economic initiatives implemented within the municipality, these do not always give an indication of the extent to which such initiatives contribute to the qualitative change in the lives of the residents of the Chris Hani District. As such, a method that is used to measure qualitatively the improvements in peoples' lives is the human development index (HDI). The HDI measures life expectancy, literacy and income of a particular district. It is measured on a scale of 0 to 1 and an HD should preferably be above 0.50 to represent an acceptable level of development.



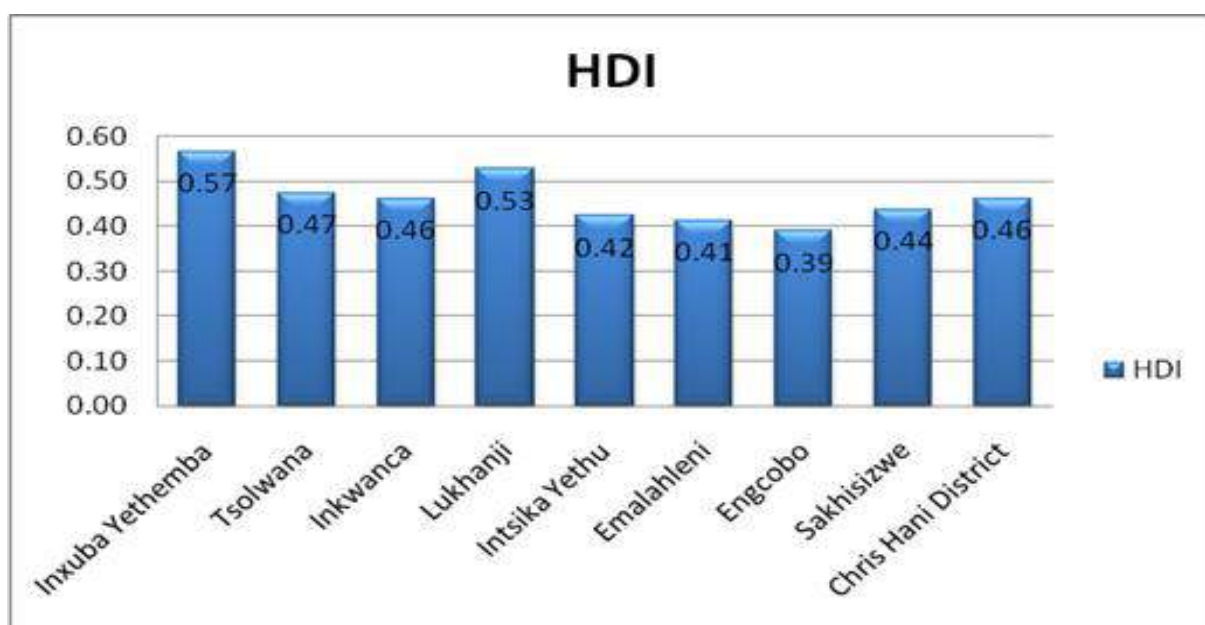
GRAPH 8: Human Development per race (2011 Census)

Graph 8 above indicates that the HDI level of the district is standing at 0.46 and with whites within the district at 0.88; Coloureds at 0.57 and least being Africans at 0.44. As per the analysis earlier this suggests that the district is below average and as such, serious efforts need to be put in place to ensure that people, particularly the African population, is extricated from the dehumanising conditions of underdevelopment. A number of factors can be attributed to this level of human development however, deeper analysis of the root causes of these challenges need to be examined. Amongst others this can be attributed to the following:

- ✚ The region is challenged with a higher demand for basic services as well as housing/Infrastructure etc.
- ✚ The area is largely rural which negatively influences the health as to some services are sparsely located within the district.
- ✚ Services such as education, reproductive health, youth development and development projects to address poverty remain a challenge for local government and government departments.

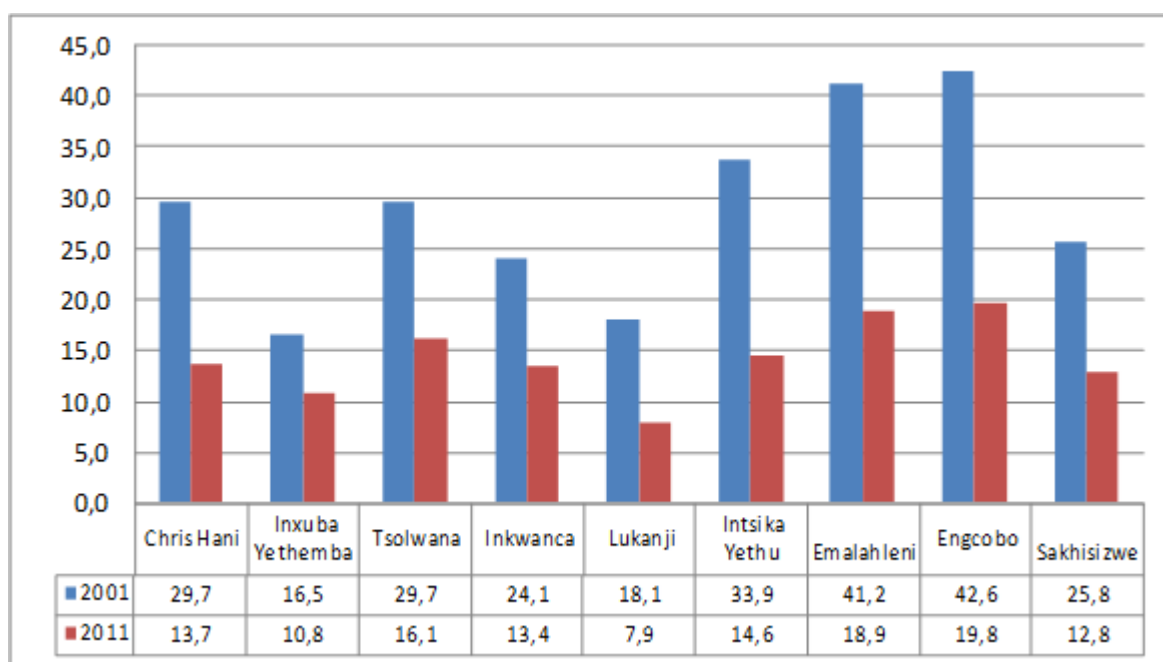
- ✚ The District Municipality has former homeland areas where limited or no development has taken place over a number of years. This has translated in Chris Hani District experiencing high levels of poverty across the District.
- ✚ The public sector dominates the region's economy, which indicates the challenge of a limited production base in the area, and limited private investment growth into the CHDM economy.
 - Economic situation in terms of lack of income and unemployment of the population is increasing.

Graph 8 below, on the other hand, indicates that human development across the district local municipalities is below 0.50 and therefore cannot be accepted. Inxuba Yethemba at 0.57 and Lukhanji LM at 0.53 are exceptions to this situation. Tsolwana is at 0.47; Inkwanca is at 0.46; Intsika Yethu is at 0.42; Emalahleni at 0.41; Engcobo is at 0.39; and Sakhisizwe is at 0.44.



GRAPH 9: Human Development per local municipality (2011 Census)

Closely associated with human development is the question of educational attainment. The graph 10 hereon below depicts the percentage of the population aged 20 and above in each municipality with no education in Chris Hani and its local Municipalities comparing the development with 2001 and 2011. This shows a great improvement as from 2001 as the towers that are blue show the situation by 2001 and red ones depicts the current scenario with figures being below 20% which one can interpret by saying the current government has improved the situation by probable through availability of scholar transport, building of schools closer to where communities are etc.



GRAPH 10: Education levels (20 years and above) per local municipality (2011 Census)

As we look at consolidating the gains of a democratic dispensation in the country, the key question that must continue to confront us is whether the interventions undertaken since the dawn of democracy have sufficiently addressed the multitudes of challenges facing our district populace. Indeed, upon inspection, the information provided above is telling. It is telling of three key matters. Firstly, it is understood that the problems confronting our municipalities and communities at large are immense and varied. These challenges cannot be addressed in the shortest period of time and by a single entity acting in isolation. These require tough decisions around the allocation of resources, collaborative efforts across all spheres of government and in collaboration with the private sector and patience from the communities themselves, with the understanding that municipalities operate with limited resources but that such resources are indeed for the betterment of all the communities of the district.

Secondly, this is telling in the sense that there has been significant progress made in dealing with the structural and socio-economic challenges which continue punctuate the dehumanising legacy of the apartheid regime. To this end, a number of social programmes have been implemented which primarily seek to bring the majority of the population into the mainstream economy and to consequently extricate them from the conditions of poverty and underdevelopment.

Thirdly, these must inform municipal planning and service delivery interventions. Importantly, the intervention of the CHDM, and indeed the local municipalities under its jurisdiction, must seek to qualitatively change the picture as depicted in the discussions above.

1.4 SERVICE DELIVERY OVERVIEW

As indicated earlier, the delivery of services by the Chris Hani District Municipality is informed firstly by the powers and functions vested in a district municipality as contemplated in Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, as well as the Local Government: Municipal Structures Act, 117 of 2008. In addition to this, the MEC for Local Government in the Eastern Cape Province extended these to include some functions previously not the functions of the Chris Hani District Municipality.








In terms of the structural arrangements of the CHDM, three of the six departments of the municipality deal directly with service delivery, viz.; Engineering Department, Health and Community Services Department and the Integrated Planning and Economic Development (IPED) Department. The other three departments are support departments which essentially ensure that the municipality is able to deliver on its mandate.

1.4.1. HEALTH AND COMMUNITY SERVICES

With regard to the Health and Community Services, the directorate is composed of four (4) units, namely; Municipal Health & Environmental Management; Fire services; Disaster Management and HIV & AIDS.

MUNICIPAL HEALTH SERVICES



The functions performed by the Environmental Health Practitioners (EHP's) and Environmental Health Assistants (EHA's) are outlined in the Scope of Profession of Environmental Health as stipulated by Regulation 698 of the Health Professions Act of 1974 (Act No. 56 of 1974) as amended. All these pieces of legislation find expression from the South African Constitution. These functions include –

-  Water Quality Monitoring,
-  Food Control Monitoring,
-  Waste Management and General Hygiene Management,
-  Air Quality Management,
-  Health Surveillance of Premises,
-  Environmental Pollution Control, and
-  Disposal of the Dead in respect to Paupers' burials and exhumations.

This report will cover the work performed under each of the above functions during this accounting period and highlight the challenges that were encountered.


Water Quality Monitoring

The Chris Hani District Municipality (CHDM) is responsible for ensuring that the water provided to communities is safe for human consumption and adequate for domestic use as well as recreational, industrial, food production and all other human and animal use. This is facilitated through water sampling and analysis in compliance with South African National Standards (SANS): 241.

-  Since the beginning of this financial year, 2 426 drinking water samples were tested for compliance, and of these only 25 failed to meet the standards due to heavy seasonal rains that affected some of our purification systems, and this impacted on the water quality. Our Environmental Health Practitioners EHP's worked around the clock in monitoring and controlling the situation, and this ensured that no communicable diseases or other water related health outbreaks occurred.
-  In relation to waste water monitoring, 222 waste water samples were tested during the period under review. Of these, only 113 failed compliance with General and Special Standards Regulation 991 due to infrastructural problems in our waste water treatment works. The Department together with Technical Services Department have put in place corrective measures whilst the process of refurbishment of some of these facilities is underway.

Food control monitoring

The EHP's are responsible for ensuring food safety in respect of Acceptable Microbiological and Chemical Standards. This is implemented by taking food samples for testing on a month-to-month basis to ensure quality of all food for human consumption and optimal hygiene control throughout the food supply chain.

-  During this financial year, 600 food samples were collected for analysis. Of these, 226 failed to meet the acceptable Standards Regulation 692 and Regulation 1555 respectively due to poor hygiene practices by Food Handlers. Health and hygiene awareness campaigns were conducted in the affected food premises in an attempt to deal with this health problem by raising levels of awareness and also promote good health and hygiene practices. These campaigns are ongoing and the positive impact of these efforts is yielding results as there are no incidents of food poisoning cases that have been reported.

Health Surveillance of premises

This function is performed to ensure urban and rural land use, planning and practices that are conducive with sustainable development. This is done through environmental health impact and other assessments in a manner that ensures the prevention and abatement of any condition on any premises, which is likely to constitute a health hazard. The following premises were evaluated during this financial year in line with the standards as set out in prescripts of law:

CATEGORY OF PREMISES	NUMBER EVALUATED	NUMBER COMPLIED	NUMBER FAILED	COMMENTS
Food Premises	2229	1453	776	These food premises are both formal and informal. Their business set up is therefore distinct due to their different economical status. The council is paying particular attention to develop the informal sector so that it can contribute meaningfully to the economy of the district.
Government Premises	402	272	130	These vary from prisons, clinics, hospitals, schools to police stations. Corrective measures were put in place to assist these facilities to rectify the situation.
Crèches	165	69	96	These are assessed in terms of the Early Childhood Development Guidelines and National Health Act 61 of 2003. The department together with the Social Development is working in partnership to assist all other crèches to meet the requirements.
Funeral Parlours	180	105	75	The parlours are evaluated in terms of Regulation 363 of 2013 relating to the Management of Human Remains. Most of these

				parlours are not meeting the requirements. Compliance letters were written to all the affected premises. Follow up inspections are conducted on a regular basis.
--	--	--	--	--

Disposal of the Dead

This service is rendered mainly to monitor, manage and control exhumations and reburials of human remains within CHDM area of jurisdictions under Regulation 363, relating to the management of human remains.

- 49 exhumations and reburials were performed in this financial year and 29 pauper burial services were conducted. The pauper burial services are performed not only by the definition as stated in Regulation 363, but also on dire need of our citizens based on their economic status.

Environmental Health Awareness Campaigns

Key to the functions performed by this Department is change management process which happens through awareness campaigns on health & hygiene, environmental awareness and training programmes. These programmes are conducted through stakeholder engagements.

- During the period under review, 4 campaigns were conducted in line with the SDBIP, at different schools and communities within CHDM.

ENVIRONMENTAL MANAGEMENT SERVICES

Environmental Management Services strives to ensure realization of Section 24 of the Constitution wherein it is stated that *‘everyone has the right to an environment that is not harmful to their health or well-being; and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation, ensuring conservation and ecologically sustainable development and use of natural resources’*. This section of the report will look into waste management initiatives, climate change interventions, greening and beautification, and other related environmental programmes.

Waste Management

Through our partnership with the national Department of Environmental Affairs (DEA), Youth Jobs in Waste Programmes were implemented at Ngcobo and Lukhanji municipalities. These programmes mainly focus on waste collection, recycling & sorting of waste, awareness campaigns as well as landfill sites management. This program is now being rolled out to the other 6 local municipalities within the district.

Funding has also been received from same department for licensing of the Inxuba Yethemba Municipality landfill site in Cradock, thus aiming at reducing the number of unlicensed operating landfill sites in the district.

There has also been a major funding of R30 million from DEA that will see Lukhanji operating a multi-recycling buy back centres, and entrepreneurship programmes in waste in this financial year and beyond.

- ✚ R7 million was allocated to Intsika Yethu Municipality for upgrading the existing materials recovery facility. Through commendable waste management services, Intsika Yethu municipality won the provincial Greenest Municipality Competition in November 2013.
- ✚ Sakhisizwe municipality also received an EPWP funding of R12 million from DEA for implementation of waste recapitalization projects.

All these efforts seek to ensure alignment with the Integrated Waste Management Plan (IWMP) as detailed in the Waste Management Act.

Climate Change & Awareness Programs

The District in partnership with DEA and DEDEAT, established a fully functional Environment and Climate Change Forum to engage stakeholders on environmental aspects and the impact this has on our communities.

- ✚ The District Climate Change Adaptation and Mitigation Strategy was presented to the stakeholders for comments on the 17th of June during the last quarterly meeting of the Environment and Climate Change Forum. Subsequently, it was tabled in the Standing Committee of the 15th July for recommendation to be approved by the Council.
- ✚ The Environment and Climate Change Forum has a capacity-building component wherein workshops are conducted to capacitate relevant stakeholders on particular matters concerning the environment. Awareness programs are conducted on a quarterly basis on environmental quality management, land care and sustainable development in relation to climate change. Observation of environmental days like Arbor Day, World Environment Day and Water Week helps in raising awareness in terms of identified themes for those programs on an annual basis.

Greening and Beautification Programmes

In relation to greening, CHDM has resolved to 'green' its events by planting trees as means of striving to counteract the effects of carbon emissions into the environment as part of adhering to

the country's carbon footprint goals. Trees are planted for the purpose of greening especially in towns, villages and schools.

- ✚ During this year's Water Week event held in Extension 4 at Whittlesea, 120 fruit trees were donated to some households & Department of Agriculture, Forests and Fisheries (DAFF) also supplied households with 100 indigenous trees.
- ✚ In April this year, 100 fruit and indigenous trees were planted in each Local Municipality to address human body nutritional needs as well as environmental benefits of greening.
- ✚ As part of greening, CHDM is implementing job creation projects for correcting environmental degradation by means of eradicating invasive alien plants and encroaching species like *Euryops* (Lapesi), Black and Silver Wattle. During the adjustment budget, the Council allocated R4.9 million for the intensification of the Wattle Eradication Programmes in the areas of Ngcobo and Intsika Yethu municipalities. This programme was also extended to Sakhisizwe municipality with a funding of R2.4 million.
- ✚ The greening and environmental rehabilitation programs have also been expanded to include research and a management program for Satansbos at Inxuba Yethemba municipality with a budget allocation of R1 million.

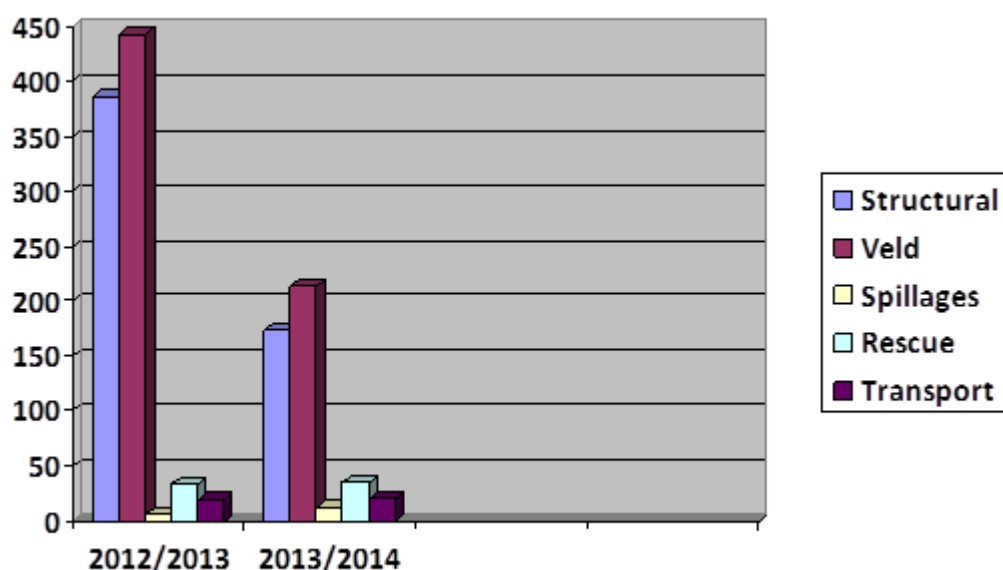
FIRE SERVICES

This service is performed as stipulated in the prescript of law and even beyond that scope due to the fact that other local municipalities within the district are not fully capacitated in terms of the human capital and financial resources to render the service optimally.

Since the beginning of this financial year to-date, the following activities were rendered in spite of our minimal resources:

ACTIVITIES	NUMBER OF INCIDENTS ATTENDED TO IN 2012/2013	NUMBER OF INCIDENTS ATTENDED TO IN 2013/ 2014	MITIGATING MEASURES
Structural fires	387	173	Fire-safety programmes were administered throughout the district.

Veld fires	443	213	Education awareness campaigns were conducted to almost all the farmers within the district on fire breaks. As a way of sustaining the programme, bush beaters were supplied to them to combat fires in its initial stages
Spillages/Hazmat (hazardous material)	6	12	Companies using our roads within the district are continually being informed on fire safety precautionary measures in order to avoid unnecessary spillages that could have been avoided.
Rescue	33	35	Relationships have been strengthened between CHDM, local and provincial traffic departments in an attempt to increase visibility of officers.
Transport fires	20	21	



In conclusion, the incidents have decreased significantly in comparison with the previous financial year. This can only be attributed to the mitigating strategies that are employed by the department on a day to day basis. In the next financial year, the department shall further intensify the fire services programmes by capacitating local municipalities with much needed resources to perform the service in an efficient and effective manner.

DISASTER MANAGEMENT SERVICES

CHDM is prone to disasters. They occur at a rapid and catastrophic rate mainly because of climate change and global warming which continues to confront our communities, especially the less privileged.

- In response to the challenges, CHDM adopted a Disaster Management Plan guided by the Scientific Risk Assessment Plan that was adopted by the Council in the previous financial year. Furthermore, the Council conducted 48 awareness campaigns on risk reduction strategies as an attempt to minimise and mitigate the effects of climate change. All these efforts have placed the CHDM in a position of receiving the “Vuna Award” for best disaster management systems.

DISTRICT HEALTH COUNCIL (DHC) ACTIVITIES

The District Health Council (DHC) is a legislated structure which is primarily responsible for co-ordinating health matters through Local Health Councils; Local AIDS Councils; Hospitals; Clinics; Forensic Pathology; Emergency Medical Services (EMS); and District AIDS Council in a manner that responds to the Millennium Development Goals (MDG's) and National Development Plan

(NDP), in line with the relevant National outcomes. The programmes commissioned by this structure vary from HIV and AIDS; TB, Revitalisation of Primary Health Care (PHC); Circumcision; Immunisation; Pregnant Women to Anti-poverty. This section of the report will give the district picture and situation in each of the selected focus area.

HIV and TB

Antiretroviral Treatment has been decentralised to all Primary Health Care (PHC) facilities throughout the district to increase access to treatment.

- ✚ 33 762 clients are on treatment.
- ✚ FIXED Dose Combination (FDC) has been administered to eligible HIV positive clients.
- ✚ 280 Nurses have been trained on Nurse Initiated Management of Antiretroviral Treatment (NIMART).
- ✚ HIV transmission from mothers to babies has been reduced from 4.4% in 2012 to 1.6% by end 2013.
- ✚ 100 Lay Counsellors and 30 Community Health Care Workers posts were filled within the facilities that had shortages.
- ✚ 10 Non Profit Organisations have been funded by the Department of Health to render Home & Community Based Care. TB/HIV integration is happening in all facilities throughout the district.
- ✚ All 7 laboratories in the district are using GENE-XPRT which is a new diagnostic technology for initial diagnosis of Pulmonary TB and Drug-Resistance detection, especially Rifampicin-resistant proxy to multi-drug resistance.

COMMUNITY DIALOGUES

During 2013/2014 financial year, CHDM through the District AIDS Council continued to implement its HIV, STIs and TB Strategic Plan of 2012-2017. A vigorous strategy was adopted by the DAC for the implementation of Community Dialogues coupled with awareness campaigns and they are as follows:

Programme	Local Municipality	Number of Dialogues held
District Women's Month in partnership with Eastern Cape AIDS Council (ECAC)	Ngcobo	5

Handing Over of Ground diggers' materials	Intsika Yethu	1
World AIDS Day programmes 2013	Tsolwana	4
	Lukhanji	6
	Inxuba Yethemba	4

The dialogues is a means of creating platforms for community members to discuss the HIV, STIs and TB issues and correct the myths and misconceptions that they usually have about the disease. The programme has seen improvement in knowledge and information among the community members.

CIRCUMCISION

The Circumcision Programme within the District is championed by the Traditional Leaders assisted clinically by the Department of Health.

- The District held a Men's Summit on the 30th October 2013 where the Organized Men's sector discussed their issues such as Circumcision, and other matters. This programme is faced with challenges of deaths of initiates - 12 circumcision related deaths were registered during the the year under review.

ANTI – POVERTY PROGRAMME.

The Anti – poverty or Phakama Sakhe programme piloted in the sites of Intsika Yethu at Hala Location and Ngcobo at Silindini Location have progressed well.

- Hala has 42 Households benefiting in Food Gardens and back yard Poultry & Sustainable Livelihood budgeted for an amount of R455 000 while Qebe and Silidini also implement a Pre-school and food gardens development for a budget of R1.6 million from the Department of Social Development.
- The Ground Diggers programme at Intsika Yethu with the 105 job opportunities created is continuing, and destitute household benefit from household gardens. Ground diggers also conduct door-to-door programme assisting households with social challenges including HIV and TB. The Ground diggers programme will extend to Ngcobo Local Municipality within the next financial year targeting those communities that show high numbers of destitute households with need community members.

2014 HEALTH SUMMIT

The 2014 Health Summit was held on the 19th and 20th March 2014 following the previous one that was held in 2012. Good attendance and participation was observed from all the District Health Stakeholders. The main objective of the summit was to create a platform for health experts and all stakeholders to present developments that need to be communicated and also to review the progress made since the previous Summit of 2012 and chart the way forward.

Through the summit, the district aimed to achieve the following outcomes (which are linked to the outcomes that the National and Provincial Departments of Health wish to achieve):

- ✚ Strengthened spirit of working together with all key sectors in the district through a social compact, so to continue to transform the healthcare system;
- ✚ Informed communities (and all other role players in health care provision) about the National Health Insurance System (NHI) system.
- ✚ District guide on how to better improve quality standards for both public and private healthcare provision
- ✚ District guide on how to reduce the rate of new, HIV, STIs and TB infections.
- ✚ Guide on how to sustain campaigns on health promotion and disease-prevention by changing social values and norms through common community action.
- ✚ Guide on how to sustain sexual and reproductive health rights of women and strengthen the enforcement of these rights, as well as ensuring that they are incorporated in the HIV and AIDS programmes.
- ✚ Strategy on how to share research and knowledge amongst all those operating in the realm of health care provision.
- ✚ Community participation in health care

Overall assessments by both officials and participants is that the summit was a huge success which has set a good platform for further progress in achieving the goals highlighted above.

HIV AND AIDS IN THE WORKPLACE

Chris Hani District Municipality acknowledges the seriousness and the negative impact that HIV & AIDS, STIs and TB have on the officials, employees and communities at large. The municipality recognises the impact of these diseases on the economic development and delivery of services as they result in loss of skills, high rates of absenteeism, lengthy illnesses, and deaths which directly affect productivity. In response to these challenges, policies and programmes have been put in place to minimise the impact of these diseases in the workplace.

The Council also recognised the need to bridge a gap between internal and external efforts in response to the impact of HIV & AIDS, STIs and TB.

- ✚ As a result, a pilot on HIV, STIs and gender-based violence prevention workplace programme was conducted in November 2013 for Chris Hani District Municipality Roads employees that are based at Inxuba Yethemba Local Municipality together with their spouses and partners. This programme was a huge success and a need for follow up programme with the same group of employees was identified.

The District has not only responded to the challenges posed by HIV, STIs & TB, but also addressed the underlying factors which perpetuate the spread of these diseases and gender inequalities as one of the drivers of socio-economic imbalances.

- ✚ Social dialogues were conducted within CHDM workplace in February 2014 to address issues which affect women & girl child as a way to empower them to think independently and have their own voice and opinion.

Among strides which have been made by the Council was the development of the HIV, STIs and TB mainstreaming policy which was adopted in February 2014. This policy recognises a need for an integrated approach in response to HIV, STIs & TB by all departments of CHDM.

- ✚ The MHS sections within Health and Community Services Directorate have responded to this call by establishing community gardens at a ward level. The community of Inkwanca Municipality through Mzamomhle home-based care are the first beneficiaries. The impact of this project is reflected in the positive responses received thus far.

Furthermore, CHDM also played a critical role in ensuring that HIV, STIs and TB workplace programmes are implemented within all eight local municipalities.

- ✚ Technical support and guidance was therefore provided to four local municipalities which are Sakhisizwe, Engcobo, Inkwanca and Intsika Yethu Local Municipalities within this financial year.

Capacity building was also provided to our workplace committee members, peer educators as well as local municipalities' workplace committee members on the Prevention of Mother to Child Transmission of HIV.

All these efforts have contributed to the decrease in HIV prevalence among Chris Hani District Municipality Councillors and employees from 16% in 2009 to 7.6% in 2013.

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	N/A	N/A	N/A	N/A	N/A

Table 3: Annual performance as per key performance indicators in waste management services

1.4.2. INTEGRATED PLANNING AND ECONOMIC DEVELOPMENT (IPED)

The Integrated Planning and Economic Development Department (IPED) is a department charged with the responsibility of planning for the district as a whole. This planning function is multi-dimensional focusing on spatial planning, development planning as well as economic planning and development. The implementation of the programmes of this department will not only ensure that the short-to-medium term plans of Council will be delivered but will fundamentally ensure that the masses of the peoples of the Chris Hani District are extricated from the morass poverty, underdevelopment and inhumane conditions of living.

To discharge this critically important function, the department is made up of four sub-units, namely: Development Planning, Housing, Business Development and Local Economic Development.

HOUSING

Chris Hani District Municipality with the assistance of Camdekon Consulting Engineers will be piloting the construction of permanent structures in Lukhanji LM. All 35 approved beneficiaries have been visited. 11 contractors are in place to start the pilot project and thereafter rollout to other Local Municipalities (LM's).

Tshani Consulting is currently busy developing the Integrated Human Settlement Plan for CHDM which will give guide to the housing development in the district.

TOWN PLANNING

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on Local Municipalities. However, in line with the position as taken by the Council of the CHDM of providing hands on support to all its Local Municipalities, and also in adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998, the CHDM has, through its Development Planning Unit of the Integrated Planning and Economic Development Directorate (IPED), made available the

position of the town planner with the task of assisting Local Municipalities in the following aspects:

- ✚ Determine the efficiency and consistency of municipal spatial tools, i.e.; SDFs, GIS and LUMS in addressing spatial matters;
- ✚ Identifying and prioritizing municipalities requiring urgent assistance particularly those without the services of a town planner;
- ✚ Ensure alignment of SDFs in terms of development, review and implementation;
- ✚ Provide technical support to Local Municipalities in terms of developing credible SDFs; and
- ✚ To keep abreast of legislation and trends as this relates to town planning.

Furthermore, the Development Planning Unit has established the District Town Planners Forum whose main objectives are to look at specific town planning issues affecting the function throughout the district. This forum is comprised of town planners/land use and/or spatial planning officials from the CHDM and all its local Municipalities.

SPATIAL PLANNING

a. Preparation and approval process of SDF:

In terms of chapter 5 section 20(2) of the enacted Spatial Planning and Land Use Management Act 16 of 2013 . A Municipal Spatial Development Framework must be prepared as part of a Municipality's IDP in accordance with the provisions of the Municipal Systems Act. The review of the CHDM SDF that was done 2012 was kept as is.

In line with the legislative requirements, during the financial year under review, the CHDM undertook a process of reviewing its Spatial Development Framework (SDF) as was approved in 2004. The objectives of this review were to ensure:

- ✚ The alignment between the strategic approach to managing development investment in the district embodied in the original SDF and current government policy as embodied by –
 - The National Spatial Development Perspective;
 - The Eastern Cape Provincial Growth and Development Plan; and
 - Other relevant legislation governing development planning
- ✚ The incorporation of the latest available data on social (demographic), economic and infrastructural development indicators; and
- ✚ The building into the SDF latest information derived from new and/or revised sector plans data-sets and spatial proposals.

b. Land use management:

Whilst the CHDM does not have an express role to play in terms of land use management, Chapter 6 subsection 34(1) & (2) of the Spluma Act 16 of 2013 may affect or influence the role that the district will have to play regarding Land use management since the Act requires the Formation of Planning Tribunals to process Land Use applications either through a joint municipal planning tribunal or single district tribunal endeavor's to obtain these council resolutions and creating awareness around the Act are still ongoing .

Since chapter 5 subsection 23(2) of the Act requires municipalities to allow the participation of traditional councils in the performance of its LUMS duties.

Stating the stance of Local Municipalities are a process which is currently being facilitated through its SDF it has set guidelines in terms of the land development character of the District as a whole. Of note, however, in relation to the land question is the issue of obtaining land for development purposes, particularly as this relates to the former Transkei areas. The CHDM has been actively involved to ensure that it influences government processes to ensure that individual rights to land through title deeds is ensured so as to ensure security of tenure and development progress.

Furthermore, in its endeavours' to define the district's spatial rationale and the Districts developmental agenda, the CHDM Spatial Development Framework focuses on the strengthening of linkages between the different centres within the CHDM region and their relationship with centres outside the boundaries of CHDM. This led the CHDM to adopting the Small Town Development approach that is aimed at accelerating development through the alignment of economic activities to ensure value chain addition. The Small Towns Development approach looks at the redesigning of town layouts with the aim of ensuring the potential of the space in and around the town is fully realised.

The Chris Hani Regional Economic Development Strategy highlighted the need to identify and prioritise small towns along the economic corridors that have the potential to participate actively in the value chain of the differentiated sectors, and to implement small town development initiatives. Cofimvaba was identified as one of the towns that had the potential to grow as it is one of the main service centres on the R61 east corridor. This culminated in CHDM and the Intsika Yethu local municipality, with the assistance of the Department of Local Government and Traditional Affairs, embarking on the Small Town Development Plan for Cofimvaba and Tsomo.

The Small Town Regeneration concept is aimed at creating a development plan with a 30 year future outlook of its growth potential, as well as creating a plan that seeks to realise that potential. The plan does not place the district or the IYLM as the sole role players in the realising of the developmental objectives of the Cofimvaba and Tsomo towns, but rather looks at creating plans to be used as a spatial guiding foundation that assists stakeholders/investors in defining their roles in the overall growth/development of these towns.

The following reflect the aims behind Small Town Development:

- ✚ Strengthen the retail, business, industrial and employment role of the town centres;
- ✚ To develop the community, civic and educational roles of the two centres as key attributes of vibrant town centres;
- ✚ Build on the unique function of each of the sub-centres serviced by these major centres as a defining characteristic of these areas and a contribution to the Corridor Development Initiative in the district;
- ✚ Improve connections between the sub-centres and encourage activities adjoining access routes between the major centres and the sub-centres to create a more physically contiguous and integrated town centre service area;
- ✚ Consolidate the individual roles of the centres so that they can better serve the sub-centres, and act as destinations for sub-centre communities by providing an extensive and unique range of retail, community and leisure opportunities;
- ✚ Encourage new housing in and around the town centres that increases the range of housing choices;
- ✚ Create an attractive and distinctive built environment that supports the range of activities of the town centres; and
- ✚ Create a positive urban image for each part of the town centres through the design of buildings and spaces.

LOCAL ECONOMIC DEVELOPMENT

In the 2013/14 Financial Year, the Chris Hani District Municipality (CHDM) Regional Economic Development Strategy (REDS), which was developed through an extensive consultative process with stakeholders in the district, was reviewed.

The review and revision of the Chris Hani Local and Regional Economic Development Strategy builds upon the success of previous work, adding new insights and understanding that has resulted from discussions with key stakeholders, business representatives and partners through structures organised by the IPED Directorate of Chris Hani District Municipality.

The strategy has been revised significantly and has gone through a number of different versions, each of which has taken into consideration the detailed inputs made by key stakeholders, and specifically those of the CHDM councillors and officials.

The CHDM REDS Strategy is necessary to reflect the changed economic conditions, and development priorities of the Chris Hani District Municipality, as identified in broad terms within the CHDM IDP 2013-2014.

Economic growth has until recently been enjoyed since the early 1990s but the context has changed considerably through a series of crises hitting the world's financial systems, deeply affecting global, national and local economies, including the 2008 global recession.

Whilst the causes of the crisis were beyond the direct control of the municipality, the REDS Strategy needs to be reviewed in order to ensure that resources are adjusted to provide a timely, flexible and effective response to minimize the impact upon people and businesses within the CHDM.

High aspirations and demand for growth remains, and there is now also a changed national political context, new policy positions through the New Growth Path, Industrial Policy Action Plan and the National Development Plan to inform our understanding and shape our thinking going forward. Significantly, we have a unique opportunity and focus to deliver economic growth through the proposed "Special Economic Zone", which is planned to focus on manufacturing and agro-processing through trade liberalization.

Against a volatile economic background, the REDS Strategy and effective partnerships will have an important role to play, ensuring that resources are co-ordinated and that priorities can be agreed towards achieving the municipality's vision.

Comparative vs Competitive Advantage

Sectors with a relative comparative advantage on which to build include: Manufacturing; Mining; Business tourism; Leisure tourism; and Retail and business services

The broadly defined agriculture sector and the timber production and related value-adding activities were clearly identified as the sectors which have the most economic development potential in the district.

Vision, Strategic Intent and Strategic Differentiation

Based on the above, the vision, strategic intent and strategic differentiation the CHDM REDS have been determined as follows:

CHDM Economic Development Vision: The District grows and develops through social partnerships so that all people benefit from the economy and have equitable access to social services

This is a shared ‘vision’ supporting and developing the broad themes outlined in the Chris Hani District Development Agenda, setting out the direction that has to be taken to ensure that the economy and society of the District is prosperous and resilient, for the benefit of all who live and work in it. To be successful, it must integrate with partners’ work and other key municipal strategies, such as Tourism Sector Plan, SMME Strategy, Agricultural Development Plan in order to maximise its impact.

Ultimately, it should support Chris Hani District to prepare to resist future economic, environmental and social challenges, and to maximise opportunities.

Regional Economic Strategic Intent: Maximise the economic value and job creation potential of the District through a focus on the strengthening of the comparative advantages of priority sectors and creating a distinctive competitive advantage in the timber and livestock production and processing sectors

Strategic Differentiation: Prioritisation of timber and livestock sectors and the allocation of dedicated funds and resources to create a distinctive competitive advantage or strategic differentiation for the District

Legislative Requirements

Whilst there are a number of National and Provincial policies and related legislative requirements that have been taken into account in the formulation of the regional economic development strategy of key importance to the CHDM REDS is that of the 2006 Growth and Development Summit (GDS) Agreement.

The GDS agreement sets out 9 key interventions in relation to “creating decent jobs, livelihoods opportunities and stimulating the local economy” : Public investment initiatives ; Accelerate investment in social infrastructure; Private investment in priority sectors; Expanded Public Works Programme; Local procurement; Small enterprises promotion; Cooperative development ; Economic empowerment ; and accelerated access to information and communication technology. The GDS Agreement further sets out the following district priority sectors: Agriculture and agro-processing; Forestry and wood processing; Tourism; Construction; Manufacturing; Trade and business services.

Corridor Development

The REDS Strategy deals with economic development as a theme that cuts across all that happens in Chris Hani District. Whilst administrative boundaries may be tightly drawn in terms of local municipalities that fall under the district, partnerships and trade across boundaries are supported.

The REDS Strategy is focused more on creating an enabling environment by developing programmes and making available resources to support projects that will in turn be identified by local municipalities, private sector and entrepreneurs.

Chris Hani District Municipality is in some competitive position. Its economic capital, Queenstown lies at the geographical heart of region, and is a gateway between the various powerhouses such as East London, Port Elizabeth, Bloemfontein, Johannesburg, Cape Town and Pretoria, and in an excellent position for business.




The four economic corridors, as defined by stakeholders, cut across different local municipalities and are as follows:

-  Corridor 1: Queenstown → Cofimvaba → Tsomo → Ngcobo
-  Corridor 2: Queenstown → Lady Frere → Cala → Elliot → Indwe → Dordrecht
-  Corridor 3: Middelberg → Queenstown → Hofmeyr → Takastad → Cradock
-  Corridor 4: Queenstown → Molteno → Sterkstroom → Middelburg

CHDM REGIONAL ECONOMIC DEVELOPMENT AGENCY

The Chris Hani Development Agency (CHDA) strategic framework is premised on the understanding that its role is to promote, support and facilitate economic development in the Chris Hani District Municipality. This will be achieved by improving factors of production that will lead to value adding activities with spin - offs for small and medium enterprises.

Chris Hani Development Agency's (CHDA's) Strategic Framework maps out specific and general strategic goals, objectives and issues relating to its establishment and effective operationalization. The strategic goals are:

-  Proficient and Viable Institution;
-  Viable and Sustainable Clusters and
-  Partnership building and stakeholder relations.

The core business of the Agency in the next five years will be delivery of projects that will contribute to the economic transformation of the District. This will be achieved through leveraging funding

from the parent municipality, provincial and national departments and other institutions in development finance space.

CHDA has identified strategic focus areas as agriculture and agro processing linked to infrastructure and mechanisation support, skills development and Investment and Enterprise development. To maximize the economic benefit to rural communities in the Chris Hani District, programmes will have to be financially viable and address both the economic and development needs of the District.

In the next five years the main focus area is facilitation and implementation of programmes that will ensure the operationalization of the four main Irrigation Schemes, increased production of high value crops, fruit, vegetables and new forest plantation. Linked to this will be a dedicated focus towards the development of support infrastructure that includes storage facilities, roads, fencing, infield irrigation and facilities to support value addition. Apart from the above, the Agency will operate mechanisation centres whose intention will be to reduce costs of mechanisation and provision of excellent mechanisation services to the farming community.

Future sustainability of the Agency will depend on its ability to position itself as an economic development catalyst and coordinator for the realisation of the economic growth of the District municipality. In pursuit of this the Agency will have to adopt the following key consideration in its planning and operation framework:

- 🚧 innovative fundraising and co-funding initiatives;
- 🚧 continuous development of project pipeline by identifying new project; and
- 🚧 own revenue generation initiatives (Agency Function)

PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES

Creation of market and public confidence

Through the facilitation and coordination of the Tourism Development Programmes, the following was achieved:

- 🚧 CHDM assisted six Bed and Breakfasts (B&B's) in Engcobo Municipality with furniture and equipment. The support will enable accommodation establishments to be graded by the Tourism Grading Council of South Africa
- 🚧 Cala Bed and Breakfast was also assisted with furniture and equipment. The support will enable the establishment to operate and to date the establishment is currently sitting on 40% occupancy rate

- ✚ 16 designers and 12 crafters were assisted with material and equipment. They showcased their product at a recently-held, very successful Fashion and Exhibition Show. Three crafters that were assisted received an invite to exhibit in Houston, Texas at the 360 Vanishing Art Exhibition
- ✚ A new Board for Chris Hani Area Regional Tourism Organisation (CHARTO) was elected during an Annual General Meeting that was held at Queens Casino. Marketing and Human Resource Plan with clear Action Plan has been developed by the organization
- ✚ Six (6) out of eight (8) Local Tourism Organisations have been established. They have been funded through CHARTO
- ✚ Marketing and Branding Tools have been reviewed with a new look and feel having been developed. A new exhibition stand has been designed. Chris Hani District Municipality show-cased the tourism destination brand “*Eastern Cape Midlands*” at the Beeld Show, The Gateway show and the Tourism Indaba
- ✚ Chris Hani in collaboration with Inxuba Yethemba Municipality and the Cradock 200 Committee successfully hosted the EP Kings vs Free State Cheeters Vodacom rugby match on Saturday 29 March 2014. Over 1000 people packed the Cradock Stadium to witness this event. This event is part of Cradock town’s celebration of 200 years since its establishment

Heritage Development programmes:

As part of the Liberation Heritage Route (LHR) Programme, to realize the preservation of CHDM heritage, the following was achieved:

- ✚ Refurbishment of the graves of Qonda Hoho and Luvuyo Lerumo at Emalahleni Local Municipality
- ✚ Repairs to the damaged graves of Cradock Four at Inxuba Yethemba Local Municipality
- ✚ Reburial of two Liberation Struggle Icons namely Ntomentome Gigi and Mthingwevu Mcholwa at Engcobo Local Municipality
- ✚ Construction of the monument of the Elliot Four at Sakhisizwe Local Municipality
- ✚ Reburial of the Liberation Struggle Icon Mphakamisi Ngxito at Intsika Yethu Local Municipality

With regards to the other Liberation Heritage Route programmes, the following was achieved:

- ✚ Funds for the operational activities to the tune of R 600 000.00 were transferred to the Chris Hani Development Centre

- ✚ Heritage Development Strategy has been completed and is ready for implementation
- ✚ Two successful Choral Music competitions during Heritage and Chris Hani Month respectively were held
- ✚ Heritage and Tourism Month programmes were successfully implemented
- ✚ Chris Hani Month 2014 programme was successfully implemented. The programme ranged from the launch of projects, projects hand over to communities, music, sports and cultural events, and most importantly service delivery projects.

Wood Cluster (Forestry) Programmes:

Tree Nursery Project:

- ✚ The nursery is currently having seven beneficiaries
- ✚ Chris Hani DM has taken over the ownership of the Tree Nursery including the payment of beneficiaries through EPWP
- ✚ The project coordinator was employed on November 2013 on renewable contract by the District through Intsika Yethu LM
- ✚ Private security was employed by CHDM
- ✚ Basic project infrastructure, protective clothing, and other material were provided by CHDM
- ✚ Plans are ahead to rope in the Chris Hani Development Agency in order to grow the business-related programmes and marketing.
- ✚ Before IPED advertising for a commercialization partner, a comprehensive viability study of the nursery is being considered be done in order to eliminate the challenges that were encountered on the similar initiatives with private partnership.

Greening Programme

- ✚ For the Arbour Week, areas of Emalahleni and Inxuba Yethemba municipalities were identified for greening with engagement of Local Municipal officials. 450 indigenous and fruit trees were planted at Emalahleni and 300 trees were planted at Inxuba Yethemba during the arbour week.
- ✚ During the Chris Hani Month, the municipalities with paving projects, were supported with trees as part of beautification. The municipalities were Inxuba Yethemba, Tsolwana, Inkwanca and Lukhanji Local Municipalities. Each municipality was provided with 300 trees each and planted along the paving and parks.

Charcoal Projects

- ✚ The total number of beneficiaries in both projects is 52 and are remunerated through EPWP.
- ✚ The project coordinator was employed through engagement of Local Municipality.
- ✚ The construction of the storage has been completed at Engcobo municipality and the project is operational.
- ✚ 9000 kg's of charcoal was produced by the year 2013\14 at the Goso project.
- ✚ Chris Hani supported the project with basic material and equipment that was requested by beneficiaries, that includes machinery, packaging bags, protective clothing, weigh bridge scale, wheelbarrows, rakes, axes and hammers.
- ✚ Chainsaw and Marketing Training took place supported by DAFF in both projects.

Afforestation/Rehabilitation Programme

- ✚ 14 plantations on three Local Municipalities (Sakhisizwe, Engcobo and Intsika Yethu) were identified for rehabilitation through silvicultural programme.
- ✚ Stakeholders were engaged on the programme as part of poverty alleviation
- ✚ 590 beneficiaries were employed on three months contract and remunerated through EPWP.
- ✚ Most of beneficiaries assisted through fire season by constructing fire belts and performing fire fighting.

Marketing initiatives:

- ✚ The following organisations were engaged as part of the District marketing drive for Wood cluster projects: Department of Agriculture , Forestry and Fisheries (DAFF), Rance Timbers, Silicon Smelters and WESSABK
- ✚ DAFF needs to first register the nursery project into their database to support
- ✚ Rance Timber has demonstrated willingness to support through facilitation of off-take agreements but not financially in terms of partnership co-ordination.
- ✚ WESSABK will be able to support by engaging other sectors that are specialising on tree planting.
- ✚ Silicon Smelters supports charcoal projects but cannot sign any agreement, unless those projects are legally implemented.
- ✚ Local markets were engaged through radio show that was held through Vukani Community Radio (VCR)
- ✚ Currently, most of the products are sold locally.

AGRICULTURAL DEVELOPMENT PROGRAMMES:

Irrigation Schemes

- ✚ CHDM in collaboration with the DRDAR continued their effort to resuscitate the Irrigation Schemes in Chris Hani District Municipality.
- ✚ The District Municipality and the DRDAR assisted the farmers with production inputs and remuneration of core staff.
- ✚ In order to ensure sustainability in the Irrigation Schemes the District Municipality facilitated partnership arrangements for the schemes
- ✚ This saw Shiloh and Ncorha Irrigation Schemes respectively being the first Irrigation Schemes to benefit from this arrangement.
- ✚ Dairy enterprises partnerships was established in both schemes
- ✚ Chris Hani Development Agency has recently been tasked to implement the programme of development of the Irrigation Schemes, including the production, institutional arrangements and investment promotion.
- ✚ Currently the Department of Water and Sanitation is involved with the de-silting and renovation of night storage dams. This has assisted a lot in reducing the wastage of water by 50%.
- ✚ In Shiloh Irrigation Scheme, the DM is busy establishing the grape vine and to date 6 ha have been established and the remaining 7 ha is expected to be completed by the beginning of October 2014.
- ✚ In order to ensure sustainability of the project a potential private company from Cape Town has been approached with the intention of forging a partnership
- ✚ The vine trees have started producing grapes and will be fully productive in the 2015
- ✚ The Department of Rural Development and Agrarian Reform and Chris Hani District Municipality have jointly funded the Dairy project at Shiloh. The total investment on the infrastructural development in the project is more than R30 000 000.00. The dairy project is now operational. They have been milking approximately 900 cows at a time on the average. The average total milk production per month has been averaging 390,000 l
- ✚ In Qamata Irrigation scheme, the crop production varied from section to section. Section 6 has relatively received the higher yields per ha, averaging 3t to 3,5t per ha. The harvesting of the previous season's crop is currently underway and has been completed in other areas.
- ✚ In Ncorha-Qumanco Irrigation Scheme, the construction of office in the scheme has been completed and the staff members have moved in. The offices have been put under security fence due to the high level of vandalism in the Scheme.

- ✚ The farmers in the scheme also received funding for the production of table potatoes and the harvesting has commenced, and is expected to be completed by the beginning of September 2014.
- ✚ The dairy parlor with an average capacity of 1000 dairy animals was established by the DM in partnership with the DRDAR and an amount of over R40m has been invested in the Scheme. The dairy is now operational and some milk is sold in a kiosk for the local people to benefit and the bulk is sold to Clover.

Dryland Crop Production

- ✚ The District Municipality had engaged the services of both Umtiza Farmers Corp. and Onihle Company to supply production inputs and mechanical services for the farmers within the District.
- ✚ Both the Service Providers are contracted for the period of three years which ends in 2016
- ✚ The following projects were given the production inputs through the service providers: Ngwevana Maize Project (Engcobo LM), Ncedisizwe Xonya Co-op (Engcobo LM), Xonxa Irrigation Scheme (Emalahleni LM), Tshatshu Irrigation Scheme (Emalahleni LM), McBride Irrigation Scheme (Lukhanji), Tentergate Irrigation Scheme (Lukhanji), Jojweni Project (Emalahleni LM) and Sorghum production under Ibuyambo Secondary Cooperative (Emalahleni)
- ✚ Under Sorghum Production, the farmers only managed 196 ha of sorghum. The crop is looking good at some places, in other areas it is heavily affected with weeds. The non attainment of the target area was due mainly to non-availability of tractors and implements
- ✚ Farmers are busy harvesting the sorghum crop; it is expected to be completed by the end of August 2014.

Qamata Mechanisation Centre

- ✚ The District Municipality established a District mechanization centre with the main aim of assisting the farming communities with the mechanical operations which seemed to be the obstacle in realizing the potential yields.
- ✚ The Centre was established in May 2014, and the tractors, equipments and amenities were handed over to the centre. Though the Centre is situated in Qamata it is meant for use by the farmers in all LMs.

- ✚ There are plans to expand the services to the strategic areas in order to reduce the distance travelled by the tractors.

Livestock Development Programmes

- ✚ The contract with Teba (Thembaletu) Development implemented by Mngcunube was extended to the end of June 2014. The dosing of livestock, however, continued as normal
- ✚ CHDM then advertised for the continued implementation of the programme. Mngcunube Development has since been appointed as CHDM partner for the period of three years
- ✚ In summary, the following has been covered during the previous phase of the programme: 243 livestock sites, 112 village gardens and 1006 Homestead gardens.
- ✚ Employment realized included eight Livestock field workers, 11 VLPS in training, 10 Livestock Enumerator, 6 Mentors and trainees

Report on Feedlot Construction and Cala Abattoir:

- ✚ The Department of Rural Development and Agrarian Reform (DRDAR) and the Chris Hani District Municipality (CHDM) are spearheading the programme of Livestock production in partnership with NAMC. Through the programme four Municipalities were identified for the implementation, namely, Lukhanji, Sakhisizwe, Intsika Yethu and Engcobo
- ✚ The CHDM has transferred funds to Ikhephu Secondary Co-operative for the construction of a feedlot. The construction has been finished and the feedlot is operational. It was handed over by the President of the country during the 2014 Chris Hani Month
- ✚ The process of finalising the Cala Abattoir is underway as the service provider with the contractor is on site for the extension of the Abattoir.
- ✚ The CHDM again transferred fund to Intsika Yethu Local municipality to build a Custom Feeding Programme (CFP) at Gxwalibomvu Administrative area and that project is also operational
- ✚ CHDM is also engaged in the construction of a custom feedlot at Lahlangubo (Ngcobo) and that construction is at 80% complete now
- ✚ Another custom feedlot was built at Ncorha (Intsika Yethu) and that has been finished too and is operational
- ✚ Two custom feedlots are under construction at Zulukama (Kamastone and Lower Hukuwa). These two custom feedlots were started in November 2013 and are

estimated to take another three weeks to be finished. Funds were transferred to Zulukama Trust (Implementing partner) for both custom feeding facilities

Breeding Stock

- ✚ The Department of Rural Development and Agrarian Reform together with CHDM have joined hands in livestock improvement program of the district and Gwatyu Farmers and Bholothwa farmers were part of the beneficiaries of the program.
- ✚ CHDM has contributed in Bholothwa sheep breeding centre with the handling facility, irrigation equipment and the purchasing of young ewes. Out of the above, the centre has already purchased the irrigation equipment and handling facility and still purchasing ewes
- ✚ CHDM has also assisted Gwatyu Red Meat Producers with twenty nine heifers with the bull. The Livestock was also handed over as part of Chris Hani Month celebrations.
- ✚ Zulukama Youth project also benefited through the partnership between CHDM and National Wool Growers Association. About 730 ewes were handed over to the Youth during April (Chris Hani Month) 2014 to start their own project.

ENTERPRISE DEVELOPMENT

- ✚ In line with the Districts developmental agenda and its plans for a Special Economic Zone, the District commissioned Coega Development Corporation to conduct a feasibility study on the proposed SEZ. After extensive consultation within the District and key stakeholders including provincial Government, the study was completed and presented to Council for adoption.
- ✚ Training was conducted for 198 caterers who were also provided with catering uniforms and four (4) chafing dishes each
- ✚ Hosting of the successful Hawkers Summit on 19th March 2014 which has resulted in the creation of a district wide Hawkers Forum
- ✚ Four Enterprises were funded under the Small Industries Support programme to the tune of 1 718 535. Lack of factory space continues to hinder the expansion of this programme
- ✚ CHDM, in partnership with the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) funded and established a Co-operative Development Centre. CHDM as part of its ongoing commitment funded the CDC in the amount of 1 million Rand
- ✚ CHDM in partnership with the Cooperative Development Centre, hosted the 2nd Cooperative Indaba on 2 May 2014.

- ✚ 20 Youth-owned enterprises were funded under the Youth Mobile Enterprise Programme. This was a pilot programme in 4 Local Municipalities : Engcobo, Emalahleni, Sakhisizwe and Inxuba Yethemba. Five successful beneficiaries from each Local Municipality were provided with motorbikes and equipment for their enterprises.
- ✚ Nine enterprises were funded under SMME Support Programme
- ✚ A Young Designers Fashion Show was staged on 15 June 2014 to develop, grow and expose/market young designers from throughout the District
- ✚ Support was provided to 40 hair salons in the district under the informal Sector support programme who were given vouchers for R3000.00 each
- ✚ The district supported the Chris Hani Business Forum with funding of R150 000 in the 2013/14 financial year primarily for administrative support

Social Investment programme

- ✚ Chris Hani Development Agency was established with the Board of Directors and Chief Executive Officer in place
- ✚ The IPED Directorate started with the EPWP programme in November 2010 after it was extended to other departments from Engineering Directorate. This programme is being continued with. The programme was meant to identify and assist co-operatives that have a potential to grow by paying them a stipend to encourage them and also create jobs
- ✚ The District facilitated the establishment of partnerships with institutions of higher learning to improve entrepreneurial development skills. An example of this is the training of communities at Ward 1 in Intsika Yethu on Homestead Food Gardens by University of South Africa (UNISA)
- ✚ A lot of other social initiatives have been reported on under each programme

CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION

The challenges regarding LED Strategy implementation include, *inter alia*,

- ✚ Non availability of resources such as land (operating space) for SMME's
- ✚ Lack of funding/ Limited budget for implementation of identified programmes or projects
- ✚ Delays in the procurement processes affecting implementation of projects
- ✚ Huge infrastructure costs to replace the decaying economic infrastructure
- ✚ Lack of clear beneficiation model for the project beneficiaries
- ✚ Lack of sustainability or exit strategy for the projects supported

- ✚ Poor coordination of programmes by various stakeholders and role players
- ✚ Lack of commitments by some partners in implementing the identified projects
- ✚ Climatic environmental conditions and requirements in some areas are not favourable for the projects/ products
- ✚ Lack of administration and political support by some local municipalities.
- ✚ Dependency syndrome and theft on the side of beneficiaries/ projects
- ✚ The challenge of staff remuneration in the Irrigation Schemes

MAJOR CHALLENGES IN SPATIAL PLANNING SERVICES AND REMEDIAL ACTIONS

There is much concern about land administration in terms of land allocation, the recording of issued land rights and the management of land use processes in rural settlement areas in the former Ciskei and Transkei areas. This is caused by a breakdown of formal systems in the communal land areas which has resulted in the informalisation of practices whereby various role-players like traditional authorities, the Department of Agriculture and ward councillors allocate land and record such allocations. The problem of land administration has repercussion on land management because it results in conflicts between land uses in the rural areas.

DEVELOPMENT CHALLENGES

All the land for development in the urban areas is owned by the municipality and private individuals, whilst the state owns the rural land in the former Transkei and Ciskei areas. Whilst land is available for development, it is not quantified, ownership issues are unclear and zoning schemes are outdated and inadequate in providing direction for future and current development needs. Differentiated land tenure issues (ownership of land in the urban areas and former CPA areas is held by free-hold title deeds while in the rural areas it is generally communal) is creating tension and delays in development projects. This current fragmented land tenure system and the different planning legislation aligned to it creates difficulty in:






- ✚ Accessing of land for development, primarily for housing, grazing or farming;
- ✚ More effective utilisation of existing land, addressing land rights, provision of title deeds and management and rights on the municipal commonage; and

Developing an effective land administration system.

1.4.3. Engineering Services

The Engineering directorate is mandated to ensure that it rolls-out water and sanitation infrastructure development projects within its 8 local municipalities. In providing the infrastructure, the District Municipality seeks to improve the quality of life of its communities within its area and provide a conducive environment for investors thereby improving the economy of the District.

The main focus areas are as follows

-  Planning of future water and sanitation Infrastructure
-  Implementation of water and sanitation projects including project management and monitoring
-  Contractor development through Expanded Public Works Programme
-  Provision of water and sanitation through contractual arrangements with its 8 of our municipalities across the district.
-  Maximising employment opportunities through Expanded Public Works Programme

The directorate had managed to nature 24 learner contractors through its Expanded Public Works Programme (EPWP) programme and to date these contractors have all commenced with their projects as part of their on-site training with good progress being achieved. 5195 household were able to access clean drinking water and 5903 household were provided with an acceptable level of sanitation services. A number of buckets were eradicated in the areas of Tarkastad. It is also with regret to note that there has been areas of vandalism in the Tarkastad bucket eradication project. All our major projects have commenced to name a few Xonxa bulk project, Hofmeyer bulk project and a number of our water cluster projects. The District Municipality has also managed to spend all its infrastructure allocations i.e.; the Regional Bulk Infrastructure Grant (RBIG), Water Interim Grant (MWIG) and Municipal Infrastructure Grant (MIG). The District Municipality has managed to exceed the targets it has set itself with respect to re-gravelling and blading of targeted roads to 2968.05 km and 49.90km respectively. It is with pride to report that municipality has received the National Komotso for the best performing District Municipality with respect to EPWP programme.

The directorate through its management meetings have emphasised the importance of performance management and its linkages to the directorate's SDBIP and the institutional SDBIP. This has made it easy for the staff to manage their programmes within their sections with a broader understanding of the District Municipality's objectives.

Meeting of the millennium development goals has been a challenge despite of the progress made as 76% of our community have access to clean water whilst 75% have access to basic level of sanitation service.

The skill that our roads staff are possessing have ensure that high level of quality road are built through the Service Level Agreement the District Municipality signed with the Department of Roads and Public Works.

The following are challenges that the department is facing in its attempts to meet the targets set:

- ✚ Eskom connection delays on projects have delayed completion of our projects
- ✚ Performance of contractors not achieving timeous completion of projects
- ✚ Community unrest and vandalism of projects has hindered project being completed
- ✚ Funding constraints has resulted in a slow down in implementation of our projects
- ✚ Material availability throughout the country has impacted on implementation of projects resulting in targets not being met.

The following would go a long way in terms of addressing the challenges that are presented:

- ✚ Regular engagements with Eskom to resolve unblocking of projects
- ✚ Early warning signs of contractors not performing need engagement and to be addressed accordingly.
- ✚ Involvement of political structures in assisting to address community complaints

The District Municipality had identified planning as the most critical activity in the provision of services. It therefore requires the directorate to always plan ahead in ensuring successful implementation of its programmes. Monitoring and evaluation in respect of project implementation should also be prioritised as it assists in providing a feedback and ensures that corrective action is implemented to avoid non-attainment of targets.

1.5 FINANCIAL HEALTH OVERVIEW

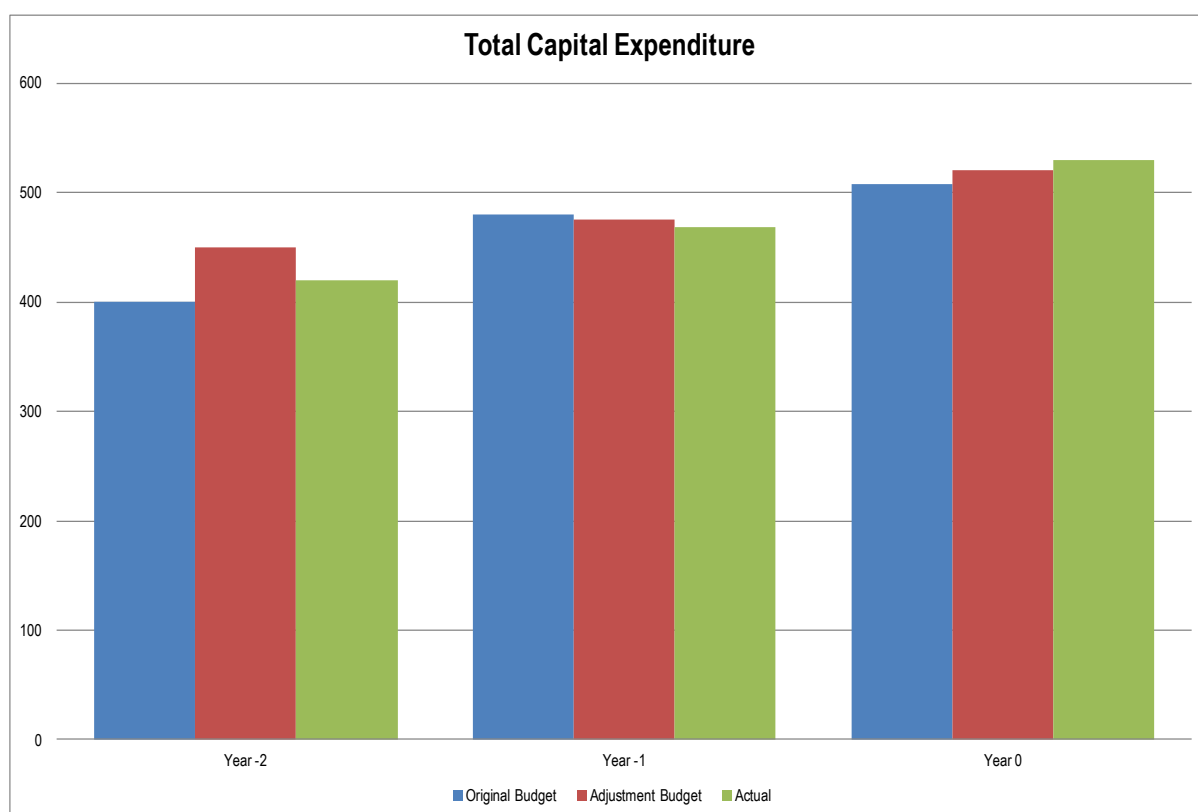
The municipality remained in a positive cash flow situation and continued to improve on the audit outcome to a qualified opinion in the current financial year resulting from a major drive by management in the clearance of prior year audit findings. The municipality exhausted its MIG allocation during the financial and Council had to provide top up funding to ensure continued implementation of capital projects for the current year. The municipality meets its short term creditors payments and has no long debt obligations and no long outstanding debtors balances.

Financial Overview: Year 0			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	982,886	1,006,501	1,038,033
Taxes, Levies and tariffs	338,999	338,999	25,984
Other	455	455	15,498
Sub Total	1,322,340	1,345,955	1,079,515
Less: Expenditure	-787,834	-810,384	-715,241
Net Total*	534,506	535,571	364,274
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	19%
Repairs & Maintenance	0.35%
Finance Charges & Impairment	0.28%
	T 1.4.3

Employee Costs are within the expected norm of approximately 30% to total operating cost; 'Repairs and maintenance lower than 20% due to accounting shortcomings in the financial accounting system and Finance Charges and Impairment costs below 10% because of the asset register that is still being populated.

Total Capital Expenditure: Year -2 to Year 0			
R'000			
Detail	Year -2	Year -1	Year 0
Original Budget	342,184	673,689	544,479
Adjustment Budget	231,897	645,292	522,050
Actual	264,618	271,202	224,629
			T 1.4.4



The reduction in approved budget during adjustment over the years is a result of anticipated funding that does not materialise and movement of other operating projects that were initially included in the capital budget to the operating budget. This is evident in the actual capital expenditure for the years that is gradually increasing in line with the increases in grant funding.






1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

Chapter 7 Section 51 of the Municipal Systems Act 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, sec 67(1) of the MSA compels the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.






The strategic objective of the department is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies.

HUMAN RESOURCE

The role of human resource is to:

-  To create an environment within which employees can execute their duties and contribute to council's vision through recruitment of competent and skilled labour
-  To improve the Human Resources capacity of the District
-  To review and maintain an organisational structure that responds to service delivery imperatives
-  To ensure compliance with Employment Equity Act
-  To promote and maintain labour stability within the workplace.

LEGAL AND ADMINISTRATION

-  To ensure that council performs its oversight function through the functioning of section 80 committees
-  To ensure that the municipality comply with legal regulations and has a sound legal advice for proper execution of its mandate
-  To provide adequate security for employees and councillors
-  To control, manage and protect the documents of the institution
-  To manage and maintain the fleet and the buildings of the institution

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

-  To ensure safety of information

- To ensure ICT Governance

EMPLOYEE WELLNESS

- To improve the quality and health of employees and councillors
- To ensure a healthy and safe working environment for employees and councillors

During the year under review, the department recorded the following achievements:

HUMAN RESOURCE

Organizational Structure

The municipal organogram is reviewed annually as informed by objectives of the municipality within that financial year. The process of prioritization, engagement, alignment and integration was embarked on with all the relevant stakeholders. The current approved organizational structure together with the approved positions will ensure attainment of the objective entailed in the IDP has been implemented.

Currently, the municipality has in its employment 517 workforce all with job description that have been evaluated using Task Grading system. The majority of the workforce is employed in the core departments which are Engineering Services, Health and Community Services and Integrated Planning and Economic Development. All these positions are funded by the institution.

The period is also characterised with the transfer of employees from the Provincial Department of Health to the district municipality due to the devolution of the function. The affected employees have been integrated to the district in line with the provisions of the transfer agreement and relevant prescripts.

Vacancies and Appointments Done

LEVEL	NUMBER VACANT POSITION	NO OF POSITION FILLED	REASONS FOR VARIANCE
Top management	0	7	None as all Senior positions were filled
Middle management	14	10	Some positions are replacement

Professionals	18	15	Some positions are replacement
Technical	7	4	Some positions are replacement
Clerical Admin	12	11	Some positions are replacement
Elementary	4	4	
TOTAL	46	51	

Terminations

NUMBER OF TERMINATIONS	REASONS FOR TERMINATIONS				
30	Resignation	retirement	death	Medical boarding	Contract expired
Total	15	7	3	1	4

Employment Equity

The municipality has an Employment Equity Plan (EEP) informed and guided by the Employment Equity Act no 55 of 1998 and National Department of Labour's Code of Good Practice on Employment Equity Plans. The main objective of the plan seeks to achieve reasonable progress towards equity in the workforce. The workforce analysis conducted revealed underrepresentation of persons from designated groups.

Implementation of the Employment Equity Plan will ensure that clear targets and goals are in place in advancing the designated groups within the workforce and address the areas of underrepresentation. The period of the EEP aligned to the five year IDP ending 2017 which can reviewed.

Occupational levels

Please report the total number of **employees (including employees with disabilities)** in each of the following **occupational levels**. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4				3						7
Senior management	18	1		3	12						34

DRAFT CONSOLIDATED ANNUAL REPORT

Professionally qualified and experienced specialists and mid-management	33	3		3	41			1			81
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	53			6	17						76
Semi-skilled and discretionary decision making	33	1			79	7		1			121
Unskilled and defined decision making	79	3			18						100
TOTAL PERMANENT	220	8		12	170	7		2			419
Temporary employees											
GRAND TOTAL	220	8		12	170	7		2			419

Please report the total number of **employees for people with disabilities ONLY** in each of the following **occupational levels**. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management	3										3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents				1							1
Semi-skilled and discretionary decision making	1	1			1						3
Unskilled and defined decision making	1										1
TOTAL PERMANENT	5	1		1	1						8
Temporary employees											
GRAND TOTAL	5	1		1	1						8

Human Resources Policy Review





Development and review of policies is done continuously to ensure compliance with legislative requirements. Policies that were reviewed and adopted by council include the following,

Subsistence & Travelling Policy, Study assistance Policy, Skills Development Policy and Health and Risk Assessment, OHS, Declaration of Interests, Staff Attraction and Retention Policy etc. Amongst those still to be developed include Succession Plan Policy.

Human resource development and training

Work Place Skills Development Plan was adopted by Council for the current financial year and is currently being implemented up until end April 2015.

The Municipality also implemented a number of skills development-related programmes, which include:

-  Implementation of the Workplace Skills Plan 2013/14;
-  Internships Programme
-  Study Assistance Programme
-  National Treasury Minimum Competency Requirement

The Internships programme provided graduates with practical learning experience from communities within Chris Hani area of jurisdiction. The Internship programme was made possible by the Engineering Department through the Expanded Public Works Programme.

The municipality has implemented its approved Workplace Skills Plan in the previous financial year. One hundred and nine [108] employees have received training within this financial year at a cost of R 1284779.04. A total of twenty seven [27] training interventions were implemented.

NUMBER OF TRAINING BENEFICIARIES BY OCCUPATION CATEGORY, GENDER, POPULATION GROUP, DISABILITY AND AGE AS AT 30 APRIL 2014 - EMPLOYED																			
OF O C O D E	OCCUPATION CATEGORY	FEMALE				MALE				TO TA L	AGE GROUPS			TO TA L	PWD				N O N- SA
		A	C	I	W	A	C	I	W	108	35 an d bel ow	35 - 55	> 5 5	AG E	A	C	I	W	
1 - MANAGERS																			
11 - LEGISLATORS																			
111 101	Executive Mayor					1				1		1		1					
111 101	Speaker	1								1		1		1					
111 101	Chief Whip									0				0					

DRAFT CONSOLIDATED ANNUAL REPORT

111 101	Member of Mayoral Committee	3			3			6		5	1	6						
111 101	Ward Committee/PR Councillor	4			1			5		3	2	5						
111 301	Traditional Leader (Paid by the Municipality)							0				0						
111 301	Traditional Leader (Paid by The Provincial Dept)							0				0						
SUB-TOTAL : LEGISLATORS -		8	0	0	0	5	0	0	0	15	0	10	3	15	0	0	0	0
12 - MANAGERS																		
111 203	Municipal Manager				1			1		1		1						
111 203	Deputy City Manager				1			1	1			1						
111 203	Chief Operating Officer							0				0						
111 204	Spokesperson							0				0						
121 101	Chief Financial Officer							0				0						
121 102	Payroll Manager							0				0						
121 103	Credit Manager	1			1			2	1	1		2						
121 104	Internal Audit Manager	1						1		1		1						
121 201	Personnel / Human Resources Manager				1			1		1		1						
121 202	Training and Development Manager							0				0						
121 203	Compensation and Benefits Manager							0				0						
121 204	Recruitment Manager							0				0						
121 205	Employee Wellness Manager	1						1		1		1						
121 206	Health and Safety Manager							0				0						
121 301	Policy and Planning Manager	1			1			2		2		2						
121 902	Corporate Services Manager							0				0						

121 903	Asset Manager							0				0				
121 904	Contract Manager							0				0				
121 905	Project Manager	2			1			3	2	1		3				
121 908	Quality Systems Manager							0				0				
122 103	Director of Marketing							0				0				
122 201	Public Relations Manager							0				0				
122 301	Research Manager							0				0				
132 301	Construction Project Manager	2			5			7	1	6		7				
132 401	Supply Chain Manager							0				0				
132 405	Fleet Manager							0				0				
133 101	Chief Information Officer							0				0				
133 102	ICT Project Director							0				0				
133 105	Information Technology Manager	1						1		1		1				
133 106	Information Systems Director	1						1	1			1				
134 203	Primary Health Organisation Manager							0				0				
134 401	Social Services Manager	1						1		1		1				
134 402	Community Development Manager							0				0				
134 901	Environmental Manager	1						1		1		1				
134 902	Laboratory Manager							0				0				
134 904	Officer Manager							0				0				
134 907	Archives Manager (Committee Manager)	1						1		1		1				

DRAFT CONSOLIDATED ANNUAL REPORT

134 908	Library Manager								0				0					
134 909	Museum Manager								0				0					
134 912	Commissioned Fire and Rescure Officer								0				0					
143 104	Arts and Culture Manager								0				0					
143 105	Sports Administrator								0				0					
143 901	Facilities Manager								0				0					
143 904	Security Services Manager								0				0					
143 905	Call or Contact Centre Manager								0				0					
143 906	Caravan Park and Camping Ground Manager								0				0					
134 999	Disaster Management Manager								0				0					
SUB-TOTAL : MANAGERS -		1	0	0	0	1	0	0	0	24	6	18	0	24	0	0	0	0
		3				1												
2 - PROFESSIONALS																		
213 301	Conservation Officer								0				0					
213 302	Environmental Officer								0				0					
213 305	Air Quality Technician								0				0					
213 306	Water Quality Technician								0				0					
213 307	Park Ranger								0				0					
214 201	Civil Engineer								0				0					
214 202	Civil Engineering Technologist								0				0					
215 101	Electrical Engineer								0				0					
215 102	Electrical Engineering Technologist								0				0					
216 101	Architect								0				0					

216 401	Urban and Regional Planner							0				0					
216 402	Transport Analyst							0				0					
222 104	Registered Nurse (Community Health)							0				0					
222 116	Nurse Manager							0				0					
226 301	Environmental Health Officer	2			2			4	3	1		4					
226 302	Safety, Health, Environment and Quality (SHE&Q)							0				0					
241 101	Accountant (General)	1						1		1		1					
241 102	Management Accountant							0				0					
241 103	Tax Practitioner/Consultant							0				0					
241 107	Financial Accountant							0				0					
242 102	Work Study Officer							0				0					
242 202	Policy Analyst/Researcher							0				0					
242 203	Company Secretary							0				0					
224 901	Local Economic Development Officer/Coordinator	1						1	1			1					
224 902	Liaison Officer				1			1		1		1					
242 207	Compliance Officer (Risk Officer)							0				0					
242 208	Organisational Risk Manager							0				0					
242 211	Internal Auditor	4			1			5	3	2		5					
242 302	Skills Development Facilitator/Practitioner						1	1	1			1					
242 303	Human Resource Officer	1			1			2		2		2					
242 304	Industrial Relations Officer				1			1		1		1					

242 307	Recreation Officer							0			0						
242 401	Training Officer	1						1		1	1						
243 201	Media Liaison Officer/Communication Coordinator				1			1	1			1					
243 203	Director Public Relations							0				0					
243 204	Protocol Officer							0				0					
251 101	ICT Specialist				1			1	1			1					
251 302	Web Developer							0				0					
252 101	Database Administrator							0				0					
252 201	Systems Administrator							0				0					
252 301	Systems Engineer				1			1		1		1					
252 902	ICT Support Services Manager							0				0					
261 102	Lawyer							0				0					
262 102	Gallery or Museum Curator							0				0					
262 201	Librarian							0				0					
262 202	Records Manager				1			1		1		1					
263 101	Economist							0				0					
263 510	Employee Assistance Practitioner							0				0					
264 301	Interpreter							0				0					
264 302	Translator							0				0					
331 501	Property Valuer							0				0					
341 110	Legal Advisor/Officer							0				0					

DRAFT CONSOLIDATED ANNUAL REPORT

399	Disaster Management								0									
999	Coordinator/Officer												0					
SUB-TOTAL : PROFESSIONALS -		1	0	0	0	1	0	0	1	21	10	11	0	21	0	0	0	0
3 - TECHNICIANS AND TRADE WORKERS																		
311	Chemistry Technician								0					0				
101																		
311	Civil Engineering Technician				1				1	1				1				
201																		
311	Town Planning Technician								0					0				
203																		
311	Electrical Engineering Technician								0					0				
301																		
311	Mechanical Engineering Technician				1			1	2		2			2	1		1	
501																		
311	Draughtsperson								0					0				
801																		
311	Quantity Surveying Technician								0					0				
904																		
312	Building Construction Supervisor								0					0				
301																		
313	Water Plant Operator				1				1		1			1	1			
201																		
313	Waste Materials Plant Operator								0					0				
202																		
314	Microbiology Technician								0					0				
101																		
314	Environmental Science Technician								0					0				
102																		
325	Environmental and Occupational Health Inspector								0					0				
701																		
335	Building Site Inspector								0					0				
913																		
343	Photographer								0					0				
101																		
351	Computer Network Technician								0					0				
301																		
351	Geographic Information Systems Specialist/Technicians								0					0				
302																		
351	Website Administrator								0					0				
401																		

DRAFT CONSOLIDATED ANNUAL REPORT

611 302	Parks Caretaker /Groundskeeper									0					0				
611 304	Horticulturist									0				0					
641 201	Bricklayer									0				0					
641 301	Stonemason									0				0					
642 601	Plumber (General)									0				0					
642 605	Plumbing Inspector									0				0					
653 101	Automotive Motor Mechanic									0				0					
653 303	Fitter (General)									0				0					
671 101	Electrician (General)									0				0					
671 202	Millwright (Electromechanician)									0				0					
671 302	Technical Cable Jointer									0				0					
SUB-TOTAL : TECHNICIANS AND TRADE WORKERS -		0	0	0	0	3	0	0	1	4	1	3	0	4	2	0	0	1	0
4 - COMMUNITY AND PERSONAL SERVICE WORKERS																			
323 102	Ancillary Health Care Worker									0				0					
325 802	Paramedic									0				0					
341 201	Community Development Worker									0				0					
342 201	Sports Development Officer									0				0					
SUB-TOTAL : COMMUNITY AND PERSONAL SERVICE WORKERS -		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 - CLERICAL AND ADMINISTRATIVE WORKERS																			
331 301	Finance Clerk/Administrator					1				1	1			1	1				
332 302	Procurement Clerk	2				2				4	3	1		4					
333 905	Supply Chain Practitioner	1								1	1			1					

DRAFT CONSOLIDATED ANNUAL REPORT

334 101	Officer Supervisor							0				0				
334 102	Office Administrator	1 8			4			22	12	9	1	22	1			
334 201	Legal Secretary							0				0				
334 302	Executive Assistant							0				0				
335 401	Driver Licensing Examiner/Officer							0				0				
411 101	Administrative Assistant							0				0				
412 101	Secretary (General)	3	1					4	2	2		4				
413 101	Typist							0				0				
413 201	Data Capturer							0				0				
422 206	Call or Contact Centre Agent							0				0				
422 301	Switchboard Operator							0				0				
422 501	Client Liasion Officer							0				0				
422 601	Receptionist (General)							0				0				
431 101	Accounting Clerk							0				0				
431 103	Taxation Clerk							0				0				
431 301	Payroll Clerk							0				0				
432 101	Stock/Stores Officer							0				0				
441 101	Library Assistant							0				0				
441 501	Records Clerk / Coordinator							0				0				
441 502	Office Machine Operator							0				0				
441 601	Human Resource Clerk	3			1			4	2	2		4				

DRAFT CONSOLIDATED ANNUAL REPORT

441 602	Skills Development Administrator								0				0					
441 902	Contract Administrator								0				0					
441 903	Programme / Project Coordinator								0				0					
441 905	Communication Officer / Assistant								0				0					
672 206	Radio Operator						1		1		1		1		1			
SUB-TOTAL : CLERICAL AND ADMINISTRATIVE WORKERS -		2	7	1	0	0	8	1	0	0	37	21	15	1	37	2	1	0
6 - SALES AND SERVICE WORKERS																		
511 301	Gallery / Museum Guide								0				0					
511 302	Tour Guide								0				0					
515 301	Caretaker								0				0					
516 401	Animal Attendant								0				0					
516 403	Zookeeper/Zoo attendant								0				0					
523 102	Cashier								0				0					
541 101	Fire Fighter	2				6			8	4	3	1	8	1				
541 201	Traffic Officer								0				0					
541 202	Police Officer								0				0					
541 401	Security Officer								0				0					
541 901	Lifeguard								0				0					
541 902	Emergency Service and Rescue Official								0				0					
SUB-TOTAL : SALES AND SERVICE WORKERS -		2	0	0	0	6	0	0	0	8	4	3	1	8	1	0	0	0
7 - MACHINERY OPERATORS AND DRIVERS																		
732 101	Driver								0				0					

732 201	Chauffeur									0				0					
732 203	Emergency Vehicle Drivers									0				0					
733 101	Bus Driver									0				0					
733 201	Truck Driver (General)									0				0					
733 209	Road Marker									0				0					
734 201	Earthmoving Plant Operator									0				0					
734 204	Excavator Operator									0				0					
734 205	Grader Operator									0				0					
SUB-TOTAL : MACHINERY OPERATORS AND DRIVERS -		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 - ELEMENTARY WORKERS																			
811 201	General Worker									0				0					
811 203	Tea Attendant									0				0					
811 204	Caretaker/cleaner	1								1		1		1					
812 902	Swimming Pool Cleaner									0				0					
821 401	Garden Worker									0				0					
831 301	Builders Worker									0				0					
831 302	Drainage, Sewerage and Storm Water Worker									0				0					
831 303	Earthmoving Worker									0				0					
831 304	Plumbers Assistant									0				0					
861 101	Recycling / Rubbish Collector									0				0					
862 202	Handyperson									0				0					
862 301	Meter Reader									0				0					

DRAFT CONSOLIDATED ANNUAL REPORT

862	Electrical / Telecommunications									0									
918	Trades Assistant												0						
862	Mechanics Assistant									0									
919													0						
SUB-TOTAL : ELEMENTARY WORKERS -		1	0	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0
TOTAL		6	1	0	0	4	1	0	2	108	42	61	5	108	5	1	0	1	0

REPORT ON MINIMUM COMPETENCY

In line with the Government Gazette No 29967 on Minimum Competency Level, the municipality has commenced with the implementation of the regulations in that:

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	0
Chief financial officer	1	0	1	1	1	1
Senior managers	29	0	29	16	0	16
Any other financial officials	17	0	17	3	0	3
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	49	0	49	21	2	21

SALGA CAPACITY BUILDING PROGRAMMES

- ✚ Two [2] Councillors and Three [3] Senior Managers have been capacitated on Masters in Public Administration
- ✚ One [1] Councillor have been capacitated on Honours in Public Administration.
- ✚ Three Councillors and One [1] Official have been capacitated on Local Government Law and Administration.
- ✚ One [1] Councillor has been capacitated on Advanced Certificate in Public Administration.

Internships, Learnership and Experiential Training

Out of one hundred and eighty [105] interns, Ninety six [96] unemployed graduates still in the two year internship programme and Twenty one [21] participants left the programme before conclusion of the contract for various reasons. Currently there are Hundred and eight [108] active interns within the institution: An additional twelve interns have been appointed and placed as follows 10 x Finance [BTO] under FMG ; 1x Human Resources [SPU] EPWP and 1x BCom Economics [Business Development – IPED] EPWP and are receiving exposure in the working environment and provide assistance in service delivery.

6 Internal Auditors participated in the Internal Audit Technician Learner ship at NQF Level 7 and is envisaged was completed in November 2013.

Three [3] students received experiential training for the duration of Three 3 months in the following fields as part of their curriculum. The fields are Records Management and Environmental Health.

Study Assistance for Employees

As part of building capacity of the workforce the District is providing study assistance to those employees who wish to further their studies. The above is of assistance to both the employee and the organization in that when the skills of employees are enhanced also the level of performance or productivity is also improved. Within this current financial year twenty two [22] employees have received assistance to further their studies in the following fields:

- ✚ Environmental Health
- ✚ Financial Field
- ✚ Engineering
- ✚ Administration
- ✚ Information Technology
- ✚ Disaster Management
- ✚ Development Studies

LABOUR RELATIONS

The Labour Relations role is to foster degree of cooperation through various structures which are formed by its own internal stake holders and to minimize the causes of unnecessary conflict or restrictive practices. To maintain sound Labour relations between unions and management .i.e to create micro and macro institutional structures which seeks to address the institutional challenges. To enhance productivity of the organization through advising and having workforce which is informed about all work related issues.

Below is the report on labour related matters:

Grievances

There were three (3) grievances lodged by Samwu obo their members from different Directorates, one was resolved amicably and the remaining two were since been referred to South African Local Government Bargaining Council (SALGBC) for Conciliation and Arbitration.

Disputes

There were 7 labour disputes registered which were handled by Labour Relations officer. Out of 3 disputes from CHDM, there was an award which was in favour of applicant. The other two disputes are in arbitration stage. Support was also provided to Emalahleni and Ngcobo municipality on labour related matters.

LOCAL LABOUR FORUM

There abovementioned structure serves as a consultative structure between labour and management and is functional. The structure is made up of councillors, managers and two recognized union in the sector as prescribed in the Collective Agreement on Organizational rights.

Thus far there are nine (9) LLF meetings that were held and out of these 9 only two special LLF meetings and seven Ordinary LLF meetings. There are only two postponements registered. Through the LLF, consultation was done on policies, organizational structure and job evaluation,

LEGAL AND ADMINISTRATION SUPPORT SERVICES

Draft property management & integrated security plan is in place to ensure quality and protection of the municipal assets. Biometrics were installed in buildings to ensure safety of employees and councillors. Legal claims register is monitored and updated continuously on litigation and legal cases. 3 litigation cases were resolved and a workshop on litigations for managers was conducted Mark Williams & Elliot incorporated. Council resolution register is continuously updated.

Fleet management policy is implemented and monitoring is continuously done to ensure proper maintenance, purchasing and disposal of fleet. 95% pass rate of employees who were taken to

Lukhanji driving licence testing centre, for evaluation of their driving skills before using council vehicles.

Support to council structures is through development of council calendar; council diary and council resolution register. The council structures are functional and there is adherence to rules and orders.

INFORMATION COMMUNICATION TECHNOLOGY GOVERNANCE

CHDM Council adopted an ICT Governance Charter (Framework) in order to have effective governance. An ICT project management methodology was also adopted as part of the ICT Governance Framework. An ICT Strategic Plan was also developed. The strategic plan is underpinned by the ICT governance Framework that Council approved together with industry best practices. The strategic plan will ensure alignment of technology initiatives with the business of the municipality and create an enabling technology environment. The DM has an Information Communication Technology Steering Committee (ICTSC) that meets quarterly.

NETWORK INFRASTRUCTURE AND SECURITY MANAGEMENT

The District Municipality has 5 remote sites that are connected by a wireless network. The unit maintains the network infrastructure to ensure a robust network with minimum downtimes. The DM is in the process of implement Telkom's VPN supreme which is a WAN solution for a more robust and reliable connectivity between its sites. The remote sites will be connected via fibre link. The project is also to connect local municipalities to the District's Disaster Management Centre. The main server room was revamped to ensure compliance with required server room industry standards and the server room at Bells road offices is in the process of being relocated to the 1st floor and revamped to meet minimum industry standards.

A Disaster Recovery Plan is in place and implemented in phases. A disaster recovery site was established at the disaster management centre. The DM upgraded Microsoft office package to the latest, Ms Office 2013 and users received training on new features.





EMPLOYEE WELLNESS

The employee assistance programme is defined as a workplace programme designed to offer short term assistance to CHDM employees, managers, union and councillors in identification, prevention and treatment of personal, social and work-related challenges that may have a negative effect on the well-being and performance of the employees and councillors.

The wellness programmes has provided short term assessment, counselling and referral to employees and councillors. Most of these interventions have yielded positive outcome in terms of improving employee wellbeing, performance and interpersonal relations. Trauma group sessions were also provided for employees in high risks occupations such as disaster and fire.

These sessions equipped the workers with skills on how to deal with trauma experienced in their duties. Supervisor mentorship, coaching on how to identify and provide assistance to employees with personal challenges was conducted. These sessions has yielded positive outcomes in terms of improving relations between supervisors and employees.

In line with the National Health calendar, the institutional wellness calendar and strategy, the following educational and awareness programmes were implemented for employees and councillors:

-  Financial wellness: budgeting, saving and debt management
-  Healthy lifestyle: weight management and medical screening
-  Marriages, relationships and interpersonal relations
-  Substance abuse




Through these programmes 10% of the employees and councillors have managed to change their lifestyle habits for the better.

Team building programmes and healthy retirement programmes were provided to certain identified employees and Departments. Technical support to 8 LMs was provided through the educational programmes and the wellness forum meetings.

The wellness strategy and policy has been reviewed in line with the identified needs of the employees and councillors. Substance abuse policy and strategy has been developed.

OCCUPATIONAL HEALTH AND SAFETY

The OHS Policy as adopted by council has been developed with key focus on Personal Protective Equipment and clothing, provision of safety measures and conditions for the employees and councillors. In line with compliance with the OHSA the following strides were achieved:

-  Establishment and capacity building of the OHS workplace committee
-  Training of She reps
-  Installation of first aid kits in cars

- ✚ She awareness and educational programmes for high risks offices such as water and roads.
- ✚ Site inspections
- ✚ Provision of advice on compliance with OHSA to managers and the institution
- ✚ Provision of medical and administrative assistance to employees and councillors with injuries of duty.

The following are some of the key challenges that confront the department as it attempts to contribute towards the realisation of Council objectives:

- ✚ Retention of scarce skilled employees in the water services and engineering field
- ✚ Electronic document management system
- ✚ Insufficient compliance with OHSA
- ✚ Integration of ICT functions & systems (ICT and Systems Administration)
- ✚ Appointment of an ICT Security Officer

It is believed that the following interventions could assist in addressing some of the challenges we continue to face in this area:

- ✚ Development and application of a Retention strategy
- ✚ Utilisation of an electronic document management system
- ✚ Development and implementation of an Occupational Health and Safety strategy
- ✚ Integration of ICT functions (ICT and Systems Administration)
- ✚ Integration of ICT systems
- ✚ Appointment of an ICT Security Officer

Moving forward, the following will be strengthened in each of the corporate services functions

HUMAN RESOURCE

- ✚ Implementation of attraction and retention policy
- ✚ Implementation of updates on HR Pay day module and procedure manual
- ✚ 50% Implementation of process controller learnerships
- ✚ All section 56 & 57 have minimum competency requirements
- ✚ At least 50% of training interventions are implemented
- ✚ Full Implementation of training and development policy
- ✚ 80% of vacant positions filled and full implementation of the work-study report
- ✚ Implement and reviewed 13 HR policies and develop 3 HR policies

- ✚ Implementation of the JE report using Task Grading system & continuous evaluation of new positions
- ✚ Implement equity targets in all occupational levels
- ✚ Targeted capacity programmes for PWD
- ✚ 6 LLF meetings convened
- ✚ Establish a District panel of Presiding Officers & Prosecutors
- ✚ Implement training on labour relations (Prosecutors & Presiding Officers)
- ✚ Implement a District shop-steward training on labour relations
- ✚ Improved relations between labour and employer

EMPLOYEE WELLNESS

- ✚ Implementation of health risk and management policy
- ✚ Implementation of OHS strategy
- ✚ Implementation of 6 wellness capacity building programmes for managers, supervisors, shop-stewards and employees
- ✚ Implementation of 4 educational and awareness programmes in-line with wellness calendar
- ✚ Implementation of substance abuse strategy
- ✚ Formulation of partnerships and implementation of counselling and therapeutic services for employees and councillors
- ✚ Implementation of 3 organisational wellness programmes

INFORMATION COMMUNICATION TECHNOLOGY

- ✚ Establishment of ICT governance structures, an ICT Architecture Forum and Information Security Forum, escalating ICT steering committee to Executive management level as per ICT governance Framework
- ✚ Reviewal of ICT policies
- ✚ Development of ICT Risk management policy
- ✚ Revamping of Bells road server room to meet at least minimum server room industry standards
- ✚ Integration of ICT systems
- ✚ Implementation of Disaster Recovery Plan, acquiring a Service Provider to provide cloud services, moving CHDM data to the cloud.

LEGAL AND ADMINISTRATION

- ✚ Implementation of automated document management system
- ✚ Implementation of the building maintenance plan
- ✚ Updating and monitoring of the legal claim register

- ✚ Provision of support to council structures
- ✚ Provision of comprehensive security management system
- ✚ Maintenance, purchasing and disposal of fleet in line with fleet management policy

1.7 REPORT OF THE AUDITOR GENERAL

The Chris Hani District was subjected to an intensive audit process by the Auditor General, this in terms of the Public Audit Act, 25 of 2004. This process, as required by legislation, in the main seeks to assess the state of finances of the municipality as well as matters relating to internal controls, governance and predetermined objectives. Currently, the opinion of the Auditor General is based on the audit of finances. For the previous financial year, the municipality improved its audit outcome and received a qualified opinion. As the table below demonstrates, the municipality has for the past four years been on an improvement trend and seeks to maintain this trend by improving the outcomes for the year under review.

Financial Year	Unqualified	Qualified	Adverse	Disclaimer
2013/2014		✓		
2012/2013		✓		
2011/2012			✓	
2010/2011				✓

TABLE 45: Audit history

The outcome is based on issues relating to accumulated surplus, unspent conditional grants and receipts, irregular expenditure, cash flow disclosure, statement of comparative and actual information, aggregation of immaterial uncorrected misstatements as well as aggregation of immaterial corresponding figures. The report of the Auditor General is contained in Chapter 5 of this report.

In response to this, the CHDM has developed a comprehensive plan which seeks to address all the matters as raised by the Auditor General.

1.8 ANNUAL REPORT PROCESS

On an annual basis, the Chris Hani District Municipality prepares its annual report. The process of preparing the annual report is guided by the Local Government: Municipal Financial Management Act, 56 of 2003 (MFMA) as well as the Local Government: Municipal Systems Act, 32 of 2000 (MSA). In terms of these pieces of legislation, within nine months of the end of the financial year, a Council of a municipality must deal with the annual report. These further suggest that within seven months, the mayor of a municipality must table in Council a draft annual report upon which the public can make comments.

The MSA, on the other hand prescribes that a performance report must be prepared and submitted to the auditor general within a month of the end of the financial year and that such report must form part of the annual report to be prepared by the municipality. Furthermore, the MSA prescribes that the public must participate in the process of performance assessment of the municipality and must be provided an opportunity to engage on the performance of the municipality.

In compliance with these pieces of legislation, the Chris Hani District Municipality prepared a process plan which it would follow in ensuring that all legislative prescriptions are adhered to. The process is highlighted below in table 1.1. The Council of the Chris Hani District Municipality has been unwavering on its commitment to adhere to legislation and as such, strict adherence to the programme as stipulated was ensured.

No	Activity	Timeframe
1	Planning for the review of the IDP and preparation of the next financial year budget commences, the IDP/Budget Process and Framework Plan is prepared.	July
2	The implementation of the financial year's SDBIP commences	
3	Consolidation of the fourth quarter performance information is undertaken	
4	Submit 2013/2014 Annual Performance Report prepared in terms of Section 46 of the Municipal Systems Act to Internal Audit and Auditor-General	August
5	Audit/Performance committee considers 201432014 Annual Performance Report of municipality	
6	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
7	Auditor General audits 2013/2014 Annual Performance Report including consolidated Annual Financial Statements	September - October
8	Management letter is received and the municipality starts to address the Auditor General's comments	November
9	Strategising for the next Budget and IDP commences with inputs from the 2013/2014 Annual Performance Report	

10	Draft Audit Action Plan is developed and presented to the Auditor General	
11	Audit Action Plan in response to the issues raised by the Auditor General is finalised and approved	December
12	Mayor tables 2013/2014 Draft Annual Report to Council complete with the Auditor- General's Report	December
13	The 2013/2014 Draft Annual Report is made public and communities and stakeholders are invited to comment	December
14	Roadshows on the Draft Annual Report undertaken to ensure public engages with the Draft Annual Report	January
15	Municipal Public Accounts Committee assesses Draft Annual Report and prepares a report for submission to Council	
16	Council adopts the 2013/2014 Annual Report and the Oversight Report	
17	Final 2013/2014 Annual Report as adopted by Council as well as the Oversight Report is submitted to relevant provincial councils and departments	January
18	Approved 2013/2014 Annual Report and Oversight Report is made public	

TABLE 46: Annual Report Process

CHAPTER 2: GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

The Chris Hani District Municipality was established in terms of the provisions contained in Chapter 1 of the Local Government: Municipal Structures Act, 117 of 1998 (MStrA). In terms of these provisions, the Chris Hani District Municipality is a category C municipality (District Municipality). Furthermore, this municipality was established as a Mayoral Executive System which implies the exercise of executive authority through an executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee. These relate primarily to political decisions that must be taken on the day-to-day basis to ensure the smooth operation of the municipality. Whilst the Executive Mayor of the CHDM exercises executive powers, the Council of the CHDM remains the highest decision making body within the municipality and is the only body vested with the power to make decisions around the development trajectory of the municipality.

The political arm of the municipality is complemented by the administration which is led by the Municipal Manager. The administration is responsible for providing technical support such that all the plans of Council are implemented in an efficient, effective and economical manner. The administration and the political arm alike adhere to the principles of good and clean governance through ensuring that adequate checks and balances are in place and that effective oversight on the operations is adequately exercised. Given the fact that the CHDM is not in isolation but rather a member of the South African populace and its system of government, it has to, from time to time, engage with the public and other spheres of government. As such, the municipality has established formal intergovernmental relations protocols to engage stakeholders and other spheres of government and has institutionalised public participation mechanisms such as the Mayoral Imbizos where communities have an opportunity to engage with the politicians and administration on their developmental needs.

These instruments of governance, taken together, allow the Chris Hani District Municipality to deliver on the mandate as given by the communities which it serves. The sections that follow provide a detail in terms of how each of these components operate and how decisions around key development issues are arrived at, all this within the legal framework that governs local government in South Africa.

2.1 POLITICAL ARRANGEMENTS

As would be reflective in other spheres of government, the Council of the Chris Hani District Municipality is the legislative component of the municipal government. It is in this structure that local laws are promulgated, decisions around the direction of development for the region are taken, and is the body charged with overseeing the operations of the municipality such that they adhere to the democratic principles as enshrined in the South African Constitution. Membership to Council is through the electoral process of the country where there are Councillors directly elected and thence become full time Councillors of the Council, as well as Councillors that are elected to represent their local municipalities in the district Council. Currently, the Council of CHDM is made up of 42 Councillors, 17 of which are on Proportional Representation (PR) and 25 direct representatives from local municipalities within the District. Seven of the PR Councillors are members of the Mayoral Committee. The table below depicts the composition of Council in terms of party representation of the PR Councillors:

POLITICAL PARTY	NUMBER
ANC	14
UDM	1
DA	1
COPE	1

TABLE 47: Composition of Council

Additionally, the table below represents the composition of Council, inclusive of the 25 Councillors representing local municipalities:

POLITICAL PARTY	NO OF COUNCILLORS	GENDER DISTRIBUTION	
		MALE	FEMALE
ANC	35	20	15
DA	3	3	-
UDM	3	2	1
COPE	1	1	-

TABLE 48: Party demographic distribution

The Council of CHDM has a Speaker who is the chairperson of Council and is charged with the responsibility of convening and presiding over Council meetings. To ensure its effectiveness, the Council of CHDM also established a number of Section 79 committees which assist it in performing its oversight duties. Membership to such committees is through election from within the membership of Council the chairperson and ordinary members of the committee. In addition to these committees, assurance committees have also been established (Audit Committees). In accordance with Section 80 of the MStrA, six committees were established to assist the Executive Mayor in discharging his duties. These committees

perform oversight over the various departments of the municipality. Figure 1 below illustrates the political structure of the CHDM:

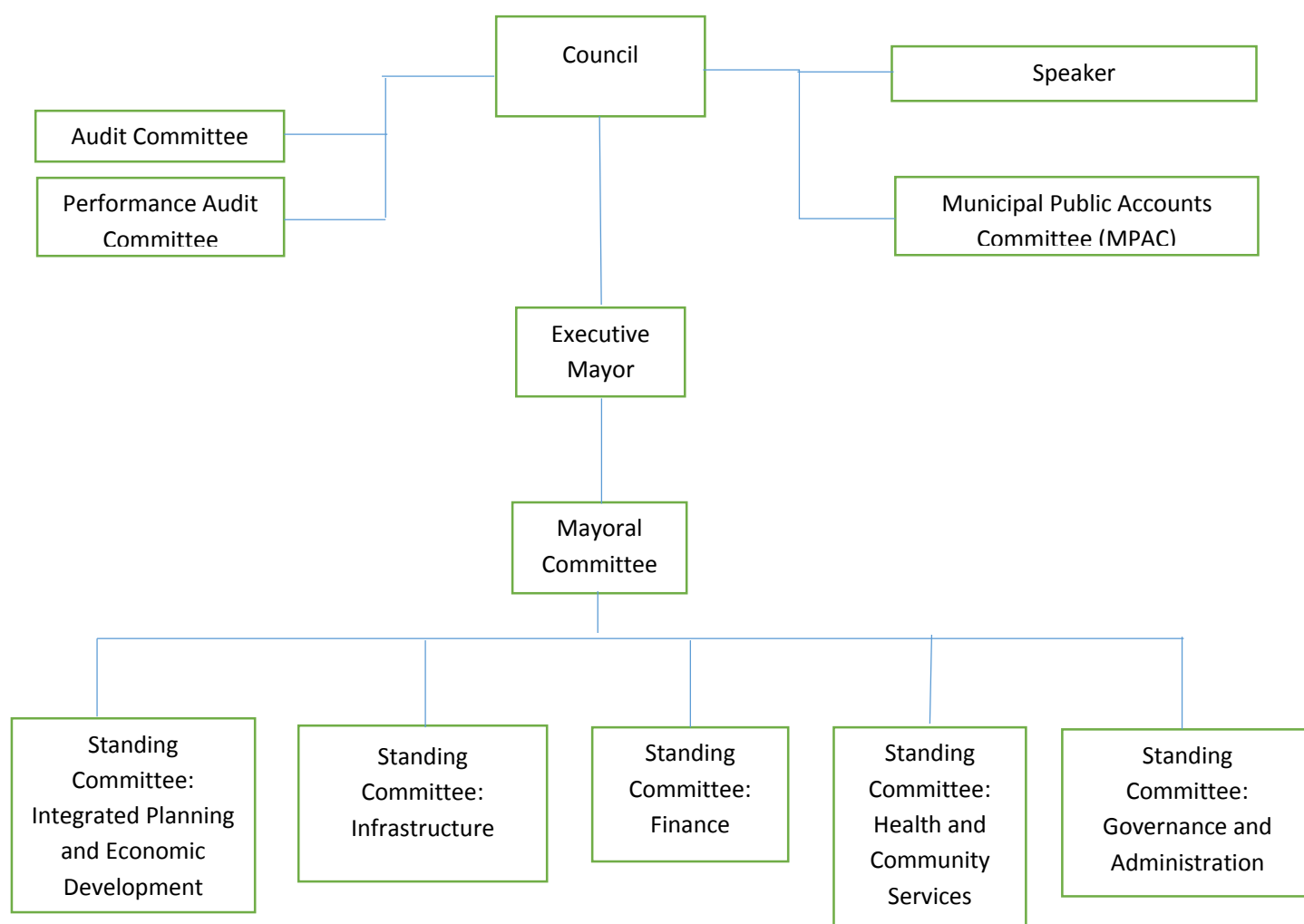
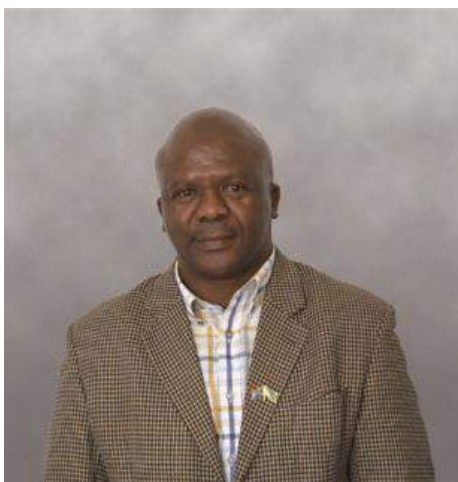


FIGURE 3: High level political structure

2.2 FACES OF COUNCIL



CLLR G. Xhoseni: Council Speaker



CLLR M. Koyo: Executive Mayor



CLLR T. Bikwana: Chief Whip



**CLLR N. Matiwana – Portfolio Head:
Health and Community Services**



**CLLR S. Plata – Portfolio Head:
Finance**



**CLLR Z. Shweni – Portfolio Head:
Corporate Services**



**CLLR M. Xuma – Portfolio Head:
Infrastructure**



**CLLR L. Gunuza – Portfolio Head:
Integrated Planning and Economic
Development**

**CLLR M. Nontsele – Portfolio Head:
SPU and HIV&AIDS**

2.3 ADMINISTRATIVE ARRANGEMENTS

The Municipal Manager is the Head of the administration and Accounting Officer as defined in the Municipal Structures Act 117 of 1998. The responsibilities of the Municipal Manager include managing the administrative and financial affairs of the municipality and to ensure that municipal services are delivered in an efficient, effective and economical manner. With his complement of directors appointed in terms of Section 56 of the MSA, the Municipal Manager determines the pace of development within the municipal area as per Council directives. Each director is responsible for their area of expertise from time to time, an Executive Management meeting is held where the Municipal Manager engages the directors on various matters that affect service delivery. Figure 2 below illustrates the high level administrative structure:

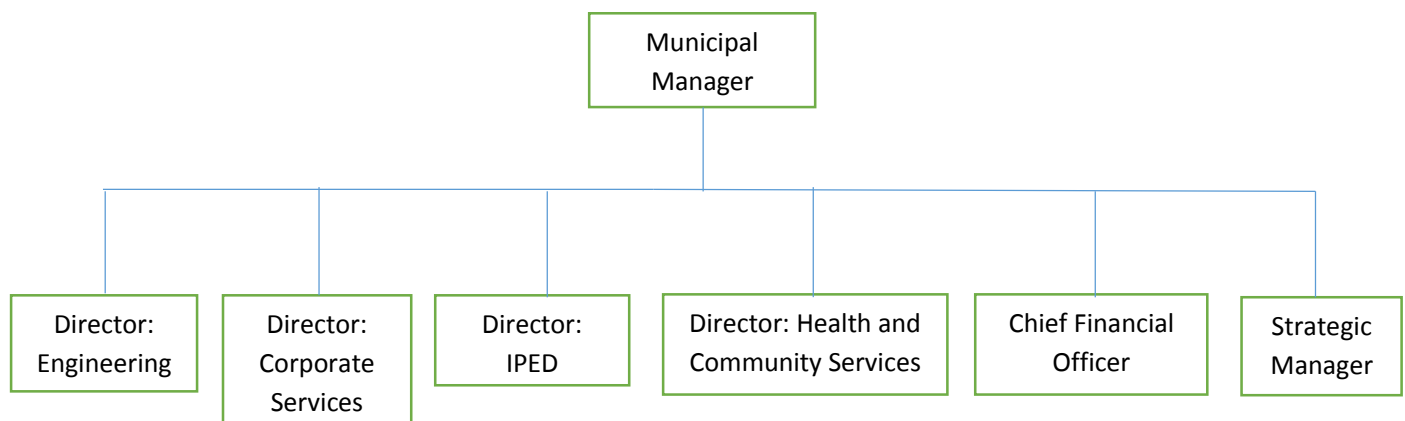


FIGURE 4: High level administrative structure

2.4 CHDM SENIOR MANAGEMENT



Mr M. Mene: Municipal Manager



Mr Y. Ngqele: Chief Financial Officer



Mr M. Dungu: Director: Engineering



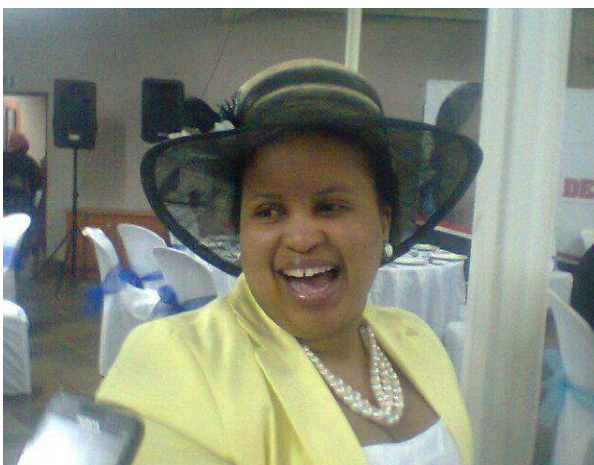
**Mrs N. Nqwazi – Director:
Integrated Planning and Economic Development**



**Mr B.J. Mthembu
Strategic Manager**







**Ms Y. Sinyanya – Director:
Health and Community Services**



**Mrs Y. Dakuse – Director:
Corporate Services**

2.5 INTERGOVERNMENTAL RELATIONS

Chapter 3 of the Constitution describes the three spheres as being ‘distinctive, interdependent and interrelated’ and enjoins them to ‘cooperate with one another in mutual trust and good faith’. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government’s powers and functions to ensure that a sphere of government or organ of state ‘does not encroach on the geographical, functional or institutional integrity of government in another sphere’. In addition to the Constitution, various legislation governs or organises the system of intergovernmental relations. Among other things, the legislation formalises the different spheres’ roles and responsibilities with regard to various functions and provides for a range of consultative structures. The South African system of intergovernmental relations is complex and continues to evolve as better modes of cooperation and coordination emerge and as functions are shifted between the spheres. The following key elements and principles underpin the intergovernmental system:

-  *Accountability:* Each sphere has specific constitutionally defined powers and responsibilities, is accountable to its legislature or council, and is empowered to set its own priorities. The power of national government to intervene in provincial and local government matters, and provincial governments to intervene in local government matters, depends on whether the relevant sphere fails to carry out an executive obligation.
-  *Transparency and good governance:* Accountability of political representatives to the electorate and transparent reporting arrangements within and between spheres is at the heart of the intergovernmental system. While political executives are responsible for policy and outcomes, the accounting officers are responsible for implementation and outputs.
-  *Mutual support:* National and provincial governments have a duty to strengthen the capacity of municipalities. Spheres of government must also act cooperatively towards each other, for instance through avoiding legal action until all other mechanisms have been exhausted.
-  *Redistribution:* The three spheres all have important roles to play in redistribution, but because inequalities exist across the country, the redistribution of resources is primarily a national function. Where provinces and municipalities undertake redistribution, the challenge is to do this in line with their fiscal capacity and not to undermine economic activity and their financial viability. Redistribution among the three spheres is achieved through the vertical division of revenue. Redistribution among provinces and municipalities is effected through their respective equitable share formulae.

- ✚ *Vertical division:* Determining allocations to each sphere of government inevitably involves trade-offs that are made in the course of a comprehensive budget process driven by political priorities, and which covers all aspects of governance and service delivery. Separate and ad hoc requests for funds fragment the coherence of the budget and undermine the political process of prioritisation.
- ✚ *Revenue-sharing:* The fiscal system takes into account the fiscal capacity and functions assigned to each sphere. Provinces and municipalities are funded from own revenues, equitable share allocations, and conditional and unconditional grants. The grant system must be simple and comprehensive and not compensate provinces and municipalities that fail to collect own revenues.
- ✚ *Broadened access to services:* The Constitution and current government policy prioritises broadening access to services. The responsible spheres are expected to design appropriate levels of service to meet customer needs in an affordable manner, explore innovative and efficient modes of delivery, and leverage public and private resources to fund infrastructure.
- ✚ *Responsibility over budgets:* Each sphere of government has the right to determine its own budget and the responsibility to comply with it. To reduce moral hazard and ensure fairness, national government will not bail out provinces or municipalities that mismanage their funds, nor provide guarantees for loans.

As such, understanding that the delivery of services cannot be the sole mandate of any one sphere of government, the continued cooperation between the spheres of government within the Chris Hani Region have contributed enormously to the question of development in areas such as education, social development, housing and water provisioning

2.5.1. Key Intergovernmental Relations Structures

To effectively engage in intergovernmental matters, the Chris Hani District Municipality established IGR structures that would amongst other things ensure that there is continued engagement, sharing of information and effective decision making. These structures are informed partly by the current arrangements both national and provincial, but also take into account the contextual realities within the CHDM. Figure 3 below illustrates the structures currently existing in CHDM and their levels in terms of decision making:

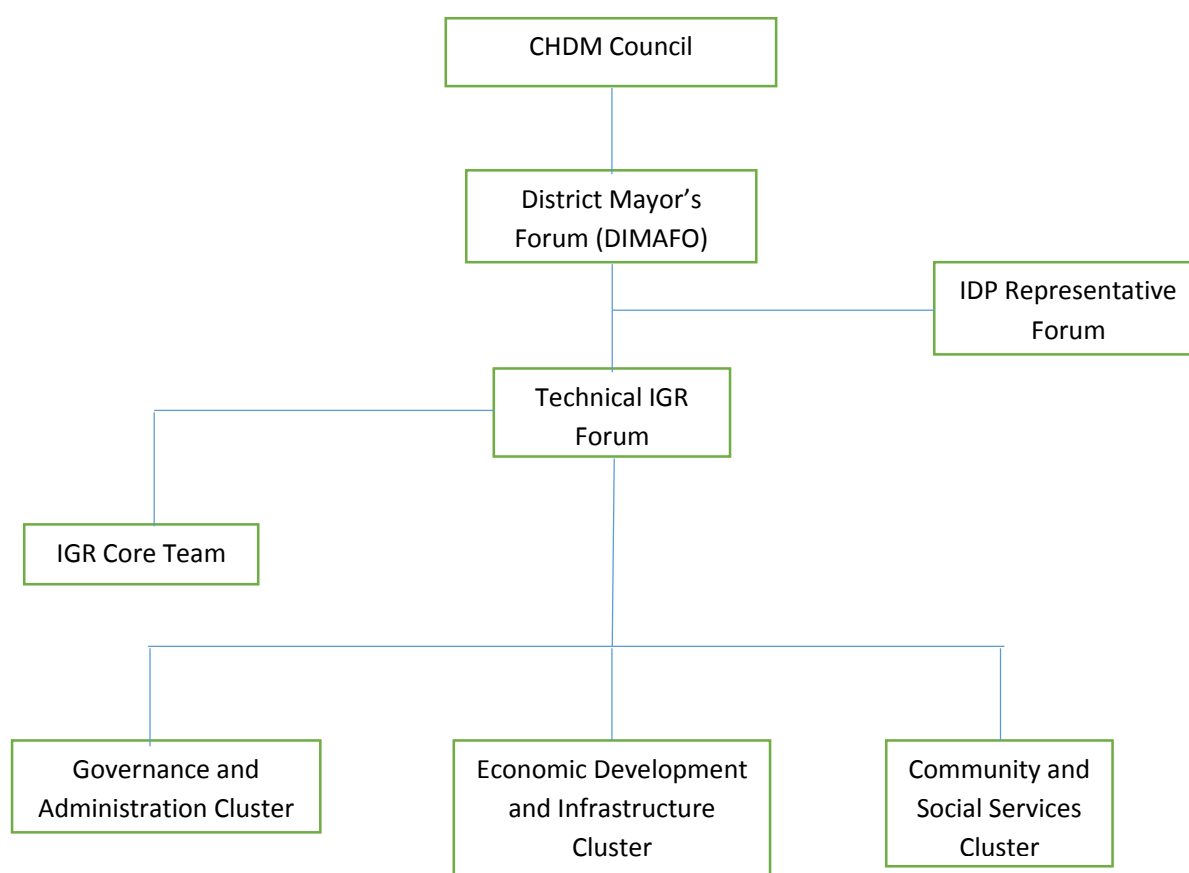


FIGURE 5: CHDM IGR structure

During the financial year under review, the municipality has made significant strides in as far as operationalising its key IGR instruments. To this effect, the municipality has been actively involved in all national and provincial IGR programmes. Key amongst these is the 100% attendance of the municipality in provincial IGR structures such as the Premier's Co-ordinating Forum (PCF), the MuniMEC, as well as the technical MuniMEC.

At the district level, on a quarterly basis, the Executive Mayor and his counterparts from the various local municipalities within the district jurisdiction meet and engage on matters of mutual interest under the ambit of the District Mayor's Forum (DIMAFO). This structure is supported by a technical structure headed by the Municipal Manager wherein he engages with his counterparts from the various local municipalities. This structure is called the Technical DIMAFO. During the financial year under review, these structures have proved to be functional and contribute positively to the decision making process within the district. They indeed have been meeting regularly as planned.

2.6 PUBLIC PARTICIPATION AND ACCOUNTABILITY AND COMMUNICATIONS

Community participation, through appropriate structures, is the core of chapter four of the MSA. Broadly understood, municipal councils must institutionalise community participation in their affairs and the development of the community. Section 16 of the MSA requires municipalities to complement formal representative government with a system of participatory governance, and must for this purpose, *inter alia*, encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan, the establishment, implementation and review of its performance management, the monitoring and review of its performance, including the outcomes and impact of such performance and the preparation of its budget. Therefore, in line with this requirement, the centre piece of the public participation ethos of the Chris Hani District Municipality is anchored on the processes related to the preparation and reporting on the implementation of the municipality's Integrated Development Plan (IDP) and Budget each year.

It is therefore evident that public participation should be promoted in order to achieve, *inter alia*, the following objectives:

- ✚ Consult with the community on their developmental challenges;
- ✚ Form basis for people-centred governance and bottom-up planning process;
- ✚ Improve the relationship between council and the communities and thereby improve political accountability and transparency;
- ✚ Empower communities through information dissemination/assimilation;
- ✚ Establish the community feedback programme, which allows local leaders the opportunity to interact with communities on issues of service delivery;
- ✚ Provide communities with a platform to influence the developmental trajectory of municipalities and government in general; and
- ✚ Provides the municipality with a project/programme evaluation and implementation monitoring feedback mechanism.

Whilst public participation is the process through which peoples and communities highlight their needs and aspirations, accountability is the end toward which the municipal Council strives. This is to ensure that the authority delegated by communities to the Council is utilised in a manner consistent with the provisions of law and the attainment of the needs of the

communities. The Council must account to the communities on the use of authority in relation to the management of financial affairs within the municipality, commitments made by the municipality regarding the service delivery needs of communities (ranging from basic services such as water and sanitation, roads, municipal health services as well as the development of the local economy) and the progress in achieving those, and finally, on matters of good governance.

To give effect to the institutionalisation of the public participation process, the CHDM has derived a number of mechanisms that seek to ensure maximisation of this process. Key amongst these are those structures formed for public participation processes such as the IDP Representative Forum, Council meetings themselves which are open to the public, Mayoral Imbizos and various other media communication channels such as community radios and special engagements with specific groupings by the Executive Mayor. Apart from ensuring legislative compliance, these processes have ensured that the community remains informed of CHDM programmes and that they actively participate in defining the development they need. The following tables depict the public participation meetings held by the municipality in respect of the development of the IDP as well as the roadshows on the 2013/2014 draft annual report.

CHDM ACTION PLAN	
PARTICIPATION STRUCTURES & MEETING DATES	
IDP Advert calling Stakeholders	25 July 2013
IDP Steering Committee (pre-planning and review implementation)	August 2013
Mayoral Committee Meeting to look on IDP Process Plan	
Technical IGR Meeting	15 August 2013
IDP Steering Committee	12 Sept 2013
DIMAFO	28 August 2013
IDP/PMS/Budget Representative Forum [district-wide development priorities]	19 September 2013
District Wide IDP Engagements	19 September 2013
Technical IGR	14 November 2013
IDP Steering Meeting	19 November 2013
DIMAFO	22 November 2013
IDP Rep Forum	28 November 2013
IDP Steering Meeting	21 January 2014
Budget Session with directorates	22 Jan 2014

Strategic Planning session (mid-year term review and strategic goals)	26-28 February 2014
IDP Representative Forum	14 March 2014
Technical IGR with Sector Depts Managers	
DIMAFO	08 March 2014
IDP Steering Meeting	08 March 2013
Refinement of Obj- Strategies and Budget	13 March 2013
Council approval of the draft IDP & Budget	26 March 2014
IDP/ Budget road shows (public presentation hearings at LMs)	07 -11 April 2014
IDP/Budget Steering Committee to incorporate inputs into the IDP Roadshows	19 May 2014
Technical IGR/IDP Alignment session	12-13 May 2014
DIMAFO	
State of the District Address (20 years of Freedom)	30 April 2014
IDP Rep Forum	20 May 2014
Council Meeting (Final Adoption of IDP & Budget)	28 May 2014

TABLE 49: IDP Action plan

2013/2014 Draft annual report public participation meetings

DATE	MUNICIPALITY	TIME	VENUE
TBA	Sakhisizwe Municipality Local	TBA	TBA
TBA	Lukhanji Municipality Local	TBA	TBA
TBA	Intsika Yethu Local Municipality	TBA	TBA
TBA	Engcobo Municipality Local	TBA	TBA
TBA	Tsolwana Municipality Local	TBA	TBA
TBA	Emalahleni Municipality Local	TBA	TBA
TBA	Inxuba Yethemba Local Municipality	TBA	TBA
TBA	Inkwanca Municipality Local	TBA	TBA

TABLE 50: Draft Annual Report public participation process

These meetings are effective in the sense that they indeed take place and hence allow communities and stakeholder to provide inputs in the planning processes of the municipality and ultimately, to hold the municipality accountable on its performance.

All of these meetings are informed by the activity plan that the Council of CHDM approved, generally referred to as the IDP process plan. This process plan indicates all the activities undertaken in relation to the preparation of the IDP as well as the statutory requirements that the municipality has to fulfil.

	Activities	Timeframe	Responsible Department
A	Preparation phase / Pre-planning		
1			
	Standing Committee item on IDP Framework & Process Plan	10 July 2013	IPED
	Advertise invitation of IDP Stakeholders to Register	25 July 2013	IPED
	Mayoral Committee to look on the IDP Framework & IDP/Budget Process Plan	31 July 2013	IPED
3	Council Approval of Framework Plan & Process Plans (IDP & Budget)	14 August 2013	IPED/BTO
	Meeting with LM's IDP/Budget/PMS Managers for Alignment of IDP's	15 August 2013	IPED
4	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and prepare for the 2014/2015 IDP Process	19 August 2013	IPED/BTO
	Advertise Adopted IDP/Budget Process Plan	20 August 2013	IPED
	Technical IGR Meeting	15 August 2013	MM
7	District Mayors Forum	22 August 2013	MM
	Mayoral Committee Meeting	11 September 2013	M.M.
	IDP/Budget/PMS Steering Meeting	12 September 2013	IPED
	Technical IGR	18 September 2013	M.M.
6	IDP/PMS/Budget Representative Forum to outline terms of reference, report progress, explain process.	25 September 2013	IPED
	DIMAFO	26 September 2013	M.M.
	Quarter 1 Performance reporting (July - Sept)	10 October 2013	HOD's/MM
B+C	Analysis Phase / Monitoring and evaluation		
2	Assess implementation progress (HODs to present action plans for existing projects and planned completion dates for projects, aligning expenditure with progress), impact of new information/unexpected events, evaluation of achievement with regard to objectives, strategies and projects (per programme), overview of funding available per cluster (both from savings as well as new funding from operating budget and	July - October 2013	All Depts Championed by HOD's

	from external funds), possible implications on programmes of additional sector information.		
	1 ST Quarter Performance Assessment	15-16 Oct 2013	M.M.
	Mayoral Committee Meeting	30 October 2013	M.M.
	Audit Steering Committee Meeting	05 November 2013	BTO
	Performance Audit Committee	08 November 2013	M.M.
	Council Meeting	13 November 2013	M.M.
	Technical IGR Meeting	14 November 2013	MM
	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and report on gaps identified during the analysis phase	19 November 2013	IPED
	District Mayors Forum	22 November 2013	MM
	IDP/PMS/Budget Rep Forum meeting (Also consultative forums will meet on the same day as specialised commissions) - discuss district priorities	28 November 2013	IPED
	Mayoral Committee Meeting	04 December 2013	M.M.
	Council Meeting	13 December 2013	M.M.
	Quarter 2 Performance reporting (Oct - Dec))	13 January 2014	HOD"s & MM
D	Strategies Phase / Refined objectives, strategies, programmes and projects phase		
	Performance Audit (Draft Annual Report)	10 January 2014	M.M.
	Mayoral Committee Meeting	22 January 2014	M.M.
	IDP/Budget Steering Committee to approve draft budget allocations (IDP/ Budget link)	21 January 2014	IPED/BTO
	Departmental Strategic Planning Sessions	27-28 January 2014	HOD's
	Council Meeting	29 January 2014	M.M.
	Mid Year Performance Report by Audit Committee	07 February 2014	M.M.
	Annual Report Programme	17-21 February 2014	M.M.
	Institutional Strategic planning session. Adopt proposed overall direction of the IDP - agree on main themes and key strategic objectives and key financial issues . Refine objectives, strategies, programmes and draft projects as necessary for MTEF period	26-28 February 2014	IPED/M.M.

DRAFT CONSOLIDATED ANNUAL REPORT

	Technical IGR Meeting		
	Mayoral Committee Meeting	05 March 2014	MM
	IDP/PMS/Budget Steering Committee meeting to present the Draft 2014-2015 IDP and Budget	06 March 2014	BTO/M.M.
	IDP Rep Forum	14 March 2014	IPED
	Budget Steering Committee (Chaired by Portfolio Cllr)	18 March 2014	MM
5	MPAC Hearings on Annual Report	19-20 March 2014	M.M.
7	CHDM Council approval of the 2014-2015 Draft IDP & Budget	26 March 2014	M.M.
	DIMAFO Meeting	27 March 2014	M.M.
8	Identify operating impacts (including staff issues) of proposed projects and ensure that these are included in the operating budget submissions	01-30-March-2014	IPED /BTO / Corporate Services
	Quarter 3 Performance reporting (Jan - March))	10 April 2014	HOD's & M M
	Draft IDP and Draft Budget published. Advertise for public comment (21days)	31 March 2014	IPED
E	Reviewed IDP document (Integration/programme implementation and operational plan)		
	IDP/Budget Steering Meeting to reconcile presentations for Roadshows	03 April 2014	M.M./IPED
1	IDP/Budget road shows - public hearings	07-16 April 2014	MM/IPED/BTO
	IDP/Budget Steering Committee meeting (implementation and operational plan)	13 May 2014	IPED
	Technical IGR	15 May 2014	MM
	IDP Rep Forum	19 May 2014	IPED
3	District Mayors Forum	21 May 2014	M M
4	Incorporate relevant comments to the Draft final reviewed IDP	April - May 2014	IPED
F	Approval phase		
3	Council Workshop on the Final IDP prior Adoption		M M /IPED
4	CHDM Council Open Day & Approval of Final 2014-2015 IDP & Budget	28 May 2014	M M
	Stakeholders Engagement on IDP & Budget	16-120 June 2014	MM
4	Quarter 4 Performance reporting (April - June))	10 July 2014	HOD"s & M M
G	Performance Management System		
2	Drafting of Service Delivery and Budget Implementation Plan (SDBIP)	26 March 2014	MM
3	Submit draft SDBIP within 14 days after approval of the budget	06 June 2014	MM
4	Approval of SDBIP within 28 days after budget	19 June 2014	Mayor

5	Signing of MM and Section 57 Managers Performance Agreements	27 June 2014	MM
6	Publicize SDBIP and Performance Agreements no later than 14 days after approval	07 July 2014	MM

TABLE 51: IDP Process Plan

The municipality has always attempted to adhere to this process plan this not only as a legislative requirement, but also to ensure that the planning processes undertaken by the municipality are seamlessly integrated. On the second level, adherence to the process plan is critical as this is the plan that outlines critical matters to be considered during the preparation in the municipal IDP. Key amongst these are issues relating to matters of alignment, not only with the planning processes of local municipalities within the jurisdiction of CHDM, but also with national and provincial programmes. The table that follows indicates some of the alignment criteria:

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
<i>* Section 26 Municipal Systems Act 2000</i>	

TABLE 52: IDP alignment criteria

The adopted IDP of the CHDM for the 2014/2015 financial year was, as per legislative requirements, assessed by the MEC responsible for Local Government in the Province and once again, the municipality was rated high. This has been a trend the CHDM has been able to maintain since 2010. The key considerations during the assessment process relate to the extent to which the municipality has complied with various pieces of legislation relating to the preparation of the IDP (particularly public participation as discussed in this section). The municipality will strengthen these processes with a view of bettering the current IDP and indeed to maintain further the rating from the province.

Communications Unit





The introduction of the Local Government Communication System compelled municipalities to establish communications units which are well resourced to dispense of their mandate

The unit exists to ensure effective dialogue between government and communities. It thus fulfils a wide range of communication functions such as media liaison, marketing, advertising and branding, direct and intensive unmediated communication, and internal communication.

The main objectives of the unit are thus to encourage open, honest and accountable two-way dialogue with our stakeholders and Chris Hani DM citizenry (people-centeredness); to strengthen and improve internal communication systems; promote a consistent corporate identity and to market CHDM as a preferred investment destination and an institution of excellence. The unit supports all directorates and all public participation activities.

The operations of the Communications Unit are guided by a communication strategy with a program of action that is reviewed annually. The communication action plan is aligned to the municipality's IDP and key priority areas. The process towards its adoption commences with preparation of the draft document by the district communication core team and the district communication forum, circulation to the broader staff complement, management and councillors for comments. The final draft is presented to a broader consultative workshop.

The Chris Hani DM communications unit comprises:

-  **One Communications Manager**
-  **One Communications Officer**
-  **One Marketing and Events Officer**
-  **One Internal Communication Officer**

The four incumbents are responsible to see to the effective implementation of the Communication and Marketing Strategy program of action. The Communications unit is located in the office of the Executive Mayor and is administratively accountable to the office of the Municipal Manager. It utilizes two prefab outlets as offices housing the three officers and one store room that is used to store marketing equipment such as banners, bulk printer and documents. One office within the main building is allocated to the Communications Manager.

All communications personnel have access to laptops, 3G cards, tablets, emails and internet and social networks, cell phone allowances and vehicle allowance and essential car user scheme which is necessary for external assignments.

The District Municipality does not have wards, the public participation process takes place through its Local Municipalities. Furthermore, in relation to the monitoring of community development workers (CDWs), CHDM does not play any role, however coordinators are always invited to attend the District Communication Forum and provide environmental assessment for their areas. They play active role in the mobilization of communities for all public participation activities and dissemination of information in their wards.

2.7 CORPORATE GOVERNANCE

The release of the King III Report in 2009 presented a significant milestone in the evolution of corporate governance in the South African context. Understanding the numerous practical benefits that can be enjoyed when integrating its key practices into the operational processes of the municipality, the CHDM embraced these principles with a view of achieving sound governance. To this effect, the scope of corporate governance within the CHDM context spans across all assurance providers internally as well as the risk management function.

2.7.1. Risk Management

The risk management function had for some time faced serious challenges in terms of acquiring the requisite personnel to drive the function. This was compounded by the resignation of the risk manager in December 2013, two months after his appointment. Once again this function was included under the internal audit function such the risk matters were given the necessary attention. We are however pleased to indicate that as of May 2014, Council was able to appoint a Risk Manager and this function has since been with a dedicated person. To date, there is an adopted risk management policy and strategy in place which are due for review.

One of the strategies adopted in attempting to entrench risk management in the municipality was the introduction of quarterly risk management reporting but there was no progress made as departments did not report on what they do to manage risks that they identified in their functional areas. The internal audit unit also assisted local municipalities by conducting risk assessment workshops at Inxuba Yethemba and Inkwanca local municipalities.

Due to conflict of interest the unit could not assess the effectiveness of risk management processes, we will only rely on the assessment conducted annually by the provincial Treasury, the questionnaire was submitted to the Treasury we are awaiting results.

2.7.2. Purpose of the Internal Audit Unit

The internal audit unit's purpose in the municipality is to provide advisory services to the municipal manager and senior management in areas of internal controls, risk management, performance management and governance. Some of these services are also extended to the local municipalities under the jurisdiction of this district municipality. In doing this, the unit provide both assurance and consulting services. The significant portion of internal audit resources ought to be spent providing assurance services.

2.7.3. Summary of performance of the unit

2.7.3.1. Internal Control Environment

During the year the Internal Audit unit conducted the following assignments to evaluate the adequacy and effectiveness of internal controls:

- ✚ ICT;
- ✚ HR;
- ✚ S71 reports;
- ✚ S72 reports;
- ✚ Follow ups – Internal Audit reports;
- ✚ Follow ups – External Audit report; and
- ✚ Follow ups – Risk register

Internal control weaknesses were identified and reported to management for corrective action, we have established that they have implemented 50% of our recommendations.

2.7.3.2. Governance processes.

The audit of governance processes was part of the scope but due to adhoc assignments this project could not commence therefore no assessment was made.

2.7.3.3. Fraud and corruption prevention measures

During 2013/2014 there were no cases brought to the attention of Internal Audit.



2.7.3.4. Audit committee functionality

There is a fully functional audit committee in place. The committee works closely with the internal audit unit. During the 2013/2014 financial year the internal audit unit presented its reports to the audit committee. Reports of the audit committee to council were prepared quarterly. The new committee commenced its work in August 2013 and the following is a list of its composition:

- | | |
|-------------------|-------------|
| ✚ Ms V. Hlehliso: | Chairperson |
| ✚ Mr L. Galada: | Member |
| ✚ Mr G. Rasmeni: | Member |
| ✚ Mr J. Mbawuli: | Member |

In addition to the work done by the audit committee, the Chris Hani District Municipal Council established the Performance Audit Committee whose responsibility is to provide assurance to Council on matters of performance management. This committee also works closely with the

internal audit unit and on a quarterly basis submits to Council reports on the state of performance in the municipality. The following is a list of members of the performance audit committee:

 Dr Plaatjies:	Chairperson
 Mr M. Bongco:	Member
 Ms L. Tini:	Member
 Cllr Venske:	CHDM Councillor and member
 Cllr N Radzilani:	CHDM Councillor and member

2.7.3.5. Performance management

One of responsibilities of the internal audit unit is the audit of the performance information of the municipality. During the 2013/2014 financial year the focus was on the auditing of quarterly performance reports that are prepared by all departments of the municipality. The major challenge was non submission of the quarterly reports as well as portfolio of evidence files to the internal Audit unit for auditing. The performance Audit Committee contracts ended December 2011 and were later renewed in February 2012. Despite these challenges, quarterly performance reports were prepared and were submitted to the Audit Committee. The 2013/2014 SDBIP was reviewed to check whether it follows the SMART principle and the areas of concern were brought to the attention of management for rectification.




2.7.3.6. Anti-Corruption Strategy

The Council has an existing Anti-Fraud and Corruption strategy and is in the process of reviewing the strategy.

2.7.3.7. Internal audit performance

The internal audit unit worked in terms of the coverage plan that was discussed with management and approved by the audit committee. There has been a significant improvement of performance by the unit compared to previous years. This is caused by the recognition of internal audit work by leadership.

The audit assignments that could not be covered were beyond the control of the internal audit unit.

-  These being the Review of 2013/14 annual financial statements;
-  Review of Performance Information;
-  Review of SCM; and

- ✚ As indicated under risk management paragraph above, there was a challenge of risk management reporting hence some audits could not be done.

The unit also conducted awareness campaigns to management, staff and councillors so as to have a better understanding of the role of internal audit. The Internal audit unit assisted Inkwanca local municipalities with funding to do internal audit activities

2.7.4. Resources

2.7.4.1. Financial Resources

The unit was operating with an approved budget of R2m sharing with the local municipalities.

2.7.4.2. Human resources

The Institution was still operating with the 6 internal auditors as well as an internal audit administrator

- ✚ 1 Internal Audit Manager;
- ✚ 1 Internal Audit Administrator;
- ✚ 1 Senior Internal Auditor; and
- ✚ 4 Internal Auditors

None of the staff members have a specialized skill i.e. IT skills, Performance management and Forensic. All junior auditors have been enrolled in the Internal Audit Technician learnership (IAT) as per the recommendation of National Treasury; The Internal Audit Manager has attended and completed the CPMD with Wits.

Apart from the structured training all auditors attended the following short courses:

- ✚ IT auditing for Non IT auditors;
- ✚ Forensic investigation workshop;
- ✚ Audit of Performance Information;
- ✚ Accounting Standards

Auditors have been provided with necessary tools and resources to do their work efficiently, they have Laptops and printers they also participate in the essential user scheme for mobility when conducting internal audit assignments including verification of projects. Office space remains a challenge as they share offices and the unit cannot guarantee confidentiality of information as the outside offices are not sound proof and could be access is questionable.

The table below depicts the internal audit performance against the approved service delivery and budget implementation plan:

TABLE 53: Internal Audit Strategy

2.7.5. Challenges

The main challenge that affects the effectiveness of the unit is lack of management cooperation despite all the awareness campaigns conducted.

KPA	Objectives	No.	Key Performance Indicator (KPI)	Baseline	Annual Target	Actual performance	Reasons for performance variance	Measurement Source
Good Governance and Public Participation	To achieve a clean audit by 2014	1.1	Develop and implement a risk based annual internal audit plan approved by AC	No of completed audit projects per the annual internal audit plan.	10 Audited Projects	6 Audit assignments	There were delays in getting information from management.	Internal Audit reports
		1.2	No of Audit committee meetings held.	6 Audit Committee Meetings	4 Audit Committee Meetings	8 Audit Committee Meetings held	None	Audit Committee reports and minutes

Stipulated timeframes were never kept by management therefore most of internal audit reports were issued 3 to 4 months after commencement thus not adding value, all local municipalities managed to establish their internal audit units by they still need the support of the district to assist but one Manager cannot cope to manage the district and local municipalities.










2.7.6. Recommendations

Internal Audit Manager to be invited in the HOD's meeting to present internal audit matters. The use of service providers is not sustainable as their performance is sometimes not satisfactory it is recommended that the district should investigate whether to continue or discontinue with the shared services.

2.7.6. Supply Chain Management


At the outset of the procurement reform process in 1995, it was recognized that a consistent legislative framework would be required to give effect to Government's procurement reform policy objectives. It was recognized that procurement reforms would have to be limited to those measures that could be implemented within the ambit of the existing legislation.

SCM Strategic Objectives

-  To ensure that the municipality has and implements a supply chain management policy this gives effect to the provisions of the Act;
-  To ensure procurement of goods and services in a fair, equitable, transparent, competitive and cost effective and comply with the prescribed regulatory framework;
-  That all reasonable steps are taken to ensure that proper mechanisms are in place and separation of duties in the supply chain management system is implemented to minimize likelihood of fraud, corruption, favouritism and unfair and irregular practices;
-  To ensure that all contracts/agreement are in writing and are procured in line with the Supply Chain Management;
-  To ensure that the supply chain management delegations are properly enforced and managed;
-  That the municipal bid structures are in place and effective, to ensure competitive bidding process;
-  Ensure submission of proper, accurate and applicable reports as per MFMA;
-  To ensure the disposal of municipal assets in accordance with the applicable legislation; and
-  Ensure that municipal inventory levels are kept at an acceptable levels as per the Municipal SCM policy.

State of Supply Chain

CHDM has approved the SCM Policy which is implemented. Currently council is in a process of reviewing the current policy as per section 111 of the MFMA and section 2 of the regulations. All SCM officials have satisfied the minimum competency levels as prescribed by MFMA. The following matters were issues raised by the auditor general in respect of the supply chain function within the municipality:

-  Office space remains a big challenge- this is evident when it comes to deliveries, inventory controls, contract management and archiving. A process is in place to address this challenge for the entire institution;

- ✚ Service Providers empowerment is still a challenge, this is evident on the quality of service rendered, however LED section is involved in training sessions for different categories to ensure quality performance;
- ✚ Elimination of irregular expenditure is also a challenge due to the use of suppliers that are not on the database – CHDM is in the process of procuring the new database that will ensure quality of service providers; and
- ✚ Poor internal controls are also highlighted as a challenge in terms of the Auditor Report

A number of initiatives have been put in place to address the key issues raised by the auditor general, these as depicted in the audit action plan.

2.7.7. By-Laws

The Chris Hani District Municipality as a sphere of local government has a number of laws that it promulgates and enforces in line with its powers and functions as contemplated in the Constitution of the country as well as in the various local government pieces of legislation. These primarily would be in the area of public transport services, fire-fighting and disaster management, local economic development related functions, municipal health services functions as well as in the water and sanitation services. For the financial year under review, the CHDM did not pass any new by-laws, nor did it make any revisions to the existing ones.

2.7.8. Municipal Website

Municipal Website: Content and Currency of Material		
Documents Published on the Municipality's Website	Yes/No	Publishing Date
Current annual and adjustments budget and all budget related documents	Yes	All published documents published within 5 days of approval by Council
All current budget related policies	no	
Previous annual report (2012/2013)	Yes	
Annual Report (2013/2014 – date to be published)	Yes	Draft uploaded on 13 November
All current performance agreements (2013/2014 and 2014/2015)	Yes	
All service delivery agreements (2013/2014)	Not applicable	
All long term borrowing contracts (2013/2014)	Yes	
All SCM contracts above a prescribed value (give value) (2013/2014)	no	
List of disposed assets over a prescribed value (2013/2014)	no	
Public Private Partnership agreements (2013/2014)	no	
All quarterly reports tabled in Council (Sec 52) (2013/2014)	no	

TABLE 54: Website activity

In terms of the requirements of the Local Government: Municipal Systems Act and Financial Management Act, the CHDM has developed a website and this website remains functional. On an ongoing basis, the municipality monitors the use of the website and indeed, this suggests that the website is regularly visited, however, it is noted that this is the medium used primarily to view municipal offerings in terms of employment opportunities. Indeed, uploading municipal content on the website remains limited and to address this matter, the municipality has prioritised the position of webmaster to deal with all website content matters. It is believed that this position will be filled within the new financial year.

2.7.9. Public Satisfaction on Municipal Services

The municipality did not conduct a structured public satisfaction survey rather utilised public participation activities such as Information Days, IDP Road shows, Annual Report Road shows, Provincial Exco Outreach, Stakeholder Engagements, Reports from Customer Care practitioners deployed in local municipalities, quarterly environmental assessments and mediated community engagements to gather information that highly reflected on public satisfaction / dissatisfaction on the services rendered by the district municipality. The institutionalisation and establishment of a customer care unit will see the municipality improving on this.



CHAPTER 3: SERVICE DELIVERY REPORT (ANNUAL PERFORMANCE REPORT)




3.1 INTRODUCTION TO THE ANNUAL PERFORMANCE REPORT

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) requires that on an annual basis, a municipality develops a Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and this is possible because the IDP and budget are fully aligned with each other, as required by the MFMA. The budget gives effect to the strategic priorities of the municipality. The SDBIP therefore serves as a “contract” between the administration, Council and community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the administration over a twelve month period. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget. Once approved, the SDBIP forms the basis of the performance plan of the Municipal Manager and cascaded down to inform the performance plans of the Section 56 managers. This ultimately forms the basis for measuring the performance of the municipality as well as the individuals performances of the municipal manager and his senior management team.

In line with this requirement, the Executive Mayor of the Chris Hani District Municipality approved the SDBIP for the 2013/2014 financial year in June 2013 and furthermore, the performance agreements of the Senior Managers were concluded in July 2013. During the development of the SDBIP, a balanced scorecard model was utilised. This means that all aspects of the operation of the municipality would be included in the SDBIP (internal business processes, financial perspectives, and service delivery perspective) with a view of ensuring that all operational aspects are monitored and evaluated against the impact they have on the operation of the municipality and the delivery of services.

For ease of consolidation, the SDBIP is divided in terms of the five key performance areas in terms of the local government strategic agenda viz.;

-  KPA 1: Basic Service Delivery and Infrastructure Development;
-  KPA 2: Local Economic Development;

-  KPA 3: Municipal Transformation and Institutional Development;
-  KPA 4: Financial Viability and Management; and
-  KPA 5: Good Governance and Public Participation.


In terms of KPA 1, the main focus is of tangible service delivery matters such as water and sanitation, roads maintenance, housing and town planning services. KPA 2 focuses on those indicators seeking to ensure that conducive conditions are created for broader economic growth and ultimately to boost the district economy. Typically these indicators would focus on amongst other, issues such as tourism promotion and development, forestry programmes, heritage development, the Expanded Public Works Programme (EPWP), and agriculture. KPA 3 focuses mainly on the support services internally. These would speak chiefly to matters of human resource provisioning and development, employee wellness, information communication technologies, fleet management services and legal services.


KPA 4 focuses on the internal financial management processes. As such, this would focus on matters relating to budget development, supply chain management issues, asset management as well as income and expenditure management. Lastly KPA 5 focuses on the good governance matters such as public participation, performance management, the effectiveness of oversight structures, internal audit matters, risk management and communications.


Following hereon bellow, therefore, is the complete 2013/2014 SDBIP which formed part of the annual performance report that municipalities ought to develop in terms of Section 46 of the MSA. This details the performance of CHDM over the year under review. Variance reasons are provided where necessary with the measures taken and or to be taken to correct the variance. The attained annual achievements represent an aggregated achievement as per the fourth quarter SDBIP report. This performance is compared to the performance of the municipality on the same indicators for the previous financial year (2012/2013), where applicable. This means that in some cases, the indicators may have changes and as such, comparisons cannot be undertaken. This provides a comprehensive pictures of those areas where the municipality has made commitments and progress that has been made on each.


KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT


WEIGHTING: 20%


Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	2012/2013 Financial Year		2013/2014 Financial Year			Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian
						Annual Target	Year-end Actual	Annual Target	Year-end Actual	Snapshot				
To ensure universal coverage with respect to water services by 2014	Provision of Basic water and Sanitation Services	Water and Sanitation	Reduction of backlog by providing basic water to rural households	No of new rural households provided with basic water	SDID - 1	8309 households	5002 households	8393 Households	Manzimdak a reticulation 152 h/h.To date 5195 h/h served		Eskom delays. Contractor a Lesseyton and Cluster 9, 1C has cashflow problems	Standby generators being purchased as standby so that projects will be able to function whilst ESKOM erect supply. PSP to manage eskom process to ensure payment delays are minimised. On Lesseyton it was agreed that subcontractor install outstanding reservoir and notice served	Attached are the completion certificates for Manzimdaka reticulation	Director Engineering




			Reduction of backlog by providing basic sanitation to rural households	No of new rural households provided with basic sanitation	SDID - 2	25109 Households	28803 Households	19617 households	5903 households		Sanitation backlog challenge is funding. Mig funds exhausted. Bridging funds have been approved but not sufficient to continue at required rate. Administrator's contracts expire in February need to be extended due to slowdown. Contractors contract extension has been approved but decision needs to be finalised on what regions will continue due to funding shortfall. Matter has been referred to Mediator regarding compensation.	Council needs to engage at high level regarding funding. Meeting held with implementor and administrator. Political decision required regarding which regions will continue and which will be suspended or terminated.	Completion letters of structures from administrators	Director Engineering
--	--	--	--	---	----------	------------------	------------------	------------------	-----------------	---	---	--	--	----------------------




										n, contract extension.				
			Replaceme nt of bucket system	**No of buckets eradicated per HH	SDID - 3	N/A	N/A	499	564 structures built snagging to be completed		additional structures identified being rectified	PSP monitoring the construction works of learner contractor	Completion certificate to be issued once the project is completed.	Director Engineering




			Reduction of backlog by providing basic water to rural households	**No of new rural villages provided with interim water supply	SDID - 4	N/A	N/A	10 villages	No villages served as yet.		Procurement of materials due to non availability delayed implementation. EIA also affected projects	Mentors assisting learner contractors in addressing delays	Completion certificates to be issued once villages have been served	Director Engineering
--	--	--	---	---	----------	-----	-----	-------------	----------------------------	---	---	--	---	----------------------





				**No of waste water treatment works completed and upgraded	SDID - 5	N/A	N/A	4 WWTW	<p>Ponds rehabilitation construction : 30% Sterkstroom WWTW: 80% Engcobo Ponds: 90% Molteno Pump Stations: 80%</p>		<p>Contractor that had to complete the rehabilitation of ponds in molteno did not perform and contract was terminated. Molteno community unrests impact implementation. On engcobo ponds services providers were change to do work project management route. Rains have affected construction</p>	<p>Molteno wwtw will now be completed project management route. District political heads and officials engaging inkwanca to address community issues. Engcobo ponds progress is fine. Works to be completed in 1st Quarter of new financial year</p>	<p>Completion certificate to be issued once the project is completed.</p>	<p>Director Engineering</p>
--	--	--	--	--	----------	-----	-----	--------	--	---	---	--	---	-----------------------------




				**No of water treatment works completed and upgraded	SDID - 6	N/A	N/A	5 WTW		<p>Flood damage that has occurred on two occasions at Gqaga wtw has extended the completion of works into the 14/15 financial year. Contract deviation on Ncora project. The project is expected to be completed in the first quarter of the 14/15 financial year due to extensions and scope revision. Eskom delay on sterkstroom.</p>	<p>Council approved deviation end June 2014. PSP monitoring progress. Follow ups are being done with eskom regarding sterkstroom. Ggaqa works progress being monitored by PSP</p>	<p>completion certificates on completion</p>	<p>Director Engineering</p>
--	--	--	--	--	----------	-----	-----	-------	---	---	---	--	-----------------------------




			Lobby for the necessary financial resources to eradicate the backlog	No of meeting held with different stakeholders	SDID - 7	Additional Funding Secured	4 meetings held	4 meetings	3 meetings held		Challenges were experienced in terms of securing dates with stakeholders due to non-availability	To ensure that adequate time is allowed for stakeholders to be available	attendance register, agenda.	Director Engineering
		Project Monitoring	Increase the monitoring capacity of the PMU	**% of site meetings attended	SDID - 8	N/A	N/A	80 % of the projects	April: 100% May:70.8% June 66,6% Fourth quarter ave 79.2%		Clash of meetings affected target.	Area managers to look and plan with staff availability the attendance of meetings	site meeting attendance registers or site visit reports	Director Engineering
				**Quarterly Monitoring visits	SDID - 9	N/A	N/A	4 Site visits	Documentation received in April for meeting in Tarkastad held in february. Meeting held 2 June 2014 Engcobo LM, Sakhisizwe and Emalahleni on the 3 June		n/a. Target achieved 6 meetings held in financial year	N/A	Agenda and attendance register	Director Engineering




To ensure Compliance with applicable legislation, regulation, policies and procedures	Provision of Basic water and Sanitation Services	Water Quality Assurance	Water Services Planning	Water Services Development Plan Document(WSDP)	SDID - 10	Adopted reviewed Water Services Development Plan	No performance recorded	Approved Water Services Development Plan	WSDP not approved		Challenges in concluding the SCM processes	To ensure that SCM processes are undertaken timely	N/A	Director Engineering
				Water Resource Master Plan Document (WRMP)	SDID - 11	Adopted Water Resource Master Plan	No performance recorded	Approved Water Resource Master Plan	Water Resource Master Plan not approved		Challenges in concluding the SCM processes	To ensure that SCM processes are undertaken timely	N/A	Director Engineering
				**Running GIS website with updated datasets	SDID - 12	N/A	N/A	Upgraded GIS System	GCIS System upgraded and trainings and workshops conducted		N/A	N/A	Quarterly reports	Director Engineering


				**Credible cadastral dataset and add value to the to the valuation roll,	SDID - 13	N/A	N/A	2 Towns to be completed	2 towns completed. A detailed report on cadastral information in both towns is available and easy access to the municipal information.		N/A	N/A	Quarterly reports	Director Engineering
To ensure Sustainable water services provision	Provision of Basic water and Sanitation Services		To explore and implement the most viability water services provision model	Recommendations on viable water services provision model	SDID - 14	Final Draft Report	No performance recorded	Report on a viable Water Services Provision Model	Report not completed		There were delays in the process of undertaking the study	To ensure that the study is completed and report submitted early in the new financial year	N/A	Director Engineering
		Water Service Provision	To ensure reduction on unaccounted for water	**No of meters replaced	SDID - 15	N/A	N/A	survey has been done at Sakhisizwe, Tsolwana, Inkwanca, Intsika Yethu			N/A	N/A	Quarterly reports	Director Engineering



				**No of trainings conducted	SDID - 16	N/A	N/A	2 Number of trainings	Two trainings conducted		N/A	N/A	Attendance registers	Director Engineering
				**Monthly monitoring of water consumption	SDID - 17	N/A	N/A	12 Monthly Reports	12 reports submitted on data collection		N/A	N/A	Reports submitted	Director Engineering
				**No of Awareness campaigns conducted including on waterdown project	SDID - 18	N/A	N/A	4 Awareness Campaigns	More than 4 campaigns conducted		N/A	N/A	Attendance registers Photos	Director Engineering
				**Development of a feasibility Study Risk and Emergency Plan	SDID - 19	N/A	N/A	Approved Feasibility Study Risk and Emergency Plan	No plan has been developed		Delays in the SCM processes have delayed the project	To ensure that the process is fast-tracked in the new financial year	N/A	Director Engineering



			WSA/WSP contract management	No of WSA/WSP meetings	SDID - 20	10 meetings held	Target met		All meetings conducted		N/A	N/A	Attendance Registers	Director Engineering
				**Development of monthly WSP reports	SDID - 21	N/A	N/A	Monthly WSO reports developed and submitted	All Reports were submitted		N/A	N/A	Draft Reports	Director Engineering
				Development of 14/15 Water Services Business Plan	SDID - 22	Approved 13/14 WSP BPs and Budgets	Target met	Approved Water Services Business Plan	Target not achieved		The process of engaging local municipalities has been extended and this has delayed the conclusion of business plans	To ensure that these are concluded early in the next financial year	N/A	Director Engineering




To provide well maintained and accessible roads	Roads Maintenance	Roads Maintenance	To explore and implement the viability of combining all existing roads units within the district	Viability Assessment	SDID - 23	Recommendation on the viability of having a combined roads unit	Target not met	Viability report	No report was submitted		The SCM processes are still underway	This to be concluded early in the next financial year	N/A	Director Engineering
		Roads upgrades	Implementation of SLA	No of KM's bladed	SDID - 24	2148 KM	1006.69 KM	2652 Km	2968.06 KM bladed		N/A	N/A	approval letters from DRPW and photos	Director Engineering
				No of KM's regravelled	SDID - 25	30 KM	10.76 KM	30 Km	48.9 KM regravelled		N/A	N/A	Quarterly reports	Director Engineering

To ensure Compliance with applicable legislation, regulation, policies and procedures	Provision of Basic water and Sanitation Services	Water Quality Assurance	Ensure compliance of drinking water and waste water with relevant SANS	% Compliance to Blue Drop(BD) in terms of SANS 243	SDID - 26	2400 samples	Target met	95% Compliance	2426 drinking water samples were taken this financial year, of these only 25 failed to meet the standards.		N/A	awareness campaigns are conducted on a continuous basis	signed spread sheet	Director: HCS/Engineering
				% Compliance to Green Drop(GD) in terms of SANS 242	SDID - 27	144 samples	Target met	90% Compliance	222 waste water samples were taken this financial year, of these 113 failed to meet the standards due to infrastructural problems.		N/A	engineering department of chdm is working on a program of refurbishing the waste water treatment works.	signed spread sheet	Director: HCS/Engineering
To provide quality municipal health and environmental management	Municipal Health Services	Municipal Health	Ensure foodstuff compliance with minimum standards as per relevant legislation	No. of food samples taken to ensure compliance with health standards	SDID - 28	600 samples	Target met	600 Food samples	594 food samples were taken		Some samples were not taken due to challenges experienced with in terms of collections	To ensure that the samples are taken as per schedule	signed spread sheet	Director: HCS




ment services														
To provide quality municipal health and environmental management services	Environmental Health and Management Services and Climate Change	Environmental Management and Climate Change	Ensure support for Local Municipalities on Waste Management Activities	No. of waste sites supported to ensure compliance with permit conditions	SDID - 29	Waste Management Programmes	Target met	8 waste sites inspected	The landfill sites of Lukhanji and Engcobo LMs are supported through youth jobs in waste management programme of DEA, wherein it deals with recycling and waste minimisation programmes from households to landfill sites		This was a joint initiatives between the CHDM and DEA. Limited resources forced focus on the two municipalities	To ensure that the programme is extended in the next financial year	Progress report, Pictures and Letters	Director: HCS


			Eradication of Wattle within CHDM and creation of awareness regarding proper land care management practises.	**Number of hectares cleared of Wattle per ward	SDID - 30	N/A	N/A	1440 hectares cleared	1955 Hectors cleared		N/A	N/A	SLA's for Sakhisizwe, Intsika Yethu & Ngcobo, Proof of payment & report	Director: HCS
			Ensure implementation of rural sustainability commons within the villages	**Implementation of rural sustainability commons projects	SDID - 31	N/A	N/A	Implementation of rural sustainability commons projects.	Target not achieved		Challenges in terms of funding were experienced and as such the programme was deferred to the next financial year	This project to be fully rolled out in the 14/15 financial year	N/A	Director: HCS

To prevent, mitigate and respond to the effects of disaster and facilitate post disaster recovery	Disaster Management	Information Communication Technology	Establishment of an integrated information management and communication system	**2nd Phase of the Information and Communication System developed	SDID - 32	N/A	N/A	Completion of the 2nd phase of the project	Phase 2 of project completed on 30 June 2014		N/A	N/A	Completion report & Certificate, Photos	Director: HCS
To manage and coordinate implementation of integrated HIV and AIDS programmes	HIV and AIDS Management	External HIV and AIDS Coordination	Reduce the spread and mitigate the impact of HIV and AIDS	**No. of HIV and AIDS, STI and TB programmes implemented	SDID - 33	N/A	N/A	7 Community HIV, STIs and TB programmes conducted and 1 Health Summit	All planned programmes were held during the financial year		N/A	N/A	Attendance register & evaluation report for the Summit, Attendance register & Candlelight report	Director: HCS

To promote Urban / Rural renewal to attract investors for Economic Development	Small Town Revitalisation		Develop and implement strategies to revitalise small towns within the District	Implementation of the Engcobo Revitalisation Strategy	SDID - 34	Adopted Revitalisation Strategy for Engcobo LM	Final Draft in place but not approved by Council	Engcobo Revitalisation Strategy Implemented	Progress Report submitted & funds transferred		Delay in site clearance	Public participation /engagements to be held on the 15 & 16 July to facilitate site clearance.Town beautification will commence	1.Progress Report & proof of transfer	Director: IPED
				**Paving, greening and beautification programme implemented in 7 LMs	SDID - 35	N/A	N/A	Implemented Paving & Greening projects in 7 LM's	Progress Reports submitted by municipalities & monitoring		1.Delays in processes.	Constant engagements with Municipalities	Reports submitted by Lm's & Transfers made.	Director: IPED
	Townplanning Support		Support to LM's on Township Establishment and Ward Based Planning & SDF's	**Provide support in the development of the Kwa-Jo LSDF	SDID - 36	N/A	N/A	Developed & adopted Kwa Jo LSDF	LSDF not in place. The SWOT Analysis report has been submitted		1.Unavailability of consultation dates and engagements with LM	Municipality consulted and dates will be availed	Swot analysis report	Director: IPED
	Small Town Revitalisation		Develop and implement strategies to revitalise small towns within the District											



DRAFT CONSOLIDATED ANNUAL REPORT



				**Development of Kwa Coghlan LSDF	SDID - 37	N/A	N/A	Adopted Final LSDF by LM	LSDF not in place. Delays on Evaluation Report		Fasttrack the process	Fasttrack process	Evaluation Report	Director: IPED
				**Provide support in the development of the Xonxa Dam LSDF	SDID - 38	N/A	N/A	Adopted Final Draft LSDF	LSDF not in place. Situational analysis report & Swot submitted		Unavailability of consultation dates	Municipality consulted and dates will be availed	Reports & written confirmation date	Director: IPED
				**Provide support in the formalisation of Lady Frere Ext 6	SDID - 39	N/A	N/A	Approved GP layout	Progress Reports submitted by municipalities & monitoring		None	None	Progress Report and Draft Layout Plan	Director: IPED



To ensure facilitation and coordination of Housing Development within CHDM	Housing Development	Implementation of the Housing Framework	Development of Construction Unit	**No of Destitute Houses Constructed	SDID - 40	N/A	N/A	8 destitute houses constructed	<p>1.Sakhisizwe has been handed over to the beneficiary on the 18 July 2014.</p> <p>2.Ngcobo has been roofed currently busy with</p> <p>3. Inkwanca house is under construction currently below window level.</p> <p>4. Inxuba Yethemba House is currently under construction at floor level stage 5.</p> <p>Intsika Yethu no site has been identified by the municipality for the beneficiary.</p>		<p>1. There's been delays in construction at Inkwanca Im due to shortage of quality clay brick.</p> <p>2. There's been delays in construction at Ngcobo Im due to shortage of water.</p> <p>3. There's been delays in construction at Inxuba Yethemba due to waiting for more than 2 weeks for the inxuba Yethemba Im TLB to excavate big rocks in the construction site.</p> <p>5. Intsika Yethu has not yet identify the site where the destitute beneficiary will be relocated for</p>	<p>1. The trained clay brick cooperatives at Inkwanca are currently assisting with more production of bricks.</p> <p>2 The Ngcobo Im has been engaged to assist with delivery of water to the construction site.</p> <p>3. Inxuba Yethemba has assisted with TLB to remove boulders on site hence the construction is at the floor level.</p> <p>3. No response yet with the identified site at Intsika Yethu Im, still awaiting.</p>	<p>1. Pics of the house handed over at Sakhisizwe;</p> <p>2. Pics of the roofed house at Ngcobo</p> <p>3. Pics of house below window level for Inkwanca</p> <p>4. Pics of house at floor level for Inxuba Yethemba Im</p>	Director: IPED

[illegible]

DRAFT CONSOLIDATED ANNUAL REPORT




			To fasttrack Accreditation process for housing development	**Attainment of level 1 accreditation	SDID - 41	N/A	N/A	CHDM Accredited at Level 1	Tshani Consulting has finalised the Demographic and socioeconomic analysis for the Integrated Human Settlement Plan		Tshani Consulting had difficulties on sourcing the relevant information from local municipalities	Draft Integrated Human Settlement Plan is arranged to be presented in the next human settlement forum in August 2014.	Final Status Core report from Tshani Consulting has been completed	Director: IPED
			Replacement of Emergency Temporal Shelters by Permanent shelters	No of Emergency shelters replaced	SDID - 42	Replacement of 427 temporal/emergency shelters	Contractors have started on site in the first week of July with Site Establishment at Sakhisizwe and Ngcobo.	427 emergency houses replaced	No construction work has started, however there is preparatory work that has been done		The Alternative Building Technology Houses will be constructed instead of conventional houses, at ABT is our first in kind in the district, currently busy with the research for that that will enable us for proper planning	35 Construction site for Lukhanji Im has been visited; CHDM officials; Cllr from Lukhanji LM where the project will be piloted; 11 contractors that have been appointed; Camdekon Consulting Engineers formed delegation that visited Mthatha on the 17 to see on how to	1. Pics of the show house constructed at Mtata; Pics of Lukhanji site where construction will be done. Attendance register at Mtata site and the business profile of I-BUILD company	Director: IPED

KPA 2: LOCAL ECONOMIC DEVELOPMENT											WEIGHTING: 20%			
Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	2012/2013 Financial Year		2013/2014 Financial Year			Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian
						Annual Target	Year-end Actual	Annual Target	Year-end Actual	Snapshot				
To prioritise Forestry as a sector that contributes to reduction of unemployment and economic development.	Forestry Development	Forestry Development	Development of Forestry strategy that focuses on value addition	Number of tree nursery projects supported	LED - 1	Sustainable tree nursery business	488 trays of pine seedlings are on site most of them have suffered mortality due to dry weather and lack of water supply. Few indigenous species and fruit trees.	1 project supported	Achieved, for innovation of the tree nursery, we produced 44 trays of vegetables which germinated well and made 5632 seedlings. Sales were done.		N/A	N/A	Invoice Monthly Report and Photos	Director: IPED
			Continuous support to existing charcoals Continuous support to Tree Nursery	Number of charcoal projects supported	LED - 2	Sustainable two charcoal business	Wood and tons of charcoal are on sale mostly on local market.	2 project supported	Achieved, 921 bags were produced and sales were done. Invoice, photo and monthly report attached.		N/A	N/A	Invoice Monthly Report and Photos	Director: IPED




To ensure promotion and development of Tourism within the district	Tourism Promotion and Development	Tourism Support	Implementation of Tourism Integrated Plan	**Tourism Institutional Framework Reviewed	LED - 3	N/A	N/A	Reviewed institutional framework	Target not achieved		Challenges were experienced in appointing a service provider	Target has been deferred to the next financial year	N/A	Director: IPED
				LTOs supported through CHARTO	LED - 4	5 functional LTO'S / DTO	4 LTOs supported. Action plan for turn-around of CHARTO	Functional CHARTO and 8 LTOs	achieved, however the Marketing and HR Plan has not been submitted to Council for recommendation and approval		N/A	N/A	Marketing and HR Plan	Director: IPED




				**Technical support provided to tourism SMMEs	LED - 5	N/A	N/A	Operational Tourism Product Owners	Achieved, Cala B&B Business Plan was implemented . Funds to purchase equipment for 6 Identified Accommodation establishment was done, purchase of equipment has commenced		N/A	N/A	Expenditure Report	Director: IPED
Tourim Promotion	Destination Marketing			**Eastern Cape Midlands Strategy Reviewed	LED - 6	N/A	N/A	Eastern Cape Midlands Brand Strategy and Implementat ion Plan	Brand strategy approved and implemente d		N/A	N/A	Updated Branding and Markiting Tools	Director: IPED




DRAFT CONSOLIDATED ANNUAL REPORT


To ensure preservation of Heritage Resources within the district	Heritage Development	Preservation of Heritage Sites and Information	Registration, Maintenance and Marketing of historical and heritage sites	Number of tourism events hosted	LED - 7	2 Events Hosted	2 events were hosted (Tourism month events and Flea Market events hosted by DESREC) as well as participated in the organising of the Chris Hani Month Celebrations	2 Events Hosted	2 events held		N/A	N/A	Concept document Monitoring Report	Director: IPED
				Number of tourism gathering attended to market Chris Hani	LED - 8	4 Exhibitions	3 events attended – JHB Getaway Show, Beeld Holiday Show, and Tourism indaba attended	4 events	4 events attended		N/A	N/A	Reports and photos	Director: IPED
				**Preservation of the Chris Hani Liberation Heritage Route	LED - 9	N/A	N/A	7 sites to be preserved and supported	7 sights preserved		N/A	N/A	Quarterly reports	Director: IPED



DRAFT CONSOLIDATED ANNUAL REPORT




					**Development of Engcobo heroes park	LED - 10	N/A	N/A	Engcobo Heroes park developed	Achieved, Construction of the Wall of Remembrance has begun		N/A	N/A	Progress Report	Director: IPED
					**Liberation Heritage Booklet Compiled	LED - 11	N/A	N/A	Chris Hani Liberation Heritage Booklet Approved	Not Achieved, Liberation Heritage Route Booklet to be completed in the next quarter		Service provider did not meet the set timeframes	The projected will commence in the first quarter of 2014/2015 Financial Year	N/A	Director: IPED
					Provide support to the Subalele Multi-purpose centre	LED - 12	functional and sustainable multi-purpose centre (Sabalele)	Centre functional (funds for operational budget transferred, appointment of centre manager done and partnership with NDA secured	Functional Multi-purpose centre	Achieved, Transfer of funds completed		N/A	N/A	Yellow Claim and Operational Report	Director: IPED




				Annual Chris Hani Month Celebrations hosted	LED - 13	2 events	Chris Hani month events hosted (main event and the Chris Hani Marathon)	Chris Hani Month hosted	Achieved, Chris Hani Month was hosted		N/A	N/A	Chris Hani Month Report	Director: IPED
To create an enabling environment for sustainable business development	SMME & Cooperative Development	SMME and Cooperative Support	Facing support and develop enterprises within the district	Number of SMME and Coopertives programmes supported	LED - 14	N/A	N/A	Provide support to Intsika Yethu IEC Centre	Transfer of Funds to Intsika Yethu has been done		N/A	N/A	Proof of Transfer.	Director: IPED
					LED - 15	4 SMME's supported	20 Youth Mobile Enterprises supported (20 Honda Motorcycles delivered)	4 SMMEs assisted	9 SMMEs assisted		N/A	N/A	Approval Letters and Yellow claims	Director: IPED



					LED - 16	4 Reports submitted to Council	2 reports submitted. Indication of the transfer of funds to CDC and ring-fencing of funds for projects	Cooperative supported financially	Funds transferred and monitoring ongoing		N/A	N/A	Quarterly Reports Submitted	Director: IPED
					LED - 17	N/A	N/A	50 informal traders supported	Assistance to 40 Salons through vouchers across District. Assistance also provided to Emalahleni and Tslowana LM's for caterer training		Delays in the SMC processes led to delays in the programme	To ensure that procurement processes are undertaken timely	Transfers to CDC, Emalahleni and Tslowana	Director: IPED
					LED - 18	N/A	N/A	Support to Veterans Coop	SLA entered into with CDC and monitored		Maqendindaba Cooperative were supposed to submit business plan and funds were to be transferred to LED for	To finalise the business plan for Maqendindaba and implement in the next financial year	SLA between CHDM and CDC	Director: IPED


										monitiring . This has not happened.				
					LED - 19	N/A	N/A	Support to small industries	4 industries recived assistance. Modisapudi Holdings, Sabspho Chemicals, Liyema Genral Welding Cooperative and NCO Trading Enterprises		N/A	N/A	Service Level Agreemnts with supported industries	Director: IPED




To increase contribution of livestock to the district economy	Livestock Development	Livestock	Improving the condition of livestock through capacity building, medication and value addition.	**Number of livestock purchased	LED - 20	N/A	N/A	50 livestock purchased	Twenty nine heifers and a bull were purchased		The process of purchasing the livestock was through an SLA which was entered into with eKepini Cooperative. Challenges were experienced in terms of adhering to the terms of the SLA	To enforce terms of the SLA	Quarterly reports	Director: IPED
				**Implementation of the District Wide Livestock Improvement Programme	LED - 21	N/A	N/A	Livestock Improvement Programme implemented in partnership with Private Commercial partner	Service provider appointed to commence on the first of July		There were challenges around understanding of the conditions contained in the contract.	Efforts aimed at engaging the service provider will be strengthened such that common ground is reached	Reports and appointment letters	Director: IPED




					**Development of a Chicken abbatior	LED - 22	N/A	N/A	Functional Chicken Abboroir	Concept document developed and the assessment of capabilities of small farmers is in progress		Inadequate funding and the mobilisation of the role players	The process to commence in the next financial year	Concept document	Director: IPED
					**Number of feedlots constructed	LED - 23	N/A	N/A	2 feedlots constructed	Five feedlots completed and one will be complete by mid July		N/A	N/A	Reports	Director: IPED
					Cala abbotoir functional	LED - 24	Functional Abbattior (Cala)	The project has been completed	Abbotoir functional	The contrustion began		Delays in the supply chain processes	To ensure that procurement processes are undertaken timely	Reports	Director: IPED




				**Sheep production centres supported	LED - 25	N/A	N/A	Two production centres supported	Bolotwa and Engcobo production centres supported		N/A	N/A	Reports	Director: IPED
To increase contribution of Agriculture to the district economy	Crop Production and Agro-processing	Crop Production and Mechanisation	Improving crop production through introduction of new cultivars and supply of production inputs and mechanisation	**Increased Yield from 1,5 crop produced to 3, 5 Commercialised clusters per Hectare	LED - 26	N/A	N/A	1200ha planted and harvested by the end of the year	Harvesting complete and reports in place (yield has been increased to an average of 4)		N/A	N/A	Reports	Director: IPED
	Revitilisation of Irrigation Schemes		Revitilisation of Irrigation schemes (infrastructure)	Number of irrigation schemes supported	LED - 27	3 Schemes	Monies have been transferred to the following schemes : Shiloh Irrigation Scheme; Bilatye; Qamata Section 6; Mc Bride Mitrock and Ncorha. Reports on	All planned ha covered and harvested	All targeted areas planted and harvesting done		N/A	N/A	Reports	Director: IPED




							operations received							
To increase Job Opportunities and build capacity of emerging contractors	EPWP	Job Creation	Embark on internship programme/ Maximisation of local labour employment	Number of full time equivalent jobs created (as per EPWP)	LED - 28	500000	1224 FTE	1250	Job opportunities created		N/A	N/A	Reports	Director: Engineering
			Contractor Development	Appointment of 22 contracts phase 3	LED - 29	23 contractors developed	1 target not met in terms of 23 completed contracts	0	17 contractors appointed		N/A	N/A	Quarterly reports	Director: Engineering



To manage and coordinate implementation of integrated HIV and AIDS programmes	Poverty Reduction	Job creation and food security	Reduce the negative effects of Poverty and unemployment through implementation of antipoverty programmes	**105 jobs created and 21 food security gardens maintained at Intsika Yethu LM	LED - 30	N/A	N/A	105 jobs created and 21 food security gardens maintained at Intsika Yethu LM	105 ground diggers have received have received their quarterly stipends and food security gardens are maintained on a continuous basis.		N/A	N/A	Proof of payments; Report on Maintenance of food gardens	Director: HCS
---	-------------------	--------------------------------	--	--	----------	-----	-----	--	---	---	-----	-----	--	---------------




KPA 3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											WEIGHTING: 20%			
Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	2012/2013 Financial Year		2013/2014 Financial Year			Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian
						Annual Target	Year-end Actual	Annual Target	Year-end Actual	Snapshot				
To create an environment within which employees can execute their duties and contribute to Councils vision.	Human Resource Management	Personnel Management	To ensure attraction and retention of competent personnel	**Developed and implementation of Attraction and Retention Strategy	MTOD - 1	N/A	N/A	Develop and implement Attraction and Retention Strategy	Strategy developed and is being implemented		N/A	N/A	Approved Strategy	Director: Corporate Services
			Ensure availability of policies and systems that regulate the HR environment	Development and implementation of HR Policies	MTOD - 2	Developed, reviewed, and effective implementation of policies	Policies adopted on 25 June 2013	Implement 10 HR Policies and develop 3 HR policies	Identified policies are being implemented		N/A	N/A	Approved Policies	Director: Corporate Services
				Implementation of HR Systems	MTOD - 3	Improved HR Systems	Orgplus system procured and training conducted	Full implementation of HR Pay Day Module and procedure manual	An assessment of the impact of the system has been undertaken and a report submitted		The is a backlog on employee data	Assigning a responsible official to deal with the backlog	Information on skills module	Director: Corporate Services




To improve the human resources capacity of the CHDM	Human Resource Development	Training and Development	Develop and empower the workforce to enhance their skills and competencies	**Process Controllers Learnership implemented	MTOD - 4	N/A	N/A	50% Implementation of Process Controller Learnership	Deferred to next financial year		Deferred to next financial year	Deferred to next financial year	Deferred to next financial year	Director: Corporate Services
				**No of officials and Councillors trained in National Treasury minimum competencies in line with regulations	MTOD - 5	N/A	N/A	10 Officials and Councillors trained on minimum competencies	10 officials and councillors are attending the programme as scheduled		N/A	N/A	List of persons on the program and attendance register	Director: Corporate Services
				**% of workforce capacitated and skilled	MTOD - 6	75 %HRD Programmes implemented	50% of HRD programmes have been implemented	At least 70% of training interventions identified are implemented	72.3% of HRD programmes implemented		N/A	N/A	Attendance Registers	Director: Corporate Services




To ensure compliance with Employment Equity Act	Organisational Transformation	Organisational Restructuring	Align human capital development to the strategic objectives of the municipality	Workstudy conducted and organizational structure reviewed and implemented	MTOD - 7	Outcome of organizational work study approved.	The organisational study has been conducted and a report has been compiled	50 % Implementation of the workstudy report, reviewed staff establishment and 50% of vacant positions filled	71% of vacant positions filled		N/A	N/A	Appointment letters	Director: Corporate Services
			Establishment of Job Evaluation Unit (JEU), profile & evaluate all approved positions	**JEU established and % of graded positions with TASK Grades allocated to them.	MTOD - 8	N/A	N/A	Establishment of JEU and job evaluation & benchmarking of positions	Job evaluation unit established and all positions graded		N/A	N/A	Grading Report	Director: Corporate Services
			Implementation of EEP	EEP plan implemented	MTOD - 9	Review and 50 % implementation of EEP	EEP Approved by Council on 25 June 2013	Implement equity target in all occupational level	Employment Equity Plan approved by Council is being implemented		N/A	N/A	Reports submitted to the Standing Committee	Director: Corporate Services





			Implement targeted programmes to advance persons from designated groups	**No of programme implemented for PWD	MTOD - 10	N/A	N/A	4 capacity programmes for PWD	4 programmes implemented		N/A	N/A	Attendance Registers	Director: Corporate Services
To promote and maintain labour stability within the workplace	Labour Relations	Labour Relations	Maintain sound relations between the employees and the employer and ensure continued existence of labour related structures	No of LLF Meeting convened	MTOD - 11	6 LLF meetings held	Target met	6 LLF meeting convened	6 LLF meetings held		N/A	N/A	Agenda and Attendance Registers	Director: Corporate Services
				**Implementation of related SALGBC collective agreements	MTOD - 12	N/A	N/A	SALGBC Collective agreements implemented	All grievance received were attended to in terms of the SALGBC collective agreement		N/A	N/A	List cases referred & Attended	Director: Corporate Services




To improve the quality of life of employees	Employee Wellness	Wellness	Promote employee wellness to improve the health profile of employees	**Number of wellness related capacity building programmes developed and implemented	MTOD - 13	N/A	N/A	6 programmes for managers, shopstewards and councillors implemented	6 programmes implemented for managers, shopstewards and Councillors		N/A	N/A	Attendance Register and programme	Director: Corporate Services
				No of Partnership formulated for therapeutic and counselling services implemented	MTOD - 14	All referred employees receive counselling and therapeutic services	All referred cases have been handled successfully	3 Partnership formulated and all referred persons recieved counselling and therapeutic services	Once partnership concluded and persons refered.		In process os concluding all SCM related matters for the outstanding partnerships	To ensure that SCM processes are undertaken timely	Signed partnership agreement List of referred cased	Director: Corporate Services

				No of educational and awareness programmes implemented	MTOD - 15	6 educational and awareness programmes implemented	Target met	Develop wellness calendar and implement 4 educational and awareness programmes..	Calender developed and 4 programmes implemented		N/A	N/A	attendance registers	Director: Corporate Services
				No of Organisational Wellness Programmes (OWP) implemented	MTOD - 16	3 OWP implemented	Target met	3 OWP Implemented	3 programmes implemented and impact assessment of the programmes conducted		N/A	N/A	attendance registers	Director: Corporate Services
				Integrated substance abuse strategy implemented	MTOD - 17	Integrated substance abuse strategy developed and implemented	Strategy Developed and approved by Council	Implementation of the substance abuse strategy in line with the substance abuse policy	Substance abuse strategy is implemented. 23 employees and councillors participating in the programme		N/A	N/A	reports	Director: Corporate Services




To ensure a healthy and safe working environment for councillors and employees	Occupational Health and Safety	Safety in the workplace	Improve the safety of the working environment for employees and Councillors	OHS/ IOD Strategy implemented	MTOD - 18	3 OHS programmes implemented;	Target met	Implement the OHS/IOD Strategy in line with the OHS Act	OHS/OD Strategy adopted and is being implemented		Delays in the SCM processes has led to the some programmes not being implemented on time	Need to ensure that SCM processes are undertaken timely	attendance registers	Director: Corporate Services
				**Health and Safety Risk Policy developed	MTOD - 19	N/A	N/A	Development of the Health and Risk Assessment Policy, Health and Risk Assessments conducted	Policy developed. Awareness programmes and assessments conducted		N/A	N/A	attendance registers	Director: Corporate Services
To ensure the safety of information assets of the municipality	Information Technology	Integrated IT Programme	Provide an integrated security system that responds to the needs of the municipality	**Wireless infrastructure upgraded and fibre links installed for redundancy	MTOD - 20	N/A	N/A	Upgrading of Wireless infrastructure and fibre links installed	Contract signed. Project kickoff meeting held. Project in progress. Routers ordered for other sites.		Telkom requires electrical work to be undertaken for Bells and Finance buildings and requested 3 electricians from SCM and have not had response	The electrical work will be done by the end July 2014	signed contract.. Kick of meeting minutes, project implementation document and project report	Director: Corporate Services

To ensure effective ICT Governance			% Server room minimum required industry standards met and establishment of testing environment.	MTOD - 21	Server room cleaned up and 80% of server room requirements met	Target met	The server room meets 90% of required industry standard	Terms of Reference amended due to non response by credible service providers		non responsiveness by service providers	Retender process to be done	revised specification	Director: Corporate Services
			Implementation of Disaster Recovery Policy and Plan	MTOD - 22	Developed; tested approved and implemented DRP	DRP has been developed and approved	Creation of a disaster recovery site	Disaster recovery site established and Systems Monitoring ongoing		N/A	N/A	Quarterly report	Director: Corporate Services
		fully functioning ICT steering committee	number of InCTSC meetings held	MTOD - 23	4 ICT Steering committee meetings	4 ICT Steering Committee meetings held	4 ICTSC meetings held annually	2 meetings held		non attendance	appointment letters written to appoint ICTSC members. Schedule of meetings to be sent to members and plotted on Council Calendar	meeting requests	Director: Corporate Services


			To enhance ICT function of the institution	**ICT Governance Framework strategy and developed and implemented	MTOD - 24	N/A	N/A	ICT strategy developed and implementation	Framework and Strategy developed but not approved		Delays in consultation with stakeholders	Strategy to be forwarded to Council for approval	workshop programme and attendance register	Director: Corporate Services
			Effective use of microsoft products	***% deployment of relevant MS products and training of users	MTOD - 25	N/A	N/A	100% deployment and 100% users trained	MS 2013 deployed and Monitoring and support services provided		NA	NA	attendance registers	Director: Corporate Services
To ensure that Council performs its oversight function	Council Support	Council Support	Provide an effective and efficient Council support services	No of Section 80 Committees Held	MTOD - 26	All council committees supported	All Council committees have been supported	Minimum of 4 meetings per annum	Council committees supported and meetings held		NA	NA	Attendance Register and resolution register	Director: Corporate Services
				**Tracking of the implementation of Council resolutions	MTOD - 28	N/A	N/A	Installation of IT software and track implementation of Council resolutions.	Undertaking SCM processes to ensure procurement of software		delays in implementing the project	Adherence to project timelines and output	Appointment letter	Director: Corporate Services


To ensure that the municipality has sound legal advice so as to execute its mandate and responsibilities	Legal Services	Legal Services	Provision of sound legal advice to Council	**Improved success rate in litigation cases against the municipality	MTOD - 29	N/A	N/A	Training of management on grounds of litigation Development of a legal compliance register	Workshop conducted and legal compliance register developed		N/A	N/A	Legal claim register	Director: Corporate Services
				**Monitoring of legal register and performance of external attorney's	MTOD - 30	N/A	N/A	Monitoring of legal claims register and performance of external attorneys	Progress of referred cases monitored and legal claims register updated.		N/A	N/A	Updated Legal claim register	Director: Corporate Services
Effective management, maintenance of immovable and movable municipal	Asset Management	Property Management	To ensure that Council property is guarded and maintained	**Property management and maintenance plan developed and implemented	MTOD - 31	N/A	N/A	Development and implementation of the property management and maintenance plan	The plan has been developed and is being implemented and monitored		N/A	N/A	Quarterly report	Director: Corporate Services




DRAFT CONSOLIDATED ANNUAL REPORT




			Implementat ion of reviewed fleet managem t policy & establishe nt and functioning accident committee	Implementation of reviewed fleet management policy	MTOD - 32	Approved policy and monitor implementati on	Policy approved	Implementat ion of the fleet managemen t policy	Quarterly usage reports compiled		N/A	N/A	Fleet Report	Director: Corporate Services
Provisio n of adequat e security to employe es and councill ors.	Integr ated Securi ty	Inte grated Sec urity	Implementat ion of security plan	**Development and Implementation of security plan	MTOD - 33	N/A	N/A	Implementat ion of security system	Developme nt of plan at SCM level		Delays in the procurement process have hampred progress on this indicator	To ensure that SCM processes are undertaken timely	Terms of reference	Director: Corporate Services
Automation and centralization of records and improved record management processes and	Archives and Registry	Information Management	Implementat ion of electronic document managemen t system (EDMS)	Electronic document management system installed and training provided	MTOD - 34	Automated document managemen t system in place	Target not met	Install, train and implement the EDMS	EDMS process still at SCM level		Delays in the award of Business Connexion	The report and approval of the MM will be sought	Draft Policy	Director: Corporate Services

DRAFT CONSOLIDATED ANNUAL REPORT






			Facilitation of disposal of old records in line with legislation	*** Compliance with the Archives Act on disposal of records	MTOD - 35	N/A	N/A	100% compliance	Verification if document to be disposed and Request for disposal sent to Provincial office		Delays in verification of doc and response from province	Constant reminders to the province for disposal authority	List of document to be disposed and letter to province	Director: Corporate Services
--	--	--	--	---	-----------	-----	-----	-----------------	--	---	--	---	--	------------------------------

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY										WEIGHTING: 20%				
Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	2012/2013 Financial Year		2013/2014 Financial Year			Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian
						Annual Target	Year-end Actual	Annual Target	Year-end Actual	Snapshot				
To enhance the revenue of the DM and its LM's	Build clean, effective, efficient, responsive, accountable and sustainable municipalities	Revenue Enhancement	Develop/Review the Revenue Enhancement Strategy of CHDM and its LM's	**Reviewed Strategy submitted to Council for adoption	FMV - 1	N/A	N/A	Revenue Enhancement Strategy	Strategy not approved		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Council resolution adopting the strategy	CFO




			Monitor the revenue performance of the LMI's	Monthly Billing Reports and related reconciliations submitted to Executive Management for noting	FMV - 2	N/A	N/A	Annual Reports	Reports not submitted		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Quarterly reports submitted to Executive Management	CFO
				**Monthly Revenue Collection Reports submitted to Executive Management for noting	FMV - 3	N/A	N/A	Annual Reports	Reports not submitted		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Quarterly reports submitted to Executive Management	CFO
				**Monthly Indigent Consumer Reports submitted to Executive Management for noting	FMV - 4	N/A	N/A	Annual Reports	Reports not submitted		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Quarterly reports submitted to Executive Management	CFO

			Review the revenue related policies of the DM and its LM's	A reviewed Debt Collection and Credit Control policy submitted to Council for approval	FMV - 5	An adopted reviewed Debt collection & credit controll policy	Debt collection and credit control policy	Approved Policy	Policy not adopted		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Council resolution adopting the policy	CFO
				A reviewed Tariff Policy submitted to Council for approval	FMV - 6	An adopted Revised Tarrif policy	Target not met	Approved Policy	Policy not adopted		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Council resolution adopting the policy	CFO
				**Revenue By-Laws submitted to Council for approval	FMV - 7	N/A	N/A	Approved By-Laws	Bylaws not approved		Council took a decision to take over revenue and the whole focus on revenue management project by PWC changed	PWC is working in all Revenue Related issues focusing on the new resolution	Council resolution approving the bylaws	CFO





DRAFT CONSOLIDATED ANNUAL REPORT




			Budget Preparation	**Table budget submissions from entities of CHDM to Budget Committees for discussion	FMV - 8	N/A	N/A	Submit CHDA Budget proposal to Council for adoption	Proposals not submitted		Budget on the prescribed format still awaited from CHDA agency	N/A	Report submitted to the Committee	CFO
				**Table draft budget to Council for noting	FMV - 9	N/A	N/A	Table draft budget to Council for noting	Draft budget tabled to Council		N/A	N/A	Council resolution approving draft budget	CFO
				Table the Final Budget to Council for adoption	FMV - 10	Automated reports Adopted 2013/14 Budget	Target not met Budget approved	Table the final budget for 2014/2015 MTREF to Council for adoption	Final budget for 2014/2015 MTREF is submitted		N/A	N/A	Council resolution adopting the final budget	CFO
			Regular Reports as per s71	**Submit monthly Budget Reports to the Mayor and Treasury	FMV - 11	N/A	N/A	12 Section 71 Reports submitted on time	12 monthly reports submitted		N/A	N/A	Monthly reports submitted to the Executive Mayor	CFO
				**Submit quarterly Budget Report reconciliations to Treasury	FMV - 12	N/A	N/A	4 Section 71 Quarterly Reconciliations signed	Two quarterly Section 71 Reconciliations		The report has been done by treasury but	Will follow up on the report on time.	Proof of submission of reports to Treasury	CFO




DRAFT CONSOLIDATED ANNUAL REPORT




									ons submitted		is late for submission.			
			Mid-Term review as per s72	**Table the Mid-Term Review and Budget Adjustment to Council for adoption	FMV - 13	N/A	N/A	Submit Mid-Term Review and Adjustment Budget to January 2014 Council for approval	Mid year review and adjustment budget submitted to Council		N/A	N/A	Report submitted to the Budget Steering Committee	CFO
To prepare GRAP compliant Annual Financial Statements	Annual Financial Statements	Annual Financial Statements	Prepare GRAP Compliant Financial Statements and Audit Working Paper File	Annual Financial Statements submitted to the Office of the Auditor General and Treasury	FMV - 14	Submitted AFS	AFS compiled	AFS	AFS submitted to AG and Treasury on time		N/A	N/A	Proof of submission from the AG	CFO
To ensure a fair, equitable, transparent competitive and cost effective procurement of	Supply Chain Management	Demand Management	Produce Monthly, Quarterly and Annual SCM Reports	**No of Submied reports to Council	FMV - 15	N/A	N/A	Updated SCM Reports	Monthly, Quarterly SCM reports submtted		N/A	N/A	Quarterly Reports to Council	CFO

DRAFT CONSOLIDATED ANNUAL REPORT




			Produce Reports on Irregular Expenditure as they occur	**No of reports submitted to the Municipal Manager for investigation	FMV - 16	N/A	N/A	4 Reports submitted to M.M	4 quarterly reports on irregular expenditure submitted		N/A	N/A	Quarterly Reports to the Municipal Manager	CFO
			Review SCM Policies	Submit reviewed policies to Council for approval	FMV - 17	Adopted SCM Policy	SCM policy adopted	adopted policy	Policy adopted by Council		N/A	N/A	Council resolution adopting the reviewed policy	CFO
			Maintainanc e of Valid Contracts and Agreements	Service Level Agreements and Letters of Appointment included in contract documents	FMV - 18	Valid Contract and Agreements	Target not met	Vailid contracts and agreements	Contract Register updated and submitted		N/A	N/A	Report to Council on valid contracts	CFO
			Produce performanc e reports of service providers	**Submit quarterly performance reports to Council for oversight	FMV - 19	N/A	N/A	Supplier Performanc e Report	4 quarterly supplier performanc e reports submitted		N/A	N/A	Quarterly supplier performance report submitted to Council	CFO



To ensure that all assets are adequately managed and maintained	Asset management	Asset management	Develop a consolidated Asset Management Strategy	**Submit the strategy to Council for approval	FMV - 20	N/A	N/A	Adopted Asset Mngmnt Plan	Asset Management Plan not developed and approved		Capacity Constraints currently the asset management unit is not functional	MISA has been engaged to start with the strategic process, in the process of developing it	Council resolution adopting the strategy	CFO
			Develop Asset Management Plans for capital assets	**5 Asset Management Plans (Infrastructure, Land and Buildings, Investment Properties, Vehicles, Furniture & Equipment) submitted to Council for approval	FMV - 21	N/A	N/A	Adopted Asset Mngmnt Plan	Asset Management Plan not developed and approved		Variance has been caused by the fact that the plan follows after the strategy and the strategy is not yet finalized.	Therefore the plan will be available a quarter after strategy is finalized.	Council resolution adopting the asset management plan	CFO
			Update and maintain a GRAP compliant Asset Register	Quarterly Asset Register (updated with new asset additions, disposals, replacement, renewal) submitted to Council for oversight	FMV - 22	Completed GRAP compliant register and asset count conducted	Target not met	Update Asset Register	4 Quarterly reports on asset additions submitted		N/A	N/A	Updated asset register	CFO


			Develop Processes for the management of Infrastructure Assets	**Develop Processes for the management of Infrastructure Assets	FMV - 23	N/A	N/A	Documented processes for cross cutting asset management responsibilities submitted to Council for adoption	Process for the management of infrastructure assets not concluded		The presentation session was arranged but the service provider did not provide the required final report	The final project close up session is being arranged with the service provider	Council resolution approving the process	CFO
			Review Asset Management Policy	Reviewed Policy submitted to Council for approval	FMV - 24	Adopted Asset Policy	Asset management policy adopted	Adopted policy	Policy approved by Council		N/A	N/A	Council resolution adopting the reviewed policy	CFO
			Conduct Asset Tracking and Verification	**Perform asset numbering on the system and on the asset and use bar coding to track the location of each asset	FMV - 25	N/A	N/A	Asset Tracking Verification	Report on asset additions verified and bar-coded		N/A	N/A	Report to Council on municipal assets	CFO

To ensure proper expenditure management in terms of approved budget and in line with DORA & National Treasury	Expenditure management	Expenditure management	Establish an expenditure reporting system for CHDM service delivery agents	**Submit quarterly expenditure reports for WSP's and other delivery agents to Council for oversight	FMV - 26	N/A	N/A	12 Monthly Report	12 Monthly expenditure reports submitted		N/A	N/A	Quarterly reports submitted to Council	CFO
			Perform regular reporting on employee costs and councillor remuneration	Submit Quarterly Reports to Council for Oversight	FMV - 27	12 monthly reports	12 monthly reports submitted	12 Monthly Report	12 monthly reports submitted		N/A	N/A	Monthly reports submitted to Council	CFO
			Perform regular reporting on capital expenditure	Submit Quarterly Reports to Council for Oversight	FMV - 28	12 monthly reports	12 monthly reports submitted	12 Monthly Report	12 monthly capital expenditure reports submitted		None	N/A	Quarterly reports submitted to Council	CFO

DRAFT CONSOLIDATED ANNUAL REPORT


			Perform regular reporting on repairs and maintenance expenditure	**Submit Quarterly Reports to Council for Oversight	FMV - 29	N/A	N/A	12 Monthly Report	12 monthly reports submitted		N/A	N/A	Quarterly reports submitted to Council	CFO
			Perform monthly VAT reconciliations so as to ensure compliance with SARS as well as recognise VAT income	Submit monthly reports to Management for discussion	FMV - 30	Vat claimed in accordance with VAT legislation	Target not met	Vat claimed accordance with VAT regulation	Monthly Vat Returns Submitted		N/A	N/A	VAT Recinciliation	CFO
			Perform monthly Creditors Reconciliations	Submit monthly Creditor reconciliation reports to BTO Management meetings for discussion	FMV - 31	Effective implementation of the module and creditors reports	Target not met	Effective implementation of the module and creditors reports	Creditors Reconciliations Submitted		Recons still done manually till the end of the financial year, ongoing consultation is being made with systems administration.	Age analysis has been designed by CFO Support, use that going forward to monitor our creditors	Report submitted to Executive Management	CFO





			Perform regular update of the expenditure component of the Commitment Register	**Submit monthly expenditure reconciliations on capital commitments to BTO Management meetings for discussion	FMV - 32	N/A	N/A	Annual Report	6 monthly reports submitted		N/A	N/A	Quarterly report submitted to Executive Management	CFO
			Maintain a payment register to monitor the 30 day payment turnaround time	**Submit monthly reports on the payment turnaround times per invoice to management for discussion	FMV - 33	N/A	N/A	Annual Report	12 monthly reports on payment age analysis submitted		N/A	N/A	Quarterly report submitted to Executive Management	CFO

			Develop and maintain a project expenditure reporting system	**Submit quarterly projects expenditure reports per department and per project as per IDP to Council for oversight	FMV - 34	N/A	N/A	Annual Report	Report not submitted			To ensure that reports are prepared and submitted on time	N/A	CFO
--	--	--	---	--	----------	-----	-----	---------------	----------------------	---	--	---	-----	-----





KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

WEIGHTING: 20%



Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	2012/2013 Financial Year		2013/2014 Financial Year			Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian
						Annual Target	Year-end Actual	Annual Target	Year-end Actual	Snapshot				
To ensure development of a People Centred 5 Year Credible IDP	Integrated Development Planning	Integrated Planning	Development and Review of 5 yr Integrated Development Plan	Review of the IDP	GGPP - 1	2012/17 (5yr IDP)	2013-14 IDP Review adopted by Council	2014/2015 IDP Review	Adopted 2014-15 Final IDP by Council in May 2014		N/A	N/A	Council Resolution	Director: IPED



To improve co-ordination between CHDM and other stakeholders	Inter-Governmental Relations	Forums	Coordinate sitting of forums	**Number of District Communicators forums held	GGPP - 2	N/A	N/A	4 forums per year	the 4th quarter meeting was held on 12 June 2014		N/A	N/A	attendance register, agenda and minutes	Strategic Manager
				**Number of DIMAFO meetings held	GGPP - 3	N/A	N/A	4 forums per year	2 meetings held for the year		Non adherence to the schedule of meetings	Will ensure that all participants to the meetings understand the importance of adhering to the schedule of meetings	Attendance registers	Strategic Manager
				**Number of Speakers forums held	GGPP - 4	N/A	N/A	4 forums per year	3 meetings held		Non adherence to the schedule of meetings	Joint meeting (Speakers, Chief Whips & MPAC Chairpersons will be held in the 1st quarter	1. Attendance register 2. Reports 3. Invitation	Strategic Manager
				**Number of Chief Whips forums held	GGPP - 5	N/A	N/A	4 forums per year	3 meetings held		Non adherence to the schedule of meetings	Joint meeting (Speakers, Chief Whips & MPAC Chairpersons will be held in the 1st quarter	1. Attendance register 2. Minutes 3. Invitation	Strategic Manager


DRAFT CONSOLIDATED ANNUAL REPORT



				**Number of Technical IGR forums held	GGPP - 6	N/A	N/A	4 forums per year	2 meetings were held		Non adherence to the schedule of meetings	Will ensure that all participants to the meetings understand the importance of adhering to the schedule of meetings	1. Attendance register 2. Minutes 3. Invitation	Strategic Manager
				Number of Sector forums held	GGPP - 7	4 quarterly meetings conducted	4 meetings held	4 forum meetings per structure annually	4 meetings held		N/A	N/A	1. Attendance register 2. Invitation	Strategic Manager
To enhance public participation within the district	Public Participation	Coordination of public participation	To ensure participation of communities in the programmes of the municipality	**Review of the Public Participation Strategy	GGPP - 8	N/A	N/A	Reviewed Public Participation Strategy Adopted	Reviewed public participation strategy adopted by Council		N/A	N/A	1. Council resolution and action plan 2. Public Participation Strategy	Strategic Manager
				**Coordinate the public participation programme of the municipality	GGPP - 9	N/A	N/A	Institution alised public participation programme	Public participation programme developed and implemented		N/A	N/A	1. Attendance register 2. Minutes 3. Invitation	Strategic Manager





DRAFT CONSOLIDATED ANNUAL REPORT



To prevent, mitigate and respond to the effects of disaster and facilitate post disaster recovery	Disaster Management	Public Awareness	Facilitate education and training on disaster management	No of disaster management training programmes conducted	GGPP - 9 - 01	Capacitate councillors' managers and community members, including vulnerable groups	3 training programmes conducted	International Strategy for Disaster Reduction (ISDR) programmes conducted	ISDR held on the 11 October 2013		N/A	N/A	Attendance register	Director: HCS
To manage and coordinate implementation of integrated HIV and AIDS programmes	HIV and AIDS Management	Training	Improve capacity of stakeholders on HIV and AIDS, STI and TB programmes for external stakeholders	No of training programmes on HIV and AIDS and STI's and TB conducted (externally)	GGPP - 9 - 02	3 Training programmes conducted	3 training programmes conducted	3 Training programmes conducted	3 training programmes were conducted		N/A	N/A	Attendance register; Training report to the Standing Committee	Director: HCS

Ensure a functional and institutional customer care services	Customer Care	Centralising Customer Care	To increase customer satisfaction and institutional response	Establish a central customer care service	GGPP - 10	Coordinate consultations with relevant stakeholders to enable integration of customer care services and development of customer care strategy, structure and implementation plan	Target not met	Functional central customer care service	Functional central customer care service not established		Delays in the appointment of the customer care service manager who will drive the process	To ensure that the appointment is concluded early in the new financial year.	N/A	Strategic Manager
To provide quality municipal health and environmental management services	Environmental Health and Management Services and Climate	Public Awareness	Implementation of climate change reduction programmes	**Number of environmental campaigns and environmental days observed	GGPP - 10 - 01	N/A	N/A	4 Awareness campaigns & 4 Environmental days observed	4 campaigns held and 3 international days observed		N/A	N/A	Attendance register; Pictures & report to the standing committee	Director: HCS



	Change													
To prevent, mitigate and respond to the effects of disaster and facilitate post disaster recovery	Disaster Management		Build resilient communities to disasters	No of awareness programmes conducted	GGPP - 10 - 02	Conduct awareness programmes	Target met	48 Awareness campaigns conducted	12 awareness campaigns held per quarter		N/A	N/A	Attendance register; Pictures	Director: HCS



To strengthen good governance	Clean administration	Risk Management	Reduce and mitigate incidents of risks within the institution Improve the internal control environment and audit outcomes	**Updated institutional risk register and risk policy reviewed	GGPP - 11	N/A	N/A	Risk management Strategy and Policy reviewed	Risk management policy adopted by Council 26 February 2014		N/A	N/A	Council Resolution	Strategic Manager
		Internal Audit	Provide Assurance on the effectiveness of controls, risk management and governance processes	Development and Full Implementation of the risk based internal audit plans	GGPP - 12	Review internal audit charter and implement	Internal audit charter has been reviewed and adopted and is implemented accordingly	Full Implementation of the risk based audit plan	Internal audit plan implemented fully		N/A	N/A	Internal Audit reports	Strategic Manager


To achieve an Unqualified Audit Opinion by 2014	Audit Improvement	Audit Improvement	Implement ation of the audit action plan	Coordination of the audit process to ensure improvement in audit outcomes	GGPP - 13	completed and implement ed Audit action plan	Audit action plan in place and implement ed accordingl y	Improvem ent in audit outcomes	Implementat ion of the action plan is ongoing		N/A	N/A	Internal Audit reports	Municipal Manager
Coordinate special programmes of CHDM	Special programmes	Coordination of special programmes	Ensure structures participation of special groups in all municipal programmes	**Adopted SPU and mainstreaming policy	GGPP - 14	N/A	N/A	Council approved SPU and Mainstreaming Policy	mainstreaming Strategy was reviewed on 23 - 24 June 2014		N/A	N/A	Council Resolution	Strategic Manager
				**Commemorate Institutionalised Days	GGPP - 15	N/A	N/A	Eight (8) Institutionalised days Implemented	4 programmes implemented		Unforeseen circumstances such as the Mandela Funeral forced some of the programmes to be abandoned	To ensure that these are implemented in the next financial year	1. Attendance Register 2. Concept document 3. pictures	Strategic Manager
				**Mayors Cup and Sports Development	GGPP - 16	N/A	N/A	2 Mayors programmes and 1 Salga game	Golden games and the Mayors Cup held as well as the SALGA games were held		N/A	N/A	1. Report on programmes 2. Mayor's Cup concept document 3. Photos	Strategic Manager

				**Capacity Buildings campaigns and mobilisation	GGPP - 17	N/A	N/A	2 Training programme s conducted	1 training programm es was held		Delays in the induction of special groups at local level delayed in the implementati on of the programme	To ensure that the programme is fully implemented in the next financial year	Attendance registers	Strategic Manager
Improv e capacit y and deliver y of suppor t service s to local munici palitis throug h central coordin ation, monito ring and evaluati on	Municipal Support	Support Services	Coordinati on, monitoring and evaluation of municipal support Assesment of LM's capacity which will inform clear support programm e	% support provided to LMs as per their requests	GGPP - 18	6 municipalit ies supported	Target met	100%	100% of requests attended to		N/A	N/A	Letters of request Proof of funding Reports	Strategic Manager

Enhance relationships with other countries through implementation of clear policies and twinning/partnership arrangements	International relations	Internal Engagement	Ensure an integrated and coordinated approach to International Relations	**Adopted District IR policy and strategy	GGPP - 19	N/A	N/A	International relation Policy Adopted	IR Policy not adopted by Council		Delays in the hosting of workshops meant that the policy cannot be adopted by Council	Workshop of the policy scheduled for 1st quarter	Draft IR Framework	Strategic Manager
Eradicate crime and corruption	Fight against crime and corruption	Risk Management	Mitigate risk of fraud and corruption through availability and implementation of policies	**Review of fraud prevention plan	GGPP - 20	N/A	N/A	Establishment of Stakeholders Forum on Crime prevention	Draft Fraud Prevention Plan and Declaration of Interest Policy was tabled to Council		Delays in hosting the workshop for stakeholders thus forum could not be established	Requested support from the Office of the Premier and the workshops will be conducted in the 1st quarter	Framework Attendance register	Strategic Manager

Ensure effective and efficient CHDM Oversight function	Strengthening of Oversight Effectiveness	Council oversight	Ensuring effectiveness of oversight functions within the municipality	**Ensure effectiveness of the Council oversight function	GGPP - 21	N/A	N/A	Roles and responsibilities Framework	Roles and responsibilities framework still a draft		Engagements on the framework extended to ensure that stakeholders have a full understanding of the framework	To ensure that the framework is approved in the next financial year	Draft Roles and Responsibilities Framework	Strategic Manager
Strengthen Institutional Performance, planning, monitoring and evaluation	Performance management System	Performance Monitoring and Evaluation	To ensure the availability of a system of accountability and reporting	**Establishment and ensure functional performance management system for the municipality	GGPP - 22	N/A	N/A	Reviewed Performance Management Framework	The approved framework is currently being implemented and an engagement session on the revised policy was held on the 12th and 13th June 2014.		Engagement of stakeholders on the reviewed PMS policy extended to ensure that those to be affected by the cascading of PMS are brought on board	The revised policy to be presented to LLF and Council in the new financial year	Attendance registers	Strategic Manager

Enhance communication with stakeholders and uphold municipal identity and image internally and externally	Communication and marketing	Communication and Marketing	To ensure interfacing and adequate communication and marketing of municipal programmes to communities	**Review communication and marketing strategy action plan	GGPP - 23	N/A	N/A	Adopted Reviewed communication and marketing strategy action plan	Communication and marketing Strategy was adopted by Council		N/A	N/A	Council Resolution	Strategic Manager
				**Marketing and promoting the Chris Hani DM brand	GGPP - 24	N/A	N/A	Review and implementation of the branding manual	Branding manual approved and is being implemented		N/A	N/A	1. Council resolution 2. copy of the advert 3. Copy of annual report	Strategic Manager

				**Compilation of the 2012/2013 Annual Report	GGPP - 25	N/A	N/A	adopted 12/13 Annual report	Annual Report adopted by Council in March 2014		N/A	N/A	Council Resolution	Strategic Manager
--	--	--	--	---	-----------	-----	-----	--------------------------------------	---	---	-----	-----	-----------------------	----------------------

KPA 1: Basic Service Delivery and Infrastructure Development

COMPONENT A

BASIC SERVICE DELIVERY

3.2. Water and Sanitation Provisioning

The Chris Hani District Municipality is a Water Services Authority in all local Municipalities within the district in terms of powers and functions as developed by Municipal Structures Act, 117 of 1998. It therefore tasked with addressing a water services backlog. Water supply in larger towns is treated and subject to operational and compliance monitoring while there are small and remote rural communities whose supplies are seldom monitored.

The DM is a legislated WSA for its entire area of jurisdiction hence it has completed an assessment of alternative water service provision mechanism, as required by Section 78 of Municipal Systems Act. All its 8 local municipalities were Water Service Providers but CHDM Council has resolved to take back the function of Water Provision due to various challenges experienced and this has in fact been agreed upon and a Council resolution is in place in that regard. Prior to this Council decision strong and healthy relationships with the LMs had resulted in the appointment of critical and technical staff that were deployed to different LMs. These people have assisted in strengthening LM's water service provider staff and also ensured that staff inherited from Department of Water Affairs is managed at the LM level. This has also resulted in the improvement of the operational budget expenditure and vehicles and trucks amounting to R27 million were purchased. As a result an improved customer care relation and limited downtime has been observed. By due to the taking back of the function these staff deployed will be further absorbed through a clear HR system and be amalgamated to the staff of the district. This is in fact a process and will be managed by all parties involved.

COMPONENT B

PLANNING AND DEVELOPMENT

3.3. Local Economic Development

In the 2013/14 Financial Year, the Chris Hani District Municipality (CHDM) Regional Economic Development Strategy (REDS), which was developed through an extensive consultative process with stakeholders in the district, was reviewed.

The review and revision of the Chris Hani Local and Regional Economic Development Strategy builds upon the success of previous work, adding new insights and understanding that has resulted from discussions with key stakeholders, business representatives and partners through structures organised by the IPED Directorate of Chris Hani District Municipality.

The strategy has been revised significantly and has gone through a number of different versions, each of which has taken into consideration the detailed inputs made by key stakeholders, and specifically those of the CHDM councillors and officials.

The CHDM REDS Strategy is necessary to reflect the changed economic conditions, and development priorities of the Chris Hani District Municipality, as identified in broad terms within the CHDM IDP 2013-2014.

Economic growth has until recently been enjoyed since the early 1990s but the context has changed considerably through a series of crises hitting the world's financial systems, deeply affecting global, national and local economies, including the 2008 global recession.

Whilst the causes of the crisis were beyond the direct control of the municipality, the REDS Strategy needs to be reviewed in order to ensure that resources are adjusted to provide a timely, flexible and effective response to minimize the impact upon people and businesses within the CHDM.

High aspirations and demand for growth remains, and there is now also a changed national political context, new policy positions through the New Growth Path, Industrial Policy Action Plan and the National Development Plan to inform our understanding and shape our thinking going forward. Significantly, we have a unique opportunity and focus to deliver economic growth through the proposed "Special Economic Zone", which is planned to focus on manufacturing and agro-processing through trade liberalization.

Against a volatile economic background, the REDS Strategy and effective partnerships will have an important role to play, ensuring that resources are co-ordinated and that priorities can be agreed towards achieving the municipality's vision.

Economic Activity by Sector			
			R '000
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226.5	236.5
			T 3.11.2

Economic Employment by Sector			
			Jobs
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	20 000	25 000	30 000
Mining and quarrying	400 000	435 000	372 000
Manufacturing	320 000	300 000	270 000
Wholesale and retail trade	190 000	200 000	210 000
Finance, property, etc.	275 000	255 000	235 000
Govt, community and social services	300 000	310 000	320 000
Infrastructure services	400 000	430 000	450 000
Total	1905000	1955000	1887000
			T 3.11.3

Sectors with a relative comparative advantage on which to build include: Manufacturing; Mining; Business tourism; Leisure tourism; and Retail and business services. The broadly defined agriculture sector and the timber production and related value-adding activities were clearly identified as the sectors which have the most economic development potential in the district.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				

Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
T 3.11.5				

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year -2	40	2 000
Year -1	50	2 900
Year 0	66	4 500
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9	1	1	1	0	
10 - 12	5	6	6	0	
13 - 15	2	2	2	0	
16 - 18	3	3	3	0	
19 - 20					
Total	11	12	12	0	
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</p> <p>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.11.8</p>					

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.11.9					

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.11.10					

Through the facilitation and coordination of the Tourism Development Programmes, the following was achieved:

- CHDM assisted six Bed and Breakfasts (B&B's) in Engcobo Municipality with furniture and equipment. The support will enable accommodation establishments to be graded by the Tourism Grading Council of South Africa
- Cala Bed and Breakfast was also assisted with furniture and equipment. The support will enable the establishment to operate and to date the establishment is currently sitting on 40% occupancy rate
- 16 designers and 12 crafters were assisted with material and equipment. They showcased their product at a recently-held, very successful Fashion and Exhibition Show. Three crafters that were assisted received an invite to exhibit in Houston, Texas at the 360 Vanishing Art Exhibition

- ✚ A new Board for Chris Hani Area Regional Tourism Organisation (CHARTO) was elected during an Annual General Meeting that was held at Queens Casino. Marketing and Human Resource Plan with clear Action Plan has been developed by the organization
- ✚ Six (6) out of eight (8) Local Tourism Organisations have been established. They have been funded through CHARTO
- ✚ Marketing and Branding Tools have been reviewed with a new look and feel having been developed. A new exhibition stand has been designed. Chris Hani District Municipality show-cased the tourism destination brand “*Eastern Cape Midlands*” at the Beeld Show, The Gateway show and the Tourism Indaba
- ✚ Chris Hani in collaboration with Inxuba Yethemba Municipality and the Cradock 200 Committee successfully hosted the EP Kings vs Free State Cheeters Vodacom rugby match on Saturday 29 March 2014. Over 1000 people packed the Cradock Stadium to witness this event. This event is part of Cradock town’s celebration of 200 years since its establishment

COMPONENT C

COMMUNITY AND SOCIAL SERVICES

3.4. Cemeteries and Crematoriums

Whilst largely the municipality does not have a specified role to play within the Community and Social Services Section (these are largely local municipality and provincial competencies), the District Municipality has a role to play in as far as inspection and certification of funeral parlours and also, where the need arises, conduct pauper burials.

COMPONENT D

ENVIRONMENTAL PROTECTION

Environmental Management Services strives to ensure realization of Section 24 of the Constitution wherein it is stated that ‘*everyone has the right to an environment that is not*

harmful to their health or well-being; and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation, ensuring conservation and ecologically sustainable development and use of natural resources’. This section of the report will look into waste management initiatives, climate change interventions, greening and beautification, and other related environmental programmes.

COMPONENT E

HEALTH

3.5. Health Inspection: Food and Abattoir Licensing and Inspection

The Environmental Health Practitioners’ are responsible for ensuring food safety in respect of Acceptable Microbiological and Chemical Standards. This is implemented by taking food samples for testing on a month-to-month basis to ensure quality of all food for human consumption and optimal hygiene control throughout the food supply chain.

- During this financial year, 600 food samples were collected for analysis. Of these, 226 failed to meet the acceptable Standards Regulation 692 and Regulation 1555 respectively due to poor hygiene practices by Food Handlers. Health and hygiene awareness campaigns were conducted in the affected food premises in an attempt to deal with this health problem by raising levels of awareness and also promote good health and hygiene practices. These campaigns are ongoing and the positive impact of these efforts is yielding results as there are no incidents of food poisoning cases that have been reported.

Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	0	0	0	0	
7 - 9	8	8	8	0	
10 - 12	29	29	29	0	
13 - 15	4	4	4	0	
16 - 18	2	2	2	0	

19 - 20					
Total	43	43	43		
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</p> <p>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.19.4</p>					

Financial Performance Year 0: Health Inspection and Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p> <p>T 3.19.5</p>					

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<p>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</p> <p>T 3.19.6</p>					

COMPONENT F

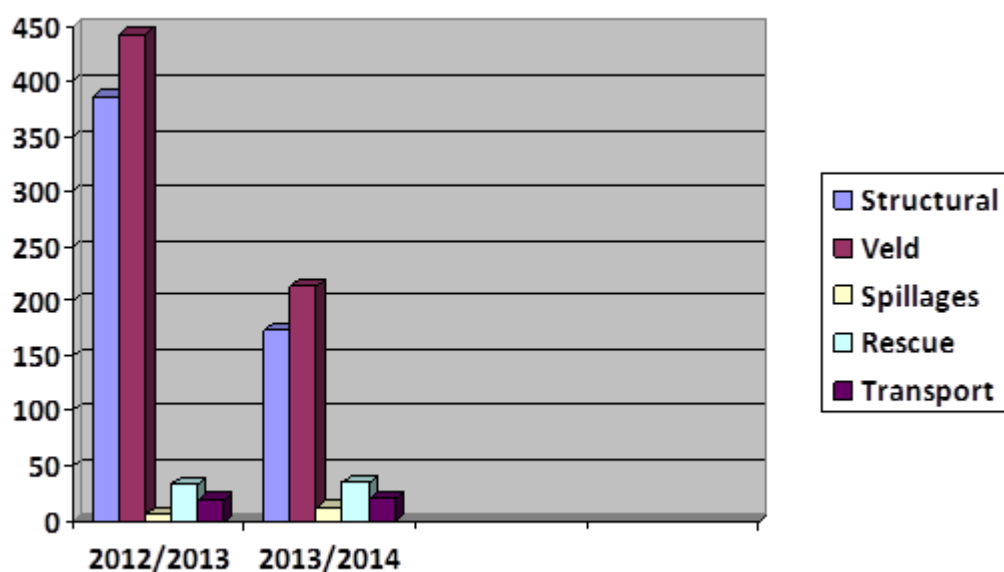
SAFETY AND SECURITY

3.6. Fire

This service is performed as stipulated in the prescript of law and even beyond that scope due to the fact that other local municipalities within the district are not fully capacitated in terms of the human capital and financial resources to render the service optimally.

Since the beginning of this financial year to-date, the following activities were rendered in spite of our minimal resources:

ACTIVITIES	NUMBER OF INCIDENTS ATTENDED TO IN 2012/2013	NUMBER OF INCIDENTS ATTENDED TO IN 2013/2014	MITIGATING MEASURES
Structural fires	387	173	Fire-safety programmes were administered throughout the district.
Veld fires	443	213	Education awareness campaigns were conducted to almost all the farmers within the district on fire breaks. As a way of sustaining the programme, bush beaters were supplied to them to combat fires in its initial stages
Spillages/Hazmat (hazardous material)	6	12	Companies using our roads within the district are continually being informed on fire safety precautionary measures in order to avoid unnecessary spillages that could have been avoided.
Rescue	33	35	Relationships have been strengthened between CHDM, local and provincial traffic departments in an attempt to increase visibility of officers.
Transport fires	20	21	



Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	0	1	1	0	
Other Fire Officers					
0 - 3					
4 - 6					
7 - 9	8	8	8	0	
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	8	9	9	0	

Financial Performance Year 0: Fire Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Fire fighters					
Other employees	125	244	250	248	2%

Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Capital Expenditure Year 0: Fire Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.21.6

In conclusion, the incidents have decreased significantly in comparison with the previous financial year. This can only be attributed to the mitigating strategies that are employed by the department on a day to day basis. In the next financial year, the department shall further intensify the fire services programmes by capacitating local municipalities with much needed resources to perform the service in an efficient and effective manner.

3.7. Disaster Management

CHDM is prone to disasters. They occur at a rapid and catastrophic rate mainly because of climate change and global warming which continues to confront our communities, especially the less privileged.

- In response to the challenges, CHDM adopted a Disaster Management Plan guided by the Scientific Risk Assessment Plan that was adopted by the Council in the previous financial year. Furthermore, the Council conducted 48 awareness campaigns on risk reduction strategies as an attempt to minimise and mitigate the effects of climate change. All these efforts have placed the CHDM in a position of receiving the “Vuna Award” for best disaster management systems.

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12	1	4	3	1	
13 - 15	1	1	1		
16 - 18	1	1	1	0	
19 - 20					
Total	3	6	5	1	

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc

R'000

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Capital Expenditure Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc

R' 000

Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.22.6

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A

INTRODUCTION TO THE MUNICIPAL PERSONEL

Chapter 7 Section 51 of the Municipal Systems Act 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, sec 67(1) of the MSA compels the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

The strategic objective of the department is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies.

4.1. Employee Totals, Turnover and Vacancies

Employees					
Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	136	160	113	47	29
Waste Water (Sanitation)	2	2	2	0	0
Electricity					
Waste Management					
Housing	1	1	1	0	0
Waste Water (Storm water Drainage)					
Roads	56	89	50	39	43
Transport	6	7	6	1	14
Planning (Integrated Development)	2	3	2	1	33
Local Economic Development	5	5	5	0	0
Planning (Strategic & Regulatory)	18	26	17	9	34
Community & Social Services	8	11	9	2	18

DRAFT CONSOLIDATED ANNUAL REPORT

Environmental Protection (Municipal Health & Environmental Management)	41	41	41	0	0
Health (Emergencies)	17	20	18	2	10
Security & Safety	8	9	8	1	11
Sport and Recreation					
Corporate Policy Offices and Other	87	154	127	27	17
Totals	387	528	399	129	24
<i>Headings follow the order of services set out in Chapter 3. Services totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram</i>					<i>T 4.1.1</i>

Vacancies Rate			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (As a proportion of total post in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Posts (excluding Finance Posts)	5	0	0
Other S57 Posts (Finance Posts)	0	0	0
Police Officers	n/a		
Fire Fighters	8	0	0
Senior Management Levels 14 - 17 (excluding Finance Posts)	40	12	30%
Senior Management Levels 14 - 17 (Finance Posts)	9	4	44%
Highly Skilled Supervision Levels 9 – 13 (excluding Finance Posts)	167	16	12%
Highly Skilled Supervision Levels 9 -13 (Finance Posts)	30	15	50%
Totals	261	47	18
<i>Note: *For post which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. Senior Management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days</i>			<i>T 4.1.2</i>

Turn Over Rate			
Details	Total Appointments as of beginning of Financial Year 2013/14 No.	Terminations During the Financial Year 2013/14 No.	Turn-over Rate*
Year -2	19	31	8.01
Year -1	39	41	10.59

Year 0	43	24	6.00
<i>*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts in the beginning of the year</i>			<i>T 4.1.3</i>

For the year under review, the institution experienced a level of stability particularly at senior management level in that all of the Section 57 management positions were filled. However, given the location of the district, it remains a challenge in terms of retaining skilled employees at lower levels. To address this situation, the municipality has put in place a comprehensive retention strategy which will ultimately address these challenges.

COMPONENT B

MANAGING THE WORKFORCE

Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. Tabulated below are the policies that are in place:

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%		
2	Attraction and Retention	100%		26 February 2014
3	Code of Conduct for employees	100%		
4	Delegations, Authorisation & Responsibility (Supply Chain Management Policy)	100%		30 June 2014
5	Disciplinary Code and Procedures	100%		SALGBC Main Collective Agreement on Conditions of Services
6	Essential Services			
7	Employee Assistance / Wellness	100%		25 June 2014
8	Employment Equity			
9	Exit Management			
10	Grievance Procedures	100%		SALGBC Main Collective Agreement on Conditions of Services
11	HIV/Aids Workplace	100%		26 Feb 2014
12	Human Resource and Development	100%		27 May 2009

13	Information Technology	100%		26 Feb 2014
14	Job Evaluation	100%		25 June 2013
15	Leave and Attendance	100%		25 June 2013
16	Occupational Health and Safety	100%		26 Feb 2014
17	Official Housing			
18	Subsistence and Travelling			26 Feb 2014
19	Bereavement	100%		25 June 2014
20	Overtime	100%		27 May 2009
21	Organisational Rights	100%		SALGBC Main Collective Agreement on conditions of services
22	Payroll Deductions			
23	Performance Management and Development	100%		
24	Recruitment and Selection	100%		25 June 2013
25	Remuneration Scales and Allowances	100%		South African Local Government Bargaining Council
26	Relocation	100%		25 June 2013
27	Sexual Harassment	100%		27 May 2009
28	Skills Development	100%		26 Feb 2014
29	Smoking	100%		27 May 2009
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Other: Employee Assistant Study Bursary			
Use name of local policies if different from above and at any other HR policies not listed.				
				T 4.2.1

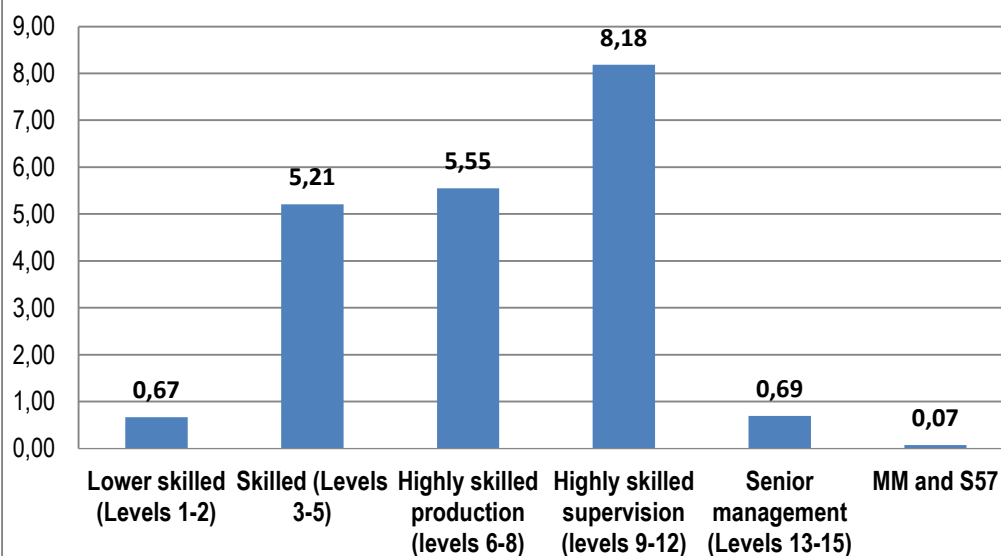
Whilst a number of policies have been developed and/or reviewed, some remain obsolete and hence need revision. Resources will be allocated in the next financial year to ensure that these are attended to as per the plan of the municipality for the next year.

4.2. Injury, Sickness and Suspension

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	none	none	none	none	1619
Temporary total disablement	none	none	none	none	0
Permanent disablement	none	none	none	none	0
Fatal					
Total	0	0		0	1619
					T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	250	19%	11	11	0.67	
Skilled (Levels 3-5)	1953	13%	105	105	5.21	
Highly skilled production (levels 6-8)	2081	19%	85	86	5.55	
Highly skilled supervision (levels 9-12)	3068	23%	156	155	8.18	
Senior management (Levels 13-15)	260	55%	35	11	0.69	
MM and S57	28	57%	4	7	0.07	
Total	7640	31%	396	375	20.37	0
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						
						T 4.3.2

Average Number of Days Sick Leave (excluding IOD)



Number and Period of suspensions				
Position	Nature of alleged misconduct	Date of Suspension	Details of disciplinary action taken or status of case and reasons why not finalised	Date finalised
		Not Applicable for the year under review		

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of alleged misconduct and value of any loss to the municipality	Disciplinary action taken	Date finalised
		Not Applicable for the year under review	

For the financial year under review, there were no suspensions and/or any cases of discipline instigated against any member of staff.

4.3. Performance Rewards





The municipality has, as a response to the call by municipal council, set in place a process of cascading performance management to levels below Section 57 management. During the year under review, intensive engagements with all affected stakeholders were undertaken and a draft policy to deal with performance management was developed. It is anticipated that early in the next financial year, the policy will be adopted by council and implemented accordingly. Therefore, no performance bonuses were awarded for the year under review for lower level employees. With respect to Section 57 managers (including the municipal manager), once the final annual report has been approved by council, a formal process of assessing the performance of these managers will ensue after which panel recommendations on the awards will be submitted to council for consideration.

COMPONENT C

CAPACITATING THE MUNICIPAL WORKFORCE

Work Place Skills Development Plan was adopted by Council for the current financial year and is currently being implemented up until end April 2015.

The Municipality also implemented a number of skills development-related programmes, which include:

-  Implementation of the Workplace Skills Plan 2013/14;
-  Internships Programme
-  Study Assistance Programme
-  National Treasury Minimum Competency Requirement

The Internships programme provided graduates with practical learning experience from communities within Chris Hani area of jurisdiction. The Internship programme was made possible by the Engineering Department through the Expanded Public Works Programme.

The municipality has implemented its approved Workplace Skills Plan in the previous financial year. One hundred and nine [108] employees have received training within this financial year at a cost of R 1284779.04. A total of twenty seven [27] training interventions were implemented.

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	3								2			2	
	Male	4								1			1	
Councillors, senior officials and managers	Female	20				9	13	15		8	11		21	26
	Male	31				5	11	19		5	12		16	31
Technicians and associate professionals*	Female	18						5		3			3	5
	Male	59					4	4		4			8	4
Professionals	Female	42				15	10	37					10	37
	Male	39				12	11	24					11	24
Sub total	Female	83				24	23	57					36	92
	Male	133				17	26	47					36	35
Total		216	0	0	0	41	49	104	0	23	23	0	72	127
*Registered with professional Associate Body e.g CA (SA)														T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	0
Chief financial officer	1	0	1	1	1	1

DRAFT CONSOLIDATED ANNUAL REPORT

Senior managers	29	0	29	16	0	16
Any other financial officials	17	0	17	3	0	3
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	1	0
TOTAL	49	0	49	21	3	21

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* T 4.5.2

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	3			1650000	1034559			1650000	1034559
	Male	4								
Legislators, senior officials and managers	Female	20								
	Male	31								
Professionals	Female	42								
	Male	39								
Technicians and associate professionals	Female	18								
	Male	59								

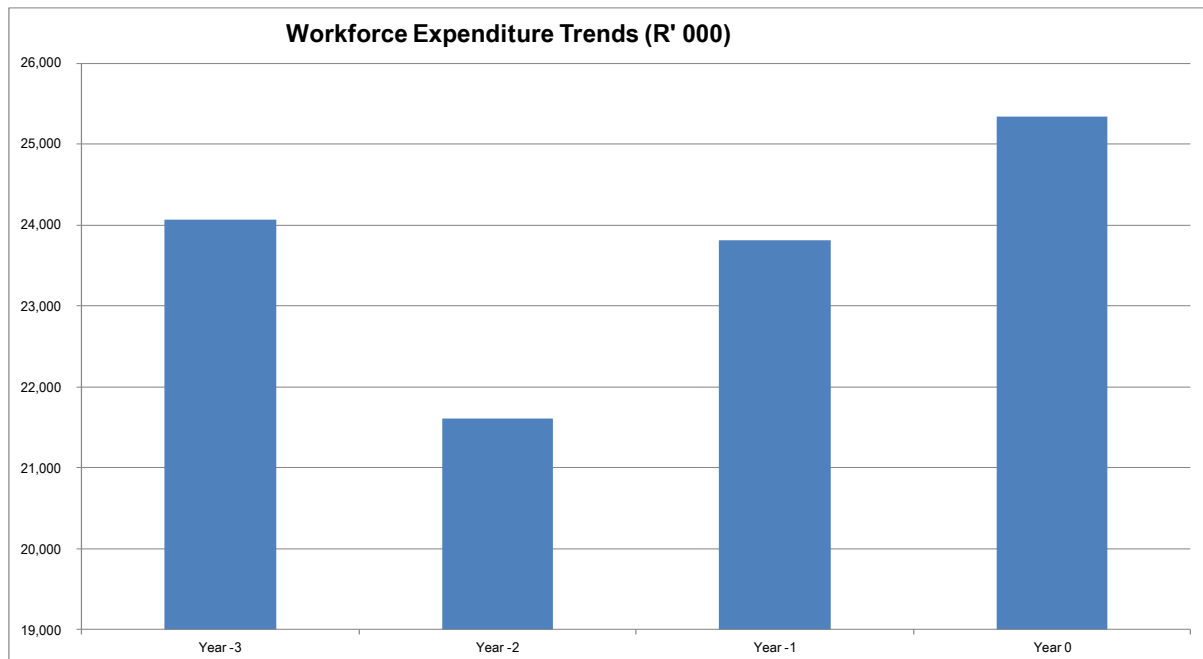
Clerks	Female	72								
	Male	16								
Service and sales workers	Female	15								
	Male	18								
Plant and machine operators and assemblers	Female									
	Male	20								
Elementary occupations	Female	18								
	Male	63								
Sub total	Female	188			1650000	1034559			1650000	1034559
	Male	250								
Total		438	0	0	1650000	1034559	0	0	1650000	1034558.68
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
										T4.5.3

COMPONENT D

MANAGING WORKFORCE EXPENDITURE

The Chris Hani District Municipality has made considerable efforts to ensure that the expenditure on workforce does not exceed the acceptable norm as determined by National Treasury. As such, the expenditure on employees as a percentage of the total budget for the year remains below the 35% threshold. This suggests that the municipality has the ability to maintain the staff complement it needs whilst not compromising on the expenditure on service delivery.

4.4. Employee Expenditure



The table above provides an indication of the trends in employee expenditure.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Level 1 -2)	Female	0
	Male	0
Skilled (Level 3 -5)	Female	4
	Male	8
Highly skilled production (Level 6 – 8)	Female	10
	Male	9
9 - 13	Female	27
	Male	50
	Female	15

Senior management (level 14 – 17)	Male	15
MM and S57	Female	n/a
	Male	n/a

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job Evaluation	Remuneration level	Reason for Deviation
Lower Level	14	TASK GRADE 1 - 2	67207.00 – 75668.00	
Skilled	84	TASK GRADE 3 - 5	70450.00 – 102977.00	
Highly Skilled	63	TASK GRADE 6 - 8	93 656.00- 165 465.00	
Specialized	54	TASK GRADE 9-13	143516.00 – 329161.00	
Senior Management	2	TASK GRADE 14 - 17	285506.00 – 581590.00	

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist

Not Applicable for the year under review

T 4.6.4




A process of grading all positions within the municipality was undertaken and consequently, all positions within the institution are graded. A further process of auditing the results of this process was undertaken with a view of ensuring that those employees that had issues with the outcomes were adequately addressed. The outcomes of this audit confirmed the results and the institution remains committed to the process of transformation and development.

On an annual basis, all employees and councillors are required, in terms of law, to disclose any interests they may have. This process was conducted in July 2013 and all employees, inclusive of councillors, have declared their interests.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 INTRODUCTION TO FINANCIAL PERFORMANCE

This chapter contains information regarding financial performance of the Chris Hani District Municipality and highlights specific accomplishments. This chapter comprises of three components viz.;

-  Component A: Statement of financial performance;
-  Component B: Spending against capital budget; and
-  Component C: Other financial matters.

The Municipal Finance Management Act 56 of 2003 (MFMA) prescribes that the Council of a municipality must for each financial year approve an Annual Budget for the municipality before the start of that financial year. Section 16 (2) of the same Act stipulates that in order for the municipality to perform what is prescribed, the Mayor of the municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the financial year. The processes involved during the 90 day period enable transparent engagements amongst the Communities, Councillors, the Executive and Administration to finalize the budget. The consultative and Public Participation processes also promote oversight over the adoption and implementation of the budget.

The departmental budget statements provide Council with information on how different departments within Chris Hani District Municipality (CHDM) intend to spend the funds that will be appropriated by Council, to enable Council and communities keep departments accountable for their delivery commitments contained in the Service Delivery Budget Implementation Plans (SDBIP) and to ensure that Council Committees effectively perform their oversight functions. This section of the report, therefore, gives an account of the income and expenditure trends of the municipality for the financial year under review

Inflationary Trends

The cost of providing services is influenced by trends in the infrastructure industry, inclusive of inflation. The projected consumer price indices for the 2015 financial year are stipulated in the National Treasury Circular 70. The CPI projections for 2015, 2016 and 2017 financial years are 5.6, 5.4 and 5.4 respectively. The minimum wage for 2014 will be R 4 927.

The maximum medical aid increase will be 50% of the percentage increase of CPI + 1.25. A provision of 12% increase for medical aid will be reasonable.

The wage and salary cost of living adjustments are proposed at 6.8 % for 2014 (5.8 +1). Because of the negotiation processes as part of bargaining processes, it is proposed that the municipality provides for a 7.5% increase after the improvement of service conditions associated with closing the gap between top management and staff. A maximum of 6% increase on other expenses will suffice as the CPI of 5.4 is within this limit.

Performance bonuses for the municipal manager and managers reporting to the municipal manager range from 5 to 14 percent of total remuneration. A provision of 10% will suffice since there have been no bonus payment trends recently in excess of 10%.

The Eskom electricity increases have been approved at 7.39% by NERSA. This has the effect of limiting the costs influenced by the electricity inputs to the water and sanitation plants. The Engineering and Finance departments are encouraged to grow through the infusion of internships in their organisational structures. Phasing out of the clerk occupational category will provide more and better opportunities for internship contracts. For the effectiveness of internships, at least two year contracts are proposed inclusive of the EPWP element.

It is a common practice amongst the educational institutions such as universities of technology and FET Colleges to require experiential training for their students. It is advised that the municipality provides opportunities for such training in areas of excellence relevant for the business of the municipality. Collection rate at each municipality is not conducive for financial viability and sustainable services. Municipality has conducted an internal study to address the Viability of institution where a strategy on Revenue Enhancement has been developed. This will inform the municipality on ways of addressing recovery and enhancing revenue through collection, billing and so on.







COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.2 INTRODUCTION TO FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.




5.2.1. Revenue Management

Chris Hani District Municipality is 100% Grant dependent. Our major source of revenue is on water a service which is seconded to our 8 local municipalities to be providers of water services. The local municipalities are not collecting in the previous financial year are collection rate was sitting at 30% which is very low. We have received a support from COGTA through their Municipal Infrastructure Support Agency (MISA) which is assisting us in reviewing our revenue enhancement strategy which will be implemented in 2014/15 financial year to ensure that we assist the Water Service Provider to improve revenue collection. Collection rate at each municipality is not conducive for financial viability and sustainable services. This will inform the municipality on ways of addressing recovery and enhancing revenue through:

-  Billing;
-  Enforcement of By –laws;
-  Data Cleansing;
-  Review and implementation of revenue related policies;
-  Management of indigent consumers; and
-  Installation of Meters

The major sources of revenue consist of:

Operational Grants

-  Equitable Share;
-  Finance Management Grant (FMG);
-  Municipal Systems Improvement Grant (MSIG);

- ✚ Expanded Public Works Programme (EPWP); and
- ✚ Rural Roads Asset Management Grant

Other Operational Programs

- ✚ Roads Subsidy;
- ✚ Working for Water; and
- ✚ Lapesi Program

Capital Grants

- ✚ Municipal Infrastructure Grant (MIG);
- ✚ Regional Bulk Infrastructure Grant (RBIG);
- ✚ Municipal Water Infrastructure Grant (MWIG);
- ✚ Rural Household Infrastructure Grant (RHIG); and
- ✚ Water Services Operating Grant (WSOG)

Other Capital Programs

- ✚ Accelerated Community Infrastructure Program (ACIP); and
- ✚ Department of Housing Unblocking Program

There are other incomes sources which are not significant are listed below

- ✚ Interest from investment; and
- ✚ Rental Income

5.2.2. Water and Sanitation Tariffs

Water tariffs are derived from the amount provided per household for free basic services on the basis of consumption of 6 kl per month. The amount is R 93.09 per month and the tariff per kl is R 15.52. A stepped-up tariff is proposed according to the categories and consumption levels reflected in the table below.

Sanitation and wastewater tariffs cannot be metered and should therefore be based on the flat rate of R 76.00 per month. For commercial, business, agricultural and industrial use; the cost of wastewater will have a stepped up tariff of 4 kl with every 6kl of consumption. A tariff of R12.67 per kl of consumption will be levied in addition to the water tariffs for these categories of consumers.

Water Tariffs				Sanitation Tariffs	
Industrial and Agriculture					
Level of Consumption(kl)	Tariffs 2013/2014	Tariffs 2014/2015	Percentage increase	Level of Consumption(kl)	Tariffs 2014/2015
0-6	14.41	15.52	0.08	0-4	19.00
6-15	18.01	19.40	0.08	4-15	23.75
15-25	22.52	24.25	0.08	15-25	29.69
25-40	28.14	30.31	0.08	25-40	37.11
40-500	42.22	37.89	-0.10	40-500	46.39
>500	84.43	47.36	-0.44	>500	57.98
Average Tariff					
Institutions					
Level of Consumption(kl)	Tariffs 2013/2014	Tariffs 2014/2015	Percentage increase	Level of Consumption(kl)	Tariffs 2014/2015
0-6	14.41	15.52	0.08	0-4	19.00
6-15	18.01	19.40	0.08	4-15	23.75
15-25	22.52	24.25	0.08	15-25	29.69
25-40	28.14	30.31	0.08	25-40	37.11
40-500	42.22	37.89	-0.10	40-500	46.39
>500	84.43	47.36	-0.44	>500	57.98
Average Tariff					
Mixed Use (excluding Industrial and Agriculture)					
Level of Consumption(kl)	Tariffs 2013/2014	Tariffs 2014/2015	Percentage increase	Level of Consumption(kl)	Tariffs 2014/2015
0-6	14.41	15.52	0.08	0-4	19.00
6-15	18.01	19.40	0.08	4-15	23.75
15-25	22.52	24.25	0.08	15-25	29.69
25-40	28.14	30.31	0.08	25-40	37.11
40-500	42.22	37.89	-0.10	40-500	46.39
>500	84.43	47.36	-0.44	>500	57.98
Average Tariff					
Business and Commercial					
Level of Consumption(kl)	Tariffs 2013/2014	Tariffs 2014/2015	Percentage increase	Level of Consumption(kl)	Tariffs 2014/2015
0-6	14.41	15.52	0.08	0-4	19.00
6-15	18.01	19.40	0.08	4-15	23.75
15-25	22.52	24.25	0.08	15-25	29.69
25-40	28.14	30.31	0.08	25-40	37.11
40-500	42.22	37.89	-0.10	40-500	46.39
>500	84.43	47.36	-0.44	>500	57.98

Average Tariff					
Domestic					
Level of Consumption(kl)	Tariffs 2013/2014	Tariffs 2014/2015	Percentage increase	Level of Consumption(kl)	Tariffs 2014/2015
0-6	14.41	15.52	0.08	0-4	19.00
6-15	18.01	19.40	0.08	4-15	23.75
15-25	22.52	24.25	0.08	15-25	29.69
25-40	28.14	30.31	0.08	25-40	37.11
40-500	42.22	37.89	-0.10	40-500	46.39
>500	84.43	47.36	-0.44	>500	57.98
Average Tariff					
Availability Charge					
Categories	Monthly Fee	Tariffs 2014/2015	Percentage increase		
Domestic	43.23	46.69	0.08		
Unmetered	129.68	140.05	0.08		
Commercial and Business	129.68	140.05	0.08		
Institutions	129.68	140.05	0.08		
Industrial and Agriculture	129.68	140.05	0.08		

TABLE 55: Water and Sanitation tariffs

Free Basic Services

The working definition of beneficiaries for free basic services is poor households with a total household income below R 2 680 per month. These households are the beneficiaries of the basic services component of the equitable share allocation and as such will receive water subsidies of R 930.03 and sanitation services to an amount of R 76.00 per month.

All the other households are excluded from this definition of free basic services beneficiaries. This working definition is provided in the Division of Revenue Bill, 2014 and explained in the formula for the equitable share allocations for municipalities. There seems to be coincidence in this regard between the indigent subsidies and free basic services subsidies.

Council will need to decide on the level of services provided to the free basic services beneficiaries that are not inferior and are sustainable. The unintended consequences of these service levels include disparities between the different population groups, between urban and rural as well as the tendency to provide the services free to all households irrespective of income levels.

A sustainable solution is to provide access to 750 litres per household per day inside the dwelling or yard. When all households receive a reliable water service, then they will fund the

provision of sanitation at the level of septic tanks until the municipality is ready to roll out the sanitation network. This solution requires Council to decide on the designs of bulk water schemes, the reticulation schemes, the wastewater treatment plants, the types of water meters used and the toilet facilities permitted to be installed by the households. Different options are available as described in the Free Basic Services Regulations published by the Water Research Commission.

5.2.3. Financial Reporting and Budgeting

Financial Reporting is done on a monthly basis internally to the Finance, Audit, Mayoral and Council Committees, externally the finance reporting is made to National Treasury and the various transferring departments like COGTA, DWA, Department of Roads and Transport and any other departments that we are performing agency functions for. In the previous years we have encountered a lot of challenges when it comes to financial reporting but that has since been resolved with the assistance from National Treasury through their CFO support program which has assisted in eradicating the backlog we had on financial reporting and constant training on reporting performed by Provincial Treasury office in the district.

Municipal budget is the annual financial plan of revenue and expenditure of local government units, revenues and expenditures of budgetary establishments, auxiliary units, etc. It is passed in the form of a budget resolution. Construction of the contents of the budget is determined by a team of budgetary principles, among which the most important are the principles: unity, transparency, anteriority, balance, detail.

There are 5 Directorates (Budget & Treasury, Technical Services, Primary Health, and Environmental Health & Disaster Management) within the District Municipality. Each Directorate is allocated funds in the budget, the Directors are responsible to manage their allocated funds and accuracy is maintained.

In terms of budgeting all the budget related policies have been reviewed and approved by council. In terms of the Budget Framework Plan we are implementing according to the plan but what still need to be strengthened is the consultation of stakeholders so that we can get more although there is a budget steering committee which is in place and functional. We are also preparing budget as per the National Treasury guidelines and templates.

Tabulated below is a demonstration of the performance of the municipality against the approved budget for the financial year under review:

5.1.1. Statements of Financial Performance

Description	Year 0										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Out of Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
Financial Performance											
Property rates	–	–	–			–	–		–	0	
Service charges	322,000	–	322,000			322,000	–		(322,000)	0	
Investment revenue	16,999	–	16,999			16,999	25,984		8,985	152.9%	
Transfers recognised - operational	452,897	16,500	469,397			469,397	483,194		13,798	102.9%	
Other own revenue	455	–	455			455	15,498		15,043	3406.1%	
Total Revenue (excluding capital transfers and contributions)	792,350	16,500	808,850			808,850	524,676		(284,175)	64.9%	
Employee costs	217,454	(45,208)	172,246			172,246	134,215		(38,031)	77.9%	
Remuneration of councillors	7,812	168	7,980			7,980	8,532		553	106.9%	
Debt impairment	–	–	–			–	(2,158)		(2,158)	0.0%	
Depreciation & asset impairment	90,000	–	90,000			90,000	91,222		1,222	101.4%	
Finance charges	–	–	–			–	126		126	#DIV/0!	
Materials and bulk purchases	10,153	–	10,153			10,153	13,322		3,169	131.2%	
Transfers and grants	149,710	–	149,710			149,710	144,261		(5,449)	96.4%	
Other expenditure	312,705	67,589	380,294			380,294	325,721		(54,573)	85.6%	
Total Expenditure	787,834	22,549	810,383			810,383	715,241		(95,142)	88.3%	
Surplus/(Deficit)	4,516	(6,049)	(1,533)			(1,533)	(190,565)		(189,033)		
Transfers recognised - capital	529,989	7,115	537,104			537,104	554,838		17,734	103.3%	
Contributions recognised - capital & contributed assets	–	–	–			–	7,873		7,873		
Surplus/(Deficit) after capital transfers & contributions	534,506	1,066	535,572			535,572	372,146		(163,426)	69.5%	
Share of surplus/ (deficit) of associate	–	–	–			–	–		0	0	
Surplus/(Deficit) for the year	534,506	1,066	535,572			535,572	372,146		(163,426)	69.5%	
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised - capital	520,490	7,115	527,605			527,605	481,893		(45,711)	91.3%	
Public contributions & donations	–	–	–			–	–		–	0.0%	
Borrowing	–	–	–			–	–		–	0.0%	
Internally generated funds	9,157	330	9,487			9,487	3,716		(5,771)	0.0%	
Total sources of capital funds	529,647	7,445	537,092			537,092	554,838		17,747		
Cash flows											
Net cash from (used) operating	624,506	1,065	625,571			625,571	527,675		(97,896)	84.4%	
Net cash from (used) investing	(529,647)	(7,445)	(537,092)			(537,092)	(485,610)		51,482	90.4%	
Net cash from (used) financing	–	–	–			–	–		–	#DIV/0!	
Cash/cash equivalents at the year end	393,873	(6,379)	387,494			387,494	233,714		(153,781)	60.3%	

TABLE 56: Statement of financial performance

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	192,610	332,652	20,485	351,893	5.47%	94.18%
Waste Water (Sanitation)	378,594	15,246	(5,123)	–	#DIV/0!	#DIV/0!
Electricity	–	–	–	–	0.00%	0.00%
Waste Management	–	–	–	–	0.00%	0.00%
Housing	–	–	–	–	0.00%	0.00%
Component A: sub-total	571,204	347,898	15,362	351,893	1.14%	95.63%
Waste Water (Stormwater Drainage)	–	–	–	–	0.00%	0.00%
Roads Transport	35,135	48,462	10,795	35,653	-35.93%	69.72%
	–	–	–	–	0.00%	0.00%
Component B: sub-total	35,135	48,462	10,795	35,653	-35.93%	69.72%
Planning and development	55,557	118,750	16,592	144,107	17.60%	88.49%
Local Economic Development	–	–	–	–	0.00%	0.00%
Component B: sub-total	55,557	118,750	16,592	144,107	17.60%	88.49%
Planning (Strategic & Regulatory)	–	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–	–	0.00%	0.00%
Component C: sub-total	–	–	–	–	0.00%	0.00%
Community & Social Services	41,977	23,983	4,310	13,758	-74.32%	68.67%
Environmental Protection	–	18,715	(23)	29,339	0.00%	0.00%
Health	2,192	27,575	(8,103)	10,622	-159.60%	176.29%
Security and Safety	2,710	651	651	3,265	80.06%	80.06%
Sport and Recreation	–	–	–	–	0.00%	0.00%
Corporate Policy Offices and Other	99,170	201,801	(16,384)	128,242	-57.36%	112.78%
Component D: sub-total	146,049	272,725	(19,549)	185,226	-47.24%	110.55%
Total Expenditure	807,945	787,835	23,200	716,879	-9.90%	96.76%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

TABLE 57: Financial performance of operational services

The municipality's expenditure exceeded budgeted amounts due to external government grants and subsidies that were recorded after the adjustment budget. However slow spending is also noted in areas that are internally funded and the municipality is taking steps to effect corrective measures in the next financial year.

5.1.2. Grants

Grant Performance						
Description	R' 000					
	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	393,579	415,148	415,148	414,228		
Equitable share	359,060	332,216	332,216	384,900	(0)	-0.16
Municipal Systems Improvement	1,000	890	890	902	-1.34%	(0)
Department of Water Affairs	17,408	300	300	15,841	-5180.5%	-51.8
Municipal Infrastructure Grant	3,000	16,389	16,389	–	100%	1.0
Finance Management Grant	1,500	1,500	1,500	1,513	-0.87%	-0.01
EPWP	9,835	8,445	8,445	8,445	0.00%	0.0
Rural Transport	–	–	–	–	#DIV/0!	#DIV/0!
RRAMSG	1,776	2,589	2,589	2,626	-1.44%	0.0
Public works	–	–	–	–	#DIV/0!	#DIV/0!
RSC Levy Replacement	–	52,819	52,819	–	1	1.0
Provincial Government:	37,295	37,749	54,249	50,153		
Roads and Transport	32,325	31,500	40,500	32,388	-2.82%	0.2
Housing Local Gov & Traditional Affairs	–	1,500	1,500	2,897	-93.12%	-0.9
Economic Affairs & trade	4,970	4,749	4,749	6,070	-27.81%	-0.3
DEDEA	–	7,500	7,500	8,799		
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	–	33		
Other	–	–	–	–	0.00%	0
LG SETA	–	–	–	33	0.00%	0
Total Operating Transfers and Grants	430,874	452,897	469,397	464,414		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

TABLE 58: Grant performance

The budgeted National operating grants were received in full except for Rural Transport that was not received at all, EPWP was budgeted for an additional R 16 400m that was already received in the previous financial year. RRAMSG was not budgeted for although R 1,776m was received in the current financial year. The Roads and Transport allocation was received in full with an additional amount for flood relief that was not initially budgeted for. The grant received from the department of Economic affairs & trade was also not budgeted for

5.1.4. Asset Management

The Chris Hani District Municipality currently does not have an asset management unit. Asset management in the past has been incorporated under Budget and Reporting which was making the scope of work to be performed by the section to be huge and complex. In next financial year this section will be incorporated with supply chain management unit and new organogram has been developed and approved by the council and the institution is in the process of filling all the vacant positions as per new organogram. Currently the municipality is using the external source to assist in all the areas of assets (movable and infrastructure assets).

A complete and GRAP compliant Asset Register was developed which is updated on a monthly basis for the movable assets and the municipality also procured an asset software which is also assisting in the proper management of asset. The area that still needs to be strengthened is the management of Infrastructure Assets. Infrastructure asset register is only updated at the end of the financial year which sometimes possess a challenge during the end of the financial year. An asset management strategy is being developed and in the next financial year, a comprehensive Asset Management Policy will be approved by Council. In the event of loss and stolen assets, these are reported to the asset manager and the asset register is updated accordingly. The largest assets that the municipality has procured during the financial year under review are those related to infrastructure projects and tabulated hereon below is the treatment of the three largest assets that have been procured during this time:

TREATMENT OF THE THREE LARGEST ASSETS			
ASSET 1			
Name	Whittlesea Reservoir		
Description	Reservoir		
Asset type	Immovable asset		
Key staff involved	WSA area managers, technicians, Institutional and Social Development		
Staff responsibilities	Project management		
Asset value	2011/2012	2012/2013	2013/2014
	R 1 035 163.02	R 992 989.56	R 949 816.10
Capital implications	Allocation for future maintenance		

Future purpose of the asset	To provide water to communities		
Describe key issues	Performance of contractors to deliver on time		
Policies in place to manage asset	An asset management policy is in the process of being developed, which will also focus on dealing with all infrastructure assets. This will be approved in the next financial year.		
ASSET 2			
Name	Tsojana Water Treatment Works-Flocculation Column X2		
Description	Water Treatment Works		
Asset type	Immovable asset		
Key staff involved	WSA area managers, technicians, Institutional and Social Development		
Staff responsibilities	Project management		
Asset value	2011/2012	2012/2013	2013/2014
	R 12 553 233.41	R 11 683 290.33	R 10 849 368.33
Capital implications	Allocation for future maintenance		
Future purpose of the asset	Treating of waste water from communities		
Describe key issues	Performance of contractors to deliver on time		
Policies in place to manage asset	An asset management policy is in the process of being developed, which will also focus on dealing with all infrastructure assets. This will be approved in the next financial year.		
ASSET 3			
Name	Indwe Waste Water Treatment Work-Large Flocculation Pond		
Description	Waste Water Treatment Works		
Asset type	Immovable asset		
Key staff involved	WSA area managers, technicians, Institutional and Social Development		
Staff responsibilities	Project management		
Asset value	2011/2012	2012/2013	2013/2014
	R 12 721 636.19	R 12 015 208.81	R 11 312 647.43

Capital implications	Allocation for future maintenance
Future purpose of the asset	Treating of waste water from communities
Describe key issues	Performance of contractors to deliver on time
Policies in place to manage asset	An asset management policy is in the process of being developed, which will also focus on dealing with all infrastructure assets. This will be approved in the next financial year.

TABLE 61: Detail of 3 largest assets

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	10,899,349	10,899,349	2,474,248	-77%
T 5.3.4				

TABLE 59: Expenditure on repairs and maintenance

Repairs and maintenance are lower than 20% resulting from deficiencies in recording of related transactions. The procedures for recording this expense are being developed and should be completed by the end of the fourth quarter

4.1.3. Financial Ratios based on Key Performance Indicators

RATIO		2012/2013		Comment
Current ratio:	Current Assets	578,035,113.00	2,24:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Current Liabilities	258,216,002.00		
Acid test Ratio:	(Current Assets - Inventory)	577,161,885.00	2,24:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Current Liabilities	258,216,002.00		
Working capital Ratio:	(Current Assets - Current liabilities)	319,819,111.00	0,93:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Total assets	3,440,370,140.00		
Debt ratio:	Total liabilities	291,621,002.00	0.08:1	A net asset position was realised (total assets exceeded total liabilities)

	Total assets	3,440,370,140.00		
Debt position ratio:	Total assets	3,440,370,140.00	11.8:1	A net asset position was realised (total assets exceeded total liabilities)
	Total liabilities	291,621,002.00		
Investments vs Total assets Ratio:	Total investments	118,883,470.00	3%	Indicating the percentage of municipal assets comprising investments
	Total assets	3,440,370,140.00		
Unspent grants vs. Total grants revenue	Unspent grants	57,611,656.00	6%	Indicating the ratio of unspent grants to total grant revenue recognised
	Total grants	1,032,288,907.00		
Profit realised	Total revenue	1,006,052,043.00	124%	A profit for the year was realised (total revenue exceeded total expenditure)
	Total operating expenditure	814,275,607.00		
Creditors settlement period:	Accounts payable/average purchases*365	198,267,296.00	185.56	Average number of days taken to settle outstanding credit balances
		390,000,000.00		

TABLE 60: Finance ratios

The municipality has a favourable liquidity ratio, acceptable employee costs to total expenditure ratio that is below the norm, no long debt obligations and no long outstanding consumer debt balances that are not collectible.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

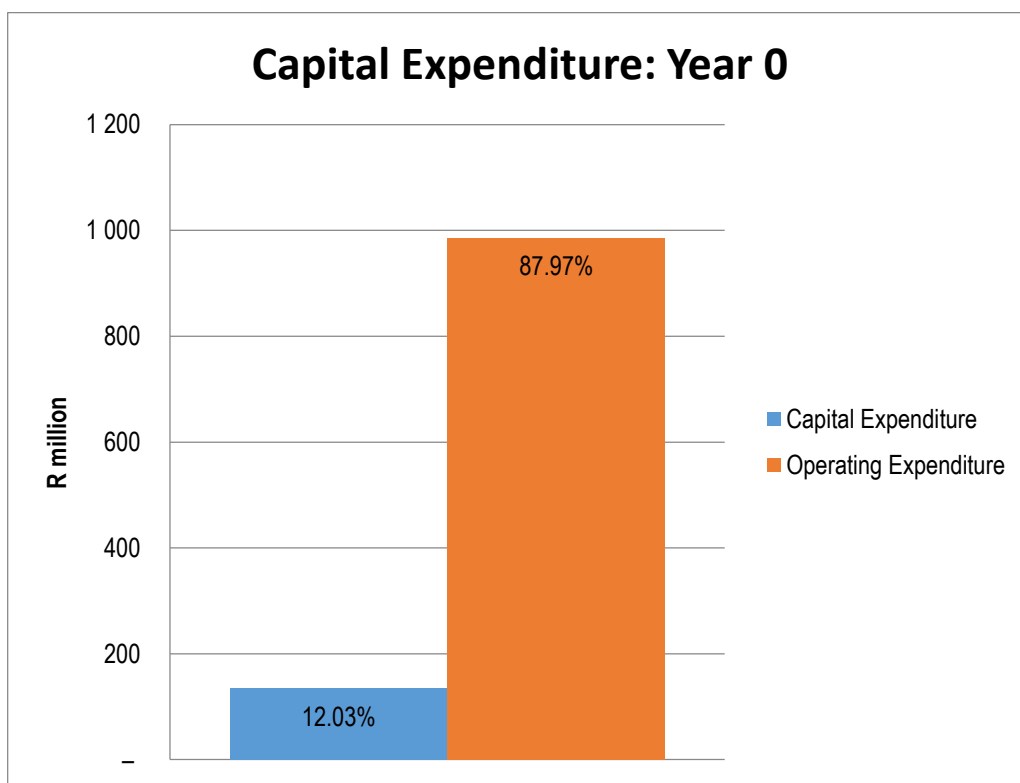
5.2 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Our main capital programs are Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant. Both these programs the whole allocation for the financial year

Program	Capital Budget	Actual Expenditure
Regional Bulk Infrastructure	169 405 000.00	185 576 717.44
MIG	345 243 000.00	346 428 658.00

TABLE 61: Capital programmes

5.2.1. Capital Expenditure



GRAPH 14: Capital expenditure

5.2.2. Sources of Finance

Capital Expenditure - Funding Sources: Year -1 to Year 0						
R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
Grants and subsidies	212,153	520,489	527,604	481,893	1.37%	-7.42%
Other	1,488	9,158	9,487	3,716	0.00%	0.00%
Total	213,641	529,647	537,091	485,609	1.37%	-7.42%
Percentage of finance						
Grants and subsidies	99.3%	98.3%	98.2%	99.2%	100.0%	100.0%
Other	0.7%	1.7%	1.8%	0.8%	0.0%	0.0%
Capital expenditure						
Water and sanitation	212,153	511,155	518,270	472,194	1.39%	-7.62%
Water waste management	140	9,700	9,700	9,700	0.00%	0.00%
Planing and Development	74	310	310	144	0.00%	0.00%
Public Safety	87	1,570	1,570	412	0.00%	0.00%
Other	1,187	6,912	7,241	3,159	4.76%	-54.30%
Total	213,641	529,647	537,091	485,609	4.76%	-54.30%
Percentage of expenditure						
Water and sanitation	99.3%	96.5%	96.5%	97.2%	0.29	14.04%
Water waste management	0.1%	1.8%	1.8%	2.0%	0.0%	0.00%
Planing and Development	0.0%	0.1%	0.1%	0.0%	0.0%	0.00%
Road transport	0.0%	0.3%	0.3%	0.1%	0.0%	0.00%
Other	0.6%	1.3%	1.3%	0.7%	100.0%	100.00%
T 5.6.1						

TABLE 62: Funding sources

The budgeting for capital expenditure included a portion that had to be expensed on completion of the planned projects hence the reported underspending. The acquisition of other plant and equipment did not materialise as originally budgeted for.

5.2.3. Capital Spending on 5 Largest Projects

Capital Expenditure					
Name of Project	Current year (2013/2014)			Variance current year (2013/2014)	
	Budget		Actual Expenditure	Original Variance (%)	Adjustments variance (%)
Xonxa contract 1	24 814 621.35		22 445 185.56	20	0
Xonxa contract 2	66 276 665.00		51062603.38	0	0
Xonxa contract 3	92 626 742.43		25 537 018.90	0	0

DRAFT CONSOLIDATED ANNUAL REPORT

Rathwick Phase 1	26 465 187.21		902813.31	0	0
Rathwick Phase 2	20 893 566.14		1 533 370.96	0	0
Cluster 4 Ncora water treatment works	49 560 497.90		26 483 761.95		
Cluster 9 phase 2 bulk supply line	25 305 603.18		8 583 266.68		
Cluster 6 Gqaga water treatment works	34 700 000		0		
Xonxa					
Objectives of project	Augment Queenstown water supply and surrounding areas for social and economic development.				
Delays Experienced	Community protests, land dispute, labour instability.				
Challenges	Community protests, land dispute, labour instability.				
Benefits to the community	Clean drinking water, Eradicated water supply backlog.				
Rathwick Project					
Objectives of project	Upgrade Water and Sanitation Services for New Rathwick Development.				
Delays Experienced	Rain, unfavourable environmental conditions.				
Challenges	Delays in material delivery, Inconsistent contractor staff, labour instability.				
Benefits to the community	Improved services, 16 000 households to benefit.				
Cluster 4 water treatment works					
Objectives of project	Water treatment works provide purified water from Ncora dam and will ultimately serve 82 communities in cluster 4 and 5 once reticulation and bulk lines have been completed				
Delays	Rain, National strikes				
Challenges	Land disputes around borrow pits. But was resolved.				
Benefits to the community	Once the water treatment works is completed and all the other bulk and reticulation networks have been installed it will serve 82 communities and 19133 persons.				
Cluster 9 Phase 2 bulk supply line					
Objectives of project	The purpose of this bulk infrastructure is to link the existing Tsojana Southern Bulk with the new river abstraction works and water treatment works that are being constructed at Tsomo during 2014-2016. It will ultimately serve 16462 persons once all phase are completed				
Delays	Rain, National strikes				
Challenges	Delivery of ductile iron pipe but was resolved				
Benefits to the community	Once all phases of the cluster is completed 16462 persons will benefit.				
Cluster 6 Gqaga water treatment works					
Objectives of project	Water treatment works will provide purified water from Nqancule river and will ultimately serve 88 communities once reticulation and bulk lines have been completed				

Delays	Rain, access to site
Challenges	Eskom approval has delayed implementation of powerline but has been resolved
Benefits to the community	Once all phases of the cluster linking to the Gqaga water treatment is completed 88 communities will benefit for the water supply.

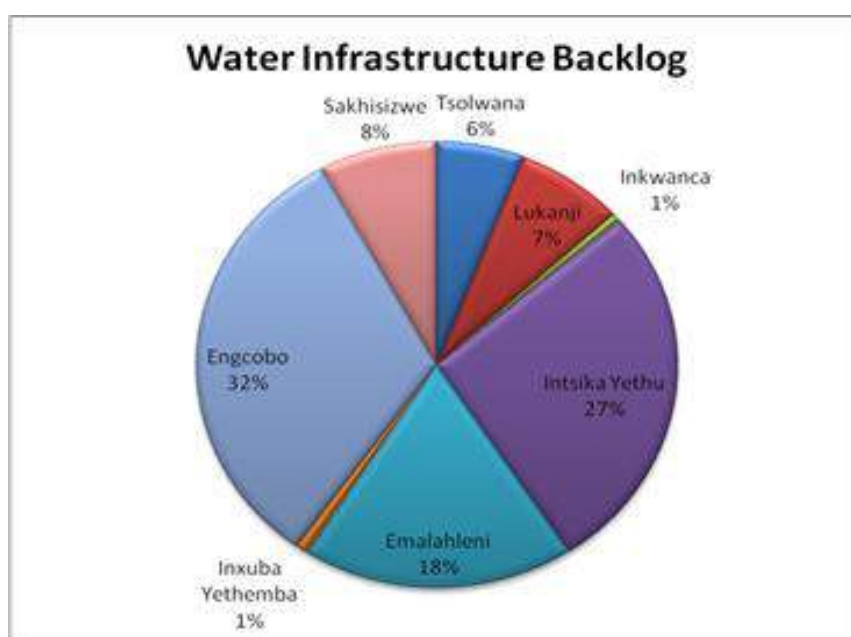
TABLE 63: Capital projects

5.2.4. Basic Service and Infrastructure Backlogs

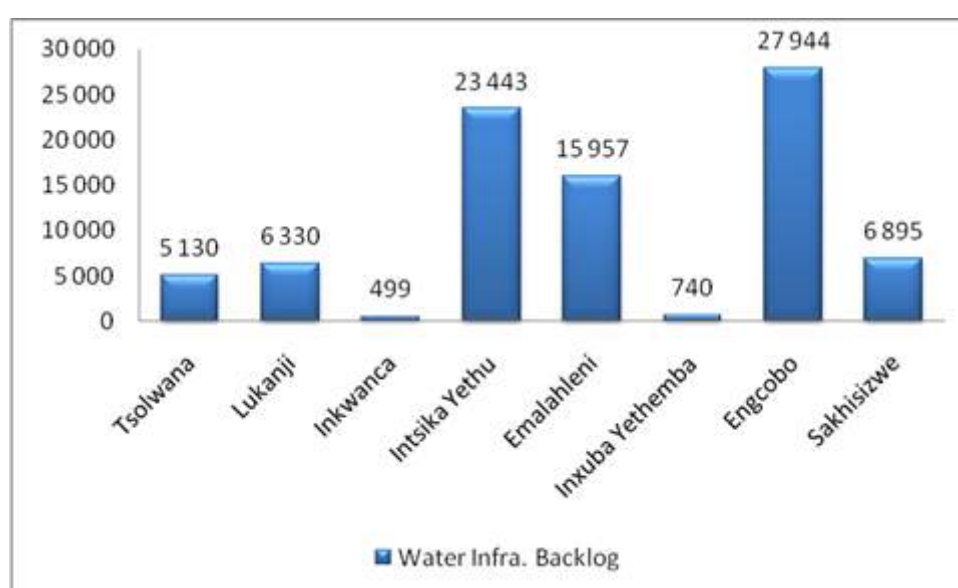
The Chris Hani District Municipality is a Water Services Authority as duly designated by the MStrA. In terms of this function, the key responsibility of the CHDM is that of providing quality water and sanitation services to the inhabitants of the district. This implies expansion and extension of the service to areas previously not serviced. This implies, in terms of national and provincial targets, eradicating all backlogs relating to water and sanitation services. Furthermore, the municipality is also tasked with ensuring that it maintains the service in areas where it was delivered.

A number of factors contribute to the extent to which the municipality is able to effectively deliver on these tasks. The first of these relate to the changes in population numbers. In terms of the census that was conducted in 2011, there was a notable decline in population numbers from 800 289 in 2001 to 795 461 in 2011. This is attributed mainly to citizens of the district moving out of the district in search for working opportunities in other districts or provinces, as well as in search for educational institutions for those undertaking further studies. At a practical level, this means that throughout the year, an almost constant number of people live within the district however, this is punctuated by rapid population increases during holiday seasons such as December, June and Easter weekend.

Two fundamental implications for backlog eradication can be drawn from this situation. On one level, serious pressure is placed on the infrastructure during the holiday seasons in that there is an increased number of people demanding water and sanitation services, this leading to the infrastructure damages in some instances. On the other hand, the allocation of funding for this purpose does not cater for such changes in the population size due to migration thus remaining constant with the census figures issued in 2011. This means that planning at the municipal level must be balanced against the demands on the ground, and the availability of resources. Graphs 14 and 15 below indicate the backlogs in relation to water infrastructure per local municipality.

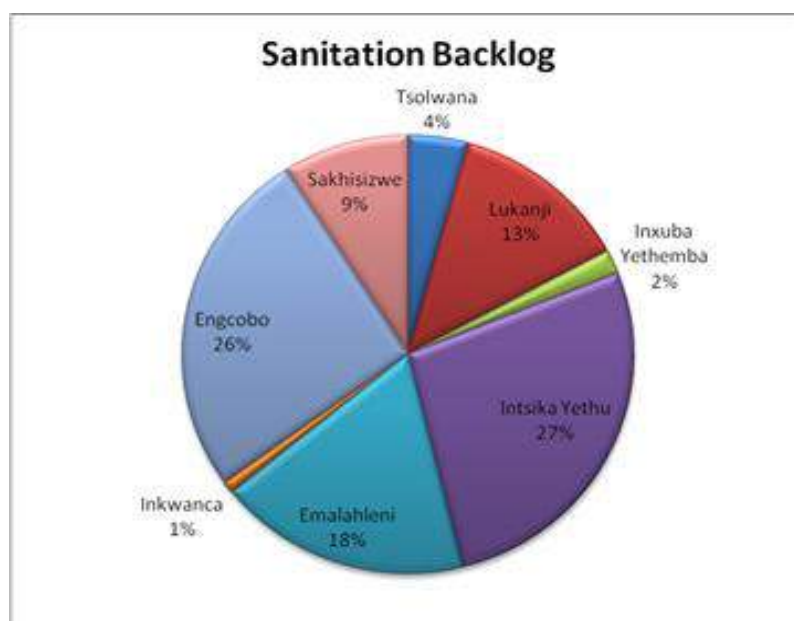


GRAPH 15: Water infrastructure backlog per LM

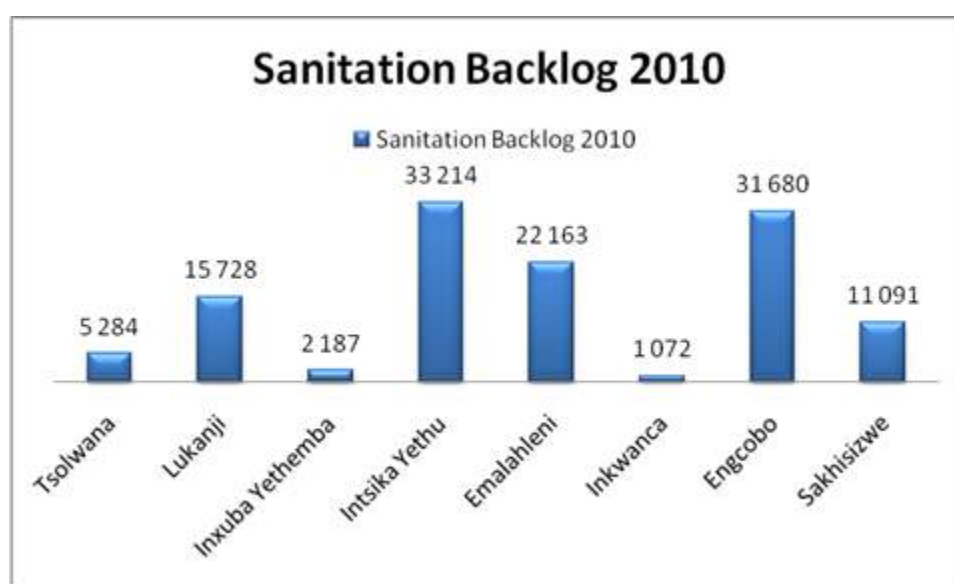


GRAPH 16: Water infrastructure backlog per LM (2)

In terms of this figure, it can be noted that Engcobo has the greatest backlog, this followed by Intsika Yethu Municipality with Inkwanca being the least with water backlog. The overall figure of the backlog has not changed significantly year-on-year, what has changed is the distribution of the backlog between municipalities due to the demarcation boundary changes. This means that most of the CHDM water infrastructure backlog has shifted to Engcobo Local Municipality area. Closely mirroring the backlog challenges as indicated in relation to water, a similar trend can be found in relation to the provision of sanitation services. To this effect, graphs 16 and 17 which follow indicate the sanitation backlogs throughout the district per local municipality.



GRAPH 17: Sanitation infrastructure backlog per LM



GRAPH 18: Sanitation infrastructure backlog per LM (2)

The CHDM has identified and quantified all villages with water and sanitation backlogs within their area of jurisdiction and put them into clusters. The District Municipality could not meet the targets it set of eradicating buckets due to financial and capacity constraints and as a result has committed itself in ensuring that it provides free basic services to its communities. Due to the allocated powers and functions the provision of basic level of services is limited to water and sanitation. Backlogs have made it difficult to provide these services in areas which do not have infrastructure especially in the former Ciskei and Transkei areas. The funding with respect to MIG falls short in eradicating the backlog. A Water Services Development Plan was developed by the municipality and this was approved by Council. In terms of the plan, the

municipality will seek to increase its efforts in this area such that the figures as depicted in table 64 below are serviced.

Municipality	Population Served		Population Not Served	
	Water	Sanitation	Water	Sanitation
Emalahleni	29,352	13,108	2,962	19,206
Inkwanca	3,694	2,413	-	1,271
Intsika Yethu	24,491	18,543	23,310	29,258
Inxuba Yethemba	12,483	12,483	-	-
Lukhanji	46,094	14,270	7,571	39,396
Engcobo	15,690	8,540	19,380	26,530
Sakhisizwe	10,589	4,057	3,201	9,734
Tsolwana	7,134	5,142	-	1,992
DMA	23	23	-	-
TOTAL	149,539	78,578	56,425	127,387
PERCENTAGE	73%	38%	27%	62%

TABLE 64: Backlog detail

The Chris Hani DM has also developed a Water Services Backlog Eradication Strategy, whereby all areas with backlogs have been identified and quantified up to the village level. The affected villages have been grouped into nine clusters (i.e regional schemes). Estimated funding requirement to address the water and sanitation Backlog are highlighted in table ... that follows:

Clusters	No of Villages	Households	Total Cost	Urban/Rural
1	17	1653	R 102,594,230	Rural
2	38	3919	R 129,726,695	Rural
3	11	2427	R 58,714,048	Rural
4	36	3173	R 162,209,630	Rural
5	37	3146	R 204,188,946	Rural
6	108	4669	R 520,089,290	Rural
7	37	4843	R 213,727,017	Rural
8	34	3055	R 174,996,766	Rural
9	9	593	R 50,425,300	Rural
Xonxa Bulk Supply	-	-	R 80,000,000	Rural
Other areas	-	-	R 1,691,782,787	Rural
TOTAL		56,245	R 3,388,454,710	

TABLE 65: Financial detail - backlogs

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.3 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality manages its cash flow by ensuring that expenditure is limited to budget and that surplus cash not required to meet immediate financial obligations is invested on short term financial instruments but at the same time ensuring that there will be sufficient cash before maturity dates are reached. There is not much difficulty in controlling the revenue cash inflows because the municipality is largely funded from National and Provincial grants

5.3.1. Cash Flow

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	580	322,455	322,455	2,013
Government - operating	472,188	452,897	469,397	441,257
Government - capital	502,489	529,989	537,104	573,619
Interest	19,049	16,999	16,999	25,984
Donations	–	–	–	–
Payments				
Suppliers and employees	(742,684)	(548,124)	(570,674)	(370,811)
Finance charges	(227)	–	–	(126)
Transfers and Grants	–	(149,710)	(149,710)	(144,261)
NET CASH FROM/(USED) OPERATING ACTIVITIES	251,395	624,506	625,571	527,675
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(224,629)	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	(49,003)	–	–	(2,800)
Payments				
Capital assets	–	(529,647)	(537,092)	(482,810)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(273,632)	(529,647)	(537,092)	(485,610)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	(5,554)	–	–	–
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5,554)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	(27,790)	94,859	88,479	42,065
Cash/cash equivalents at the year begin:	230,224	299,014	299,014	191,648
Cash/cash equivalents at the year end:	202,434	393,873	387,494	233,714
Source: MBRR A7				T 5.9.1

TABLE 66: Cash flow outcomes

The municipality's cash flow status has been positive for the past recent financial years. The accelerated spending on the MIG funded projects resulted in payments to suppliers exceeding the budgeted cash flow and this also gave rise in decreased net cash held by the municipality in the past two financial years.

5.3.2. Borrowings and Investments

The municipality did not require borrowing funding as a source of finance towards its operations for the current and previous financial years. The reported balances are carried forward from prior years as the loan is still being repaid.

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality			
Long-Term Loans (annuity/reducing balance)	4,424	-	-
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	4,424	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
	T 5.10.2		

TABLE 67: Borrowings

Municipal and Entity Investments			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	67,730	116,733	129,043
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	67,730	116,733	129,043
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	67730	116733	129043
			T 5.10.4

TABLE 68: Investments

All investments are in the form of short term fixed deposits made to recognized banking institutions.

5.3.3. PUBLIC PRIVATE PARTNERSHIPS

The municipality had no agreements, contracts and projects undertaken during the current and previous years through PPP's.

COMPONENT D: OTHER FINANCIAL MATTERS

5.4 INTRODUCTION TO OTHER FINANCIAL MATTERS





5.4.1. Supply Chain Management

We currently don't have asset management unit. Asset management in the past has been incorporated under Budget and Reporting which was making the scope of work to be performed by the section to be huge and complex. In 13/14 financial year this section has been incorporated with supply chain management unit and new organogram has been developed and approved by the council and we are in a process of filling all the vacant positions as per new organogram. Currently we are using the external source to assist in all the areas of assets (movable and infrastructure assets).

We do have an Asset Register which is updated on a monthly basis for the movable assets and we have also procured an Asset Software which is also assisting in the proper management of asset. The area that still to be strengthened is the management of Infrastructure Assets. Infrastructure asset register is only updated at the end of the financial year which sometimes poses challenge during the end of the financial year. An asset management strategy is being developed and we do have an Asset Management Policy. In the event of loss and stolen assets is reported to the asset manager and the asset register is updated. This is a plan to unify the asset management function and financial management system.

On Supply Chain Management the unit is the custodian of the institution's Supply Chain Management Policy which has been adopted by Council and ensures its implementation in its procurement processes at all times. The policy itself is in line with Treasury Guidelines and is renewable annually.

The unit has the following key priority areas:

-  To ensure that the municipality has and implements a supply chain management policy, this gives effect to the provisions of the act;
-  To ensure procurement of goods and services in a fair, equitable, transparent, competitive and cost effective and comply with the prescribed regulatory framework;
-  That all reasonable steps are taken to ensure that proper mechanisms are in place and separation of duties in the supply chain management system is implemented to minimise likelihood of fraud, corruption, favouritism and unfair and irregular practises;
-  To ensure that all contracts/agreement are in writing and are procured in line with the Supply Chain Management;

- ✚ To ensure that the supply chain management delegations are properly enforced and managed;
- ✚ That the municipal bid structures are in place and effective, to ensure competitive bidding process;
- ✚ Ensure submission of proper, accurate and applicable reports as per MFMA;
- ✚ To ensure the disposal of municipal assets in accordance with the applicable legislation; and
- ✚ Ensure that municipal inventory levels are kept at an acceptable levels as per the Municipal SCM policy

The institution is implementing a database rotation system for the procurement for goods and services for the operational budget depending on delegation as per legislation, and is using an electronic order system for purchases. Also the bidding system is followed as per legislation in terms of capital appointments and according to the delegations. There are three bid committee structures that are active and have own set of dates that they normally follow to attend to matters.

The Bid Committees are: the Adjudication Committee *that* is comprised of Senior Managers, SCM Manager and is chaired by the CFO of the institution, the Bid Evaluation & Specification Committees. That is comprised of project managers and SCM officials.

CHDM has the following elements of SCM that are fully functional:-

Demand management: This is the beginning of the supply chain, and must begin with a needs assessment, to ensure that goods or services are required in order to deliver the agreed service, that specifications are precisely determined, that requirements are linked to the budget and that the supplying industry has been analyzed.

Acquisition management: It is the management of procurement by the municipality to decide on the manner in which the market will be approached; to establish the total cost of ownership of a particular type of asset; to ensure that bid documentation is complete, including evaluation criteria.

Logistics management: This aspect addresses the setting of inventory levels, placing of orders, receiving and distribution of material and goods, stores, warehouse and transport management, expediting orders, the review of vendor performance, maintenance and contract administration.

Disposal management: A supply chain management policy must provide for an effective system of disposal or letting of assets no longer needed, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the MFMA.

Contract Management: this section addresses the validity of our contracts in terms of compliance and applicable deliverables. It also monitors any variations that may be incurred.

Risk management: risk management is maintained in all elements of SCM by putting in place proper controls. Risk management includes identification of risks on a case-by-case basis;

Performance management: This is a monitoring process, undertaking a retrospective analysis to determine whether the desired objectives were achieved. Some of the issues that may be reviewed are: compliance to norms and standards; cost efficiency of procurement process (i.e. the cost of the process itself).

5.4.2. GRAP Compliance

Since the publication of Government Gazette 30013, the CHDM has moved towards compliance with the standards of Generally Recognised Accounting Practices (GRAP). The accounting standards give the following guidance to the preparers of AFS when dealing with specific topics:







- ✚ They explain the accounting treatment of transactions, in other words the debit and credit entries, including when to recognise these entries;
- ✚ They explain the accounting measurement of transactions; and
- ✚ They explain the presentation and disclosure requirements of transactions in the municipality's Annual Financial Statements

For the financial year under review, the CHDM has continued to apply these standards and therefore, no deviations have been experienced.

CHAPTER 5: CHRIS HANI DEVELOPMENT AGENCY

5.1 INTRODUCTION TO THE CHRIS HANI DEVELOPMENT AGENCY

The Council of Chris Hani District Municipality took a decision to establish a regional economic development agency which would act as a special purpose vehicle to bolster economic development within the region and consequently assist the district municipality in delivering on the basic goal of bettering the lives of the citizens of the district. The primary focus of the agency is based on:

-  Targeted resource mobilisation and the management of ring-fenced funds;
-  Sub-sector value chains and cluster development;
-  Targeted skills development;
-  Institutional framework for formal collaborations;
-  Commercialisation of underutilised public assets; and
-  Holding strategic interest on behalf of future beneficiaries.

This component of the annual report, therefore, focuses on reporting about the progress made in terms of establishing governance systems and the acquisition of sufficient human capital to drive not only the next growth trajectory of the establishment of the Agency focused on the conceptualization and the roll-out of seeing real investment in the mandate area but more importantly on ensuring that the CHDA has capacity to meet the compliance requirements with respect to MFMA and other prescripts in the Local Government sphere. The pre-establishment period as the first year of the operationalization and establishment of the CHDA has proven to be critical in strengthening governance, establishing systems and internal controls.

During the year under review, the establishment phase, the CHDA, under the guidance of the interim Chief Executive Officer, with the dedicated staff complement that ensured the smooth undertaking of complex tasks, managed to deliver a qualified audit opinion in spite of the irregular expenditure declared in the Annual Financial Statement and other equally concerning matters of governance and leadership as raised in the Management Letter. The CHDA in the financial year under review spent a significant amount of time in pre-establishment phase where energies were channelled toward deciphering the Concept Document and testing where some of the assumptions made therein were indeed viable or even feasible for implementation by a municipal entity.

Having tested that some of the assumptions made were indeed to be proven false, it is safe to say that the CHDA must rethink the funding model for such a developmentally charged special purpose vehicle as a municipal entity. Having undertaken both financial and legal due diligence work, the CHDA has proved that the notion of a municipal entity that takes equity in projects funded by a district municipality is not possible as the MFMA Regulations preclude such a possibility. As a group of development practitioners, the agency is charged to rethink the question of viability and the sustainability of municipal entities constrained by a rigid governance framework which priorities and guards risk to loose against the opportunity to scope with balanced risk taking measures.

At a Governance level, the Memorandum of Agreement which confirms the mandate of the Agency was completed together with the subsequent approval and signing of the Service Delivery Agreement which ushered amongst others the administration of the Chris Hani Community Skills Development Fund and the project management of the Chris Hani International Investment Summit. Today the Skills Development Fund support twenty two (22) young people from the impoverished communities of CHDM in Institutions of Higher Learning throughout the country. This component of the annual report further reflects on the successes of the implementation and the execution of such mandated instructions in spite of human and financial constraints under difficult working conditions.

The last financial year also initiated the next phase in the growth and establishment maturity of the CHDA with the initiation of a Project Pipeline starting with the engagement of Elitheni Coal Mine presenting two investment opportunities for the CHDA and the Chris Hani District broadly. This Investment Facilitation track led to the successful organization and hosting of the Chris Hani Investment Summit, effectively triggering the CHDA's Investment Promotion and Facilitation work.

5.2 GOVERNANCE AND PROCESSES

For the purposes of local government legislation, the company is a municipal entity and its operations and activities shall be subject to the application of the relevant provisions in local government legislation; and in the event of conflict between any provision of this document or the Companies Act and a provision of the Municipal Finance Management Act, the MFMA shall prevail. In the event of conflict between any provision of this document or the Companies Act and a provision of the Municipal Systems Act, this document and/or the Companies Act shall prevail. The Company shall restrict its activities to the purpose for which it was established by its parent municipality in terms of Article 5. The Development Agency shall have no competence to perform any activity which falls outside the functions and powers of its parent municipality as contemplated by Article 5. The Development Agency also shall not be involved in projects and /or activities that are inconsistent with its establishment and strategic objectives focus areas and functions. The CHDA signed a Service Level Agreement with the CHDM in the 2012/13 financial year and thus structured a shared services agreement for internal audit services including the shared Audit Committee.

5.2.1. Governance Structures

The Board of Directors of the Development Agency is managed by its Board of Directors which comprise of 9 members who are the Non-Executive and independent directors and the Executive Director (the CEO). The Directors of the entity during the year and to the date of this report are as follows:

Name	Capacity	Gender	Designation	Meetings Attended	Board Fees
Mr. S Somdyala ¹	Non-executive	Male	Chairperson of Board	6	22 000
Ms. N Koeberg ¹	Non-executive	Female	Deputy Chairperso	5	19 230
Ms. N Zonke ¹	Non-executive	Female	Board Member	6	23 600
Chief S Mtirara ¹	Non-executive	Male	Board Member	5	22 066
Mr. R Schley ¹	Non-executive	Male	Board Member	5	14 762
Ms. P Xuza ¹	Non-executive	Female	Board Member	4	9 254
Ms. N Nqwazi ¹	Non-executive	Female	Board Member	2	-
Mr. M Mene ²	Non-executive	Male	Board Member	3	-
Mr. B Mhlaba ¹	Executive	Male	Chief Executive Officer	6	473 918
Mr. A Webb ³	Non-executive	Male	Board Member		-
					R584 830

1. Appointed 6 June 2012
2. Appointed 1 August 2012
3. Resigned 14 August 2012

TABLE 68: CHDA board members

5.2.2. Organisational Arrangements

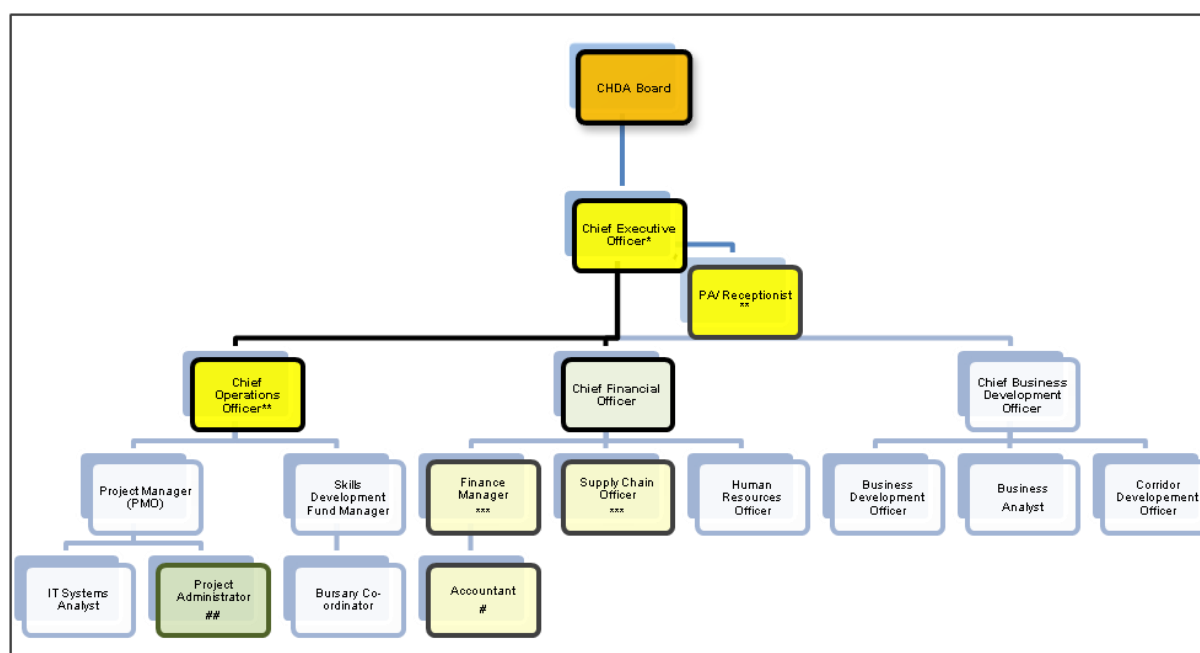


FIGURE 6: CHDA organisational structure

The above structure shows the operational units in CHDA. The Chief Operations Office is primarily responsible for the management of projects, infrastructure development and skills development programme. A proposal has been drafted to setup a Project Management Office (PMO) responsible for project management.

5.2.3. Organisational Sustainability

The Development Agency as a wholly owned municipality entity will continue to operate as a commercial entity and will derive the following revenue streams from its strategic business unit operations towards sustainability of operations:

- ✚ Grant funding related to personnel and resources made available from CHDM in support of the Development Agency;
- ✚ Grants and / or loan funding made directly available to the Development Agency by CHDM for purpose of funding of Infrastructure assets of community based projects – e.g. Shiloh and Ncora dairy projects, Qamata irrigation projects, etc.;
- ✚ Appointment of the Development Agency as implementing agent for key strategic developmental projects at an agreed fee; and
- ✚ Returns from productive asset investments made available for agricultural equipment necessary to expand grain and other crop production necessary to supply agro-processing operations.

5.2.2. Risk Management

Within the context of a Development Agency, a number of risks are inherent to the operations of such enterprise. These risks will be mitigated through a combination of the following measures:

- ✚ Stringent corporate governance processes;
- ✚ Appointment of reputable external auditors mandated to investigate and report on not only the financial records, but also any breaches of internal control systems and unethical conduct;
- ✚ Development and implementation of stringent internal control policies and procedures;
- ✚ Development and implementation of a quality management system;
- ✚ Development and implementation of a stringent financial and management accounting reporting system relevant to the organisation;
- ✚ Succession planning;
- ✚ Insurance;
- ✚ Asset maintenance programmes;
- ✚ Staff rotation;
- ✚ Active participation in management structures of investment holdings;
- ✚ Information technology security measures; and
- ✚ Any other measures deemed relevant by management.

There are specific interventions that have been implemented to ensure sound financial management, risk management, supply chain management and ensuring good corporate governance. In meeting the strategic objective **“To establish an effective governance procedures and efficient management systems”**

This strategic objective also encompasses effective Board oversight and advisory services. Through the procurement of a Company Secretary the agency has fully functional Board sub-committees. Compliance to key statutory requirements with regards to the submissions of the Annual Financial Statements, Annual Report, Budget and Adjustment Budgets.

5.3 KEY PERFORMANCE AREAS – PROGRAMMES

The performance delivery environment remains largely influenced by the District Municipality's Integrated Development Plan. In this section on the performance delivery environment, the focus will be on interpreting the mandate of the Agency in terms of Key Performance Areas, outlined in work undertaken in Programmes in the various Business Units as follows:

- ✚ Programme 1: Corporate Services Unit (Finance, Human Resources);
- ✚ Programme 2: Economic and Rural Development Unit (Focus will be on agro-processing and industrialisation of the district);
- ✚ Programme 3: Project Management Unit (Focus will be on supporting the CHDM Technical Services & IPED Directorates as well as the Property Development function); and
- ✚ Programme 4: Skills Development Unit (Administration unit to manage and administer the Chris Hani Community Skills Fund)

5.3.1. Programme 1: Corporate Services Unit

Purpose of Programme

This programme aims to contribute to the attainment of corporate governance, resourcing and financial sustainability of the Agency. It contains the three administrative functions of Human Resources, Finance and Administration.

Strategic Objectives

- ✚ Ensure that effective corporate governance of the organisation is harmonious to the CHDA board charter, memorandum of articles and other relevant codes of good practice;
- ✚ Coordination and implementation of CHDA programmes according to the CHDA vision, mission and mandate;
- ✚ Human Resources component managed efficiently and in accordance with Labour Relations;
- ✚ Efficient management and control of funds; and
- ✚ Ensure efficient and effective supply chain management within the Supply Chain Management (SCM) legislation.

Key to Programme 1 during the 2012/13 financial year involved the implementation of the following;

- ✚ Procedural processes as mandated by the Municipal Systems Act as amended;
- ✚ Identification and amendment of Board of Directors, registered office, auditors, etc;

- ✚ Appointment of Board and the CEO to drive the implementation of the mandate of the Agency;
- ✚ Cost containment with utilisation of shared services with the CHDM and CHCDC
- ✚ Identification of prospective funders, strategic private partners and specialist consultants to development needs; and
- ✚ On-going legislative and regulatory compliance.

At a Governance level, the Memorandum of Agreement which confirms the mandate of the Agency was completed together with the subsequent approval and signing of the Service Delivery Agreement which ushered amongst others the administration of the Chris Hani Community Skills Development Fund and the project management of the Chris Hani International Investment Summit.

The development and approval of organizational policies and framework to guide systems development and procedures was swift and has been ongoing. Key amongst the Policies developed were the HR Policies, the Supply Chain Management Policy, Investment and Banking Policy, the Board Remuneration Policy for Non-Executive Directors and the Delegations Framework which have greatly assisted the operationalisation and functioning of the Agency.

This has provided critical guidelines for the Agency in establishing basic Standard Operating Procedures for the functional aspects of the CHDA whilst seeking to observe compliance with applicable legislation that governs the management of public funds.

In the development of the 2013/14 Strategic Business Plan, the Risk Management Framework and related Fraud and Corruption Policies were identified as significant gaps in our Governance Framework.

5.3.2. Programme 2: Economic and Rural Development Unit

Purpose of Programme

The purpose of the Economic and Rural Development Programme is to support the implementation of the District Development Agenda through investment promotion, development facilitation and specialised strategic advisory services.

Strategic Objectives

- ✚ The implementation of the District Development Agenda is facilitated through the development of the Special Economic Zone action plans;
- ✚ The realisation of Priority and Catalytic Projects focusing on secondary and tertiary beneficiation/ sectors such as agro-processing and manufacturing;

- ✚ Provide investment promotion and development facilitation services through innovative solutions, stakeholder relations and networking strategic events

To achieve the above, a clear linkage to the development strategies reflected in both the CHDM IDP and Corridor Development Plan and value Chain Analysis and Integration (November 2011) documents, is the need for:

- ✚ Integration of development Agency activities with the coordinated development focus of various stakeholders to ensure optimal targeting of resources and funding into catalytic development projects aimed at alleviation of poverty and unemployment within the region;
- ✚ Usage of both internal and external expertise through specialist consultants and / or strategic partners to facilitate optimal resource usage and expertise availability;
- ✚ Provision of a revenue generating asset base within controlled structures to support and maximise the potential of Development Corridor Catalytic Projects to meet the substantial input needs of the Cradock based biofuel project, agro-processing enterprises, etc; and
- ✚ Self-sustainability through commercial revenue streams; and compliance with the public finance and management statutes.

The last financial year initiated the next phase in the growth and establishment maturity of the CHDA with the initiation of a Project Pipeline starting with the engagement of Elitheni Coal Mine presenting two investment opportunities for the CHDA and the Chris Hani District broadly. This Investment Facilitation track led to the successful organization and hosting of the Chris Hani Investment Summit, effectively triggering the CHDA's Investment Promotion and Facilitation work.

5.3.3. Programme 3 – Project Management Services

Purpose of Programme

The purpose of the Project Management Services Programme is to support the planning, execution and monitoring of Infrastructure Development Programmes as well as the Property Development Programmes in the District.

Strategic Objectives

- ✚ The primary strategic objective is to provide Programme Management monitoring and reporting services in partnership with the District Municipality;

- ✚ The key focus is to support the management of projects from inception, design and scoping, planning, contracting and execution to an acceptable and successful project closure stage, including archiving; and
- ✚ The secondary objective is to develop specialised capacity and innovative solutions for the development and management of a State-led Property Portfolio that will house the District Municipality and other Government Departments with the intention of revenue enhancement.

Key to the success of CHDM's development goals is effective and competent management of development projects. As a result, the CHDA has planned to set up a Project Management Office (PMO) that is solely responsible for this. As part of its key Office Operations, the CHDA seeks to establish a PMO which will anchor the technical support function to the CHDM, starting with the property development (District Office) infrastructure, the bulk infrastructure programme and the government housing programme of the District.

The PMO is budgeted to have the management systems capacity, the technical and systems capacity to facilitate the delivery of project management services, the engagement of Experts and other Specialists to roll-out the Implementation Agent function within an appropriate environment which is conducive for enhancing productivity and efficiencies to effect the service delivery aspirations of the District Municipality. The envisaged Programme Management function aimed at ensuring reliable information, reporting and governance is provided throughout the project cycle. The establishment and operations of the PMO are contained in the "Summary Concept Paper for the Establishment of the Project Management Office" document. The PMO was only conceptualized in the 2012/13 financial year and the first phase implementation will be effected in the next financial year.

5.3.4. Programme 4 – Skills Development Services

Purpose of Programme

The purpose of the Skills Development Services Programme is to support the administration of the Chris Hani Community Skills Development Fund, the establishment of partnerships with other Education and Support Agencies to develop and harness scarce and critical skills at all levels of the economy.

Strategic Objectives

- ✚ The administration of the Skills Development Fund on behalf of the District;
- ✚ Co-ordination of Career Exhibitions in partnership with institutions of higher learning nationally and FET's located in the province; and

- Facilitation and scoping the work of developing of proper administrative systems, building relationships with the Institutions of Higher Learning and SETA's, ensuring that a conducive environment is created for the bursary and learnerships recipients.

The realisation of the District Developmental Agenda with a key focus on Crop Production, Forestry, Tourism, Coal Mining, Livestock improvement, Irrigation schemes, Bio-fuels, Industrialization of the district economic hub need the development of relevant and appropriate sector skills. A District Developmental Agenda requires a firm skills base which is currently a challenge in the District.

In response to this and acknowledgement of education as a societal issue, the Executive Mayor of the District during his State of the District Address on 30 May 2012, pronounced the establishment of a Skills Development Fund with an off-set injection of R2 million. The Fund seeks to improve the skills profile of the district by addressing the scarce skills challenge through financial support to deserving learners from the Chris Hani District Municipal jurisdiction.

The Chris Hani Development Agency, was mandated as the implementing agent of the Skills Fund, and is thus overseeing the administration function. In this regard, the CHDA has operationalized a Skills Development Unit and assisted the CHDM to place and support twenty two (22) young people from Chris Hani District giving them an opportunity of a life time and become economic liberators of their own families and communities. 2013 marked the first real implementation of the community skills development plan for the Chris Hani District.

The Chris Hani Skills Development Fund supported and provided for the placement of 22 young people from the Chris Hani District in Institutions of Higher Learning throughout the country, i.e. the NMMU, UCT, UWC, University of Fort Hare and the University of Johannesburg. Item 12 proudly present a picture of academic excellence by these young people who come from impoverished backgrounds.

Messrs August and Thyala have broken ground with the achievement of 76% in their first year effectively contending to the cum-laude potentials in their respective fields of study with August studying Engineering in Mechatronics in the University of Cape Town whilst Tyhala is studying Agriculture in the Nelson Mandela Metropolitan University.

Whilst the results of the 22 students are not conclusive because of outstanding results, the beneficiaries have performed above expectation given the challenges experienced in the first year of implementation of the Bursary Fund with two of the students having achieved 76% as per above and only three (3) students to date have achieved less than the required 60% margin of retention in the bursary scheme.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A

6.1 AUDIT OPINION FOR THE 2012/2013 FINANCIAL YEAR



The accounting officer
Chris Hani District Municipality
Private Bag X17121
Queenstown

09 December 2013

Reference: 21292REG1213

Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Chris Hani District Municipality for the year ended 30 June 2013

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and any inconsistencies identified will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

Auditing to build public confidence

PO Box 13252 Vincent 5217 Eastern Cape • Docex 72 • Tel: +27 (0)43 709 7200 • Fax: +27 (0)43 709 7300 • www.agsa.co.za

Auditor-General of South Africa

6. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

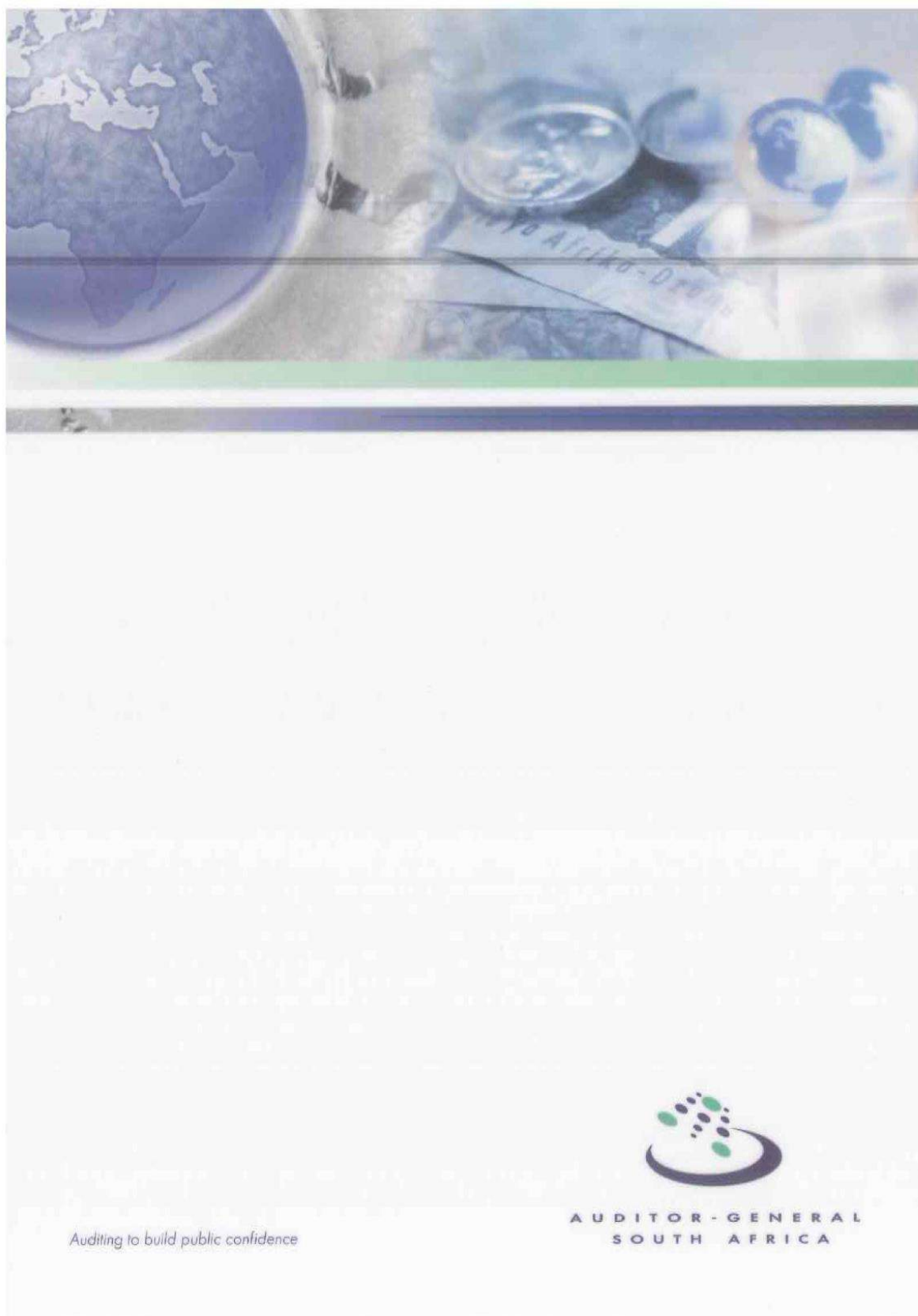
Kindly acknowledge receipt of this letter.

Yours sincerely



Business Executive: ECBU

Enquiries: Vicky Ntsodo
Telephone: (043) 709 7200
Fax: (043) 709 7300
Email: vickyn@agsa.co.za



Chris Hani District Municipality

Audit Report

For the year ended 30 June 2013

**REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE
AND COUNCIL ON CHRIS HANI DISTRICT MUNICIPALITY**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Chris Hani District Municipality and its subsidiary set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officers' responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Accumulated surplus

6. Included in accumulated surplus of R3 146 million (2012: R2 949 million) is an amount of R34, 6 million relating to revenue derived from conditional grants. The municipality could not provide sufficient appropriate audit evidence to support a restatement of revenue derived from conditional grants disclosed in note 14 to the financial statements. In

addition, accumulated surplus is overstated due to the following misstatement:

- Expenditure transactions amounting to R1, 7 million that relate to the 2011-12 financial year were incorrectly accounted for in the 2012-13 year.

Consequently, I was unable to determine whether any further adjustments were necessary to accumulated surplus as disclosed in note 14 to the annual financial statements.

Unspent conditional grants and receipts

7. As per paragraph 6 above, the municipality could not provide sufficient appropriate audit evidence to support a restatement of R34, 6 million in unspent conditional grants, as disclosed in note 16 to the financial statements. I was unable to determine whether any adjustment was necessary to restate the comparative figures.

Irregular expenditure

8. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 47 to the financial statements is understated in respect of amounts totalling R26,1 million incurred during the year that were identified during the audit process. Due to the lack of systems and non-availability of sufficient appropriate audit evidence for all awards, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed at R43 million. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure note.

Cash flow disclosure

9. The recalculated cash flows from generated operations included in the cash flows contained a material variance amounting to R20, 6 million. Sufficient appropriate supporting documentation and calculations were not provided for cash generated from operations. Consequently, the amounts disclosed in the cash flow statement do not fairly present the cash inflows and outflows of the municipality for the current and prior period.

Statement of comparative and actual information

10. GRAP 24: *Presentation of budget information in financial statements* states that where the financial statements and the budget are not prepared on a comparable basis, a reconciliation identifying separately any basis, timing and entity differences should be included in the comparison of budget and actual amounts. The municipality budget is prepared on a cash basis and reconciliation between the accrual basis and cash basis was not included in the annual financial statements. Consequently, the disclosure of the budget versus actual comparison is not appropriate or complete in terms of the requirements.

Aggregation of immaterial uncorrected misstatements

11. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position, the statement of financial performance and notes to the annual financial statements.

Statement of financial performance:

- General expenditure as disclosed in note 24 to the financial statements is overstated by R1, 7 million.

12. In addition, I was unable to obtain sufficient appropriate audit evidence due to individually immaterial amounts that were unsubstantiated and I was unable to confirm the following elements by alternative means.
13. Statement of financial position:
 - Receivables from non-exchange transactions included in note 11 to the financial statements.
 - Unspent conditional grants and receipts included in note 16 to the financial statements.
14. Statement of financial performance:
 - Government grants and subsidies as disclosed in note 21 to the financial statements.

Aggregation of immaterial corresponding figures

15. The prior year financial statements as a whole were materially misstated by R6 million and R5, 2 million due to the cumulative effect of various individual immaterial uncorrected misstatements making up the statement of financial position and the statement of financial performance. These misstatements reported in my report on the financial statements for the year ended 30 June 2012 were not addressed in the current year. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Opinion

16. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Chris Hani District Municipality and its subsidiary at 30 June 2013 and its financial performance and cash flows for the year then ended, and the requirements of the MFMA and DoRA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
19. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual

performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

20. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
21. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

22. Section 46 of the Municipal Systems Act requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 67 % measures taken to improve performance as disclosed in the annual performance report. The municipality's records did not permit the application of alternative audit procedures due to the absence of systems to report on deviations from planned performance.

Measurability

Performance targets not specific

23. The National Treasury FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 47% of the targets of programmes that are significant in relation to the overall mandate of the municipality were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was not aware of the requirements of the FMPPI.

Reported performance not reliable

24. The National Treasury FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to basic service delivery and infrastructure development was not reliable when compared to the source information and/or evidence provided. This is due to a lack of review of the validity, accuracy and completeness of the reported achievements against the source documentation.

Compliance with laws and regulations

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

Strategic planning and performance management

26. The parent municipality did not take steps to improve performance with regard to those development priorities and objectives where performance targets are not met as required by section 41 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Audit committee

27. An audit committee was not established by the municipal entity, as required by section 166(1) of the MFMA.

Internal audit

28. An internal audit unit was not established by the municipal entity, as required by section 165(1) of the MFMA.

Budgets

29. Expenditure was incurred by the parent municipality in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.
30. Sufficient appropriate audit evidence was not obtained that the parent municipality had submitted the quarterly reports to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
31. Monthly budget statements were not submitted, by the municipal entity, to the mayor as required by section 87(11) of the MFMA.

Conditional grants received

32. The parent municipality did not evaluate its performance in respect of programmes funded by the municipal infrastructure grant (MIG), municipal systems infrastructure grant (MSIG) and the finance management grant (FMG), within two months after the end of the financial year, as required by section 12(5) of DoRA.
33. The parent municipality perform preparations for the next financial year and the 2014-15 financial year, as required by section 26 of DoRA, in that the final allocations were not submitted to the National Treasury by 7 December 2012.

Expenditure management

34. Monies owing by the parent municipality and the municipal entity were not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
35. Reasonable steps were not taken by the parent municipality to prevent irregular and unauthorised expenditure, as required by section 62(1)(d) of the MFMA.
36. The parent municipality did not comply with section 32(4) in that the accounting officer did not promptly inform the mayor and the MEC for local government in the province in writing of the following,
- Any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
 - Whether any person was responsible or investigated for such unauthorised, irregular or fruitless and wasteful expenditure.
 - The steps that had been taken to recover or rectify such expenditure and to prevent recurrence of such expenditure.

Annual financial statements, performance and annual reports

37. The financial statements submitted for auditing of the parent municipality and the municipal entity were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in property, plant and equipment and

accumulated surplus and subsidies received identified by the auditors in the submitted financial statements were subsequently corrected; however, the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

38. The annual performance report of the parent municipality did not contain a comparison of the performance of the municipality and of each external service provider, with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46 of the MSA.

Procurement and contract management

39. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).
40. Construction projects were not always registered by the parent municipality with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation.
41. Contracts and quotations were awarded by the parent municipality to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
42. Awards were made by the parent municipality to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44(b).
43. Goods and services with a transaction value of below R200 000 were procured by the municipal entity without obtaining the required price quotations, as required by SCM regulation 17(a) and (c).
44. Quotations were accepted by the municipal entity from prospective providers who are not registered as accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b).
45. Goods and services of a transaction value above R200 000 were procured, by the municipal entity, without inviting competitive bids, as required by SCM regulation 19(a).
46. Invitations for competitive bidding were not always advertised by the municipal entity for required minimum period of days as required by SCM regulation 22(1) and 22(2).

Human resource management and compensation

47. A consolidated report on compliance with prescribed competency levels was not submitted by the parent municipality to National Treasury and the relevant provincial treasury by 30 January and 30 July, as required by *Regulations on minimum competency levels* regulation 14(2)(a).

Consequences management

48. Fruitless and wasteful expenditure incurred by the parent municipality was not investigated to determine whether any person was liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
49. Irregular and fruitless and wasteful expenditure was not always recovered by the parent municipality from the liable person, as required by section 32(2) of the MFMA.

Asset and liability management

50. An adequate management, accounting and information system which accounts for assets was not in place at the parent municipality, as required by section 63(2)(a) of the MFMA.

Internal control

51. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

52. Oversight responsibilities regarding the monitoring of internal controls over financial reporting, compliance with applicable laws and regulations were not adequately performed. This resulted in material misstatements in the annual financial statements that were submitted for audit and non-compliance with applicable laws and regulations. It also resulted in the information presented in the report on predetermined objectives not being valid, accurate and complete. Leadership has not implemented adequate controls to prevent or detect (and subsequently report on) irregular expenditure incurred.

Financial and performance management

53. The municipality did not prepare reliable and accurate monthly and quarterly financial statements and did not perform daily and monthly processing and reconciling of transactions throughout the financial year, with the result that material misstatements were identified during the audit which could not be substantially corrected by management, thereby having a negative impact on the audit outcome.
54. The municipality has not implemented controls to ensure that the information supporting the report on predetermined objectives is credible, accurate and complete.
55. The municipality has not implemented adequate review mechanisms to ensure that the report on predetermined objectives and the annual financial statements are reviewed for accuracy and completeness prior to submission for audit

Governance

56. The municipality has an audit committee and internal audit unit in place. The recommendations of the audit committee and internal audit unit were not adequately addressed by management. The implementation of recommendations made by governance structures remains a significant deficiency in addressing control deficiencies that exist in the municipality's control environment.

OTHER REPORTS**Investigations**

57. At the request of the municipal council, an investigation was conducted into the appointment of service providers without following proper SCM processes for cleaning and refurbishing the Cradock garden of remembrance and into the close relationship of a key official within the municipality with the appointed service providers. The investigation was still ongoing at the reporting date. Another investigation was conducted during the year into irregularities in the implementation of the Expanded Public Works Programme. This investigation was still ongoing at year-end.

Auditor-General

East London

11 December 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B

6.2 AUDIT OPINION FOR THE 2013/2014 FINANCIAL YEAR

COMPONENT C

6.2 AUDIT ACTION PLAN FOR THE 2013/2014 AUDIT REPORT

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.

Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

Vote:

One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.

Section 1 of the MFMA defines a “vote” as:

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A






COUNCILORS, COMMITTEE ALLOCATION AND ATTENDANCE

ELECTION OF COMMITTEES OF COUNCIL

In terms of Section 80 of the Municipal Structures Act, No. 117 of 1998, (1) if a municipal council has an Executive Committee or Executive Mayor, it may appoint in terms of Section 79, Committees of Councilors to assist the Executive committee or Executive Mayor.








- (2) Such Committees may not in number exceed the number of members of the executive committee or mayoral committee.
- (3) The executive committee or executive mayor---
 - (a) Appoints a chairperson for each committee from the executive committee or mayoral committee;
 - (b) may delegate any powers and duties of the executive committee or executive mayor to the committee:
 - (c) is not divested of the responsibility concerning the exercise of the power or the performance of the duty: and
 - (d) may vary or revoke any decision taken by a committee subject to any vested rights.
- (4). Such a committee must report to the executive committee or executive mayor in accordance with the directions of the executive committee or executive mayor.

The following are the existing Standing Committees of council:

-  Finance and Fiscal Committee;
-  Integrated Planning & Economic Development Committee;
-  Governance and Institutional Committee;
-  Health & Community Services Committee;
-  Infrastructure Committee

Committee Composition





FINANCE AND FISCAL COMMITTEE

-  PLATA SITHEMBELE DAVID - PORTFOLIO HEAD
-  NONTSELE MNCEDISI
-  MANDILE PRINCE PHILLIP
-  NDYUMBU THANDEKA
-  MDLELENI KHANYISA
-  JIYOSE LAMLA
-  MAGWASHU NONGAZI GLADYS
-  BULA MZWANDILE NELSON




HEALTH AND COMMUNITY SERVICES COMMITTEE





-  NONZUKISO MATIWANE- PORTFOLIO HEAD
-  NOQA LULAMA ELIZABETH
-  NOBONGOZA HUMPHREY
-  MADYOLO ZONDELWA
-  LIWANI SIBHA
-  BOKUVA VUKILE ARCHIBALD
-  NTONI BUYISILE OLIVER

GOVERNANCE AND INSTITUTIONAL DEVELOPMENT COMMITTEE

-  SHWENI ZENZILE RAYMOND - PORTFOLIO HEAD
-  NYHUKWNANA NOMVELISO
-  DYANTYI S. R.
-  MBOTHOLISHI ZUKILE
-  NTAKANA SIYAVUMA
-  ROSKRUGE NONDUMISO
-  DELIWE ZANEMVULA CHRISTOPHER
-  VENSKE ROBERT WILHELM

INTEGRATED PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

-  NKWENTSHA-GUNUZA LINDIWE - Portfolio Head
-  VIMBAYO KHOLISWA
-  ERASMUS FRANS

-  JENTILE MLAMLI
-  KALOLO DUMISA
-  NQUMA NOMBUYISELO PATRICIA
-  MBOLO SKOSANA

INFRASTRUCTURE COMMITTEE

-  XUMA MTHETHELI - Portfolio Head
-  NOBONGOZA THANDUXOLO PETER
-  GELA WONGAMA
-  GONIWE NYAMEKA
-  QAMNGWANA MTHANDAZO
-  NDLEBE NOMBUYISELO SELKA
-  NQIQHI KAYALETHU

APPENDIX B

RECOMMENDATIONS OF MUNICIPAL AUDIT COMMITTEE

Audit Committee Members and Attendance of Meetings

The AC consists of the members listed hereunder and meets at least four (4) times per annum as per its terms of reference. During the current reporting period five (5) meetings were held. All the members of the AC are independent.

Details of meetings attended during the year then ended are:

NAME	NO OF MEETINGS ATTENDED

AC Responsibilities

The AC's role is to assist the Municipality in attending to matters affecting both financial administration, Internal and External Auditing and other oversight responsibilities as outlined in **Sec 166 (2) (a) of the MFMA**. It strives to achieve this by operating within the AC Charter which was adopted by the Committee.

Internal Control Issues

Good corporate governance principles dictate that risks and deficiencies identified and reported should be timeously addressed.









In view, thereof, Management addressed risk management identification by utilizing the skills of the Internal Audit unit however risk assessment for the year under review was not conducted timeously and that was a hindrance to an effective risk management process. Management was advised by the Audit committee to appoint a Risk Manager to coordinate the risk management activities

The Effectiveness of Internal Audit

In line with the MFMA and the King III Report on Corporate Governance, the internal audit function provides Management and the AC with assurance that the internal controls are

appropriate and effective. This is achieved by means of risk management process, assessment of internal controls as well as identification of corrective actions and suggested enhancements to the controls and processes.

The Internal Audit unit conducted and completed the following internal audit projects:

-  ICT
-  HR
-  S71 reports
-  S72 reports
-  Budget review
-  Follow ups – Internal Audit reports
-  Follow ups – External Audit report
-  Follow ups – Risk register

The AC confirms that after conducting Internal Audit Assessment, the unit could be relied upon by the AC in performing its oversight duties.

CHDM AS A WATER SERVICES PROVIDER (WSP)

In our previous report we recommended a total review of the agreements between CHDM and the Local Municipalities concerning water services provision. Even though review of contracts had been made, the administration of water services still remained the responsibility of CHDM until the year end. Managing water provision at Local Municipalities level by CHDM had generally been poor.

Evaluation of Annual Financial Statements

Provision of annual financial statements (AFS) by management and its subsequent review by the committee needs to comply with time schedules to achieve maximum effect, even though the annual financial statement were submitted to Internal audit and Audit committee, time was not sufficient to do the thorough review.

The committee appreciated the early submission of the Annual financial statements and the improved audit opinion but still concerned with the internal control environment and the need to enhance the risk management processes

The committee further recommended that management should prepare monthly management accounts, which will culminate into quarterly financial statements for audit committee review. This is the only way to eliminate delays in preparing AFS at year end annually.

The AC agrees and accepts the Office of the Auditor General's conclusions (report) on the annual financial statements and is of the opinion that the audited annual financial statements be accepted.

New developments

The term of office for the audit committee expired in June 2013 and the extension was deemed necessary which commenced in July 2013 to September 2013. The new audit committee has been appointed. The outgoing committee would like to express its appreciation for the time served at Chris Hani in particular, and the Central Cluster.

VOLUME II: ANNUAL FINANCIAL STATEMENTS