



CHRIS HANI
DISTRICT MUNICIPALITY

**SUSTAINING GROWTH
THROUGH OUR PEOPLE**

DRAFT

CONSOLIDATED

ANNUAL REPORT

2015/2016 FINANCIAL YEAR

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CHAPTER 1: EXECUTIVE MAYOR'S FORWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD

CLLR M.C. KOYO
EXECUTIVE MAYOR

Date

1.2 EXECUTIVE SUMMARY

It is with pleasure that I present the Consolidated Annual Report of the Chris Hani District Municipality for the 2015/2016 financial year. This is the fifth account of the journey the municipality has traversed in an attempt to realise the goals and objectives as set by Council. As we prepare to enter the last stretch of the term of the current Council, and as required by legislation and other prescripts, the municipality has undertaken 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, I believe, demonstrates our continued commitment to transparency and accountable decision making.

During the financial year under review, the Chris Hani District Municipality underwent various operational changes which were forced by the resignation of two Section 56 managers, the Chief Financial Officer and the Director: Integrated Planning and Economic Development (IPED). Whilst challenges have been experienced in as far as filling the position of Director: Integrated Planning and Economic Development, the position of Chief Financial Officer was filled in November of the financial year under review.

Even though operating without one of the one of the key personnel, the municipality has not wavered in its charge at delivering quality services in a sustainable manner to all its communities. 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 good governance point of view, 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. Finally, 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

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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.

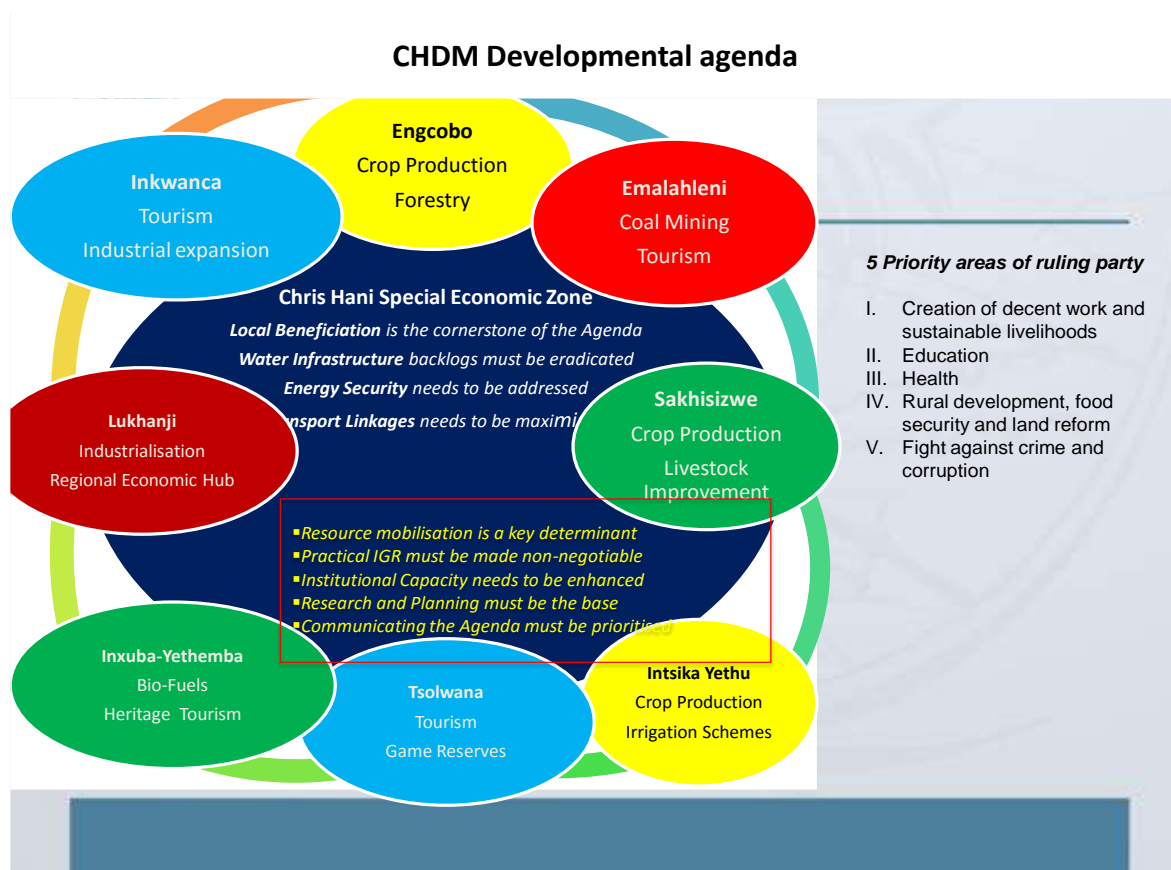


FIGURE 2: District Development Agenda

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”

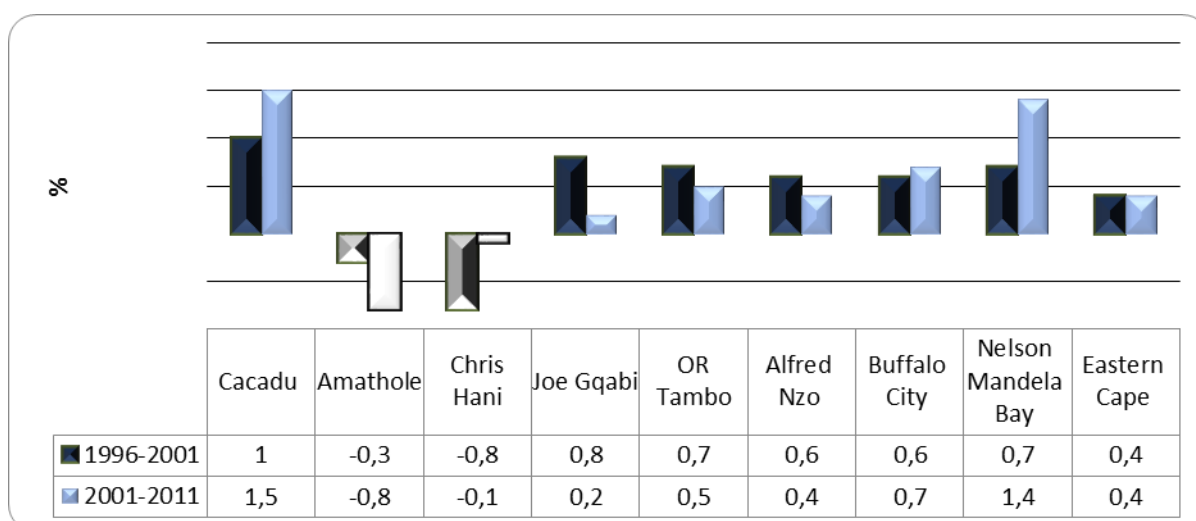
Chris Hani District Municipal Values:

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)

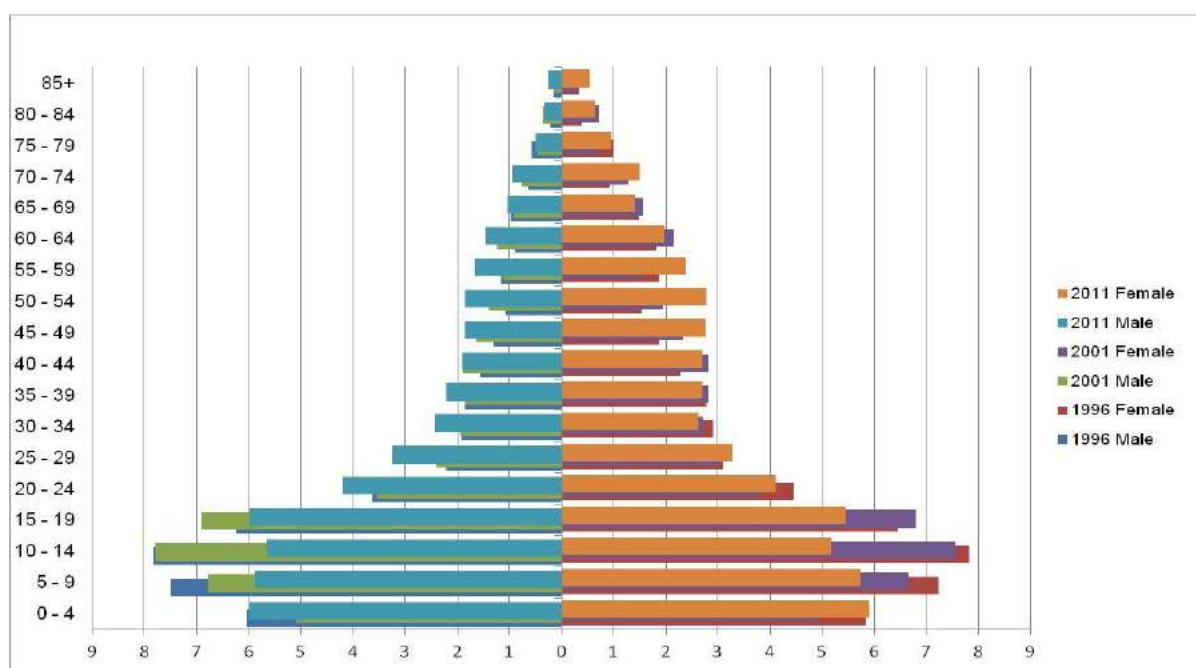
Table 2 below shows the population distribution per local municipality as informed by the 2011 Census.

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.

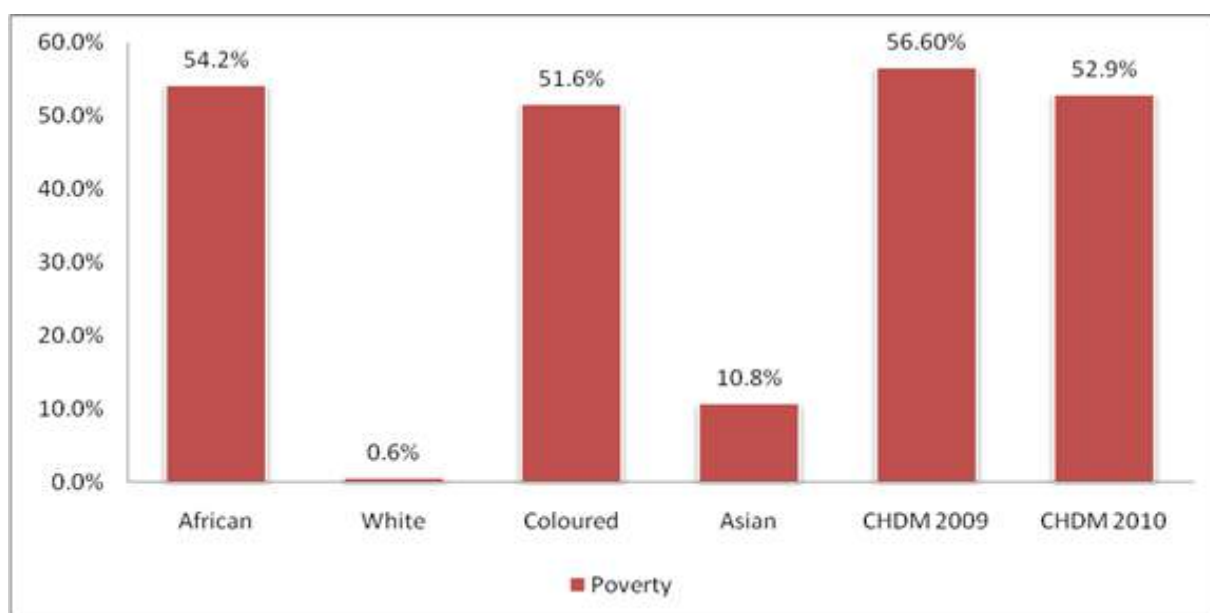
In addition to the sizes of the population, the statistics generated in 2011 provide us with information relating to the distribution of the population by age and sex. The pyramid (graph 2 below) shows a significant decline in male and female aged 15 – 19 and a decline in males 15 – 34. One of the factors 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%.

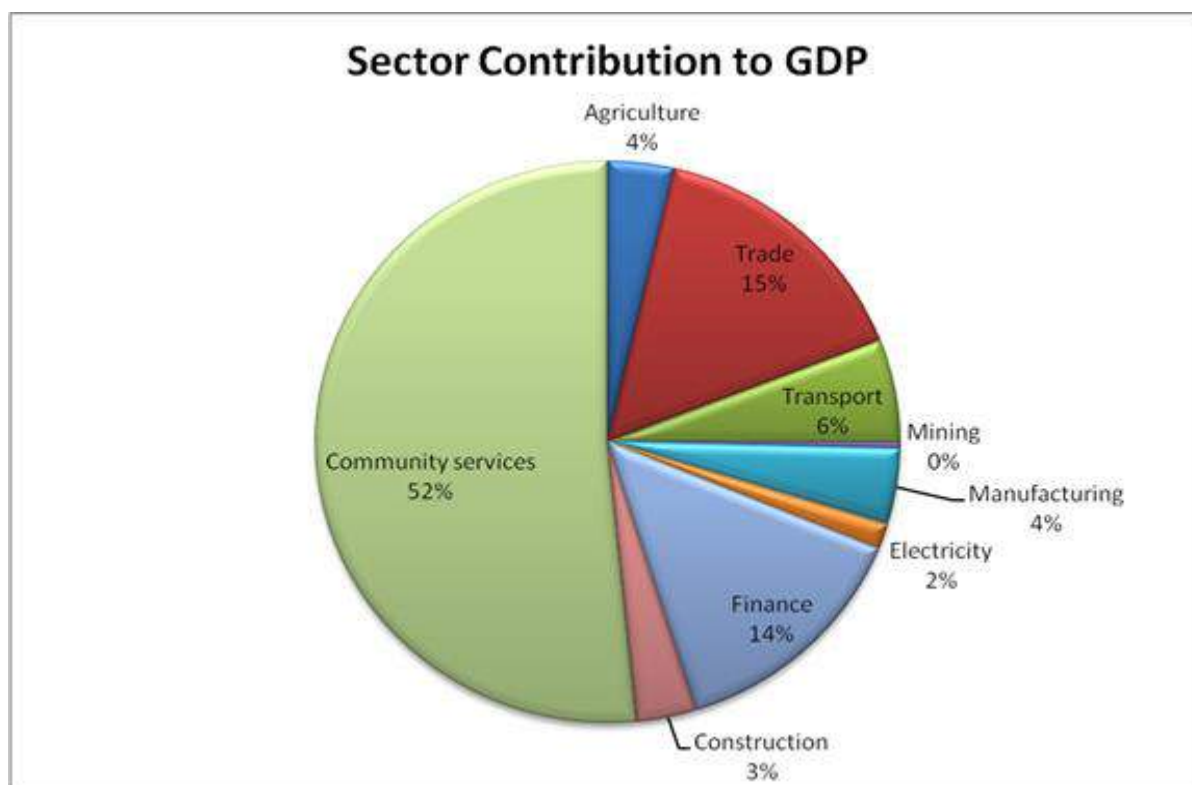


GRAPH 3: Poverty levels per race type (2011 Census)

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.

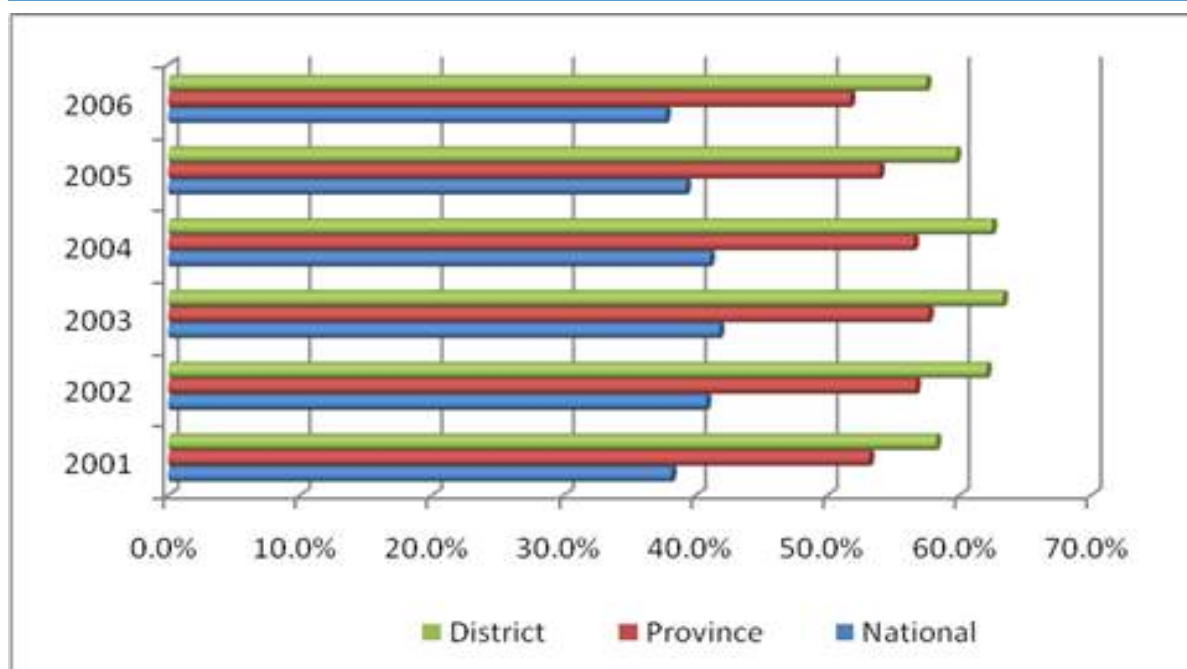
1.3.4. ECONOMIC OVERVIEW

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.



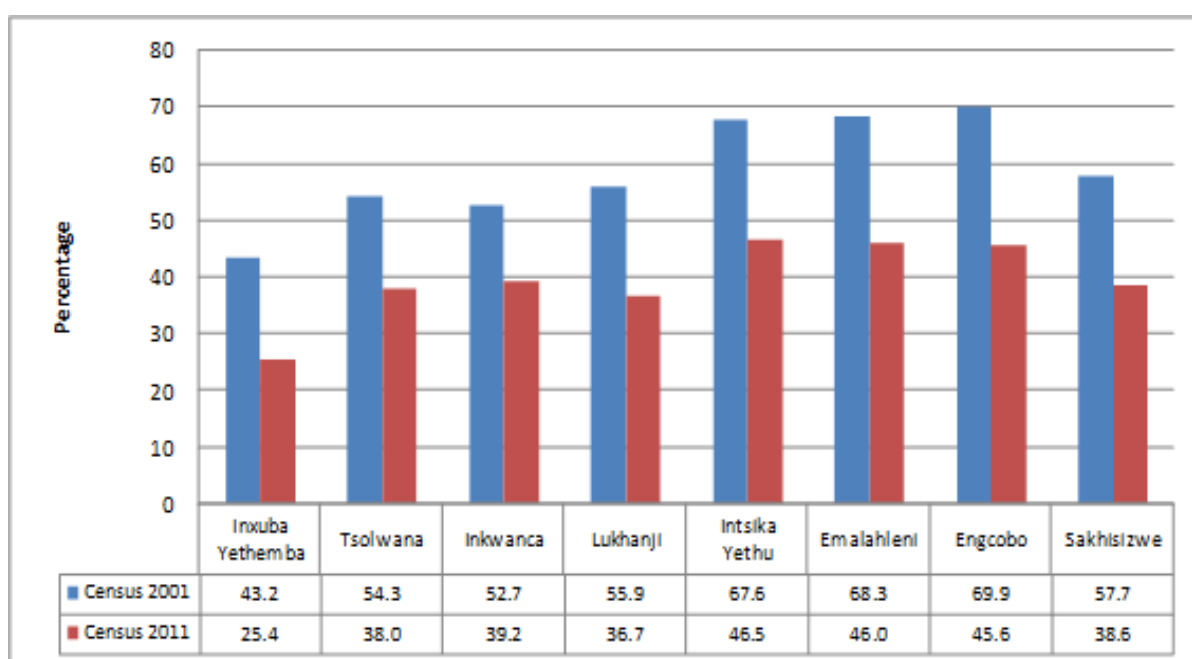
GRAPH 4: Sector contribution to district economy (2011 Census)

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)

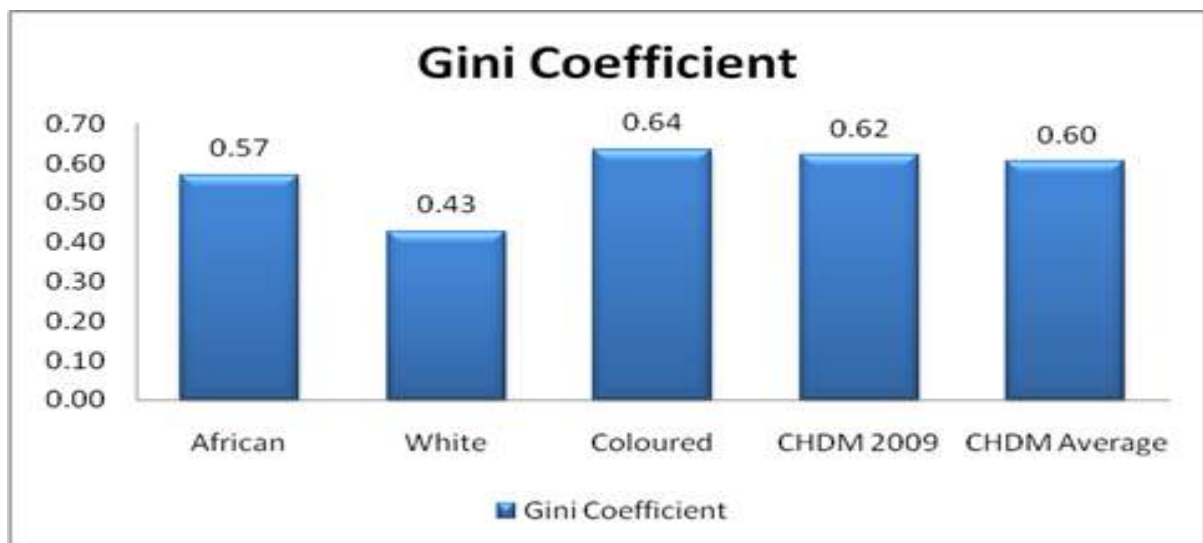
Due to high rates of unemployment there is generally high dependence on grants and remittance (monies sent home family members working in urban centres) as the main sources of household incomes especially in the poor areas in our district. In general most people get their money from social grants especially 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:

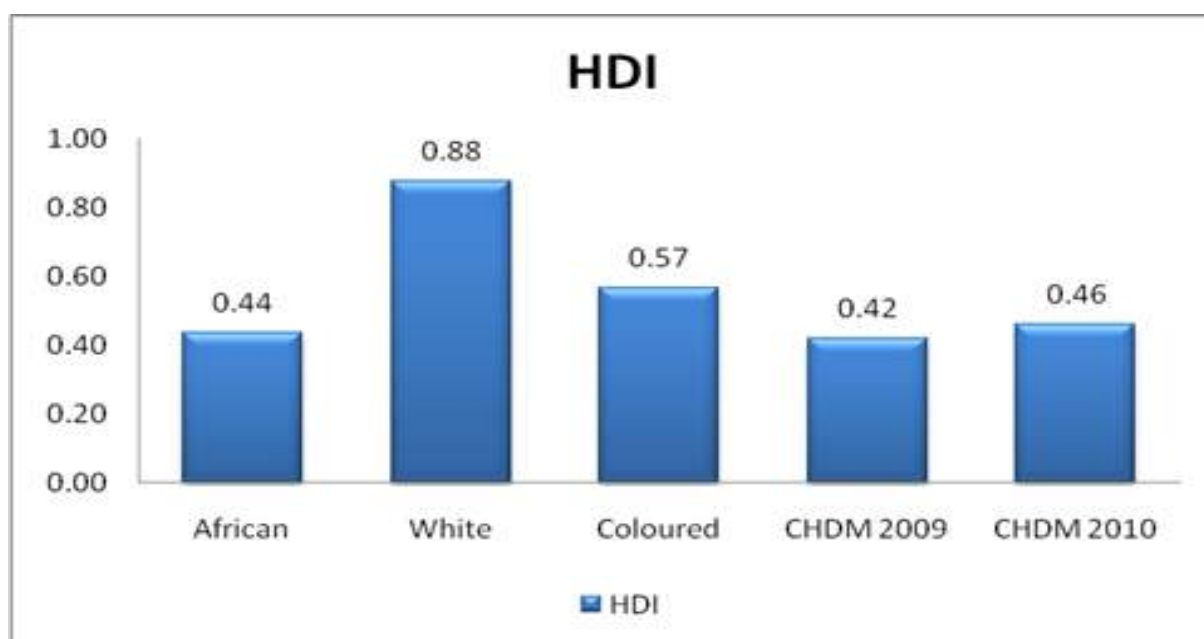


GRAPH 7: Income inequality by race (2011 Census)

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:

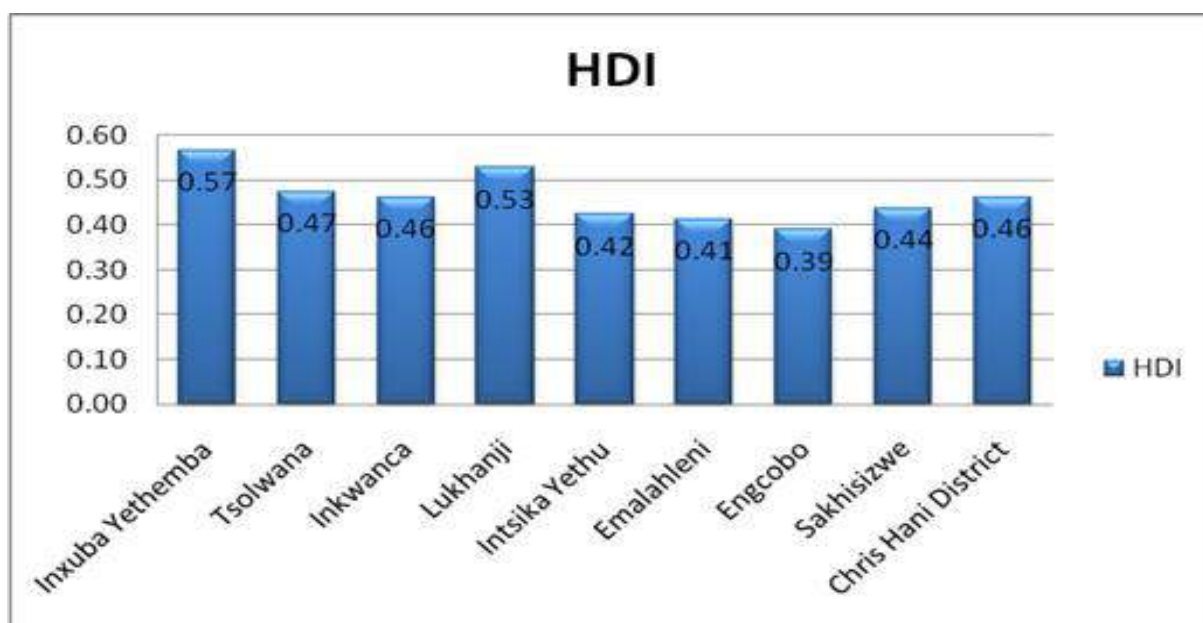
The region is challenged with a higher demand for basic services as well as housing/Infrastructure etc. The area is largely rural which negatively influences the health as to some services are sparsely located within the district. Services such as education, reproductive health, youth development and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

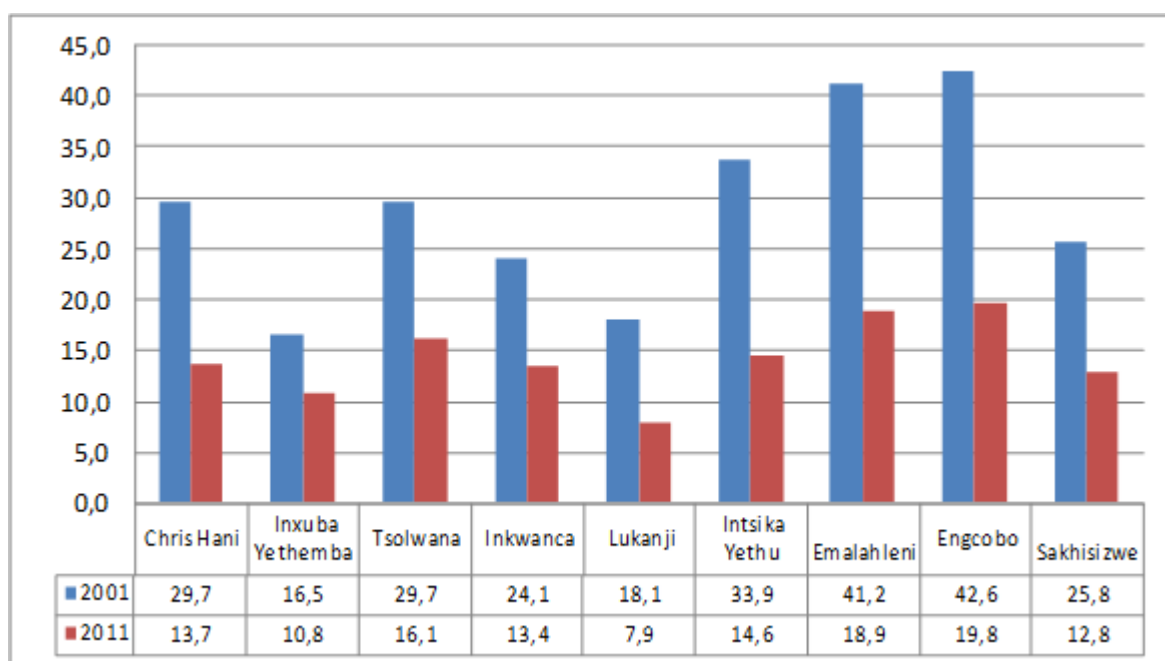
Economic situation in terms of lack of income and unemployment of the population is increasing.

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 Services & 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, 2 278 drinking water samples were tested for compliance, and of these only 19 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, 280 waste water samples were tested during the period under review. Of these, only 173 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, 632 food samples were collected for analysis. Of these, 136 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	2404	1640	764	These food premises are both formal and informal. Their business set up is therefore distinct due to their different economic status. The council is paying particular attention to develop the informal sector so that it can contribute meaningfully to the economy of the district.
Funeral Parlours	240	137	7103	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.
Sanitation Structures	176	159	17	The Sanitation structures are evaluated in terms of White Paper on Basic Household Sanitation of 2001.

TABLE 3: Health Surveillance of Premises

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.

- ✚ 12 exhumations and reburials were performed in this financial year and 16 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 AND WASTE SITES EVALUATED

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, 8 campaigns were conducted in line with the SDBIP, at different schools and communities within CHDM.
- ✚ The Municipal Health Services evaluated 56 waste sites this financial year, out of 56 waste sites evaluated 14(for one waste site) complied with the requirements .The inspections of waste sites were conducted by Environmental Health Practitioners responsible for Local Municipality concerned. Currently there are 5 Sites within the DM that are permitted to operate as Landfill Sites or Transfer Station

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.

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	In terms of the powers and functions as allocated by the Constitution and the various other pieces of legislation, this function is local at Local Municipal level. During the financial year under review, the district has supported local municipalities in the waste programme as well as in developing and reviewing the individual waste management plans.			
2	Existence of waste management plan				

EC-COGTA: Annual Performance Indicators in Waste Management Services

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.

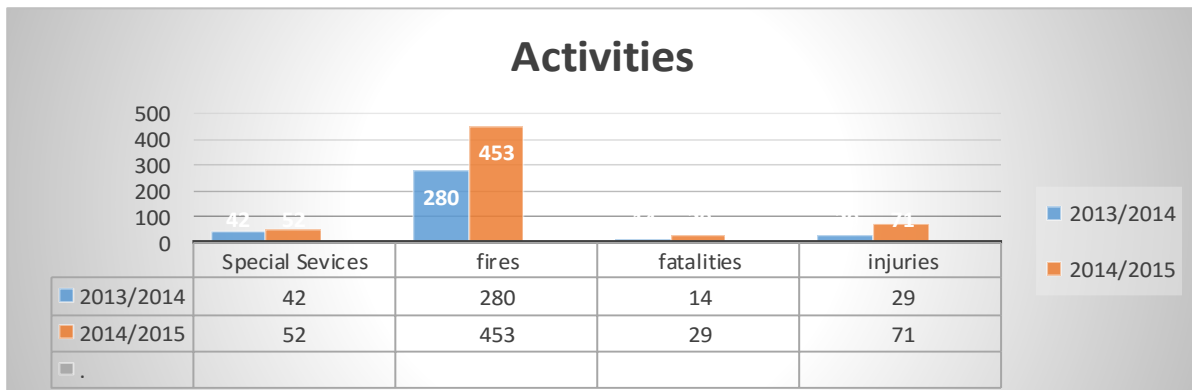
FIRE SERVICES

This annual report has been consolidated to offer the public and readers with a quick snapshot of the activities and projects that we as the District Fire Services have been involved with over the past year.

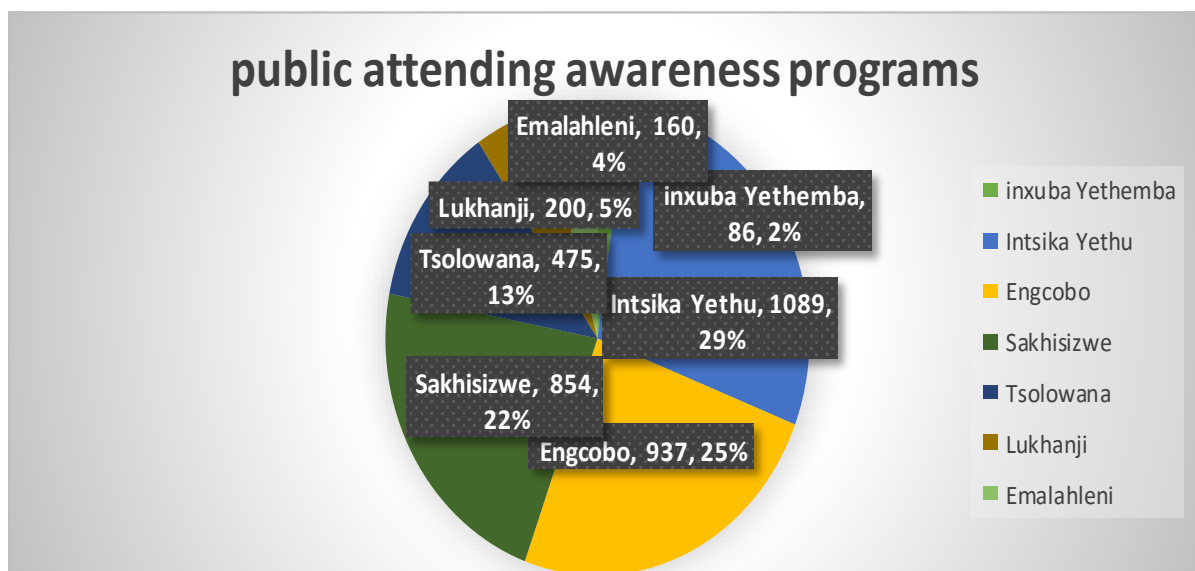
ACTIVITIES:

Special Services includes: accidents, rescues, water delivery, spillages, hazmat incidents and false alarms.

Fires includes: buildings, dwellings informal and formal, electrical fires, rubbish, veldfires and transport fires.



HCS Report Figure 3: Special Activities 1



HCS Report Figure 4: Public Attending Awareness

The District Fire Services are delivery services beyond their scope of duties by conducting Fire prevention when required by Local Municipalities, approved building plans (Fire Protection Plans) when it's been submitted to the office of the Fire Manager and assisting Local Municipalities by doing standby at special events in their areas.

PROJECTS:

The Fire Services are embarking on purchasing a medium pump Fire engine which will be supply and delivered in October 2015. A Fire Plan was developed in house completed and approved by the council. Three fire training programmes were identified and attended: Firefighters one and Hazmat awareness, Seven (-7) x Volunteers attended the firefighter one and hazmat awareness training in Kwa-Zulu Natal Grey Town at Rural Metro (service provider), the volunteers were from Tsolwana two (-2), Engcobo two (-2) and three (-3) from Sakhisizwe Local Municipality.

Fire Investigation course, nine (-) 9 x firefighters of the District Fire Services attended this course in Vereeniging. Introduction to Samtrac course was attended by 10 staff members of the District. The planned Fire Station for Sakhisizwe Local Municipality, will commence in October 2015 as planned by the consultants.

To conclude in the modern fire services the operative word is CHANGE and we as Chris Hani District Fire Services embracing changes with enthusiasm as depicted on the graph the fires and fatalities increase with 161% and 207% respectively. Human resources and equipment is required at Local level.

DISASTER MANAGEMENT SERVICES

CHDM is prone to different types of disasters which are as a result of different hazards that are seasonal. They occur at a rapid and catastrophic rate mainly because of climate change which is a threat to both, the nature, infrastructure and to humanity. It is said to be as a result of rapid rise of Greenhouse emissions which result to the earth warming too quickly in response to these unpredicted gas emissions.

Greenhouse emissions are gases such as dioxide, methane, nitrous oxide, and fluorinated gases in the atmosphere that emits and absorb radiation within the thermal infrared range. This phenomenon results to unpredicted weather patterns.

The warming of the earth as a result of the Greenhouse emissions result to what is referred to as Global Warming which leads to accelerated sea level rise, droughts, floods, storms and heat waves. Governments across the globe are talking about measures to circumvent the challenge and turn things around. As a result of these phenomena on the 14th of November 2014 we were forced as Chris Hani District Municipality to declare a state of local disaster

which was published on an extraordinary provincial Government Gazette 3315. That was as a result of a Strong and violent wind which left a number of destitute people homeless and some injured. It is always a serious challenge to intervene when such catastrophic events occur because of the scarcity of resources and refusal of organizations, departments and individuals to heed to the call that Disaster Management is everyone's responsibility.

In an attempt to raise our communities awareness we conducted public awareness programs in the following municipalities:

MUNICIPALITY	WARDS	NUMBER OF PEOPLE
Emalahleni	13	1192
Engcobo	14	702
Inkwanca	1	61
Intsika Yethu	20	1204
Inxuba Yethemba	2	85
Lukhanji	6	477
Sakhisizwe	4	514
Tsolwana	5	507
TOTALS	65	4742

This means therefore that out of 112 wards we could reach 65 wards and a very minimal number of the district's population. The statistics otherwise exclude the communities reached through the IDDR program which begins from our local municipalities.

We continue to improve our institutional capacity. There are additions that we made to our state of the art Communication System. The additions include inter alia, a CCTV camera on Pen Hoek Pass to monitor snow and accidents that occur there as a result of adverse weather conditions; expansion of our Radio Communication network; installation of independent water system for the Disaster Management Centre; additional Surveillance Cameras in and around the centre; the cascading of the communication infrastructure to local municipalities and above all, an Incident Command Vehicle that we will launch very soon which is equipped with high technology for incident and event management. The technology installed in the vehicle will enable it to link remotely with the disaster management centre through satellite.

We have a functional Disaster Management Advisory Forum which seats four (4) times a year to consider projects and programs relating to Disasters and Disaster Management and where necessary recommend or advise council on issues pertinent to disasters.

We further continue to participate in internationally proclaimed programs like the IDDR which we had consistently commemorated since 2006. This program helps us to reflect on past incidents of disaster, remember those suffered as a result of those incidents and to educate the young and old which the program is able to bring together especially the youth at school.

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 areas.

District AIDS Council (DAC) meets quarterly to discuss and resolve on all HIV, STIs and TB related issues and progress reports. Amongst the responsibilities of the DAC is the capacitation and support to the Local AIDS Councils (LACs) and stakeholders. LAC assessment and technical assistance programme was conducted at Inxuba Yethemba, Sakhisizwe, Inkwanca and Intsika Yethu within this reporting financial year, with the assistance of the Eastern Cape AIDS Council and GIZ partnership.

COMMUNITY DIALOGUES

The HIV, STIs and TB strategic plan for 2012-2017 has been vigorously implemented through collaborative efforts of the District AIDS Council Stakeholders by conducting awareness campaigns and community dialogues. A total of 145 campaigns were conducted throughout the eight (8) Local municipalities of the district in the 2014/2015 financial year. The campaigns have been achieved through observation of Health Calendar events such as the World AIDS Day, STIs and Condom Week, women's month and Candlelight memorial days. These campaigns seek to address the drivers of HIV such as:

TB/HIV integration; Safe Circumcision; Drug and alcohol abuse, HIV Counselling and Testing (HCT) as a prevention strategy; Stigma mitigation; Treatment Literacy and Adherence (ART Programme) and Human rights issues.

Programme	Local Municipality	Number of Dialogues held
District Women's Month, Antipoverty programmes; World AIDS Day; STI and condom week programmes and Candlelight memorial programmes	Emalahleni	20
	Lukhanji	12
	Inkwanca	06
	Intsika Yethu	23
	Inxuba Yethemba	05
	Engcobo	60
	Tsolwana	04
	Sakhisizwe	15
TOTAL		145

The dialogues are means of creating platforms for community members to discuss the HIV, STIs and TB issues and hence correct the myths and misconceptions that they usually have about the diseases. The programme has seen improvement in knowledge and information among the community members which contribute to the improved programme statistics stipulated below.

Since the inception of partnership between the DOH and Africare, together with the DAC/DHA stakeholders in 2009, there has been tremendous improvement in measurement of HIV related indicators through the five years.

HIV AND TB

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

HIV Counselling and Testing (HIV) coverage has increased from 133 745 people in 2013 to 150 651 people in 2014 throughout the District.

The total number of patients initiated on ART in 2014 was 8 682.

The total number of patients remaining in treatment has increased from 32 868 in 2013 to 37 160 in 2014.

TB screening has improved up to 91, 6% in 2014, creating early detection and high probability for cure.

The success of PMTCT programme show that there is a decreased number of mother to child transmissions as it has decreased to 2.3%.

98% of children who are initiated on ART, have been retained in treatment.

MOM –CONNECT

MOM CONNECT is a free service offered by the Department of Health especially to pregnant mothers to allow them to access valuable information about health services available to them and their babies. Mom Connect assists to achieve South Africa's Millennium Development Goals (MDGs), which aims to reduce maternal and child mortality (Maternal deaths) through strengthening primary healthcare.

The number of mothers who die during pregnancy and even after they have delivered their babies is 28 for 2014/2015, which is high and quite alarming. However, the total number of pregnant women registered on MOM Connect in the district from September 2014 to June 2015 is 4 204. This is a good indication towards curbing the increase in maternal deaths.

Pregnant women and mothers who are registered on Mom connect get comprehensive information about antenatal care, Prevention of Mother to child transmission (PMTCT), testing for hypertension, diabetes, HIV, TB and STIs within their early stages of pregnancy. They receive sms to track their progress and they can also communicate (or send please call sms) to the National DOH to communicate their concerns at no cost.

CIRCUMCISION

The CHDM Circumcision programme for winter and summer 2014 has seen a total of 10 410 initiates, of whom 10 195 were clinically examined, 286 were assisted in the bush, 136 clinical admissions, and 09 deaths (2 in winter and 07 summer). Initiate deaths by Sub-districts is as follows: Engcobo -3; Emalahleni- 1; Inxuba Yethemba – 1; Intsika Yethu- 1; Lukhanji- 2 and Sakhisizwe- 1. Winter season for 2015 saw death of 03 initiates.

The main causes of death are drowning, dehydration and herbal intoxication. Highlights of the programme are the strong leadership displayed by the House of Traditional leaders with well-coordinated monitoring teams throughout the district, visibility of SAPS and partnership from the District Municipality and the Department of Social Development. The CHDM has provided 3 vehicles in the winter season and 2 vehicles in summer for assisting with bush tracking.

A District Circumcision summit was held on the 18th and 19th May 2015 with the purpose to devise effective strategies on how to deal with the challenges that face the circumcision programme within the Chris Hani district. The summit resolutions were formulated for submission to the council.

CAPACITY BUILDING

Two training programmes were conducted, i.e. IACT training conducted for 45 field workers at Hofmeyr, Tsolwana and Training of Ground diggers conducted at Engcobo LM for 100 people. Ground diggers were inducted on their roles and responsibilities and the reporting format. The last training programme was on the functionality of war rooms for the Local Municipality Coordinators together with their portfolio councillors, Community Deployment workers, and departments. The purpose was to capacitate these stakeholders so as to be able to train their own war room members to fast track the capacitation process.

The **ANTI – POVERTY** or **PHAKAMA SAKHE**:

There are 95 War on Poverty Rooms that have been established throughout the district. 27 War rooms have been inducted and capacitated from Tsolwana, Inxuba Yethemba, Intsika Yethu, Engcobo, Sakhisizwe, Emalahleni and Lukhanji Local Municipalities together with the ward committees, CDWs, traditional leaders and Councillors of Engcobo Municipality. War room members were inducted on the proceedings and terms of reference for functionality of the war rooms. There is a good partnership and participation of the stakeholders in the War on Poverty Rooms that are functional. One of the clear outcomes of a functional war room is the improvement of service delivery by Departments and Municipalities based on the profiling report conducted in the war room. Intsika Yethu Local Municipality has a functional war room's programme and they all their integrated programmes are implemented through a war rooms approach to speed up service delivery.

The Ground diggers programme is being implemented at Intsika Yethu Municipality for a duration of 2 years with 105 jobs created, and the contract is due to end at the end of June 2015. 46 Indigent households have benefited in the food garden programme and more than 1200 households have been assisted on various social challenges including HIV and TB related issues. The District support of the ground digger's programme at Intsika Yethu has come to an end, owing to Intsika Yethu to sustain the programme.

The programme has since been rolled out to Engcobo Municipality in November 2014, achieving creation of 100 jobs in all the 20 wards. These ground Diggers conduct household visits and implement household gardens. Two (2) days Induction workshop for Ground Diggers was conducted on the 16th and 17 March 2015. They were inducted on their roles and responsibilities. They were also capacitated on the functionality of War on Poverty Rooms as they are also expected to participate in this strategic ward structure. Procurement of their tools of trade such as protective clothing, gardening tools, seeds and seedlings was conducted and handing over was done on the 22nd May 2015. Thirteen (13) household food gardens have been developed at Engcobo in 13 wards.

This programme seeks to alleviate poverty and create jobs in order to respond to the high rate of unemployment experience within the District.

The District Anti-Poverty Strategy was developed with the Antipoverty Forum Stakeholders through facilitation by Education and Training Unit (ETU). The process started with the Situation Analysis workshop that was held on the 22nd of September 2014 in the CHDM Council Chambers to analyse the status of poverty within the District. The exercise managed to trace the existing antipoverty initiatives so as to build on them in order to improve service delivery.

Several stakeholder engagement processes have been conducted with the final session being held on the 16th April 2015, producing the final draft document. The strategy was then adopted by the CHDM Council on the 24th June 2015.

This document will guide the implementation of antipoverty programs that focus on poverty alleviation guided by the following Pillars for interventions:

Pillar one: creation of economic opportunities;

Pillar two: investment in human capital;

Pillar three: basic income security;

Pillar four: household services and housing;

Pillar five – comprehensive healthcare;

Pillar six: access to assets;

Pillar seven: social cohesion

District Anti – Poverty Forum is formed of all stakeholders participating in poverty alleviation programmes within the district. The forum is functioning well, holding quarterly meetings chaired by Portfolio head for Special Programmes. The participation of stakeholders is very good, however submission of updated reports by the stakeholders is still a challenge.

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, programmes are implemented in the workplace to address these challenges. These

programmes are guided by the Collective Agreement on HIV and AIDS 2001/1, HIV and AIDS, STIs and T.B workplace Policy 2013 - 2017, HIV and AIDS, STIs and T.B Workplace Strategy and HIV and AIDS, STIs and T.B mainstreaming policy 2013 – 2017. The impact of the programmes conducted in the workplace on HIV and AIDS led to the decline in HIV prevalence within Chris Hani District Municipality from 16.2% in 2009 to 7.6% in 2013. The following programmes were implemented in the financial year 2014/15

HIV AND AIDS, STIS AND T.B. WORKPLACE PROGRAMME

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. Gender inequalities are identified as one of the drivers of socio-economic imbalances which then perpetuates diseases such as HIV and AIDS, STIs and T.B. Institutional dialogues programme for men was implemented to address Gender Based Violence, circumcision challenges and Human Rights issues. Male Councillors and male employees from within Chris Hani District Municipality including male Councillors and male employees from the Local Municipalities and male representatives from external stakeholders participated in this programme. Institutional Youth Dialogues Programme was also conducted as part of Youth month programmes. The programme was aimed at paying tribute to the school pupils who lost their lives during the 16 June 1976 uprising in Soweto. The theme of the programme was “Youth Action for Economic Freedom in Our Lifetime”. Chris Hani District Municipality Institutional Youth between the ages 18 - 35 years old attended and participated in this programme.

HIV, Counselling and Testing campaigns are also conducted quarterly in the workplace. The campaigns are aimed at encouraging Councillors and employees to know their health status through testing. The HCT campaign provides testing for HIV, diabetes, T.B, Sexually Transmitted Diseases (STIs), hypertension, weight etc. These are confidential services and referrals are made when necessary to the external services for further treatment.

CAPACITY PROGRAMMES CONDUCTED INTERNALLY

Capacity building programmes were conducted for Chris Hani District Municipality employees and their spouses or partners on effective parenting, effective communication. The workshops were conducted with the main objective of improving family relationships which have an impact on the performance of employees at work.

Capacity building programme on circumcision was also conducted for Chris Hani District Municipality male Councillors and employees including Councillors and employees from the Local Municipalities and males from critical stakeholders such as Traditional surgeons, traditional nurses, sector Departments coordinators of circumcision programme, religious

leaders and male members from Non-Governmental organisations such as men sector, men as partners etc. This programme was conducted in response to the circumcision challenges faced by the district which are deaths of initiates and other circumcision related challenges.

All Local Municipalities are included in the training programmes which are conducted by the district to ensure that the LMs are capacitated to respond to the common challenges identified.

FUNCTIONALITY OF HIV AND AIDS WORKPLACE FORUM

HIV and AIDS workplace forum meets quarterly to discuss and resolve all HIV, STIs and TB related issues and progress reports as required by HIV and AIDS, STIs and T.B workplace policy. This forum consists of representatives of all departments and sections within Chris Hani District Municipality.

It also includes organised labour representatives from SAMWU and IMATU. The forum discusses all technical issues including policies and strategies and their implementation in the workplace.

TECHNICAL SUPPORT TO THE LOCAL MUNICIPALITIES

Chris Hani District Municipality has provided technical and financial support the Early Childhood Development Centres (ECDC) at Lukhanji and Inkwanca Local Municipalities.

The main objective of these projects was to promote a healthy and safe environment for the children at the ECDCs. Following the assessments which were conducted on these centres by teams which consisted of Chris Hani District Municipality HIV and AIDS section, Municipal Health Services, Fire Services, Disaster Management Services, respective Local Municipality officials and Department of Social Development, needs of the centres were identified. This resulted in the renovations of the two centres to promote a health and safer environment for the children at the ECDCs. Issues such as greening of the centres were also done during the support which was provided to these centres. The projects culminated in the handover of the completed ECDC to the communities conducted by the Executive Mayor. The projects resulted in the remarkable improvements in the ECDC and the lives of the children.

HIV AND AIDS MAINSTREAMING STRATEGY

Among strides which have been made by the Council was the development and adoption of the HIV, STIs and TB mainstreaming strategy. The strategy seeks to address practical implementation of an integrated approach in response to HIV, STIs & TB by all departments of Chris Hani District Municipality.

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 2014 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 approaches 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.

	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 living in informal settlements	The district municipality had no targets for this function as this is a local and provincial function.				
2	Percentage of informal settlements that have been provided with basic services					
3	Percentage of households in formal housing that conforms to the minimum building standards for	The district municipality did not have any targets in respect of this indicator as this is a function of local municipalities. The district municipality provides support where such is requested by the local municipalities.				

	residential houses	
4	Existence of an effective indigent policy	Since the realignment of functions to make the district municipality a water services provider, the CHDM has developed a comprehensive indigent policy which seeks to ensure that the poor have access to basic water and sanitation services
5	Existence of an approved SDF	The district municipality has an approved SDF and has assisted local municipalities in developing their individual SDFs.
6	Existence of Land Use Management System (LUMS)	The district municipality did not have any targets in respect of this indicator as this is a function of local municipalities. The district municipality provides support where such is requested by the local municipalities.

EC-COGTA: Key performance indicators in housing and town planning services

LOCAL ECONOMIC DEVELOPMENT

In the 2014/15 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 2014-2015.

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.

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

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 2015 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 firefighting.

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.






Indicator name		Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	There was no target for this indicator during the financial year under review as the LED unit is already in existence and is functional		
2	Percentage of LED Budget spent on LED related activities.	R46 million	R42 million	92% expenditure
3	Existence of LED strategy	The Chris Hani Regional Economic Development Strategy was reviewed during the financial period under review. This strategy is in line with the objectives of Council as stipulated in the municipalities Integrated Development Plan (IDP).		
4	Number of LED stakeholder forum meetings held	4	4	100%
5	Plans to stimulate second economy	5	5	100%
6	Percentage of SMME that have benefited from a SMME support program	140	122	87%
7	Number of job opportunities created through EPWP	620	957	154%
8	Number of job opportunities created through PPP	0	0	0

EC-COGTA: Key Performance Indicators in LED

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.

Indicator name		Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water					
2	Percentage of indigent households with access to free basic potable water					
3	Percentage of clinics with access to potable water					
4	Percentage of schools with access to potable water					
5	Percentage of households in formal					

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settlements using buckets					
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EC-COGTA: Key Performance Indicators in Water Services

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 sanitation services					
2 Percentage of indigent households with access to free basic sanitation services					
3 Percentage of clinics with access to sanitation services					
4 Percentage of schools with access to sanitation services					

EC-COGTA: Key Performance Indicators in Sanitation Services

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1 Percentage of households with access to electricity services	The CHDM did not set targets for this indicators as this is not the function of the district municipality.				
2 Percentage of indigent households with access to basic electricity services					
3 Percentage of indigent households with access to free alternative energy sources					

EC-COGTA: Key Performance Indicators in Electricity

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Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1 Percentage of households without access to gravel or graded roads					
2 Percentage of road infrastructure requiring upgrade					
3 Percentage of planned new road infrastructure actually constructed					
4 Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

The district municipality did not have these targets for the year under review as this function is not a CHDM function. The CHDM entered into a service level agreement with the department of roads and public works wherein the municipality would maintain a selection of access roads on the behalf of the department. The details of such performance are exposed under chapter 3, service delivery indicators.

EC-COGTA: Key Performance Indicators in Roads

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. The municipality meets its short term creditor's payments and has no long debt obligations.

Financial Overview: Year 2015/16			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	1,238,131,000	1,367,352,000.00	1,205,233,363.00
Taxes, Levies and tariffs	179,997,000.00	129,860,000.00	335,759,616.00
Other	78,302,000.00	76,802,000.00	114,166,416.00
Sub Total	1,496,430,000.00	1,574,014,000.00	1,655,159,395.00
Less: Expenditure	-962,447,000.00	-1,315,286,000.00	-1,434,665,236.00
Net Total*	533,983,000.00	258,728,000.00	220,494,159.00
* Note: surplus/(defecit)			T 1.4.2

TABLE 7: Financial Overview

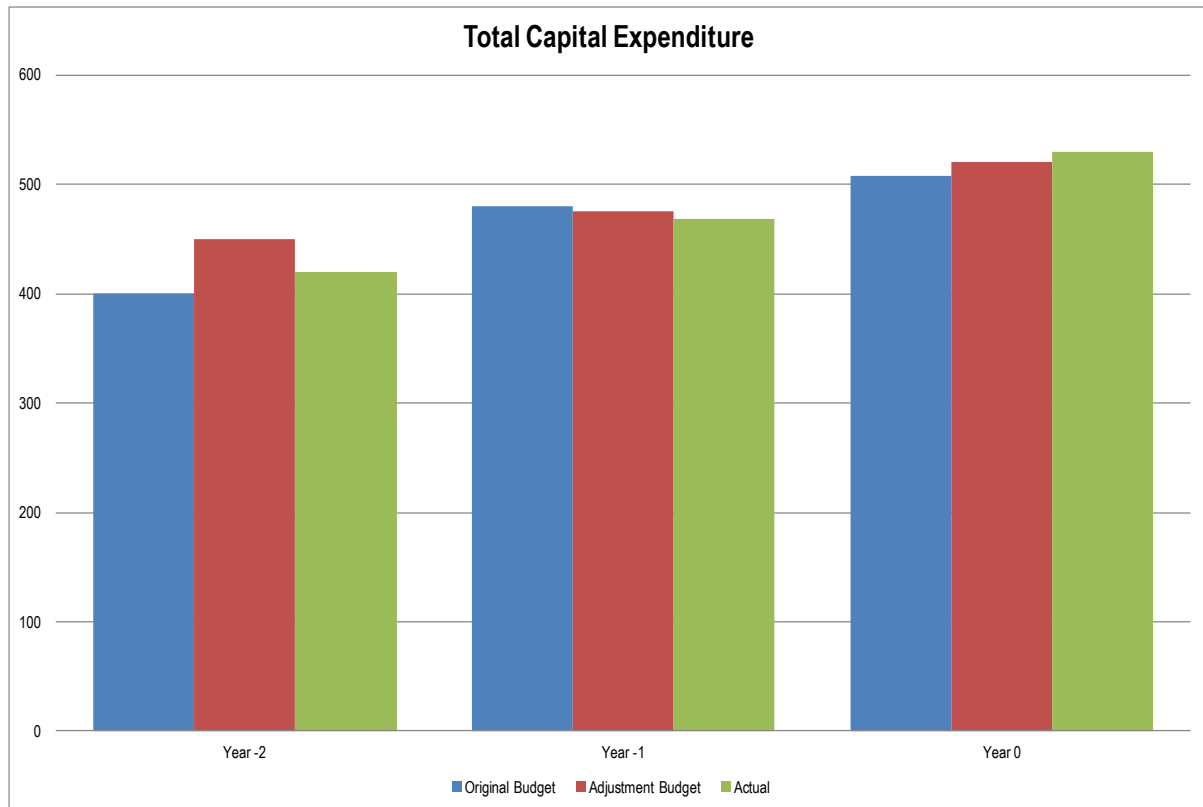
Operating Ratios	
Detail	%
Employee Cost	17%
Repairs & Maintenance	3%
Finance Charges & Impairment	36%
T 1.4.3	

TABLE 8: Operating Ratios

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 2013/14	Year 2014/15	Year 2015/16
Original Budget	529,646,692.00	609,167,345.00	767,320,000.00
Adjustment Budget	537,091,692.00	686,016,704.00	831,291,000.00
Actual	477,916,648.00	640,134,606.00	587,141,686.00
T 1.4.4			

TABLE 9: Capital Expenditure



GRAPH 12: Total Capital Expenditure

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	

TABLE 10: Vacancies and Appointments

Terminations

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

TABLE 11: Terminations

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	

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Top management	4				3						7
Senior management	18	1		3	12						34
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

TABLE 12: Employees per Occupational Levels

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

TABLE 13: Employees with Disabilities





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

OFO CODE	OCCUPATION CATEGORY	FEMALE				MALE				TOT AL	AGE GROUPS			TOT AL	PWD				NON -SA
		A	C	I	W	A	C	I	W	108	35 and bel ow	35- 55	> 55	AGE	A	C	I	W	
1 - MANAGERS																			
11 - LEGISLATORS																			
11110 1	Executive Mayor					1				1		1		1					
11110	Speaker									1		1		1					

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1					1														
11110	Chief Whip								0				0						
1																			
11110	Member of Mayoral Committee	3			3				6		5	1	6						
1																			
11110	Ward Committee/PR Councillor	4			1				5		3	2	5						
1																			
11130	Traditional Leader (Paid by the Municipality)								0				0						
1																			
11130	Traditional Leader (Paid by The Provincial Dept)								0				0						
1																			
SUB-TOTAL : LEGISLATORS -		8	0	0	0	5	0	0	0	15	0	10	3	15	0	0	0	0	0
12 - MANAGERS																			
11120	Municipal Manager				1				1		1		1						
3																			
11120	Deputy City Manager								0				0						
3																			
11120	Chief Operating Officer								0				0						
3																			
11120	Spokesperson								0				0						
4																			
12110	Chief Financial Officer				1				1		1		1						
1																			
12110	Payroll Manager								1		1		1						
2		1																	
12110	Credit Manager	1			1				2	1	1		2						
3																			
12110	Internal Audit Manager	1							1		1		1						
4																			
12120	Personnel / Human Resources Manager				1				1		1		1						
1																			
12120	Training and Development Manager								0				0						
2																			
12120	Compensation and Benefits Manager								0				0						
3																			
12120	Recruitment Manager								0				0						
4																			
12120	Employee Wellness Manager	1							1		1		1						
5																			
12120	Health and Safety Manager								0				0						
6																			
12130	Policy and Planning Manager	1			1				2		2		2						
1																			

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12190 2	Corporate Services Manager							0				0				
12190 3	Asset Manager							0				0				
12190 4	Contract Manager							0				0				
12190 5	Project Manager	2			1			3	2	1		3				
12190 8	Quality Systems Manager							0				0				
12210 3	Director of Marketing							0				0				
12220 1	Public Relations Manager							0				0				
12230 1	Research Manager							0				0				
13230 1	Construction Project Manager	2			5			7	1	6		7				
13240 1	Supply Chain Manager	1						1		1		1				
13240 5	Fleet Manager							0				0				
13310 1	Chief Information Officer							0				0				
13310 2	ICT Project Director							0				0				
13310 5	Information Technology Manager	1						1		1		1				
13310 6	Information Systems Director	1						1	1			1				
13420 3	Primary Health Organisation Manager							0				0				
13440 1	Social Services Manager	1						1		1		1				
13440 2	Community Development Manager							0				0				
13490 1	Environmental Manager	1						1		1		1				
13490 2	Laboratory Manager							0				0				
13490 4	Officer Manager							0				0				
13490 7	Archives Manager (Committee Manager)	1						1		1		1				

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13490 8	Library Manager									0				0					
13490 9	Museum Manager									0				0					
13491 2	Commissioned Fire and Rescue Officer									0				0					
14310 4	Arts and Culture Manager									0				0					
14310 5	Sports Administrator									0				0					
14390 1	Facilities Manager									0				0					
14390 4	Security Services Manager									0				0					
14390 5	Call or Contact Centre Manager									0				0					
14390 6	Caravan Park and Camping Ground Manager									0				0					
13499 9	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	0
		3				1													
2 - PROFESSIONALS																			
21330 1	Conservation Officer									0				0					
21330 2	Environmental Officer									0				0					
21330 5	Air Quality Technician									0				0					
21330 6	Water Quality Technician									0				0					
21330 7	Park Ranger									0				0					
21420 1	Civil Engineer									0				0					
21420 2	Civil Engineering Technologist									0				0					
21510 1	Electrical Engineer									0				0					
21510 2	Electrical Engineering Technologist									0				0					
21610 1	Architect									0				0					
21640	Urban and Regional Planner									0				0					

1																			
21640	Transport Analyst							0				0							
2																			
22210	Registered Nurse (Community Health)							0				0							
4																			
22211	Nurse Manager							0				0							
6																			
22630	Environmental Health Officer	2			2			4	3	1		4							
1																			
22630	Safety, Health, Environment and Quality (SHE&Q)							0				0							
2																			
24110	Accountant (General)	1						1		1		1							
1																			
24110	Management Accountant							0				0							
2																			
24110	Tax Practitioner/Consultant							0				0							
3																			
24110	Financial Accountant							0				0							
7																			
24210	Work Study Officer							0				0							
2																			
24220	Policy Analyst/Researcher							0				0							
2																			
24220	Company Secretary							0				0							
3																			
22490	Local Economic Development Officer/Coordinator	1						1	1			1							
1																			
22490	Liaison Officer				1			1		1		1							
2																			
24220	Compliance Officer (Risk Officer)							0				0							
7																			
24220	Organisational Risk Manager							0				0							
8																			
24221	Internal Auditor	4			1			5	3	2		5							
1																			
24230	Skills Development Facilitator/Practitioner							1	1	1		1							
2																			
24230	Human Resource Officer	1			1			2		2		2							
3																			
24230	Industrial Relations Officer				1			1		1		1							
4																			
24230	Recreation Officer							0				0							
7																			

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24240 1	Training Officer	1								1		1		1					
24320 1	Media Liaison Officer/Communication Coordinator				1					1	1			1					
24320 3	Director Public Relations									0				0					
24320 4	Protocol Officer									0				0					
25110 1	ICT Specialist				1					1	1			1					
25130 2	Web Developer									0				0					
25210 1	Database Administrator									0				0					
25220 1	Systems Administrator									0				0					
25230 1	Systems Engineer				1					1		1		1					
25290 2	ICT Support Services Manager									0				0					
26110 2	Lawyer									0				0					
26210 2	Gallery or Museum Curator									0				0					
26220 1	Librarian									0				0					
26220 2	Records Manager				1					1		1		1					
26310 1	Economist									0				0					
26351 0	Employee Assistance Practitioner									0				0					
26430 1	Interpreter									0				0					
26430 2	Translator									0				0					
33150 1	Property Valuer									0				0					
34111 0	Legal Advisor/Officer									0				0					
39999 9	Disaster Management Coordinator/Officer									0				0					
SUB-TOTAL : PROFESSIONALS -		1	0	0	0	1	0	0	1	21	10	11	0	21	0	0	0	0	0
		0				0													

3 - TECHNICIANS AND TRADE WORKERS																
31110 1	Chemistry Technician							0				0				
31120 1	Civil Engineering Technician				1			1	1			1				
31120 3	Town Planning Technician							0				0				
31130 1	Electrical Engineering Technician							0				0				
31150 1	Mechanical Engineering Technician				1		1	2		2		2	1		1	
31180 1	Draughtsperson							0				0				
31190 4	Quantity Surveying Technician							0				0				
31230 1	Building Construction Supervisor							0				0				
31320 1	Water Plant Operator				1			1		1		1	1			
31320 2	Waste Materials Plant Operator							0				0				
31410 1	Microbiology Technician							0				0				
31410 2	Environmental Science Technician							0				0				
32570 1	Environmental and Occupational Health Inspector							0				0				
33591 3	Building Site Inspector							0				0				
34310 1	Photographer							0				0				
35130 1	Computer Network Technician							0				0				
35130 2	Geographic Information Systems Specialist/Technicians							0				0				
35140 1	Website Administrator							0				0				
61130 2	Parks Caretaker /Groundskeeper							0				0				
61130 4	Horticulturist							0				0				
64120 1	Bricklayer							0				0				
64130	Stonemason							0				0				

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

1																			
64260	Plumber (General)								0				0						
1																			
64260	Plumbing Inspector								0				0						
5																			
65310	Automotive Motor Mechanic								0				0						
1																			
65330	Fitter (General)								0				0						
3																			
67110	Electrician (General)								0				0						
1																			
67120	Millwright (Electromechanician)								0				0						
2																			
67130	Technical Cable Jointer								0				0						
2																			
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																			
32310	Ancillary Health Care Worker								0				0						
2																			
32580	Paramedic								0				0						
2																			
34120	Community Development Worker								0				0						
1																			
34220	Sports Development Officer								0				0						
1																			
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																			
33130	Finance Clerk/Administrator				1				1	1			1	1					
1																			
33230	Procurement Clerk	2			2				4	3	1		4						
2																			
33390	Supply Chain Practitioner	1							1	1			1						
5																			
33410	Officer Supervisor								0				0						
1																			
33410	Office Administrator	1			4				22	12	9	1	22	1					
2		8																	
33420	Legal Secretary								0				0						
1																			
33430	Executive Assistant								0				0						
2																			
33540	Driver Licensing Examiner/Officer								0				0						

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

1																			
41110	Administrative Assistant								0					0					
1																			
41210	Secretary (General)	3	1						4	2	2		4						
1																			
41310	Typist								0				0						
1																			
41320	Data Capturer								0				0						
1																			
42220	Call or Contact Centre Agent								0				0						
6																			
42230	Switchboard Operator								0				0						
1																			
42250	Client Liasion Officer								0				0						
1																			
42260	Receptionist (General)								0				0						
1																			
43110	Accounting Clerk								0				0						
1																			
43110	Taxation Clerk								0				0						
3																			
43130	Payroll Clerk								0				0						
1																			
43210	Stock/Stores Officer								0				0						
1																			
44110	Library Assistant								0				0						
1																			
44150	Records Clerk / Coordinator								0				0						
1																			
44150	Office Machine Operator								0				0						
2																			
44160	Human Resource Clerk	3				1			4	2	2		4						
1																			
44160	Skills Development Administrator								0				0						
2																			
44190	Contract Administrator								0				0						
2																			
44190	Programme / Project Coordinator								0				0						
3																			
44190	Communication Officer / Assistant								0				0						
5																			
67220	Radio Operator					1			1		1		1		1				
6																			
SUB-TOTAL : CLERICAL AND		2	1	0	0	8	1	0	0	37	21	15	1	37	2	1	0	0	0

ADMINISTRATIVE WORKERS -		7																	
6 - SALES AND SERVICE WORKERS																			
51130 1	Gallery / Museum Guide								0					0					
51130 2	Tour Guide								0					0					
51530 1	Caretaker								0					0					
51640 1	Animal Attendant								0					0					
51640 3	Zookeeper/Zoo attendant								0					0					
52310 2	Cashier								0					0					
54110 1	Fire Fighter	2				6			8	4	3	1	8	1					
54120 1	Traffic Officer								0					0					
54120 2	Police Officer								0					0					
54140 1	Security Officer								0					0					
54190 1	Lifeguard								0					0					
54190 2	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	0
7 - MACHINERY OPERATORS AND DRIVERS																			
73210 1	Driver								0					0					
73220 1	Chauffeur								0					0					
73220 3	Emergency Vehicle Drivers								0					0					
73310 1	Bus Driver								0					0					
73320 1	Truck Driver (General)								0					0					
73320 9	Road Marker								0					0					
73420 1	Earthmoving Plant Operator								0					0					
73420	Excavator Operator								0					0					

4																			
73420	Grader Operator									0				0					
5																			
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																			
81120	General Worker									0				0					
1																			
81120	Tea Attendant									0				0					
3																			
81120	Caretaker/cleaner	1								1		1		1					
4																			
81290	Swimming Pool Cleaner									0				0					
2																			
82140	Garden Worker									0				0					
1																			
83130	Builders Worker									0				0					
1																			
83130	Drainage, Sewerage and Storm Water Worker									0				0					
2																			
83130	Earthmoving Worker									0				0					
3																			
83130	Plumbers Assistant									0				0					
4																			
86110	Recycling / Rubbish Collector									0				0					
1																			
86220	Handyperson									0				0					
2																			
86230	Meter Reader									0				0					
1																			
86291	Electrical / Telecommunications Trades Assistant									0				0					
8																			
86291	Mechanics Assistant									0				0					
9																			
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
		1				3													

TABLE 14: Trainings by Occupational Category

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						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	29	0	29	16	0	16
<i>Any other financial officials</i>	17	0	17	3	0	3
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	49	0	49	21	2	21

TABLE 15: Minimum Competencies

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 maintained its audit outcome and received a qualified audit opinion. As the table below demonstrates, the municipality has for the past three years remained on the same outcome although improvements can be seen in terms of the number of qualification areas reducing as well as a reduction in the matters of emphasis.

Financial Year	Unqualified	Qualified	Adverse	Disclaimer
2015/2016		✓		
2014/2015		✓		
2013/2014		✓		

TABLE 16: Audit history

The basis for the qualification outcome is based on issues relating to receivables from exchange transactions, revenue from exchange transactions, commitments, irregular expenditure and water distribution losses. The detailed report of the Auditor General for the 2014/2015 financial year as well as that of the 2015/2016 financial year is contain in Chapter 6 of this report.

In accordance with the requirements, the municipality has prepared a comprehensive audit action plan which seeks to address the matters raised by the Auditor General in his report. This plan has been approved by Council and will be implemented accordingly.

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 2015/2016 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 2015/2016 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 2015/2016 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 2015/2016 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 2015/2016 Draft Annual Report to Council complete with the Auditor- General's Report	December
13	The 2015/2016 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 2015/2016 Annual Report and the Oversight Report	
17	Final 2015/2016 Annual Report as adopted by Council as well as the Oversight Report is submitted to relevant provincial councils and departments	January
18	Approved 2015/2016 Annual Report and Oversight Report is made public	

TABLE 17: 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 18: 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 19: 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:

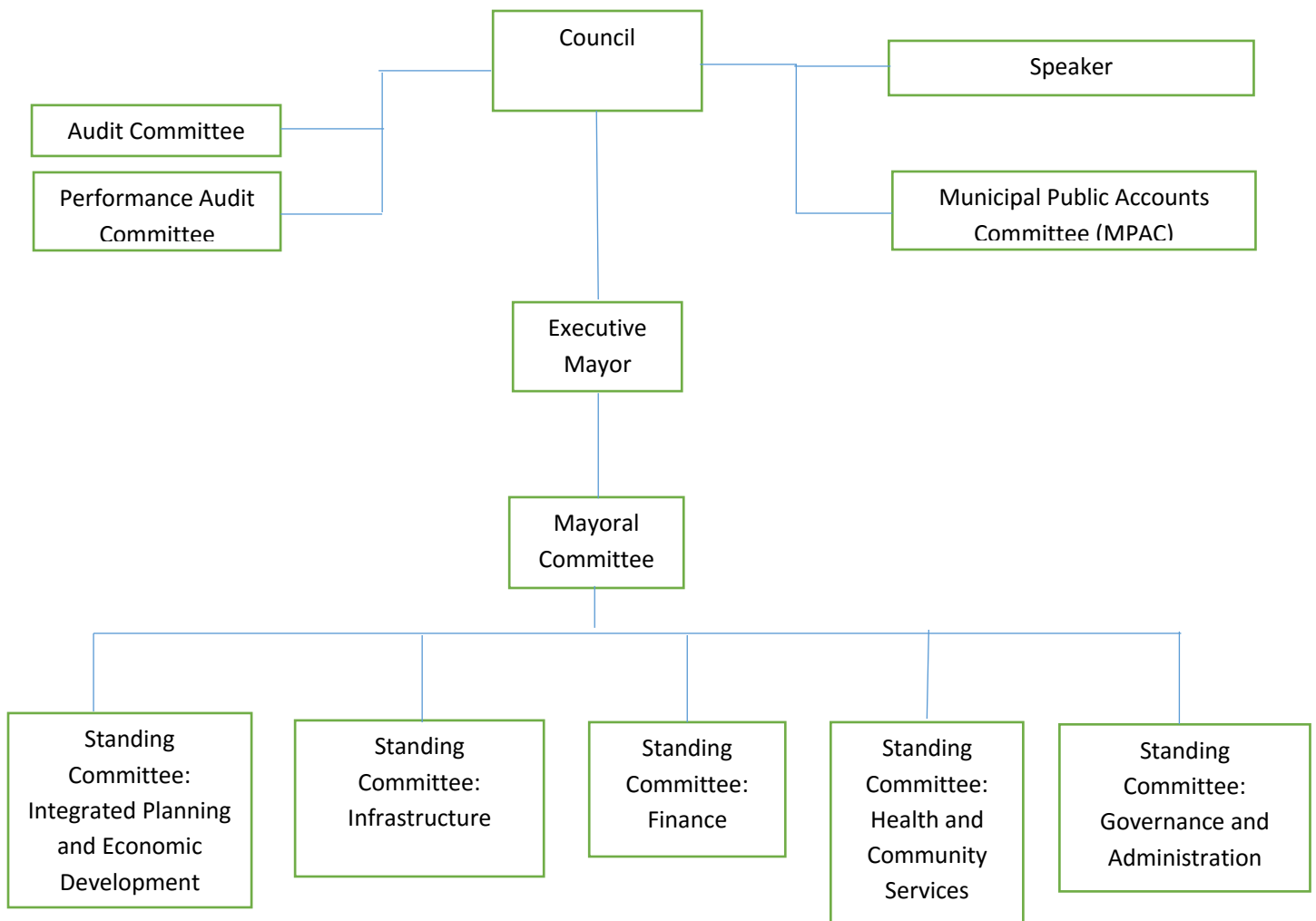


FIGURE 3: High level political structure

2.2 FACES OF COUNCIL



CLLR G. Xhoseni: Council Speaker



CLLR M. Koyo: Executive Mayor



CLLR L Gunuza: Chief Whip



**CLLR Magwashu – Portfolio Head:
Health and Community Services**



**CLLR Noqha – Portfolio Head:
SPU and HIV&AIDS**



**CLLR T Bikwana – Portfolio Head:
Finance**



**CLLR S Plata – Portfolio Head:
Infrastructure**



**CLLR M Xuma – Portfolio Head:
Corporate Services**



**CLLR Z Shweni – Portfolio Head:
Integrated Planning and Economic
Development**

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:

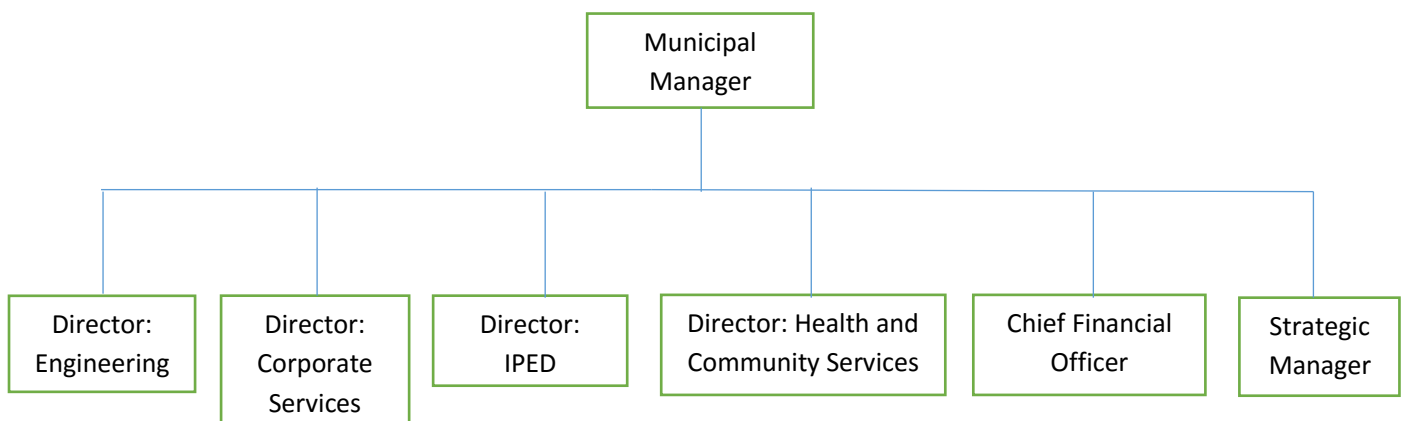


FIGURE 4: High level administrative structure

2.4 CHDM SENIOR MANAGEMENT



Mr M. Mene: Municipal Manager



Mrs Fetsha: Chief Financial Officer



Mr M. Dungu: Director: Engineering

VACANT

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:

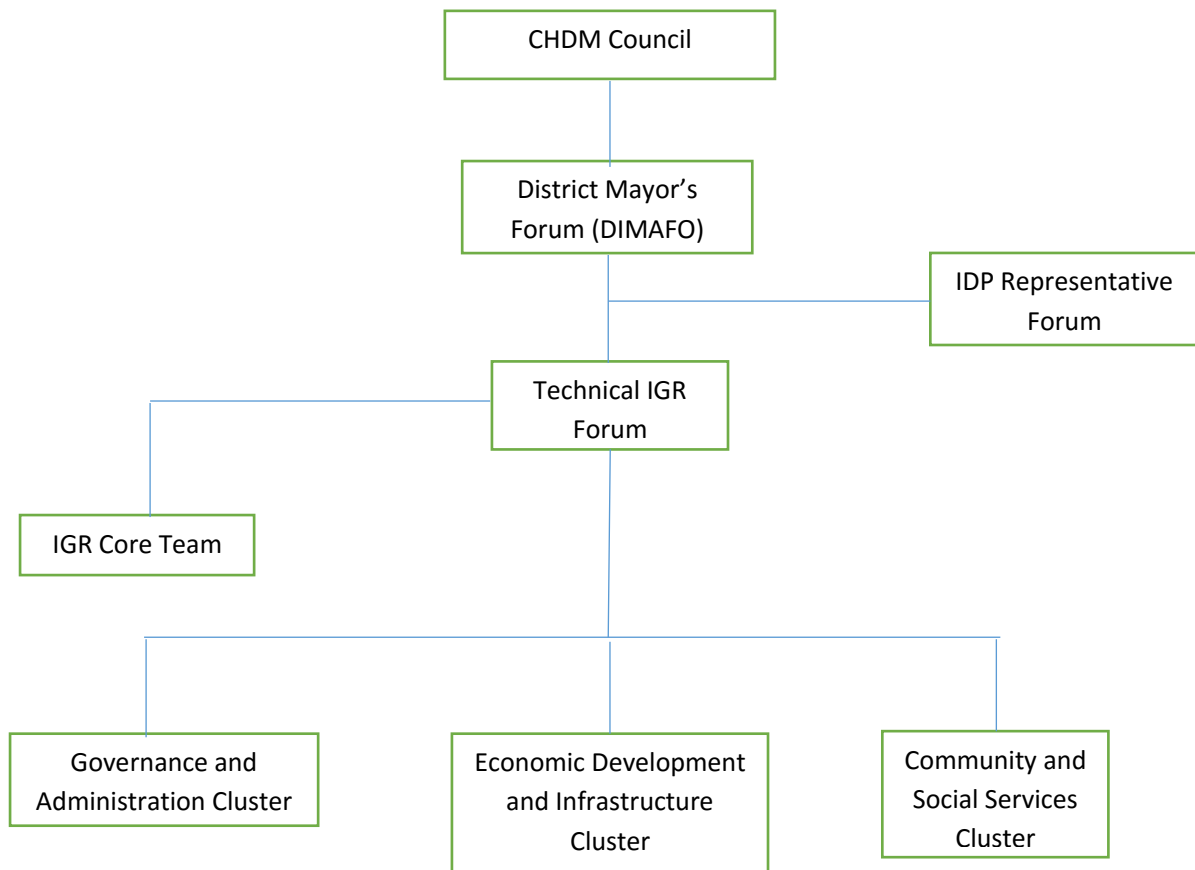


FIGURE 5: CHDM IGR structure

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 2015/2016 draft annual report.

CHDM ACTION PLAN	
PARTICIPATION STRUCTURES & MEETING DATES	
IDP Advert calling Stakeholders	28 July 2016
IDP Steering Committee (pre-planning and review implementation)	05 August 2016
Mayoral Committee Meeting to look on IDP Process Plan	06 August 2016
Technical IGR Meeting	20 August 2016
IDP Steering Committee	12 Sept 2016
DIMAFO	26 August 2016
IDP/PMS/Budget Representative Forum [district-wide development priorities]	09 September 2016
District Wide IDP Engagements	09 September 2016
Technical IGR	19 November 2016
IDP Steering Meeting	17 November 2016
DIMAFO	25 November 2016
IDP Rep Forum	26 November 2016
IDP Steering Meeting	13 January 2017
Budget Session with directorates	13 January 2017

Strategic Planning session (mid-year term review and strategic goals)	25-27 February 2017
IDP Representative Forum	12 March 2017
Technical IGR with Sector Depts Managers	18 February 2017
DIMAFO	24 February 2017
IDP Steering Meeting	10 March 2017
Refinement of Obj- Strategies and Budget	20 March 2017
Council approval of the draft IDP & Budget	25 March 2017
IDP/ Budget road shows (public presentation hearings at LMs)	06 -10 April 2017
IDP/Budget Steering Committee to incorporate inputs into the IDP Roadshows	04 May 2017
Mayoral Committee	13 May 2017
Technical IGR/IDP Alignment session	21 May 2017
DIMAFO	
IDP Rep Forum	19 May 2017
Council Meeting (Final Adoption of IDP & Budget)	27 May 2017

TABLE 20: IDP Action plan

The following table indicates the published dates for the public participation process on the 2015/2016 Draft annual report.

DATE	MUNICIPALITY	TIME	VENUE
TBA	Sakhisizwe Municipality Local	10:00	TBA
TBA	Lukhanji Municipality Local	14:00	TBA
TBA	Intsika Yethu Municipality Local	14:00	TBA
TBA	Engcobo Municipality Local	10:00	TBA
TBA	Tsolwana Municipality Local	14:00	TBA
TBA	Emalahleni Municipality Local	14:00	TBA
TBA	Inxuba Yethemba Municipality Local	10:00	TBA
TBA	Inkwanca Municipality Local	10:00	TBA

TABLE 21: Draft Annual Report public participation process

These session were very successful in that all the stakeholders had an opportunity to engage with the executive on matters presented relating to the annual report. The following table contains a summary of the issues raised by stakeholders in this session.

STAKEHOLDER NAME	MUNICIPALITY/ WARD	AREA OF QUESTION	KEY ISSUE RAISED
EFF Luthando Amos	Brach 6 Lukhanji LM	Water tariffs	Lukhanji community is paying double accounts
		Refuse Site	Is very close to the community, and it creates or poses health threat.
		Economic growth	How the CHDM can ensure that the economic growth is competitive with other municipalities
		The report is not accurate	Research needs to be conducted reports are compiled
Community Member	Ward 27 at Lukhanji LM	Welcomes and appreciate the report	The Mayor is well prepared
		Water Services	Since 2009 water services is not well sufficient
Ward Committee Member	Ward11	Welcomes and appreciate the presentation	Water Dam is not functional and that results to Water insufficient Eradication of Lapesi should be implemented
		Water Services	
		Environmental	
Community Member	Ward 01 at Lukhanji LM	Water Services	Water is insufficient
		Technical Services	Why Street lights are not installed
Corporate	Emalahleni LM – Ward 11	Technical Services	Water Dam disaster resulted to shortage of water
		Sanitation	Toilet project should be implemented as promised
Community Member	Ward 15 Lukhanji LM	Environmental Management	Trained Schools need to be mentioned by names so that communities and relevant stakeholders are aware who benefitted from different projects and that can assist in benchmarking CHDM should intensify Social Facilitation
Traditional Leader	Ward 03 – Lukhanji LM	Municipalities	One meeting should be conducted
		MIG	Upgrade of playgrounds and roads Should be included in the report

		Old Golden Games	Strength refuse collection in rural areas
		Refuse collection	
Ward Committee	Ward 27 – Lukhanji LM	Education	Want to check the available bursaries especially for grade 12 students
		Housing	Appreciate housing development and request follow up from CHDM on the implementation processes of RDP houses at Lesseyton
		Environmental Management	Introduction of Lapesi project should be implemented
		Sanitation	Want running water toilets
Farmer (Poultry)	Ward 14	Water	Water pipes are not functioning, pipes are installed at a low level
			Installed water engines are not functioning
			Water is not clean
			Monitoring is not properly implemented, officials are not visible they use telephone to make follow ups
Community member	Ward 5 Lukhanji	Environmental Management	Eradication of Lapesi
			Replacement Water pipes
			Dyamara- they receive clay water
			Request technicians for water and electricity
			Ngojini, want to be assisted in planting of fruit tree and farming projects through EPWP
			Tai roads should be constructed instead of maintain gravel road
Community Member	Ward 07 - Lukhanji LM	Law Enforcement	By laws – Is the municipality taking any action against the foreigners owning business in the communities as they are not paying any taxes while stealing electricity
		Billing	Indigents are currently paying rates because the data base is not updated
			Roads to health facilities are in the bad

			state
		Waste Management	Refused bags should be supplied
		HIV & AIDS	HIV educational programs are not implemented only one awareness campaign conducted (World AIDS Day)
House of Traditional Leaders	Sakhisizwe LM – Ward 09	Water Services	Water is insufficient
		Technical Services	Path Crossing – Bridges for the school kids should be built
		Sanitation	Honey Suckers are requested
Chris Hani District Business Forum	Ward 22 – Lukhanji LM	Economic Growth	Appreciate job well done on LED programs but also request more intervention of the Municipality on issues of economic development
Community Member	Ward 15 Intsika Yethu LM	Sanitation	Poor quality of toilets
			1500 toilets were built but the project was not completed, 500 toilets are still outstanding
		Environmental Management	Lapesi eradication project should be implemented
		Technical Services	Non availability of street lights that result in crime such as rape
			Clay soil that makes it difficult to travel when it has rained
			Antipoverty programmes such as food security gardens are difficult to implement due to shortage of water
Farmers Association	Sakhisizwe – Ward 07	Infrastructure	12 established farms
		Water	They request access roads, electricity and water
		Roads	
		LED	Assistance in farming project
Community Policing Forum	Inkwanca LM - Molteno	Demarcation	The station is under the Joe Gqabi Municipality and that result in many challenges like language barrier and employment.
			Police services delay to respond to the reported cases
			Request to be removed from that municipality
CHD Women's Forum		Draft Annual Report	Appreciate prior delivery of the draft report
		2012/2013 Audit	What has been done on the 2012/13

		Report	Audit Report (Audit Findings)?
		Employment Equity	<p>Too many vacant posts. Is it the shortage of skills or the office space? First preference should be given to CHDM residents</p> <p>Gender equality should be considered in the leadership roles</p> <p>Unoccupied disaster houses could be a source of income</p>
		Grants	
	Inkwanca LM		<p>There is no electricity in the new RDP houses resulting to high rate of crime (rape)</p> <p>EPWP, Paving and Greening projects are undermined by poor refuse collection (Waste is being dumped on site)</p>

TABLE 22: Issues Raised by Communities/Stakeholders

Although some of the matters raised by the stakeholders were not directly related to the matters raised in the report, or were matters outside of the financial year for which the report is prepared, the executive provided responses and other matters were elevated for inclusion in municipal plans for the following financial year.

All public participation 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 & IDP/Budget Process Plan	15 July 2016	IPED/BTO
	Advertise invitation of IDP Stakeholders to Register	28 July 2016	IPED
	Mayoral Committee to look on the IDP Framework & IDP/Budget Process Plan	06 August 2016	IPED
3	Council Approval of Framework Plan & Process Plans (IDP & Budget)	28 August 2016	IPED/BTO
	IDP/PMS Mangers Session for Alignment of IDP Process Plans	23/24 July 2016	IPED
	Signing of Performance Agreements by HOD's	25 July 2016	MM
4	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and prepare for the 2015/2016 IDP Process	07 August 2016	IPED
	Presentation of PMS Process Flow to Management	05 August 2016	MM
	Advertise Adopted IDP/Budget Process Plan	11 August 2016	IPED
	Technical IGR Meeting	20 August 2016	MM
7	District Mayors Forum	26 August 2016	MM
	IDP Rep Forum	09 September 2016	IPED/MM
	Submission of APR to AG & Treasury	29 August 2016	MM
	13/14 Annual Performance Assessment	15 – 17 Sept 2016	MM
	Quarter 1 Performance reporting (July - Sept)	08 October 2016	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 from external funds), possible implications on programmes of additional sector information.	July - October 2016	All Depts Championed by HOD's
	1 ST Quarter Institutional Performance Report to Mayor	14 Oct 2016	M.M
	Standing Committees	14-16 October 2016	

	Performance Audit Committee on 1 st Quarter Report	17 October 2016	MM
	Mayoral Committee Meeting	29 October 2016	M.M.
	MPAC: Audit Committee & Performance Audit Reports	31 October 2016	MM
	Council Meeting (Draft Annual Report)	12 November 2016	M.M.
	IDP/PMS Managers Feedback Session	13 November 2016	IPED
	Technical IGR Meeting	19 November 2016	MM
	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and report on gaps identified during the analysis phase	17 November 2016	IPED
	District Mayors Forum	25 November 2016	MM
	IDP/PMS/Budget Rep Forum meeting (Also consultative forums will meet on the same day as specialised commissions) - discuss district priorities	26 November 2016	IPED
	Mayoral Committee Meeting	03 December 2016	M.M.
	Annual Report Roadshows	08-11 December 2016	MM
	Council Meeting	12 December 2016	M.M.
	Quarter 2 Performance reporting HOD's to MM (Oct - Dec))	07 January 2017	HOD"s & MM
D	Strategies Phase / Refined objectives, strategies, programmes and projects phase		
	Performance Audit (Draft Annual Report)	23 January 2017	M.M.
	Mid- Year Performance Report to Mayor	13 January 2017	MM
	Mayoral Committee Meeting	14 January 2017	M.M.
	Budget Steering Chaired by Port Cllr to consider Adjustment Budget	13 January 2017	BTO
	IDP/Budget Steering Committee to approve draft budget allocations (IDP/ Budget link)	12 January 2017	IPED/BTO
	Council Meeting (Final 2013/14 Annual Report & Mid -Year Report)	28 January 2017	M.M.
	Mid- Year Performance Assessments of HOD's	20 – 22 Jan 2017	MM
	IDP/PMS Managers Session	17 February 2017	IPED
	Technical IGR	18 February 2017	MM
	DIMAFO	24 February 2017	M.M.
	Institutional Strategic planning session. Adopt proposed overall direction of the IDP - agree on main themes and key strategic	25-27 February	IPED/M.M.

	objectives and key financial issues . Refine objectives, strategies, programmes and draft projects as necessary for MTEF period	2017	
	Mayoral Committee Meeting	11 March 2017	MM
	IDP/PMS/Budget Steering Committee meeting to present the Draft 2014-2015 IDP and Budget	04 March 2017	BTO/M.M.
	IDP Rep Forum	12 March 2017	IPED
	Budget Steering Committee (Chaired by Portfolio Cllr)	10 March 2017	MM
7	CHDM Council approval of the 2015-2016 Draft IDP & Budget & Submission of Recommendations from Performance Evaluation Panel	25 March 2017	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-2017	IPED /BTO / Corporate Services
	Quarter 3 Performance reporting by HOD's (Jan - March))	08 April 2017	HOD's & M M
	Draft IDP and Draft Budget published. Advertise for public comment (21days)	30 March 2017	IPED
E	Reviewed IDP document (Integration/programme implementation and operational plan)		
	Audit Committee	10 April 2017	
1	IDP/Budget road shows - public hearings	06-10 April 2017	MM/IPED/BTO
	IDP/PMS Managers Session	08 May 2017	IPED
	IDP/Budget Steering Committee meeting (implementation and operational plan)	04 May 2017	IPED
	3 rd Quarter Institutional Report to Mayor	14 April 2017	MM
	Standing Committees	14-16 April 2017	MM
	Departmental SDBIP Engagements	27-30 April 2017	MM
	Mayoral Committee	13 May 2017	MM
	Municipal Wide SDBIP Engagement	12 May 2017	MM
	Budget Steering Meeting Chaired by Portfolio Cllr	12 May 2017	BTO
	IDP/Budget/PMS Steering Committee Meeting	04 May 2017	MM/IPED
	Technical IGR	21 May 2017	MM
	IDP Rep Forum	19 May 2017	IPED
4	Incorporate relevant comments to the Draft final reviewed IDP	April - May 2017	IPED
F	Approval phase		
3	Council Workshop on the Final IDP prior Adoption		M M /IPED

4	CHDM Council Open Day & Approval of Final 2015-2016 IDP Review& Budget	27 May 2017	M M
	DIMAFO	09 June 2017	MM
	Submission of SDBIP to Exec Mayor for Approval	04 June 2017	MM
	Mayoral	10 June 2017	MM
	Audit Committee	12 June 2017	MM
	MPAC (3 rd Quarterly report & Sec 52 d)	17 June 2017	MM
	SDBIP Approved and Performance Agreements signed	23 June 2017	MM
	Council Meeting	24 June 2017	MM
	Signing of Accountability Agreements by Middle Management	26 June 2017	MM
	Stakeholders Engagement on IDP & Budget	15-19 June 2017	MM
4	Quarter 4 Performance reporting (April - June))	10 July 2017	HOD"s & M M
G	Performance Management System		
2	Drafting of Service Delivery and Budget Implementation Plan (SDBIP)		MM
3	Submit draft SDBIP within 14 days after approval of the budget	04 June 2017	MM
4	Approval of SDBIP within 28 days after budget	23 June 2017	Mayor
5	Signing of MM and Section 57 Managers Performance Agreements	23 June 2017	MM
6	Publicize SDBIP and Performance Agreements no later than 14 days after approval	07 July 2017	MM

TABLE 23: 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
* Section 26 Municipal Systems Act 2000	

TABLE 24: 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 and Media Liaison Manager
- ✚ Two Communications Officers (Internal and External)
- ✚ One Communications Officer (Marketing and Events)
- ✚ One Webmaster

The five 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

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.

Key programs undertaken during the financial year under scrutiny include:

- ✚ Communication coordination through the sitting of District Communication Fora and District communication core team has resulted in strengthened Local Government Communication System in the area.
- ✚ Support to local municipalities – provision of communication interns, development of websites, development and reviewal of communication strategies and action plans, production of various media such as service delivery in pictures and partnerships to undertake information days, has contributed to the growth of the communication function in the district.
- ✚ Coordination of twenty three stakeholder engagements which enabled the municipality to encourage active involvement of its constituency in developmental matters and to dispense information to educate or create awareness on various issues of concern. Stakeholders engaged ranged from civic organisations, farmers, business, youth, elderly and disabled, security cluster and traditional leadership
- ✚ To further encourage feedback on the services the municipality renders, empower and consult, the municipality undertook sixty three radio talk show on community and mainstream radios
- ✚ Daily media monitoring has ensured that communication action plans are effected throughout the district

The District Municipality does not have wards, however, public participation process takes place through its Local Municipalities. The municipality has a public participation strategy which saw it purchasing a public participation truck fitted with a sound system and stage to enhance interaction with the community in the remotest of areas; embarking on activities

such as State of the District Address wherein the community and stakeholders engaged with the political and administrative leaders; road shows on the Integrated Development Plan and Water Service Provision function.

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

On the 01 August the municipality appointed the risk and compliance manager for the purpose of strengthening the risk imperative in the institution. Risk assessment was conducted on the 01-02 September 2014 for the 2014/15 financial year. Furthermore, a fully-fledged anti-fraud and risk management committee has been established in November 2014 and had its first sitting in December 2014 to consider the risk and anti-fraud related reports and recommends to the Municipal Manager the action issues. The composition of the committee comprise of the three external members and all HOD's of Chris Hani District Municipality, and the risk management unit plays a secretariat role.

Councillors and management were workshoped on anti-fraud and corruption in November 2014 as an awareness process. Workshops were cascaded down to all staff in March 2014 on anti-fraud and corruption, and risk management. The municipal risks that were identified on the 01-02 September 2014 that comprise strategic and operational risks were monitored throughout the 2014/15 financial and reported accordingly in line with the mitigating strategies.

An on-line declaration of interest software was procured in the last quarter, and an investigation policy, and fraud prevention policies were in the process of being developed and adopted by council. Reported cases in the municipality were investigated according and recommendations submitted to the Municipal Manager.















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:

-  AFS Review
-  SDBIP Review
-  AOPi
-  LED;
-  HR;
-  SMMED;
-  Water Services
-  Budget Management
-  Revenue
-  Reconciliations
-  Review of IDP (Chapter 3)
-  Review of irregular expenditure
-  Follow ups – Internal Audit reports;
-  Follow ups – External Audit report

Internal control weaknesses were identified and reported to management for corrective action.

2.7.3.2. Governance processes.





The audit of governance processes was not a standalone project but due was made part of each project's scope.

2.7.3.3. Fraud and corruption prevention measures






During 2014/2015 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 2014/2015 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

The term of office for this committee came to an end in May 2015 and the Council is still looking at different options whether to keep it separate or combined with the audit committee

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 2014/2015 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 municipality

TABLE 25: 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.

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.

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established			
2	% of ward committees that are functional			
3	Existence of an effective system to monitor CDWs	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
4	Existence of an IGR strategy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
5	Effective of IGR structural meetings	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
6	Existence of an effective communication strategy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
7	Number of mayoral imbizos conducted			
8	Existence of a fraud prevention mechanism	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		

2.7.8. 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.

2.7.9. 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.

2.7.10. 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 (2014/2015)	Yes	
Annual Report (2015/2016 – date to be published)	Yes	Draft uploaded on 13 November
All current performance agreements (2014/2015 and 2015/2016)	Yes	
All service delivery agreements (2015/2016)	Not applicable	
All long term borrowing contracts (2015/2016)	Yes	
All SCM contracts above a prescribed value (give value) (2015/2016)	no	
List of disposed assets over a prescribed value (2015/2016)	no	
Public Private Partnership agreements (2015/2016)	no	
All quarterly reports tabled in Council (Sec 52) (2015/2016)	no	

TABLE 26: 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.

2.7.11. 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 2015/2016 financial year in June 2015 and furthermore, the performance agreements of the Senior Managers were concluded in July 2015. 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 2015/2016 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







Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for Variance	Mitigating Measures	Evidence	Custodian
				Annual Target	Year-end Actual	Annual Target	Year-end Actual					
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT												
To monitor water quality to comply with SANS 241 by 2018/19	Municipal Health Services	Percentage of water related incidents reported to Technical Services	SDI - 1	N/A	N/A	100%	100%		None	None	Incident reports	Director: Health and Community Services
To monitor waste water quality to comply with the general standards regulation 991 and section 39 of National Water Act 36 of 1998 by 2018/19		Percentage of waste water related incidents reported to Technical Services	SDI - 2	N/A	N/A	100%	100%		None	None	Incident reports	Director: Health and Community Services
To inspect food premises to comply with the food stuffs, cosmetics and disinfectant Act (regulation 962 of 2012)		Percentage of food premises in possession of a certificate of acceptability	SDI - 3	N/A	N/A	100%	100%		None	None	List of food premises Certificates of acceptability	Director: Health and Community Services
To inspect funeral parlours to comply with the Management of Human Remains regulations (R363		Percentage of funeral parlours in possession of a certificate of competence	SDI - 4	100%	100%	100%	100%		None	None	List of funeral parlours certificate of competence	Director: Health and Community Services

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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
of 22 May 2013)												
To remove 770 hectares of alien vegetation by 2018/2019	Environmental Management and Climate Change	Hectares cleared of alien plants	SDI - 5	150 ha	152 ha	150ha	568 ha		None	None	Signed Quarterly Report submitted to Standing Committee	Director: Health and Community Services
To plant 38,400 trees in the district by 2018/2019	Environmental Management and Climate Change	Number of trees planted	SDI - 6	N/A	N/A	6400	7945		None	None	Photographs Receipt of confirmation Signed Quarterly Reports submitted to Standing Committee	Director: Health and Community Services
To manage and coordinate various health and environmental initiatives within the District	Environmental Management and Climate Change	Number of climate change interventions implemented as per the CHDM Climate Change Strategy	SDI - 7	N/A	N/A	10	8		None	None	Climate Change Strategy Reports on Programmes	Director: Health and Community Services
To provide assistance to the district in terms of fire and disaster prevention, mitigation and response	Disaster Management	Percentage of disaster-related incidents referred to CHDM that were responded to	SDI - 8	N/A	N/A	100%	100%		None	None	Call centre logs Incident Report	Director: Health and Community Services
To construct 4 new fire stations by 2018/2019	Fire Services	Number of District Fire Stations constructed	SDI - 9	N/A	N/A	1	0		The construction of a fire station at Elliot is 90% complete	None	Completion Certificate	Director: Health and Community Services




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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To respond to 100% of all disasters and veld fires reported within the year	Fire Services	Percentage of veld fires reported that were responded to	SDI - 10	N/A	N/A	100%	100%		None	None	Incident Report Call centre logs	Director: Health and Community Services
To manage and coordinate the implementation of HIV/AIDS, STI and TB initiatives	HIV and AIDS Management	Number of Local AIDS Councils provided with technical support	SDI - 11	N/A	N/A	4	4		None	None	Attendance registers Signed Quarterly Reports submitted to Standing Committee	Director: Health and Community Services
	HIV and AIDS Management	Number of new Early Childhood Development Centres supported	SDI - 12	N/A	N/A	4	4		None	None	Signed Quarterly Report submitted to Standing Committee	Director: Health and Community Services
To manage and coordinate various health and environmental initiatives within the District	HIV and AIDS Management	Number of Local Municipalities provided with technical support	SDI - 13	4	4	4	4		None	None	Signed Quarterly Report submitted to Standing Committee	Director: Health and Community Services
To expand opportunities for the special groups.	Special Programmes	Number of designated groups supported	SDI - 14	N/A	N/A	6	6		None	None	Signed Quarterly Report submitted to Standing Committee	Director: Health and Community Services
To provide 51360 households with basic level of water by 2019/2020	Provision of basic water and sanitation services infrastructure	The number of households with access to basic level of water	SDI - 15	N/A	N/A	10399	9992		Projects are still under construction	To fasttrack implementation in complete in the 2016/2017 financial year	Design report and completion certificate	Director: Engineering





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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To ensure sustainable and acceptable quality water provision through either the construction or refurbishment of 6 water treatment works by 2019/2020	Provision of basic water and sanitation services infrastructure	Number of bulk water treatment works completed	SDI - 16	N/A	N/A	1	1		None	None	Completion certificate	Director: Engineering
To provide 31941 houses with the basic level of sanitation by 2019/2020	Provision of basic water and sanitation services infrastructure	The number of households with access to basic sanitation.	SDI - 17	N/A	N/A	7599	10725		None	None	Happy letters	Director: Engineering
To ensure sustainable and acceptable quality sanitation provision through either the construction or refurbishment of 8 waste water treatment works by 2019/2020	Provision of basic water and sanitation services infrastructure	Number of waste water treatment works upgraded and refurbished	SDI - 18	N/A	N/A	N/A	N/A		Programme halted due to non-availability of funding	Additional funding will be sourced and programme will commence in the 2016/2017 financial year	Completion certificate	Director: Engineering
	Provision of basic water and sanitation services infrastructure	Number of Waste Water Treatment works constructed	SDI - 19	N/A	N/A	2	2		None	None	Completion certificate	Director: Engineering







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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To ensure sustainable and acceptable quality water provision through either the construction or refurbishment of 6 water treatment works by 2019/2020	Provision of basic water and sanitation services infrastructure	Number of treatment works upgraded and refurbished.	SDI - 20	N/A	N/A	3	3		None	None	Completion certificate	Director: Engineering
To maintain the Department of Water Affairs quality standards (Blue drop and Green drop certification)	Provision of basic water and sanitation services infrastructure	Percentage compliance achieved on the quality standards of effluent (Blue Drop)	SDI - 21	97%	97%	100%	83.3%		The challenge is basically the non-uploading of results by MHS.	This indicator should reflect on MHS as ENG. is not responsible to regulate itself.	Results from DWA	Director: Engineering
	Provision of basic water and sanitation services infrastructure	Percentage compliance achieved on the quality standards of effluent (Green Drop)	SDI - 22	75%	54%	75%	50%		There is no formal assessment conducted by DWS. The indicated percentile is from the GDS. The challenge is basically the non-uploading of results by MHS.	This indicator should reflect on MHS as ENG. is not responsible to regulate itself.	Monthly Report on effluent Quality	Director: Engineering
To improve 10,890 km's of designated roads by 2019/2020	Roads maintenance	kms of roads bladed in the defined areas	SDI - 23	2653 KM	2653 KM	2148 KM	2193.97 km		None	None	Report	Director: Engineering







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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To improve 10,890 km's of designated roads by 2019/2020		Km of roads gravelled in the defined areas.	SDI - 24	30 KM	30 KM	30 KM	36.5 km		None	None	Report	Director: Engineering
KPA 2: LOCAL ECONOMIC DEVELOPMENT												
To sustain at least 100 jobs through the EPWP programme within a two year cycle	Anti-poverty programmes (War Rooms)	Number of job opportunities sustained through EPWP	LED - 1	105	105	100	100		None	None	Proof of payments to workers Quarterly Report	Director: Health and Community Services
To provide assistance to 35 households within the district by 2018/2019 in terms of the Antipoverty Strategy	Anti-poverty programmes (War Rooms)	Number of households assisted in terms of the Antipoverty Strategy	LED - 2	20	20	20	105		None	None	Signed Quarterly Report submitted to the Standing Committee	Director: Health and Community Services
To create 3409 job opportunities by 2019/2020	EPWP	Number of job opportunities created	LED - 3	620	957	613	1750		None	None	Job Confirmation letter from Department of Roads and Public Works	Director: Engineering
To identify 24 EPWP contractors by 2015/16	EPWP	Number of EPWP contractors appointed	LED - 4	N/A	N/A	24	0		Await approval of council to commence rollout of planned process	HOD assisting in finalising process	Letters of appointment	Director: Engineering
To undertake 4 investment promotion initiatives by June 2016	Investment Promotion	Number of initiatives undertaken to promote investment promotion through	LED - 5	N/A	N/A	4	4		None	None	Quarterly reports	Director: IPED






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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
		CHDA										
To implement 2 local economic development programmes by June 2016	Forestry Development	Number of forestry programmes implemented	LED - 6	N/A	N/A	2	2		None	None	Quarterly reports	Director: IPED
To establish 2 new partnerships to improve local economic development by June 2016	Forestry Development	Number of partnerships established on Charcoal projects	LED - 7	N/A	N/A	2	0		Delayed by the approval process from the Department of Environmental Affairs	To conclude the agreements in the new financial year	Partnership agreements	Director: IPED
	Forestry Development	Number of partnerships established on Tree Nursery projects	LED - 8	N/A	N/A	1	1		None	None	Partnership agreements	Director: IPED
To implement 5 local economic development programmes by June 2016	Tourism Promotion and Heritage Development	Number of Tourism Programmes implemented as per the Tourism Master plan	LED - 9	N/A	N/A	5	5		None	None	Quarterly reports	Director: IPED
To support 2 number of heritage initiatives and events by June 2016	Tourism Promotion and Heritage Development	Number of heritage initiatives and events supported	LED - 10	N/A	N/A	2	2		None	None	Quarterly reports	Director: IPED
To support 14 agricultural programmes and schemes by June 2016	Livestock Development	Number of Livestock programmes supported	LED - 11	8	8	3	3		None	None	Quarterly reports	Director: IPED






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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To support 14 agricultural programmes and schemes by June 2016	Crop Production, Agro Processing and Irrigation Schemes	Number of dryland programmes supported	LED - 12	N/A	N/A	3	0		Challenges were experienced due to the climatic conditions	To make provisions for the next financial year	Quarterly reports	Director: IPED
To support 14 agricultural programmes and schemes by June 2016	Crop Production, Agro Processing and Irrigation Schemes	Number of irrigation schemes supported	LED - 13	4	4	5	5		None	None	Irrigation scheme reports	Director: IPED
To support 3 SMMEs by June 2016	SMME & Cooperative Development	Number of SMMEs supported as per the SMME Development Strategy	LED - 14	12	12	3	0		Limitations in funding hampered delivery	To ensure adequate budgeting in the next financial year	Quarterly reports	Director: IPED
To build 8 houses for the destitute by June 2016	Human Settlements	Number of houses constructed for the destitute	LED - 15	10	1	8	4		Non-compliance with NHBRC standards and finalisation of criteria from political leadership	To engage NHBRC on compliance matters and conclude the processes in the 2016/2017 financial year	Completion certificates	Director: IPED
To submit an implementation plan for the replacement of temporary structures to the Department of Human	Human Settlement	Number of implementation plans to the Eastern Cape Department of Human Settlement (on replacement of temporary shelters	LED - 16	212	0	1	0		None	None	Implementation plan and proof of submission	Director: IPED





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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
Settlements on an annual basis		by permanent structures) submitted										
To implement 2 small town revitalisation programmes by June 2016	Small Town Revitalisation	Number of small town revitalisation programmes implemented in Engcobo	LED - 17	6	4	2	1		Limitations in funding hampered delivery	To ensure adequate budgeting in the next financial year	Completion certificates	Director: IPED
To ensure that land use applications are evaluated by the District Municipal Planning Tribunal in 90 days or less	Development Planning	Average number of days land use applications are taken to be evaluated by the District Municipal Planning Tribunal	LED - 18	N/A	N/A	90	0		No application have been received by the tribunal as yet	The tribunal has been established and the first meeting will be in July 2016	Application and evaluation reconciliation	Director: IPED
To submit a credible Integrated Development Plan to Council by 31 May each year	Development Planning	Number of IDP's presented to Council	LED - 19	1	1	1	1		None	None	IDP and Council resolution	Director: IPED
KPA 3: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT												
To promote employee wellness within the organisation	HIV and AIDS Management	Number of HIV, STIs & TB programmes implemented internally	MTOD - 1	4	4	4	4		None	None	Signed Quarterly Report submitted to Standing Committee	Director: Health and Community Services
Transform the workforce to ensure fair representation of demographics within the workplace	HR Transformation	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's	MTOD - 2	N/A	N/A	10	3		None	None	Quarterly Employment Equity Reports	Director: Corporate Services








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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
		approved employment equity plan										
To implement the CHDM Workplace Skills Plan for 2015/2016	HR Development	Number of training and development programmes initiated	MTOD - 3	27	27	20	5		None	None	Attendance Registers Certificates of competence / attendance	Director: Corporate Services
To fill 75% of vacant funded permanent posts by 2015/2016 as per the approved organogram	HR Development	Number of vacant funded posts filled	MTOD - 4	23	23	75% (25 of 33)	15		None	None	Appointment Letters Approved organogram	Director: Corporate Services
To ensure that the CHDM has all the required and up-to-date Human Resource-related policies	HR Policies and Systems	Number of HR Policies and Plans submitted to Council for adoption	MTOD - 5	3	3	4	0		Continuing with Consultation process as 2 HRD meetings were held for consultation process on new and reviewed policies	The processes will be concluded in the new financial year	Minutes of the Council Meeting HR Policies	Director: Corporate Services
To ensure healthy and cordial working relations	Labour Relations	Number of LLF meetings held	MTOD - 6	4	6	4	2		Challenges experience in terms of availability of members	To ensure there is an annual programme for the 2016/2017 financial year	Attendance Registers	Director: Corporate Services



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Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To ensure healthy and cordial working relations	Labour Relations	Number of employees workshopped in labour related issues	MTOD - 7	N/A	N/A	200	240		None	None	Attendance Registers	Director: Corporate Services
To promote employee wellness within the organisation	Employee Wellness	Number of Employee Wellness Interventions implemented per annum	MTOD - 9	N/A	N/A	13	16		None	None	Attendance Registers	Director: Corporate Services
To improve the connectivity of all CHDM sites	ICT Infrastructure Management	Number of sites within local municipalities provided with network infrastructure	MTOD - 10	N/A	N/A	8	5				Completion Certificate from service provider	Director: Corporate Services
To provide safety measures for the Councillors and Employees of the CHDM	Security Management	Number of security interventions implemented	MTOD - 11	N/A	N/A	2	3		None	None	Completion Certificate from service provider Report submitted to the Standing Committee	Director: Corporate Services
To facilitate the disposal of old records in line with legislation	Information Management	Percentage of old records disposed as per legislation	MTOD - 12	N/A	N/A	100%	100%		None	None	Approved Disposal authority	Director: Corporate Services
To renovate two municipal buildings by 2015/2016	Asset Management	Number of municipal buildings which have undergone renovations	MTOD - 13	2	2	2	2		None	None	SLA Completion Certificates	Director: Corporate Services
To ensure that the CHDM fleet is managed in accordance with	Asset Management	Number of Fleet Management Plans developed	MTOD - 14	N/A	N/A	1	1		None	None	Approved Fleet Management Plan	Director: Corporate Services

"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR






Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
the Fleet Management Plan												
To ensure that all departments are utilising the electronic document management system by 2016/2017	Information Management	Number of departments utilising the electronic document management system	MTOD - 15	N/A	N/A	3	0		Challenges were experienced in terms of sourcing a service provider to undertake the project	This should be concluded in the 2016/2017 financial year	Reports from Service Provider	Director: Corporate Services
To provide safety measures for the Councillors and Employees of the CHDM		Number of OHS Preventative interventions implemented	MTOD - 16	4	4	3	7		None	None	OHS Strategy OHS Reports Attendance Registers	Director: Corporate Services

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

To maintain a debt coverage at less than 56%	AFS and Audit Coordination	Debt coverage	FMV - 1	Less than 56 %	N/A	Less than 56 %	N/A		No external borrowing	N/A	Report on debt coverage ratio	Chief Financial Officer
To achieve cost coverage of 7:1 by 2015/2016	AFS and Audit Coordination	Cost Coverage	FMV - 2	3:1	9:7	7:1	9:7		None	None	Working Capital Report submitted to the Standing Committee	Chief Financial Officer
To submit GRAP compliant Annual Financial Statements for the CHDM within two months after the end of the financial year and for the CHDM by 30 September	AFS and Audit Coordination	Number of GRAP compliant Annual Financial Statements submitted to the Council and the Auditor General	FMV - 3	1	1	2	2		None	None	Annual Financial Statements Minutes of Council Meeting	Chief Financial Officer







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DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
each year												
To maintain a liquidity ratio of 2:1	AFS and Audit Coordination	Liquidity Ratio	FMV - 4	N/A	N/A	2:1	2:1		None	None	Report on Liquidity Ratio	Chief Financial Officer
To submit a GRAP compliant fixed asset register to the Auditor General by 31 August each year	Asset Management	Number of GRAP compliant Fixed Asset Registers submitted	FMV - 5	N/A	N/A	1	1		None	None	Fixed Asset Register	Chief Financial Officer
To spend 100% of the municipal budget (capital and operating) by 2017/2018	Budget Management	Percentage of budget (capex and opex) spent	FMV - 6	N/A	N/A	90%	80%		None	None	Signed Quarterly Report submitted to the Standing Committee	Chief Financial Officer
To spend 100% of the municipal budget (capital and operating) by 2017/2018	Budget Management	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	FMV - 7	95%	82%	100%	70%		None	None	Capital Expenditure Report	Chief Financial Officer
To submit all financial reports as legislated by the relevant dates	Budget Management	Number of Section 71 reports submitted to the Mayor and Treasury	FMV - 8	12	12	12	12		None	None	Section 71 Reports Acknowledgement of receipts from Treasury Submission sheet to Mayor	Chief Financial Officer







"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To submit all financial reports as legislated by the relevant dates	Budget Management	Number of Section 52 reports submitted to Mayor and Treasury	FMV - 9	4	4	3	3		None	None	Section 52 Reports Acknowledgement of receipts from Treasury Submission sheet to Mayor	Chief Financial Officer
To submit all financial reports as legislated by the relevant dates	Budget Management	Number of Section 72 reports submitted to Council and Treasury	FMV - 10	N/A	N/A	1	1		None	None	Section 72 Reports Acknowledgement of receipts from Treasury Minutes of Council Meeting	Chief Financial Officer
To submit all financial reports as legislated by the relevant dates	Budget Management	Number of budgets submitted to council for approval	FMV - 11	3	3	4	4		None	None	Budgets Minutes of Council Meetings	Chief Financial Officer
To pay creditors within 30 days or less	Expenditure Management	Average number of days to pay creditors	FMV - 12	30 days	30 days	30 days	30 days		None	None	Creditors Age Analysis HR940 System report	Chief Financial Officer
To maintain employee costs to operating expenditure at no more than 35%	Expenditure Management	Percentage employee costs (including Councillor remuneration) to operating expenditure	FMV - 13	40%	25%	35%	27%		None	None	Section 66 Report	Chief Financial Officer
To ensure that 9000 indigent households have access to free water and sanitation services by 2018/2019	Revenue Management	The number of households earning less than R1100 per month with access to free basic services (water and sanitation);	FMV - 14	N/A	N/A	6000	14391		None	None	Indigent Report and Indigent Register	Chief Financial Officer

"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"







DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To achieve an outstanding service debtors to revenue ratio of 65% by 2018/2019	Revenue Management	Outstanding Service Debtors to Revenue	FMV - 15	50%	400%	50%	250%		None	None	Report on Outstanding Service Debtors to Revenue	Chief Financial Officer
To ensure 100% compliance with regards to Supply Chain Management contracts and turnaround times by 2017/2018	Supply Chain Management	Percentage compliance with SCM Turnaround times	FMV - 16	N/A	N/A	80%	70%		None	None	Report on SCM Turnaround Times submitted to Standing Committee	Chief Financial Officer
To ensure 100% compliance with regards to Supply Chain Management contracts and turnaround times by 2017/2018	Supply Chain Management	Percentage of new contracts (FY 2015/16) complying with contract terms and conditions	FMV - 17	100%	100%	100%	100%		None	None	Report on contracts submitted to Standing Committee	Chief Financial Officer
To submit all financial reports as legislated by the relevant dates	Supply Chain Management	Number of SCM Reports submitted to Council and Treasury	FMV - 18	4	4	4	4		None	None	SCM Reports Minutes of Council Meetings Acknowledgments by Treasury	Chief Financial Officer
To ensure that all financial systems are utilised efficiently	Financial Information Systems	Percentage of financial systems integrated	FMV - 19	N/A	N/A	80% (4 of 5)	80%		None	None	Report on Integration of Systems	Chief Financial Officer
To be fully compliant with SCOA by 2016/2017	Financial Information Systems	Percentage implementation with SCOA	FMV - 20	N/A	N/A	50%	50%		None	None	Report on progress of SCOA implementation	Chief Financial Officer

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION






"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
Ensure implementation of ICT Governance Framework	ICT Governance	Percentage of material findings raised during ICT audits which have been addressed	GGPP - 1	N/A	N/A	90%	0%		audit in the process of being concluded	None	Report on the implementation of the Audit Action Plan	Director: Corporate Services
To provide oversight and support for the Council	Council Support	Percentage of Councillors and Seniors Officials trained on the Rules of Order	GGPP - 2	N/A	N/A	100%	100%		None	None	Attendance Registers Council Resolutions	Director: Corporate Services
To reduce the occurrence of litigation cases by 25% in 2015/2016	Legal Services	Reduction of litigation cases	GGPP - 3	N/A	N/A	25%	0%		Lack of co-operation from the Infrastructure Directorate	Increased inter-departmental engagements	Legal Claims Register	Director: Corporate Services
To implement 100% of Intergovernmental Relationship initiatives in accordance with the IGR implementation list per annum	Intergovernmental Relations	Percentage of IGR initiatives implemented in accordance with the IGR implementation list	GGPP - 4	N/A	N/A	100%	100%		None	None	Report on initiatives implemented	Strategic Manager
To implement 100% of Customer Care initiatives as identified in the Customer Care Strategy per annum	Customer Care	Percentage of Customer Care Strategy initiatives implemented	GGPP - 5	N/A	N/A	100%	100%		None	None	Reports	Strategic Manager
To submit four Strategic and Operational Risk Evaluation reports on an	Clean Administration	Number of Strategic and Operational Risk Evaluation Reports compiled	GGPP - 6	N/A	N/A	4	4		None	None	Quarterly Strategic and Operational Risk Evaluation Report	Strategic Manager







"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
annual basis												
To implement 100% of internal audit projects as per the internal audit plan on an annual basis	Clean Administration	Percentage of internal audit projects per the internal audit plan undertaken	GGPP - 7	100%	100%	100%	47%		Late and Non submission of information by directorates	Projects not achieved in the 2015/16 financial year will be encapsulated in the 2016/17 IA operational plan	Quarterly Internal Audit Report	Strategic Manager
To implement at least four anti-fraud and corruption initiatives per annum	Fight against Crime and Corruption	Number of Anti-Fraud and Corruption prevention initiatives undertaken	GGPP - 8	N/A	N/A	4	4		None	None	Report on Initiatives Implemented	Strategic Manager
To implement ten International Relations Programmes by 2019/2020	International Relations	Number of International Relations Programmes concluded	GGPP - 9	N/A	N/A	2	3		None	None	Signing of International Relations Programmes	Strategic Manager
To implement 100% of District Wide Strategy initiatives as identified by the Strategy on an annual basis	Public Participation	Percentage of District Wide Strategy initiatives implemented	GGPP - 10	N/A	N/A	100%	100%		None	None	Report on Initiatives Implemented	Strategic Manager
To implement 100% of Social Cohesion Programmes per the Strategy on an annual basis	Public Participation	Percentage of Social Cohesion programmes undertaken as per the strategy	GGPP - 11	N/A	N/A	100%	100%		None	None	Report on Initiatives Implemented	Strategic Manager


"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
To activate an electronic performance management system by 2015/2016	Performance Management System	Number of performance management IT applications activated	GGPP - 12	N/A	N/A	1	0		Target could not be met due to limitation in the available budget	This has been deferred to the 2016/2017 financial year	Signed Agreement	Strategic Manager
To conduct four performance evaluations per annum	Performance Management System	Number of performance management evaluations conducted	GGPP - 13	N/A	N/A	4	4		None	None	Quarterly Evaluation Reports	Strategic Manager
To implement 100% of Communication initiatives as identified by the Communication Strategy per annum	Communication and Marketing	Percentage implementation of the Communication Strategy	GGPP - 14	N/A	N/A	100%	100%		None	None	Report on initiatives implemented	Strategic Manager
To respond to all local municipal requests for support within seven days	Municipal Support	Average number of days Local Municipal requests for support are responded to	GGPP - 15	N/A	N/A	7	7		None	None	Reconciliation Report	Strategic Manager
To achieve an unqualified audit opinion by June 2016	Clean Administration	Auditor-General Opinion expressed on the Predetermined Objectives (PDOs)	GGPP - 16	N/A	N/A	Qualified Opinion	Qualified Opinion		None	None	AG Report	Strategic Manager
To achieve an unqualified audit opinion by June 2016	Clean Administration	Auditor-General Opinion expressed on the Financial Statements	GGPP - 17	N/A	N/A	Unqualified Audit Opinion	Qualified Opinion		Matter relating to the takeover of the water function presented	These will be addressed in the 2016/2017 financial year	AG Report	Strategic Manager

"ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS"

DRAFT CONSOLIDATED ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

Measurable Objective	Priority Area	KPI	Indicator Code	2014/2015 Financial Year		2015/2016 Financial Year		Snapshot	Reasons for	Mitigating Measures	Evidence	Custodian
									serious challenges for CHDM			
To achieve an unqualified audit opinion by June 2016	Clean Administration	Auditor-General Opinion expressed on Compliance	GGPP - 18	N/A	N/A	Unqualified Audit Opinion	Qualified Opinion		Non-availability of standard operating procedures has presented challenges	These will be addressed in the 2016/2017 financial year	AG Report	Strategic Manager

“ON THE HORIZON...PERFORMANCE ON KEY SERVICE DELIVERY COMMITMENTS”

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 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

TABLE 27: Economic Activity by Sector

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

TABLE 28: Economic Employment by Sector

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				

TABLE 29: Jobs Created

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

TABLE 30: Jobs Created Through EPWP

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	

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 3.11.8

TABLE 31: Employees: Local Economic Development Services

Financial Performance Year 0: Local Economic Development Services					
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%
<i>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.</i>					
					T 3.11.9

TABLE 32: Financial Performance: Local Economic Development Services

Capital Expenditure Year 0: Economic Development Services					
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
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.11.10

TABLE 33: Capital Expenditure: Local Economic Development Services

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		

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 3.19.4

TABLE 34: Employees: Health Inspection

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%

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 3.19.5

TABLE 35: Financial Performance: Health Inspection

Capital Expenditure Year 0: Health Inspection and Etc					
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 3.19.6

TABLE 36: Capital Expenditure: Health Inspection

COMPONENT F

SAFETY AND SECURITY

3.6. Fire

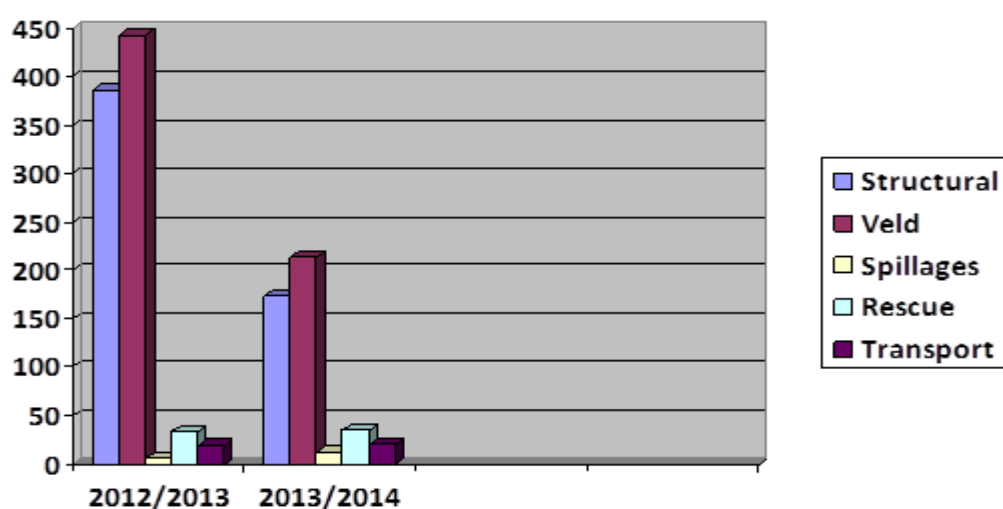
This service is performed as stipulated in the prescript of law and even beyond that scope due to the fact that other local municipalities within the district are not fully capacitated in terms of the human capital and financial resources to render the service optimally.

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	

TABLE 37: Fire Incidents



GRAPH 13: Fire Incidents

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	

TABLE 38: Employees: Fire Services

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%
<i>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.</i>					
T 3.21.5					

TABLE 39: Financial Performance: Fire Services


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
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.21.6					

TABLE 40: Capital Expenditure: Fire Services

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 Licencing 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	

TABLE 41: Employees: Disaster Management

Financial Performance Year 0: Disaster Management, Animal Licencing 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%

TABLE 42: Financial Performance: Disaster Management

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

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A

4. 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	161	114	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	88	44	44	50
Transport	6	7	6	1	14
Planning (Integrated Development)	2	3	3	0	0
Local Economic Development	5	5	5	0	0
Planning (Strategic & Regulatory)					
Community & Social Services	9	0	0	0	0

Environmental Protection (Municipal Health & Environmental Management)	41	39	37	2	5
Health (Emergencies)	18	16	14	2	12
Security & Safety	8	8	8	0	0
Sport and Recreation					
Corporate Policy Offices and Other	127	211	152	59	27
Totals	399	541	386	155	28
<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>

TABLE 44: Employees

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	1	1
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)	38	6	15%
Senior Management Levels 14 - 17 (Finance Posts)	9	4	44%
Highly Skilled Supervision Levels 9 – 13 (excluding Finance Posts)	182	15	8%
Highly Skilled Supervision Levels 9 -13 (Finance Posts)	30	8	26%
Totals	274	34	12%
<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>

TABLE 45: Vacancy Rate

Turn Over Rate			
Details	Total Appointments as of beginning of Financial Year 2013/14	Terminations During the Financial Year 2013/14 No.	Turn-over Rate*

	No.		
Year -2	39	41	1%
Year -1	43	24	2%
Year 0	33	39	1%
<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>			T 4.1.3

TABLE 46: Turn-over Rate

For the year under review, the institution experienced a level of stability particularly at senior management level in that only one of the Section 57 management positions that is not yet 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		100%	26 Feb 2014
19	Bereavement	100%		25 June 2014
20	Overtime		100%	25 June 2015
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 2015
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 and Training	100%	100%	25 June 2015
29	Smoking	100%		27 May 2009
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Other: Employee Study Assistance	100%		
34	Transport allowance Policy	100%		25 June 2015
35	Termination of Service	100%		25 June 2015
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				
				<i>T 4.2.1</i>

TABLE 47: HR Policies and Plans

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	0

Temporary total disablement	none	none	none	none	0
Permanent disablement	none	none	none	none	0
Fatal					
Total	0	0		0	0
<i>T 4.3.1</i>					

TABLE 48: Number and Cost of Injury on Duty

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)	387	1%	12	12	32	
Skilled (Levels 3-5)	1986	7%	79	102	19	
Highly skilled production (levels 6-8)	2359	31%	83	80	29	
Highly skilled supervision (levels 9-12)	3331	56%	146	140	23	
Senior management (Levels 13-15)	930	14%	45	49	19	
MM and S57	28	0%	3	6	5	
Total	8884	18%	369	386	127	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						
						<i>T 4.3.2</i>

TABLE 49: Number of Days and Cost of Sick Leave

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
Ass. Dir. MHS/EM	Gross Dishonest and Theft	08 Sep 2014	Resignation on the 05 Jan 2015	
Admin. Clerk EAP	Fraud and Corruption	13 Nov 2014	Resignation on the 31 Dec 2014	
Secretary to Strategic Manager	Fraud and Corruption, Gross Dishonesty	18 Nov 2014	Dismissal on the 20 May 2015	
Civil Technician	Gross Dishonesty	30 Oct 2014	Dismissal on the 22 Jan 2015	
Operator	Fraud and Corruption	18 Nov 2014	Dismissal on the 26 March 2015	
Operator	Fraud and Corruption	18 Nov 2014	Dismissal on the 13 May 2015	
SCM Officer	Corruption and Gross Negligence	12 Nov 2014	Resignation on the 04 Sep 2015	

TABLE 50: Number and Period of Suspension

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised

TABLE 51: Disciplinary Cases taken on Cases of Financial Misconduct

For the financial year under review, there were no suspensions for financial misconduct.

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 2014/15;
-  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 eleven [111] employees have received training within this financial year at a cost of R 6 660 000.00. A total of twelve [12] training interventions were implemented.

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 six [26] employees have received assistance to further their studies in the following fields:

-  Environmental Health
-  Financial Field
-  Engineering
-  Administration
-  Internal Audit
-  Fleet Management
-  Public Management

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		2		
	Male	3							1	1		1		
Councillors, senior officials and managers	Female	20				13	5	4	8	3	5	21	8	9
	Male	31				11	9	4	5	7	5	16	16	9
Technicians and associate professionals*	Female	15					2	5	3			3	2	5
	Male	17				4	2	8	4			8	2	8
Professionals	Female	47				10	14	26				10	14	26
	Male	53				11	12	23				11	12	23
Sub total	Female	87				23	21	35				36	21	40
	Male	110				26	23	55				36	23	40
Total		197	0	0	0	49	54	90	23	13	10	72	98	80
*Registered with professional Associate Body e.g CA (SA)														T 4.5.1

TABLE 52: Skills Matrix

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))

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Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	0
Senior managers	35	0	35	33	3	17
Any other financial officials	17	0	17	2	0	2
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	55	0	55	38	5	21
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

TABLE 53: Skills Matrix

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			1749000	957165			1749000	957165
	Male	3								
Legislators, senior officials and	Female	26								
	Male	40								

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managers										
Professionals	Female	47								
	Male	53								
Technicians and associate professionals	Female	15								
	Male	17								
Clerks	Female	45								
	Male	11								
Service and sales workers	Female	2								
	Male	6								
Plant and machine operators and assemblers	Female									
	Male	20								
Elementary occupations	Female	18								
	Male	97								
Sub total	Female	188			1749000	957165			1749000	957165
	Male	250								
Total		403	0	0	1749000	957165	0	0	1749000	957165
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									0.01%*	*R 1749000
T4.5.3										

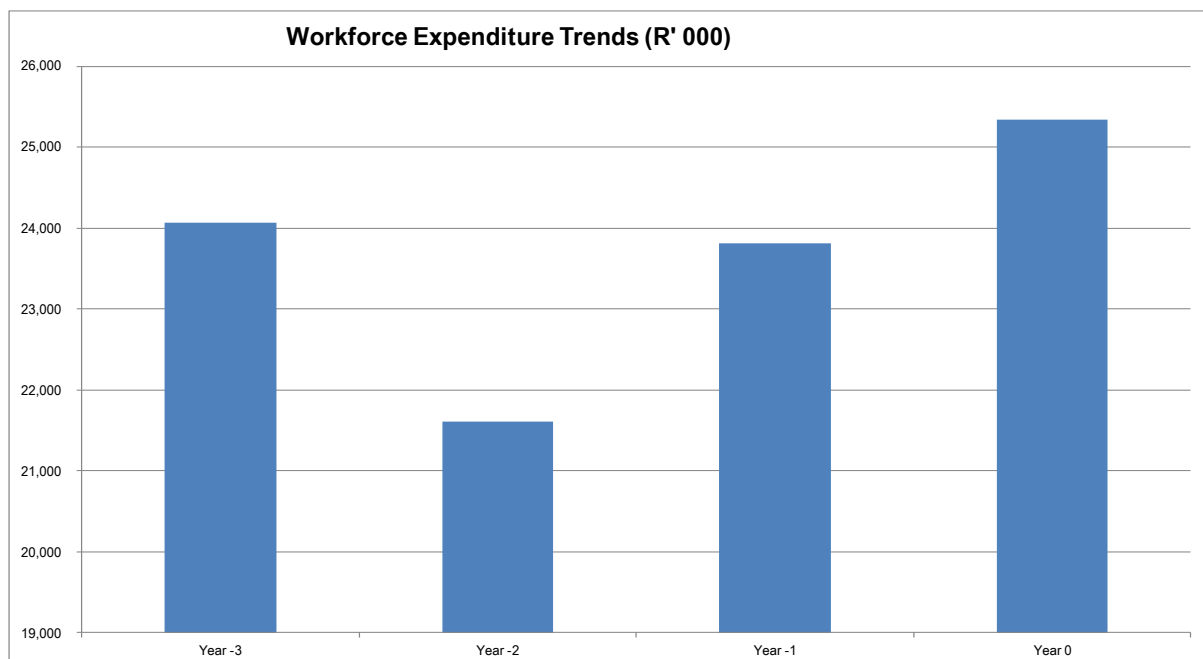
TABLE 54: Skills Development Expenditure

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



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

TABLE 55: Salary Increase Due to Grading

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	71770.00 – 80806.00	
Skilled	84	TASK GRADE 3 - 5	75234.00 – 109969.00	
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	

TABLE 56: Salary Levels Exceeding Grading

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

TABLE 57: Employees Appointed to Posts Not Approved

A process of grading all positions within the municipality was undertaken and consequently, all positions within the institution are graded.

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 in Council 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 to keep departments accountable for their delivery commitments contained in the Service Delivery and 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 National Treasury, MFMA Circular 72. The CPI projections for 2015, 2016 and 2017

financial years are 6.2, 5.9 and 5.5 respectively. The minimum wage for 2015 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 was deemed reasonable.

The wage and salary cost of living adjustments are proposed at 6.8 % for 2015 (5.8 +1). Because of the negotiation processes as part of bargaining processes, it is proposed that the municipality provides for a 7% increase after the improvement of service conditions associated with closing the gap between top management and staff. A maximum of 7% increase on other expenses will suffice as the CPI of 6.2 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 for bulk purchases have been approved at 8.06% by NERSA. This has however affected the increase in electricity bulk purchases costs and negatively affects other cost drivers for water and sanitation services. The Engineering and Finance departments have been assisted by interns as the municipality could not immediately increase its organisational structure. Phasing out of the clerks occupational category will provide more and better opportunities for internship contracts. For the effectiveness of internships, at least two year contracts have been implemented and are 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 as it stands at 6,81% at year end and this would be looked at rigorously in the next financial year.

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 2016 and, in 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 its operational existence for the foreseeable future.

5.2.1. Revenue Management

Chris Hani District Municipality is 73% grant dependent. The municipality's major source of revenue is water and sanitation. The collection rate for the municipality was sitting at 6,81% which is very low. The collection rate at each municipality is not conducive for financial viability and sustainable of municipal services. The municipality has however embarked on a data cleansing project that will enable the municipality to derive efficiencies on revenue collection.

Revenue related policies were reviewed and approved by the municipality during the year under review. Billing has been done for all eight (8) local municipalities during 2015/16 financial year.

The major sources of revenue consist of:

Operating Grants

- ✚ Equitable Share;
- ✚ Finance Management Grant (FMG);
- ✚ Municipal Systems Improvement Grant (MSIG);
- ✚ Department of Economic Affairs and Trade (DEDEAT);
- ✚ DHLGTA;
- ✚ COGTA (Amalgamation);
- ✚ Expanded Public Works Programme (EPWP); and
- ✚ Rural Roads Asset Management Grant

Other Operational Programs

- ✚ Roads Subsidy;
- ✚ Environmental Health Subsidy; and

Capital Grants

- ✚ Municipal Infrastructure Grant (MIG);
- ✚ Regional Bulk Infrastructure Grant (RBIG);
- ✚ Department of Human Settlement Unblocking (DHS Unblocking);
- ✚ Municipal Water Infrastructure Grant (MWIG); and
- ✚ Rural Household Infrastructure Grant (RHIG).

Other Capital Programs

- ✚ Accelerated Community Infrastructure Program (ACIP);
- ✚ Department of Housing Unblocking Program; and
- ✚ Water Services Operating Grant (WSOG).

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

- ✚ Interest from investments; and
- ✚ Other Income which comes from input VAT from conditional grants.

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 91.00 per month** and the tariff per kl is **R8.66 for households** and **R127.40 for** business was implemented during the year under review. A stepped-up tariff was approved and implemented according to the categories and consumption levels reflected in the table below.

Sanitation and wastewater tariffs cannot be metered and were therefore based on the flat rate of **R59.96 per month** for households and **R86.70** for business. 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 R14.27** per kl of consumption will be levied in addition to the water tariffs for these categories of consumers.

Domestic Water Tariffs		
Basic Charge	R 91.00	R 91.00
Tariff Summary	Tariff R/kl 2014/15	Tariff R/kl 2015/16
Number of residential units x (0 – 6 kl / month)	R 8.66	R 8.66
Number of residential units x (5 – 15 kl / month)	R 10.02	R 10.02
Number of residential units x (16 – 30 kl / month)	R 12.28	R 12.28
Number of residential units x (31 – 45 kl / month)	R 15.29	R 15.29
Number of residential units x (46 – 60 kl / month)	R 16.70	R 16.70
Number of residential units x (61 or more kl / month)	R 18.85	R 18.85

NGO's		
Basic Charge		R 118.30
Tariff Summary		Tariff R/kl 2015/16
0-200kls per month		R 10.24
201-2500 kl per month		R 11.32
2501 or more kl per month		R 12.39

Bussines Tariffs

Basic Charge	R 127.40
Tariff Summary	Tariff R/kl 2015/16
0 – 5 000 kl / month	R 13.14
5001 -25000 kl / month	R 13.36
25 001- 50000 kl/month	R 13.57
50 001- or more kl / month	R 13.57

Sanitation Tariffs

DOMESTIC	R 59.96
NGO'S	R 82.57
BUSINESESS	R 86.70

Connection Fees

DOMESTIC	R 59.96
NGO'S	R 82.57
BUSINESESS	R 86.70

ILLEGAL CONNECTIONS OR CONSUMPTION AND DAMAGES TO SERVICES

	FEE CHARGED
DOMESTIC	R 5 006
BUSINESS	R 10 201
UNAUTHORIZED USAGE BY VEHICLES SUCH AS TANKERS	R 13 800
DAMAGES TO NETWORK OR CONNECTIONS	Actual cost of repairs + cost of water loss + 15% administration fee per incident
NEGLECT BY AN OWNER TO REPAIR A LEAK WITHIN 48 HOURS AFTER NOTIFICATION	Actual cost of repairs + 15% administration fee per incident

SERVICE	TARIFFS		
	NEW APPLICATION	REVIEW	RENEWAL
Certificate of Acceptability (CoA) (FCD Act)	R 250	R 100	R 100
Certificate of unsound foodstuffs (Condemns Certificate)	R 200 per hour	N/A	N/A
Health Certificate (HA) (H. Act)	R 150	R 100	R 100
Certificate of Competence (CoC) (H. Act)	R 250	R 100	R 100
Application for exhumations and re-burials	R 250	N/A	N/A
RE-Issue of Certificates	R 100	R 100	R 100
Request for re-inspection or special inspections (accept government departments)	R 200	N/A	N/A
Illegal Transport of foodstuffs (FCD Act)	R 200	N/A	N/A
Application for selling of foodstuffs during public events	R 100	N/A	N/A
Meat Safety Inspections (MS Act)	R 250 per hour	N/A	N/A

VECTOR CONTROL	
Service	Tariff
Vector control per occurrence	R 300
ENVIRONMENTAL POLLUTION CONTROL	
Service	Tariff
Waste water spillages	R 500
Noise control	R 500 (Residential)
	R 600 (Commercial)

VECTOR CONTROL	
Service	Tariff
Vector control per occurrence	R 300
ENVIRONMENTAL POLLUTION CONTROL	
Service	Tariff
Waste water spillages	R 500
Noise control	R 500 (Residential)
	R 600 (Commercial)

TABLE 58: 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 or two social grant pensions. These households are the beneficiaries of the basic services component of the equitable share allocation and as such will receive water subsidies of **R91.00** 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, 2015 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 and Fiscal, Audit, Mayoral and Council Committees, externally the finance reporting is made to National and Provincial Treasury and the various transferring departments like COGTA, DWS, Department of Roads and Transport and any other departments that we are performing agency functions for.

A budget is generally a projection of future revenues and expenditures. At a minimum a budget is used a planning and management tool to control financial transactions and this unit exists in the municipality for that purpose and to provide assistance to other directorates within the municipality.

There are 6 Directorates (Municipal Manager; Corporate Services, Budget & Treasury, Technical Services, Community Services and Environmental Health and Integrated Planning and Economic Development) 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 the municipality has implemented its budget as approved by Council. The budget was prepared in line with the National Treasury guidelines and MFMA budget related Circulars. The Directorates and Political Leadership was consulted during this process.

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

Reconciliation of Table A1 Budget Summary															
Description	2015/16											Year -1			
	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	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates															
Service charges	222,367	(50,149)	172,218			172,218	335,760		(163,541)	194.96	150.99				
Investment revenue	28,988	—	28,988			28,988	37,897		(8,909)	130.73	130.73				
Transfers recognised - operational	573,878	5,250	579,128			579,128	463,408		115,720	80.02	80.75				
Other own revenue	49,314	(1,500)	47,814			47,814	76,269		(28,455)	159.51	154.66				
Total Revenue (excluding capital transfers and contributions)	874,547	(46,399)	828,148			828,148	913,334		(85,186)	565.23	517.14				
Employee costs	259,220	11,635	270,855			270,855	238,098		32,757	87.91	91.85				
Remuneration of councillors	10,923	(57)	10,866			10,866	9,608		1,258	88.42	87.96				
Debt impairment	100,065	247,000	347,065			347,065	522,558		(175,493)	150.57	522.22				
Depreciation & asset impairment	115,434	—	115,434			115,434	180,315		(64,881)	156.21	156.21				
Finance charges	701	(0)	701			701	735		(34)	104.85	104.80				
Materials and bulk purchases	25,822	(9,322)	16,500			16,500	20,590		(4,090)	124.79	79.74				
Contracted Service	20,672	(8,401)	12,271			12,271	11,037		1,234	89.94	53.39				
Transfers and grants	20,658	(2,618)	18,040			18,040	249,132		(231,092)	1,381.00	1,205.98				
Other expenditure	408,953	114,902	523,855			523,855	202,592		321,263	38.67	49.54				
Total Expenditure	962,448	353,139	1,315,587			1,315,587	1,434,665		(119,079)	109.05	149.06				
Surplus/(Deficit)															
Transfers recognised - capital	664,253	123,971	788,224			788,224	741,825		46,399	94.11	111.68				
Contributions recognised - capital & contributed assets	—	—	—			—	—		—	—	—				
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate	—	—	—			—	—		—	—	—				
Surplus/(Deficit) for the year	(87,901)	(399,538)	(487,439)			(487,439)	(521,331)		33,893	0	0				
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	664,253	123,971	788,224			788,224	741,825		46,399	94.11	111.68				
Public contributions & donations	—	—	—			—	—		—	—	—				
Borrowing	—	—	—			—	—		—	—	—				
Internally generated funds	103,067	(103,067)	—			—	—		—	—	—				
Total sources of capital funds	767,320	20,904	788,224			788,224	741,825		46,399	94.11	96.68				
Cash flows															
Net cash from (used) operating	476,287	152,374	628,661			628,661	592,982		35,679	94.32	124.50				
Net cash from (used) investing	(764,820)	(65,471)	(830,291)			(830,291)	(586,422)		(243,869)	70.63	76.67				
Net cash from (used) financing	—	—	—			—	37		(37)	—	—				
Net increase/ (Decrease) in cash held	(288,533)	86,903	(201,630)			(201,630)	6,597		(208,227)	—	—				
Cash/cash equivalents at the year end	299,014	52,559	351,573			351,573	351,574		(1)	—	—				
Cash/cash equivalents at the year end	10,481	139,462	149,943			149,943	358,171		(208,228)	238.87	3,417.33				
T 5.1.1															
Notes															
3 = sum of column 1 and 2															
2 represents movements in original budget to get to final adjustment budget (including shifting of funds)															
Virements must offset each other so that virements in Total Expenditure equals zero															
6 = sum of column 3, 4 and 5															
8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure															
9 = 7 - 6															
10 = (7/6)*100															
11 = (9/1)*100															
14 = 13 - 12															
15 in revenue equals Audited Outcome plus funds actually recovered															
15 in expenditure equals Audited Outcome less funds actually recovered															
15 in Cash Flow equals Audited Outcome plus funds recovered															
This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexures to the financial statements. These schedules do not directly form part of the audit opinion)															

TABLE 59: 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	124,545	293,106	508,613	124,545	-135.34%	-308.38%
Waste Water (Sanitation)	–	327,605	–	–	0.00%	0.00%
Electricity	–	–	–	–	0.00%	0.00%
Waste Management	–	–	–	–	0.00%	0.00%
Housing	–	–	–	–	0.00%	0.00%
Component A: sub-total	124,545	620,711	508,613	124,545	-398.38%	-308.38%
Waste Water (Stormwater Drainage)	–	–	–	–	0.00%	0.00%
Roads	31,641	27,800	41,499	31,641	12.14%	-31.16%
Transport	–	–	–	–	0.00%	0.00%
Component B: sub-total	31,641	27,800	41,499	31,641	12.14%	-31.16%
Planning	2,316	–	5,044	2,316	100.00%	-117.76%
Local Economic Development	8,837	26,431	87,125		#DIV/0!	#DIV/0!
Component B: sub-total	11,153	26,431	92,169	2,316	-1041.06%	-3879.05%
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	60,449	37,576	73,296	3,012	-1147.43%	-2333.25%
Environmental Protection	–	169	2,034	23,530	99.28%	91.36%
Health	–	–	–	–	#DIV/0!	#DIV/0!
Security and Safety	–	–	–	–	0.00%	0.00%
Sport and Recreation	–	–	–	–	0.00%	0.00%
Corporate Policy Offices and Other	–	–	–	–	0.00%	0.00%
Component D: sub-total	60,449	37,745	75,330	26,542	-42.21%	-183.81%
Total Expenditure	227,788	712,687	717,611	185,044	-285.14%	-287.80%
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 60: 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						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	428,567	469,059	469,059	461,598	98	98
Equitable share	413,744	446,759	446,759	446,759	100	100
Municipal Systems Improvement	934	940	940	940	100	100
Department of Water Affairs	–	–	–	–	#DIV/0!	#DIV/0!
Municipal Infrastructure Grant	13,889	13,899	13,899	13,899	100	100
Finance Management	1,500	1,500	1,500	1,500	100	100
EPWP	9,124	5,961	5,961	5,961	100	100
Rural Transport	–	–	–	–	–	–
RRAMSG	2,979	3,016	3,016	3,016	100	100
Public works	–	27,800	27,800	30,575	110	0
RSC Levy Replacement	–	–	–	–	–	0
Provincial Government:	31,053	27,800	27,800	30,575	–	–
Housing	–	–	–	–	–	–
Roads and Transport	31,053	27,800	27,800	30,575	–	109.98
District Municipality:	–	–	–	–	–	–
<i>[insert description]</i>						
Other grant providers:	6,516	3,500	8,750	2,072	–	–
<i>Other</i>	6,516	3,500	8,750	2,072	59	23.68
Total Operating Transfers and Grants	466,136	500,359	505,609	494,246		
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 61: Grant performance

The budgeted national operating grants were received in full, however the provincial Human Settlements and Capacity Building grants were not received during the year under review. The Public Works and Roads grants was budgeted for an amount of R 27,800m however the municipality received R30,575m during the financial year which include 2014/15 invoices that was not paid.

5.1.4. Asset Management

The municipality did not have a fully-fledged asset management unit during the year under review. In the past the municipality has incorporated asset management under Budget and Reporting and this was changed during the financial year. In next financial year this section will be capacitated in line with the approved organogram, to derive its full potential. The inventory section that is currently is currently under SCM will be part of this unit. The municipality has use external service providers to assist in all the areas of assets (movable and infrastructure assets),

however this was done through the supervision of Senior Accountants for skills transfer and ownership of the process.

A complete and GRAP compliant Asset Registers were developed and will be updated on a quarterly basis for the movable assets and the municipality also procured an asset software which will be used in the coming financial year to assist in the proper management of assets. 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 has been approved by Council. In the event of loss and stolen assets, these will be reported to the asset loss officer for investigation by the Asset loss Committee. 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 period:

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2015				
Asset 1				
Name	Intsika Yethu water treatment works			
Description	Xonxa Water Project			
Asset Type	Immovable Asset			
Key Staff Involved	WSA area manager, Technician, Institutional and Social Developmen			
Staff Responsibilities	Project Management			
	2012/2013	2013/2014	2014/2015	
Asset Value	-	48,139,845.05	63,773,403.81	
Capital Implications	Allocation for future maintenance			
Future Purpose of 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 has been approved by council and was workshopped to management			
Asset 2				
Name	Intsika Yethu water treatment works			
Description	Ncorha Water Project			
Asset Type	Immovable Asset			
Key Staff Involved	WSA area manager, Technician, Institutional and Social Developmen			
Staff Responsibilities	Project Management			
	2012/2013	2013/2014	2014/2015	
Asset Value	2,371,347.16	28,774,849.33	70,500,974.59	
Capital Implications	Allocation for future maintenance			
Future Purpose of 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 has been approved by council and was workshopped to management			
Asset 3				
Name	Intsika Yethu water treatment works			
Description	Qamata Water Project			
Asset Type	Immovable Asset			
Key Staff Involved	WSA area manager, Technician, Institutional and Social Developmen			
Staff Responsibilities	Project Management			
	2012/2013	2013/2014	2014/2015	
Asset Value	-	6,414,681.34	57,556,791,44	
Capital Implications	Allocation for future maintenance			
Future Purpose of 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 has been approved by council and was workshopped to management			
				T 5.3.2

TABLE 62: Detail of 3 largest assets

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	31,716,000	58,354,000	45,500,306	77.97
				T 5.3.4

TABLE 63: Expenditure on repairs and maintenance

Repairs and maintenance is 78% of the actual expenditure when comparing with the adjusted budget.

4.1.3. Financial Ratios based on Key Performance Indicators

RATIO		2015/16		Comment
Current ratio:	Current Assets	604,110,375	+2;85:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Current Liabilities	212,020,513		
Acid test Ratio:	(Current Assets - Inventory)	597,044,369	2;8:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Current Liabilities	212,020,513		
Working capital Ratio:	(Current Assets - Current liabilities)	392,089,862	0;08:1	A net current asset position was realised (total current assets exceeded total current liabilities)
	Total assets	4,389,623,029		
Debt ratio:	Total liabilities	4,134,348,223	0;94:1	A net asset position was realised (total assets exceeded total liabilities)
	Total assets	4,389,623,029		
Debt position ratio:	Total assets	4,389,623,029	1;062:1	A net asset position was realised (total assets exceeded total liabilities)
	Total liabilities	4,134,348,223		
Investments vs Total assets Ratio:	Total investments	358,170,563	8;2%	Indicating the percentage of municipal assets comprising investments
	Total assets	4,389,623,029		
Unspent grants vs. Total grants revenue	Unspent grants	80,440,449	7%	Indicating the ratio of unspent grants to total grant revenue recognised
	Total grants	1,205,233,363		
Profit realised	Total revenue	1,655,159,395	115%	A profit for the year was realised (total revenue exceeded total expenditure)
	Total operating expenditure	1,434,665,236		
Creditors settlement period:	Accounts payable/average purchases*365	122,842,939	4.48	Average number of days taken to settle outstanding credit balances

TABLE 64: 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.

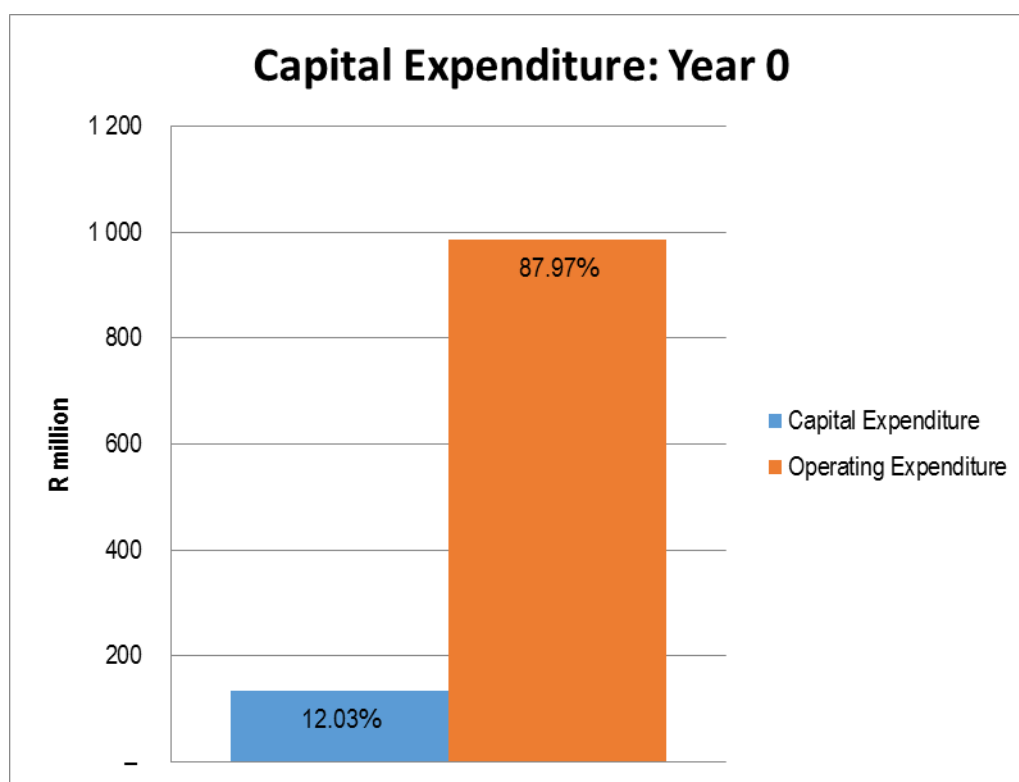
5.2 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The main capital programs for the municipality are Municipal Infrastructure Grant, Municipal Water Infrastructure Grant and Regional Bulk Infrastructure Grant. MIG and RBIG were fully spent during the year under review and MWIG had an unspent portion of R34m. The municipality has requested roll over on the unspent amount as the municipality had already appointed the service providers for the remaining amount.

Program	Capital Budget	Actual Expenditure
Regional Bulk Infrastructure	275,503,000	275,503,000
MIG	164,652,334	164,652,334
MWIG	120,608,000	86,032,359

TABLE 65: Capital programmes

5.2.1. Capital Expenditure



GRAPH 15: Capital Expenditure

5.2.2. Sources of Finance

Capital Expenditure - Funding Sources: Year -2015 to 2016						
R' 000						
Details	Year -2014	Year 2015				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	0	0	0	0	0.00%	0.00%
Public contributions and donations	0	0	0	0	0.00%	0.00%
Grants and subsidies	621,790,113	664,254,000	727,635,000	621,790,113	9.54%	-6.39%
Other	5,337,150	43,067,000	43,067,000	13,867,080	0.00%	-67.80%
Total	627,127,263	707,321,000	770,702,000.00	635,657,193	9.54%	-74.19%
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	99.1%	93.9%	94.4%	97.8%	100.0%	8.6%
Other	0.9%	6.1%	5.6%	2.2%	0.0%	91.4%
Capital expenditure						
Water and sanitation	634,889,570.00	664,254,000	727,635,000	549,647,749	9.54%	-17.25%
PPE	0	-	-		0.0%	0.0%
Water waste management	0	-	-		0.0%	0.0%
Environmental Protection	0	-	-	-	0.0%	0.0%
Other	5,337,150	43,067,000	43,067,000	13,867,080	706.93%	-67.80%
Planing and Development	-	-	-	-	#DIV/0!	#DIV/0!
Total	640,226,720	707,321,000	770,702,000	563,514,829	#DIV/0!	#DIV/0!
Percentage of expenditure						
Water and sanitation	0.0%	93.9%	94.4%	97.5%	#DIV/0!	#DIV/0!
PPE	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Water waste management	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Environmental Protection	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Planing and Development	102.1%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
T5.6.1						

TABLE 66: 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
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 wtare 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				

TABLE 67: Capital projects

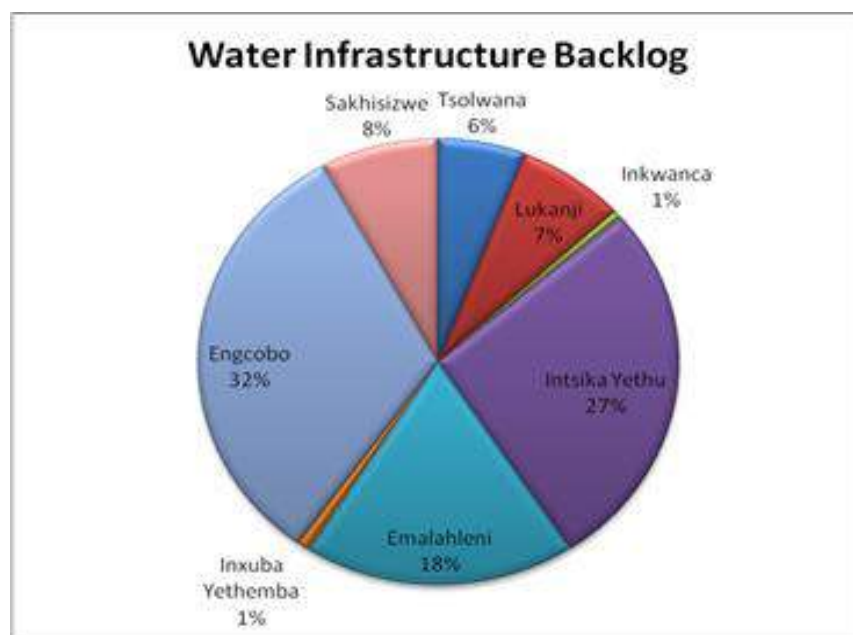
5.2.4. Basic Service and Infrastructure Backlogs

The Chris Hani District Municipality is a Water Services Authority as duly designated by the MStrA. In terms of this function, the key responsibility if the CHDM is that of providing quality

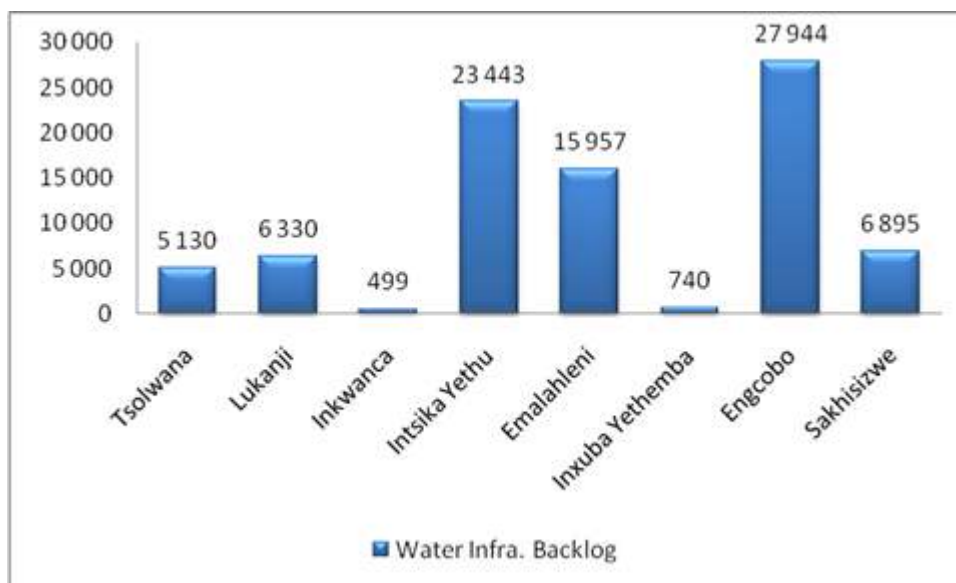
water and sanitation services to the inhabitants of the district. This implies expansion and extension of the service to areas previously not services. This implies, in terms of national and provincial targets, eradicating all backlogs relating to water and sanitation services. Furthermore, the municipality 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.

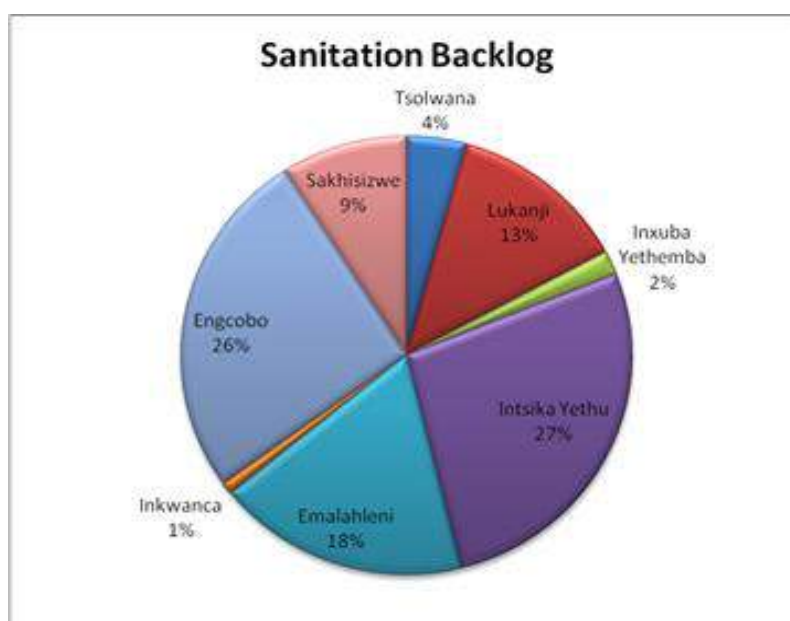


GRAPH 16: Water infrastructure backlog per LM

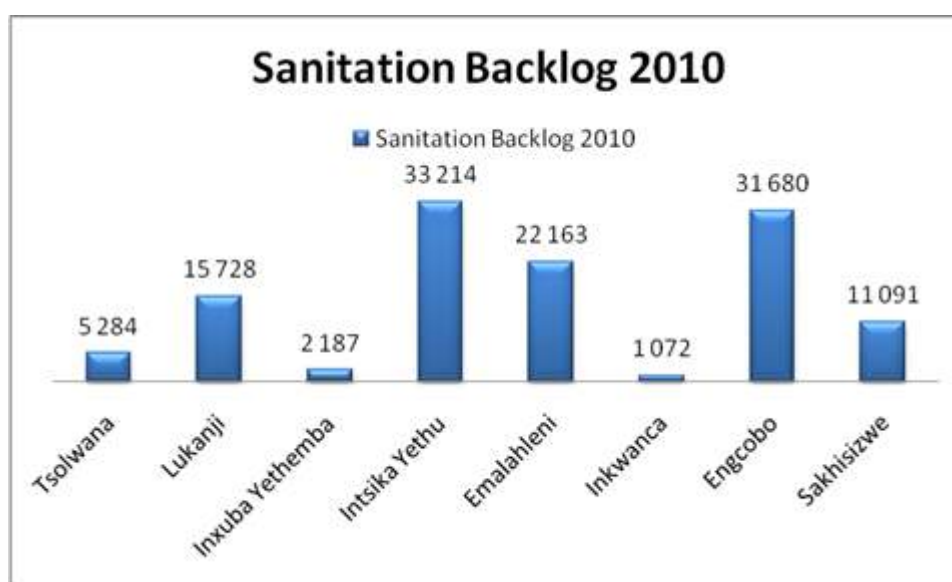


GRAPH 17: Water infrastructure backlog per LM (2)

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 18: Sanitation infrastructure backlog per LM



GRAPH 19: 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 68: 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 69: Financial detail - backlogs

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 to cover monthly obligations 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	726,854	399,127	264,041	1,109,397
Government - operating	444,712	573,878	579,128	497,000
Government - capital	664,685	664,253	788,224	705,919
Interest	26,116	28,988	28,988	37,897
Dividends				
Payments				
Suppliers and employees	(1,258,569)	(941,088)	(789,329)	(1,756,497)
Finance charges	(381)	(701)	(401)	(735)
Transfers and Grants	–	(20,658)	(18,040)	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	603,417	703,799	852,611	592,982
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	2,500	1,000	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(614,634)	(767,320)	(831,291)	(586,422)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(614,634)	(764,820)	(830,291)	(586,422)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	35,506	–	–	36,721
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	35,506	–	–	36,721
NET INCREASE/ (DECREASE) IN CASH HELD	(11,181)	(61,021)	22,320	6,597
Cash/cash equivalents at the year begin:	362,755	299,014	299,014	351,574
Cash/cash equivalents at the year end:	351,574	237,993	321,334	358,171
Source: MBRR A7				T 5.9.1

TABLE 70: 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 borrowed funds as a source of finance towards its operations for the current and previous financial years.

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality			
Long-Term Loans (annuity/reducing balance)	0	0	0
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	0	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 71: Borrowings

Municipal and Entity Investments			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	373,219,348	394,052,114	358,170,563
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	373,219,348	394,052,114	358,170,563
<u>Municipal Entities</u>			
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:	373,219,348	394,052,114	358,170,563
			<i>T 5.10.4</i>

TABLE 72: Investments

All investments are in the form of short term fixed deposits made to recognized banking institutions, in line with the municipality's investment policy. These investments are made of funds that are not immediately required for use and grants funds not spent are also included in these investments.

5.3.3. PUBLIC PRIVATE PARTNERSHIPS










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

5.4 INTRODUCTION TO OTHER FINANCIAL MATTERS

5.4.1. Supply Chain Management

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 SCM related 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 managers from various directorates and Acquisition Officer.

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







GRAP is the acronym for Generally Recognised Accounting Practice and it provide the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

Chris Hani District Municipality is aware of the new accounting standards that have been published for implementation. These standards have been complied with in the preparation of the 2015/2016 Annual Financial Statements in all material respects. This compliance is required to improve transparency surrounding the financial information which has been prepared.

CHAPTER 6: CHRIS HANI DEVELOPMENT AGENCY

6.1 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.

6.2 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.

6.2.1. 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
Mr. M. Manjezi	Non-executive	Male	Chairperson of Board	6
Mr S. Ngqwala	Non-executive	Male	Board Member	6
Mr T. Ramabulana	Non-executive	Male	Board Member	6
Mr M. Sigabi	Non-executive	Male	Board Member	6
Mr. S Dzegwa	Non-executive	Male	Board Member	6
Mrs. N Skeyi	Non-executive	Female	Board Member	6
Mrs. U. Ntsubane	Non-executive	Female	Board Member	6
Mrs V Matsiliza	Non-executive	Female	Board Member	6
Mr. T. Mashologu	Executive	Male	Chief Executive Officer	6
Mr. Z. Duze	Executive	Male	Executive Manager Operations	6
Mrs N Nomganga	Executive	Female	Chief Financial Officer	6
Mrs U Mkize	Executive	Female	Company Secretary	6

TABLE 73: CHDA board members

6.2.2. Organisational Arrangements

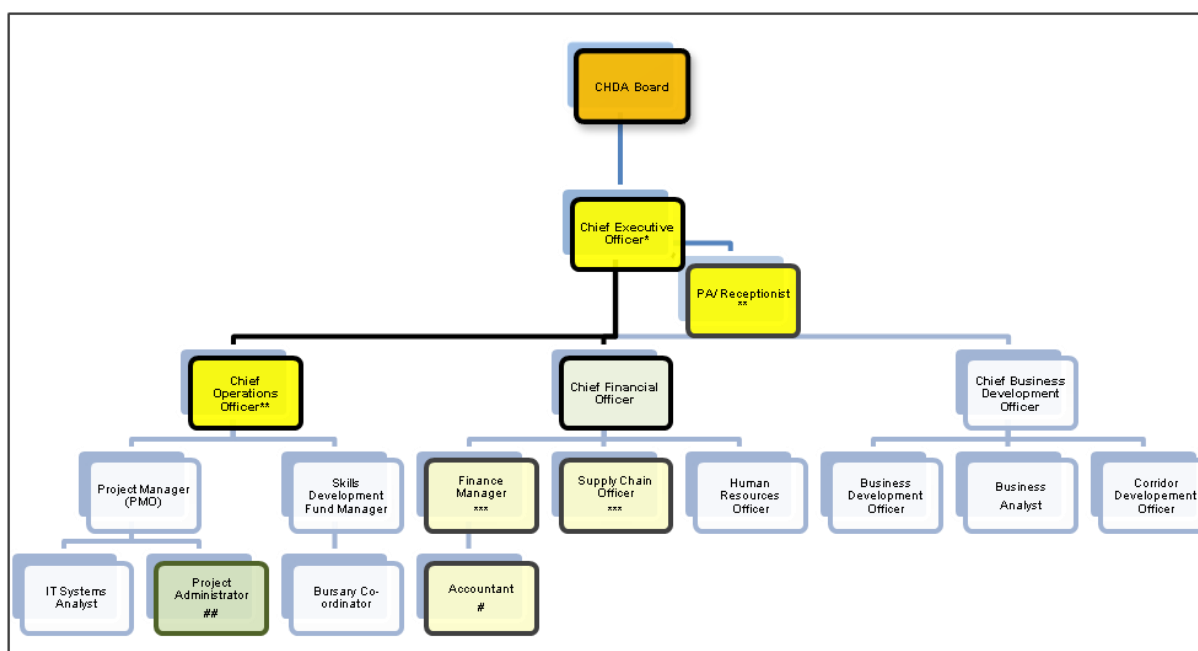


FIGURE 6: CHDA organisational structure

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.

6.2.3. 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.

6.2.2. 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.

6.3 KEY PERFORMANCE AREAS – PROGRAMMES

This report has been prepared by CHDA Management, in an attempt to illustrate the performance of the agency against its predetermined objectives for 2015-16.

The report comprises of an executive summary, which highlights key sections of the report, and serves as an overall high-level summary on 2015-16 performance objectives relative to the approved annual performance plan (APP), and service level agreement (SLA) with the parent municipality, CHDM. These documents are also linked to the approved organizational strategy and its strategic objectives.

After the executive summary, there are 3 sections to the report, which provide performance information in varying levels of detail, with Section A providing a summary of performance within the 3 strategy areas, or programmes, and Section B providing a drill down of the said programmes and related sub-programming performance. The last section comprises of a detailed annexure of the annual performance report information for 2015-16.

In general, the report confirms a 69% achievement of the agency's performance indicators for 2015-16, of which the remaining 31% are non-achieved. The organization performed best in its partnerships and stakeholder engagement initiatives, and its finance and administrative functions. Performance challenges were encountered in the project management unit, where the lowest performance achievement was realized at 63%, versus 100% and 72% of the other two strategic programmes respectively.

The report closes with key considerations and recommendations regards performance management in the agency going forward, in an attempt to provide possible solutions to improve future performance reports.

To recap, the year 2013-14 was geared on agency establishment, with the year 2014-15 geared towards the realisation of organisational stability through improvement in organisational systems, processes, and staffing, with 2015-16 being focused on service delivery, as well as a period of learning for future escalation of the service delivery and project implementation going forward.

2015-16 has been a learning year for the Chris Hani Development Agency (CHDA), filled with accomplishments and some disappointments. The agency's operations in 2015-16 were based on the agency's strategic plan, as well as approved service level agreement with the shareholder, Chris Hani District Municipality (CHDM).

The operations were based on strategic areas of focus, which were translated as a basis for the agency's programming and operational objectives for the 2015-16 financial period, namely:

- 1) ***The creation of a viable and proficient organization***
- 2) ***The creation of sustainable clusters, and***
- 3) ***The creation of partnerships and good stakeholder relations.***

Key Accomplishments at District and Local Municipal Area Level:

Through its various sub - programmes and corporate interventions, CHDA contributed to major district and local events and economic decisions. In large part, the period of July 2015 to June 2016, geared towards:

- paving the way for the approval of an Agripark for the Chris Hani area at Ncora,
- the establishment of a large – scale mechanisation center initiative to support farmers in the Inxuba Yethemba through a partnership with DRDLR and Omnia Group,
- the revamping of the Queenindustria industrial park in Queenstown in a partnership with DTI and DBSA, and
- the securing of a R60 million capital injection for local emerging farmers in a large – scale beef livestock value chain initiative with the Jobs Fund, Masisizane Fund and private partners.

This was achieved in conjunction with various smaller achievement in the skills development, SMME development and agribusiness / agro – processing activities in the Chris Hani area.

Key Accomplishments at Organizational Level:

Through its various sub - programmes in the financial management and administrative processes of operations,

- the agency realised an unqualified audit opinion for 2014-15, whose results were confirmed by the Auditor General in November 2015 July 2015 to June,
- the agency improved in its governing structures and board activities became more formalised, with a recognised company secretary,
- the agency filled the bulk of vacant positions on the approved organogram, resulting in a lower vacancy rate than that of year ended 30 June 2015, and implemented the TASK grading system, and
- through improved systems, processes and procedures, managed to not incur additional irregular expenditure, or unauthorised expenditure in its books, as compared to previous financial periods.

Programme and Budget Performance:

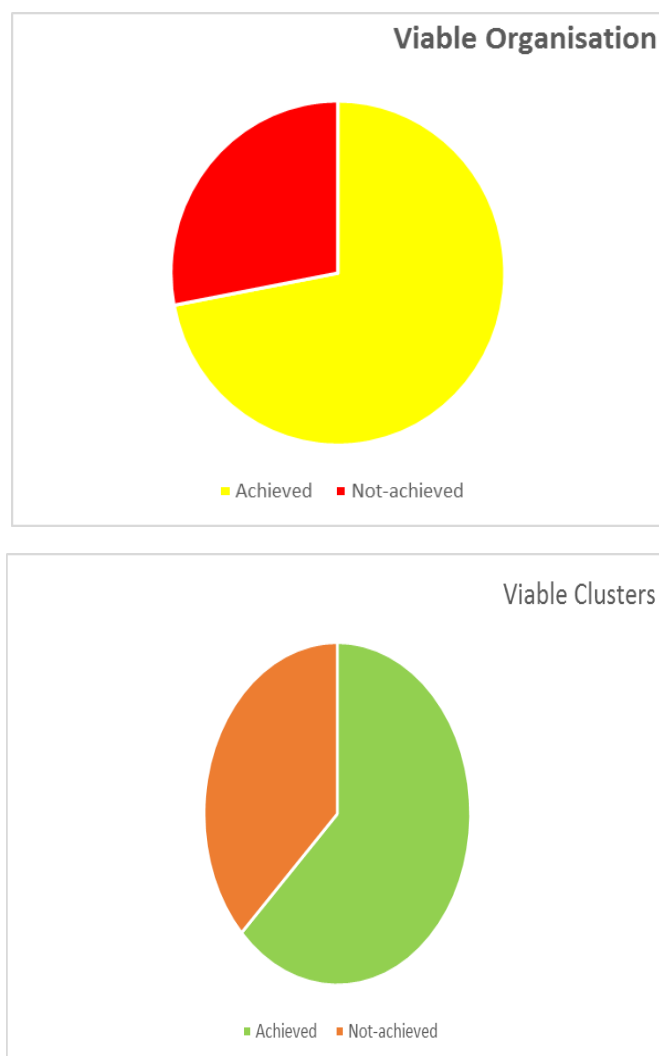
The status of the operational and programming performance output which is assessed based on the achievement of key performance indicators on all sub-programmes and related projects, shows good progress in 2015-16 as attested to by the overall achievement of 69% of all set performance indicators and targets (51 out of 74 indicators), which were attained on time and within approved target. The remaining 31% (23 out of 74 indicators) are expected to be achieved in 2016-17.

Programme Performance:

In general, the organisation has shown good progress on achievement of key indicators, with individual programme performance being summarised as follows:

	Strategic Area / Programme	Indicators	Achieved	Not-achieve	Programme Achievemen
1	Viable Organisation	25	18	7	72%
2	Viable Clusters	43	27	16	63%
3	Partnerships and Stakeholders	6	6	0	100%
	Total Indicators:	74	51	23	
	Organisational Achievement:	100%	69%	31%	

Figure 1: organisational and Programme Achievement 2015-16





From the above, it can be determined that:

- Programme 3 (Partnerships and Stakeholders) performed the highest, realising 100% of its performance objectives (6 out of 6 indicators achieved),
- Programme 1 (Viable and Proficient Organisation) performed the second highest, realising 72% of its performance objectives (18 out of 25), and
- Programme 2 (Viable Clusters) performed the least, realising 63% of its performance objectives (27 out of 43 indicators).

The indicators not achieved have been taken forward to 2016-17, with basis for non-achievement clearly stated in the detailed performance report, and remedial action plans to remedy non-achievement detailed.

Budget Performance:

The agency had an overall budget of R 69 949 434.00 with which to carry out its objectives for the year, and the bulk of performance indicators were allocated a portion of the overall budget amount.

Overall budget spent was 54%, resulting in the overall organisational achievement rate of 69%.

Looking at budget considerations, and the number of indicators per programme, the spread was as follows for 2015-16:

	Strategic Area / Programme	Indicators	Achieved	Not-achieve	Programme Achievemen	Budget	Actual	% Budget Spent
1	Viable Organisation	25	18	7	72%	R 18 297 955.00	R 16 468 189.14	90%
2	Viable Clusters	43	27	16	63%	R 51 438 415.00	R 21 160 967.56	41%
3	Partnerships and Stakeholders	6	6	0	100%	R 213 064.00	R 213 064.87	100%
	Total Indicators:	74	51	23		R 69 949 434.00	R 37 842 221.57	
	Organisational Achievement:	100%	69%	31%		100%	54%	

Figure 2: Programme _ Indicators to Budget and Actual

The highest budget was allocated to programme 2_Viable Clusters, as this constitutes the service delivery area of the agency's operations, next the programme 1_Viable Organisation, and with the least to programme 3_partnerships and stakeholder engagement activities.

This was allowed by the fact that some indicators had no direct budget allocation, and could be achieved without a separate budget being allocated, of which the cost of realising the target was inherent in another indicator's budget (e.g. indicator items relying on staff effort were not budgeted for, but cost of realisation of indicator included in the staffing costs / budget). This was also the case in PMU targets realised through partnerships and collaborative efforts with third parties.

Key Considerations:

In closing, the agency performed well in some instances, with the PMU unit especially having key challenges affecting achievement of performance objectives:

- A large factor was the non-receipt of budgeted – for funding, which affected service delivery components, or similarly, the late receipt of funds, resulting in partial achievement of targeted outputs.
- Another challenge that needs to be considered going forward is the lack of a designated individual specifically for strategy and performance management, and current resource allocated to this item is also responsible for other functions. If this is resolved, the general management of performance in the agency is likely to improve by far.
- The agency also needs to look into an M&E framework, to identify long term development objectives that will help in measuring the impact of the agency's interventions and operations as a development agency. A clear M&E will also assist in the development of clear project and programming targets for the agency, which will further add to the development impact of CHDA initiatives, as these M&E indicators will be brought done to project level, and project indicators. Similarly, a clear methodology on project selection,

and cash investment / application of development funds that much more linked to sustainable interventions, and measurable long term impact

- A M&E framework is also likely to assist in the agency's implementation of a "lessons learned" repository, so that CHDA is able to continuously improve its delivery of programming, as well as its implementation of said programmes to highest possible development and economic pay-off

The programme and sub-programme performance summaries follows as Section A of this report, with a detailed report on programmes, sub-programmes and individual projects as Section B of this report. A spreadsheet extracted from the approved Annual Performance Plan for 2015-16, and expanded with quarterly performance, and annual overall performance or movement across all the performance indicators is also included as Annexure C.

PROGRAMME AND SUB-PROGRAMME PERFORMANCE SUMMARIES:

Performance Assessment:

The annual performance is assessed by measuring the progress made in achieving the expected accomplishments and delivering on the planned outputs. The status of achieved performance is appraised by the extent to which the set performance indicator targets have been achieved, and the related achievement on set milestones on key projects for the year.

The performance on indicators is monitored on a quarterly basis, and consolidated into an annual performance report at the end of the year, giving an overall account of the performance to predetermined objectives for the year, as set in the planning documents at the start of the year.

The performance assessment is per the process indicated in the agency's PMS policy, which was reviewed and updated during the year to accommodate the treatment of organisational performance information, iro of its collection, collation, consolidation, reporting, and storage.

Programmes and Sub-Programme Performance 2015-16

The agency structured its operations for 2015-16 against the 3 key strategic areas as defined in the agency's strategic planning documents for the year.

The 3 key strategic areas were translated into programmes for the year, from which key sub-programmes were identified, from which the projects and performance outputs for the year would be based:

Refer Figure 3: Programmes and Sub-programme 2015-16

The performance of the organisation on each of these programme areas was assessed, with the following consolidated results:

	Strategic Area / Programme	Indicators	Achieved	Not-achieve	Programme Achievemen
1	Viable Organisation	25	18	7	72%
2	Viable Clusters	43	27	16	63%
3	Partnerships and Stakeholders	6	6	0	100%
	Total Indicators:	74	51	23	
	Organisational Achievement:	100%	69%	31%	

Strategic Area 1: To create a viable and proficient organisation

Description: *To ensure that all areas of corporate governance are upheld, in an attempt to be accountable to the shareholder, and to conduct the agency with integrity and in accordance with generally accepted good corporate practices by managing the organisation in terms of legislation and best practice. This includes setting a clear strategic direction to inform agency operations*

Sub-Programmes:

- Good governance and clear strategic direction
- Financial viability
- Attainment of an unqualified audit outcome
- Risk management
- Performance management
- Internal competencies, learning and growth

Strategic Area 2: To facilitate the establishment of viable and sustainable clusters

Description: *To contribute to the economic development of the areas under our jurisdiction, as an implementer, facilitator and enabling partner, through various interventions linked to agriculture and agro - processing, mechanization services, skills development, investment promotion, and SMME development activities*

Sub-Programmes:	<ul style="list-style-type: none"> ▪ Resuscitation of irrigation schemes ▪ Development of agricultural value chains through primary production and agro-processing ▪ Facilitation of the improvement to existing grain handling capacity of the Chris Hani district ▪ SMME development and job creation ▪ Investment promotion and industrial capacity improvement
Strategic Area 3: To commit to partnership building and stakeholder relations	
Description:	<i>To effectively communicate key information on agency operations with the public in a reliable, accurate and transparent manner to help build a positive public image and positive stakeholder relations</i>
Sub-Programmes:	<ul style="list-style-type: none"> ▪ Stakeholder engagement ▪ External communications

Figure 3: Programmes and Sub-Programmes 2015-16

As can be seen from the table summarising performance across the programmes, it can be established that the finance and administration / support unit of the agency performed better, relative to the service delivery or PMU unit of the agency.

The performance summary table can be further detailed, to incorporate the movement and performance of individual sub-programmes, and their level of achievement of set indicators:

	Strategic Area / Programme	Indicators	Achieved	Not-achieved	Programme Achievement
1	Viable Organisation	25	18	7	72%
	<i>Sub-programmes:</i>				
	Good corporate governance and clear strategic direction	5	2	3	40%
	Financial viability	2	2	0	100%
	Unqualified audit for 2014-15	4	4	0	100%
	Risk management	4	3	1	75%
	Performance management	5	4	1	80%
	Internal competencies, learning and growth	5	3	2	60%
		Budget	Actual	% Budget Spent	
		R 18 297 955.00	R 16 468 189.14	90%	

Figure 4: Programme 1_Sub-programme Performance Summary

	Strategic Area / Programme	Indicators	Achieved	Not-achieved	Programme Achievement
2	Viable Clusters	43	27	16	63%
	Sub-programmes:				
	Resuscitation of irrigation schemes	10	7	3	70%
	Agricultural value chains	9	4	5	44%
	Mechanisation centers	5	3	2	60%
	Development of grain handling capacity	2	1	1	50%
	Skills development	7	5	2	71%
	Other LED programmes and SMME development	4	2	2	50%
	Investment promotion	6	5	1	83%
		Budget	Actual	% Budget Spent	
		R 51 438 415.00	R 21 160 967.56	41%	

Figure 5: Programme 2_Sub-programme Performance Summary

	Strategic Area / Programme	Indicators	Achieved	Not-achieved	Programme Achievement
3	Partnerships and Stakeholders	6	6	0	100%
	Sub-programmes:				
	Stakeholder Engagement	3	3	0	100%
	External Communications	3	3	0	100%
		Budget	Actual	% Budget Spent	
		R 213 064.00	R 213 064.00	100%	

Figure 6: Programme 3_Sub-programme Performance Summary

The above summary tables provide an indication of the performance of sub-programmes during the 2015-16 period. The performance of each sub-programme has had either a positive or negative of an impact over the overall performance of the applicable strategic area of programme.

However, it is for noting that each sub-programme and its indicators are further split into individual projects, from which the indicators were set, and a detailed analysis of poor – performing projects, and reasons for non-achievement of performance objectives follows in Section B of this report.

A spreadsheet extracted from the approved Annual Performance Plan for 2015-16, and expanded with quarterly performance, and annual overall performance or movement across all the performance indicators is also included as Annexure C.

DETAILED PROGRAMME AND SUB-PROGRAMME PERFORMANCE:

From the previous section, the performance of the various sub-programmes has been established. This section going forward will details the performance of performance indicators at project level, indicating in depth where key challenges and non-achievement of indicators were located, and the challenges experienced by the agency in its pursuit of achievement of the indicator.

Similarly, this section will also provide a specific remedial action plan, and non-performance risk areas to be considered in the following year's performance planning.

Detailed Performance Assessment – Sub-Programmes and Projects:

Programme 1: Viable and Proficient Organisation:

	Strategic Area / Programme	Programme Achievement
1	Viable Organisation	72%
	<i>Sub-programmes:</i>	
	Good corporate governance and clear strategic direction	40%
	Board and sub-committee programme 2015-16	Not Achieved
	Strategic planning activities	Achieved
	Financial viability	100%
	Fundraising	Achieved
	Operational expenditure within budget	Achieved
	Unqualified audit for 2014-15	100%
	AG submissions and audit	Achieved
	Financial reporting / management accounts	Achieved
	Statutory returns and compliance	Achieved
	Risk management	75%
	Risk assessment, monitoring and transfer activities	Achieved
	Internal audit programme 2015-16	Not Achieved
	Policies	Achieved
	Performance management	80%
	Performance planning and activities monitoring	Achieved
	Development of electronic performance reporting tool	Not Achieved
	Internal competencies, learning and growth	60%
	Staff development, capacitation and training	Achieved
	Staff recruitment and organogram implementation	Not Achieved
	Staff remuneration and benefits	Achieved

Figure 7: Viable Organisation_Performance at Project Level

From the above, the 72% achievement under the programme Viable and Proficient Organisation has been expanded to reflect in detail sub-programme performance, and project performance under each sub-programme, to get a clear indication of non-achievement areas for 2015-16.

Non-performance issues were identified as follows:

Performance Issue	Underlying Reasons	Remedial Action
Board and sub-committee activities:	<p>Fewer sittings than planned for the HR_rem committee,</p> <p>The PFI committee was not trained, and</p> <p>Board and sub-committee performance was not reviewed during the year</p>	<p>Calendar to be developed and reviewed quarterly to ensure sittings take</p> <p>PFI training move to first half of 2016-17</p> <p>Performance reviews planned for end 08/2016</p>

Internal audit activities:	Mazars IA contract ended, and 2 assignments had not been finalized in the audit plan. There was a budget issue, due to ad-hoc assignments commissioned by the ARE committee and board during the year	IA assignments not done have been moved to 2016-17, for implementation in SNG's audit plan
Electronic project monitoring tool	Manual project reporting not yet developed to allow for electronic system. Postponed to next period	Moved to 2016-17
Staff recruitment activities achieving below targeted vacancy rate	Delays in the development of new office space has resulted in emphasis on filling key projects, and senior administrative positions, with less emphasis on junior positions and interns	Moved to 2016-17

Other than the items indicated above, the finance and administration unit has performed on all indicators during the year. Most indicators were linked to a budget, and most budgeted funds were expended, resulting in an overall 90% expenditure rate under this programme for 2015-16, and the realization of 72% of its objectives.

A detailed analysis of programme, sub-programme and project level indicators, achievement and budget to actual expenditure allocations are shown in the figure below:

	Strategic Area / Programme	Indicators	Achieved	Not- achieved	Programme Achievement	Budget	Actual	% Budget Spent	Reasons for Non-Achievement
1	Viable Organisation	25	18	7	72%	R 18 297 955.00	R 16 468 189.14	90.00%	
	Sub-programmes:								
	Good corporate governance and clear strategic direction	5	2	3	40%	R 1 550 559.00	R 1 544 550.26	99.61%	
	Board and sub-committee programme 2015-16	4	1	3	Not Achieved	R 1 483 065.00	R 1 477 056.53	99.59%	Missed committee sitting Sub-committee not trained Board and sub-com assessments not done
	Strategic planning activities	1	1	0	Achieved	R 67 494.00	R 67 493.00	100.00%	
	Financial viability	2	2	0	100%	R 3 635 831.00	R 3 587 618.69	98.67%	
	Fundraising	1	1	0	Achieved	R -	R -	0.00%	
	Operational expenditure within budget	1	1	0	Achieved	R 3 635 831.00	R 3 587 618.69	98.67%	
	Unqualified audit for 2014-15	4	4	0	100%	R 1 722 316.00	R 1 722 316.00	100.00%	
	AG submissions and audit	2	2	0	Achieved	R 1 022 316.00	R 1 022 316.00	100.00%	
	Financial reporting / management accounts	1	1	0	Achieved	R -	R -	0.00%	
	Statutory returns and compliance	1	1	0	Achieved	R 700 000.00	R 700 000.00	100.00%	
	Risk management	4	3	1	75%	R 505 065.00	R 505 064.38	100.00%	
	Risk assessment, monitoring and transfer activities	2	2	0	Achieved	R 49 357.00	R 49 356.78	100.00%	Internal audit activities on the approved internal audit plan not done - budget depleted by ad-hoc assignments
	Internal audit programme 2015-16	1	0	1	Not Achieved	R 455 708.00	R 455 707.60	100.00%	
	Policies	1	1	0	Achieved	R -	R -	0.00%	
	Performance management	5	4	1	80%	R 530 910.00	R 513 003.35	96.63%	
	Performance planning and activities monitoring	4	4	0	Achieved	R 530 910.00	R 513 003.35	96.63%	PMU performance monitoring tool not developed - budget
	Development of electronic performance reporting tool	1	0	1	Not Achieved	R -	R -	0.00%	
	Internal competencies, learning and growth	5	3	2	60%	R 10 353 274.00	R 8 595 635.91	83.02%	
	Staff development, capacitation and training	1	1	0	Achieved	R 235 361.00	R 235 357.16	100.00%	Vacancy rate target not realised as key positions not filled - space limitation
	Staff recruitment and organogram implementation	3	1	2	Not Achieved	R 126 090.00	R 126 089.97	100.00%	
	Staff remuneration and benefits	1	1	0	Achieved	R 9 991 823.00	R 8 234 188.78	82.41%	

Figure 8: Viable Organisation_Detailed Performance and Budget 2015-16

Programme 2: Viable Clusters:

	Strategic Area / Programme	Programme Achievement
2	Viable Clusters	63%
	<i>Sub-programmes:</i>	
	Resuscitation of irrigation schemes	70%
	Status quo analyses for irrigation schems	Achieved
	Financial procedures, processes and software support	Achieved
	Social charters and social facilitation	Not Achieved
	Job creation from scheme operations	Not Achieved
	Partnerships for infrastructure development	Not Achieved
	Shiloh vineyard project operational support	Achieved
	Bilatye piggery project housing structure devloped	Achieved
	Cropping under irrigation - 500ha	Achieved
	Qamata maize harvesting operational support	Achieved
	Agricultural value chains	44%
	Feasibility study on cheese factory	Not Achieved
	Ikhephu beef livestock programme, incl. Cala abattoire	Not Achieved
	Fruit cluster development programme	Achieved
	Forestry cluster development programm	Not Achieved
	Cropping under openfield - 500ha	Achieved
	Job creation from value chain development	Not Achieved
	Facilitation of sale agreements of agricultural products	Achieved
	Mechanisation centers	60%
	Mechanisation infrastructure development programme	Achieved
	Farmer mechanisation support programme	Achieved
	Mechanisation center governance activities	Not Achieved
	Job creation from mechanisation services	Not Achieved
	Development of grain handling capacity	50%
	Job creation from grain handling activities	Not Achieved
	infrastructre improvements to existing silos at Qamata	Achieved

Strategic Area / Programme	Programme Achievement
Skills development	71%
Bursary programme	Achieved
Career exhibitions programme	Achieved
Learnership, internship programme development and jobs	Achieved
Job creation career expos	Not Achieved
Fundraising for skills programmes	Not Achieved
Other LED programmes and SMME development	50%
DEA waste buyback business planning phase 1	Achieved
DEA waste buyback implementation phase2 and job creation	Not Achieved
SMME development / LED project developemnt	Achieved
Investment promotion	83%
Investment promotion events and material	Achieved
Agriparks business planning activities	Achieved
Industrial parks operational model	Achieved
Industrial aprk revitalisation programme	Not Achieved
Job creation from investment promotion activities	Achieved

Figure 9: Viable Clusters_ Performance at Project Level

From the above, the 63% achievement under the programme Viable Clusters has been expanded to reflect in detail sub-programme performance, and project performance under each sub-programme, to get a clear indication of non-achievement areas for 2015-16.

This is included in Figure 10: Viable Clusters_Detailed Performance and Budget 2015-16

Non-performance issues were identified as follows:

Performance Issue	Underlying Reasons	Remedial Action
<i>Irrigation Schemes</i>		
Social charters	Social instability at irrigation schemes has affected programming initiatives, and possible job creation. The charters cannot be finalized until social issues resolved.	Item moved to 2016-17, and will be focus of social facilitation efforts in the new year
Job creation		
Partnerships for infrastructure development	Also, social unrest has delayed signing of partnership agreement on possible infrastructure upgrades for scheme operations	

<i>Value chains</i>		
Feasibility on cheese factory for Queenindustria	The feasibility on the cheese factory study has been delayed by the technical partner, who is unable to get commitments for additional funding to match his 50% contribution	To lobby government programmes dealing with dairy value chain development ,or agriculture for financial support to finalise feasibility assessment, and develop business plan in the new year
Ikhephu beef livestock programme	The delay in receipt of funds from the jobs fund has delayed procurement and placement of weaners by the principal and project partners	Item moved to next year, as weaners will be placed in Spring 2016
Job creation from value chain activities	The job creation target is linked to the beef livestock programme, with the partial achievement being gained from 7 jobs created in the fruit programme at Mitford / pomegranites	Item moved to next year, and is achievable upon placement of weaner in September 2016
Forestry clusters tree nursery project	There was a delay in planting of new trees due to limited space in the nursery after last season's trees were only collected later in the year by the buyer. The existing tunnel infrastructure is limited, and no new plants could be grown	Item has been moved to next year, as buyer has placed order for new eucalyptus trees
<i>Mechanization and grain handling facilities</i>		
Job creation from mechanization	The delays in implementation of the Cradock mechanization center and related social issues within the cooperative and farmer has delayed placements of local workers, instead using mechanization staff from Qamata center	Moved to 2016-17, with social facilitation processes allowing for recruitment and selection of staff to the needs of the mechanization center in Cradock
Job creation from grain handling activities	The social unrest at Qamata affected the realization of planting activities in 2014-15, and possible harvesting in 2015-16, which would allow job creation for additional silo operators	n/a
<i>Skills development</i>		
Job creation from career expos	Targets were lost where CHDA opted to partner with a third party to co-host a career exhibition, and casual labourers from unemployed database could not be utilised	n/a
Fundraising for skills programmes	R500 000 shortfall in funding raised for skills programmes due to lack of commitments received from the private	Item moved to next year, and additional potential funders (government and private) already approached, and will be followed

	sector approached	up on in the first half of the year
<i>Investment promotion</i>		
Industrial park revitalization programme	Delays with the contractor in sourcing material for the phase A – security upgrade resulted in a construction lag for the first phase	CHDA not implementer, but social facilitator. It may be possible to revise the indicator in the new year, so that it applies to CHDA's involvement in the project

Other than the items indicated above, the PMU unit has performed well for the year.

Key achievements for 2015-16 were:

- The raising of over R 137 million for the programming portfolio
- The final submission of the Agriparks business plan, with the launch to be held in July 2016 of an Agripark at Ncora
- The development of an optimal operating model for the Queenindustria industrial park, in an effort to work towards gaining an operator license for the future
- Successful recruitment and selection of the second intake of students for the bursary fund, and the securing of 2 learnerships with MICT Seta and the Construction Seta through the department of Public Works

-

Some indicators were linked to a budget, and third parties, and most budgeted funds were expended, resulting in an overall 42% expenditure rate under this programme for 2015-16, 3% of its objectives. Also, this ratio improves if one looks at the % as a portion of actual funds received, and it improves to 98% expenditure.

A detailed analysis of programme, sub-programme and project level indicators, achievement and budget to actual expenditure allocations are shown in the figure below:

	Strategic Area / Programme	Indicators	Achieved	Not-achieved	Programme Achievement	Budget	Actual	% Budget Spent	Reasons for Non-Achievement
2	Viable Clusters	43	27	16	63%	R 51 438 415.00	R 21 160 967.56	41.14%	
	<i>Sub-programmes:</i>								
	Resuscitation of irrigation schemes	10	7	3	70%	R 5 376 548.00	R 3 976 623.91	73.96%	
	Status quo analyses for irrigation schems	1	1	0	Achieved	R -	R -	0.00%	Social instability affected realisation of social charters, job creation at schemes, and partnerships could not be finalised until community stability achieved
	Financial procedures, processes and software support	2	2	0	Achieved	R 200 000.00	R 103 428.50	51.71%	
	Social charters and social facilitation	1	0	1	Not Achieved	R 700 000.00	R 248 078.95	35.44%	
	Job creation from scheme operations	1	0	1	Not Achieved	R -	R -	0.00%	
	Partnerships for infrastructure development	1	0	1	Not Achieved	R -	R -	0.00%	
	Shiloh vineyard project operational support	1	1	0	Achieved	R 1 300 000.00	R 1 263 225.81	97.17%	
	Bilatye piggery project housing structure developed	1	1	0	Achieved	R 600 000.00	R 238 108.77	39.68%	
	Cropping under irrigation - 500ha	1	1	0	Achieved	R 1 576 548.00	R 1 141 445.88	72.40%	
	Qamata maize harvesting operational support	1	1	0	Achieved	R 1 000 000.00	R 982 336.00	98.23%	
	Agricultural value chains	9	4	5	44%	R 6 074 074.00	R 1 764 615.94	29.05%	
	Feasibility study on cheese factory	1	0	1	Not Achieved	R -	R -	0.00%	Beef programme delayed by receipt of funds, so no implemntation and cattle placemets and jobs placements could be done by june 2016
	Ikhephu beef livestock programme, incl. Cala abattoire	2	0	2	Not Achieved	R 2 212 259.00	R 210 932.54	9.53%	
	Fruit cluster development programme	2	2	0	Achieved	R 500 000.00	R 259 662.81	51.93%	
	Forestry cluster development programm	1	0	1	Not Achieved	R 138 306.00	R 138 305.20	100.00%	
	Cropping under openfield - 500ha	1	1	0	Achieved	R 3 223 509.00	R 1 155 715.39	35.85%	
	Job creation from value chain development	1	0	1	Not Achieved	R -	R -	0.00%	
	Facilitation of sale agreements of agricultural products	1	1	0	Achieved	R -	R -	0.00%	
	Mechanisation centers	5	3	2	60%	R 12 917 900.00	R 8 936 476.47	69.18%	
	Mechanisation infrastructure development programme	1	1	0	Achieved	R 3 500 000.00	R 3 215 998.00	91.89%	QMC board not meeting quarterly New jobs at Cradock mechanisation cnert not confirmed due to social issues currently under resolution
	Farmer mechanisation support programme	2	2	0	Achieved	R 9 417 900.00	R 5 720 478.47	60.74%	
	Mechanisation center governance activities	1	0	1	Not Achieved	R -	R -	0.00%	
	Job creation from mechanisation services	1	0	1	Not Achieved	R -	R -	0.00%	
	Development of grain handling capacity	2	1	1	50%	R 200 000.00	R 163 011.61	81.51%	
	Job creation from grain handling activities	1	0	1	Not Achieved	R 100 000.00	R 68 416.66	68.42%	Lack of cropping of maize in Qamata in 2014-15 has affected ability to harest and create jobs for silo operators
	infrastructre improvements to existing silos at Qamata	1	0	1	Achieved	R 100 000.00	R 94 594.95	94.59%	

	Strategic Area / Programme	Indicators	Achieved	Not-achieved	Programme Achievement	Budget	Actual	% Budget Spent	Reasons for Non-Achievement
2	Viable Clusters	43	27	16	63%	R 51 438 415.00	R 21 160 967.56	41.14%	
	<i>Sub-programmes:</i>								
	Skills development	7	5	2	71%	R 2 133 928.00	R 2 090 542.30	97.97%	
	Bursary programme	2	2	0	Achieved	R 2 000 000.00	R 1 957 165.47	97.86%	Jobs created from skills programmes were not all realised, as career expo events did not secure the required number of jobs / work opportunities
	Career exhibitions programme	1	1	0	Achieved	R 131 123.00	R 130 571.83	99.58%	
	Learnership, internship programme development and jobs	2	2	0	Achieved	R 2 805.00	R 2 805.00	0.00%	
	Job creation career expos	1	0	1	Not Achieved	R -	R -	0.00%	
	Fundraising for skills programmes	1	0	1	Not Achieved	R -	R -	0.00%	
	Other LED programmes and SMME development	4	2	2	50%	R 20 535 965.00	R 4 137 617.33	20.15%	
	DEA waste buyback business planning phase 1	1	1	0	Achieved	R -	R -	0.00%	Delayed submission of business plan has affected approval by end June 2016 for implementation to commence. Jobs targetted were based on implementation
	DEA waste buyback implementation phase2 and job creation	2	0	2	Not Achieved	R 16 150 000.00	R 1 012 534.38	6.27%	
	SMME development / LED project developemnt	1	2	0	Achieved	R 4 385 965.00	R 3 125 082.95	71.25%	
	Investment promotion	6	5	1	83%	R 4 200 000.00	R 92 080.00	2.19%	
	Investment promotion events and material	2	2	0	Achieved	R 700 000.00	R 10 087.50	1.44%	Industrial park programme in partnership with third parties responsible for implementation. CHDA role of facilitator, and delays with materials for phase A affected contractor completion to planned milestone
	Agriparks business planning activities	1	1	0	Achieved	R 3 000 000.00	R 81 992.50	2.73%	
	Industrial parks operational model	1	1	0	Achieved	R 500 000.00	R -	0.00%	
	Industrial park revitalisation programme	1	0	1	Not Achieved	R -	R -	0.00%	
	Job creation from investment promotion activities	1	1	0	Achieved	R -	R -	0.00%	

Figure 10: Viable Clusters_ Detailed Performance and Budget 2015-16

Programme 3: Partnerships and Stakeholders:

	Strategic Area / Programme	Programme Achievement
3	Partnerships and Stakeholders	100%
	<i>Sub-programmes:</i>	
	Stakeholder Engagement	100%
	Stakeholder analysis and administration	Achieved
	Stakeholder engagement sessions participation	Achieved
	External Communications	100%
	Communications planning and implementation	Achieved
	Annual report	Achieved

Figure 11: Partnership and Stakeholders_Performance at Project Level

From the above, the 100% achievement under the programme Partnerships and Stakeholder Engagement has been expanded to reflect in detail sub-programme performance, and project performance under each sub-programme, to get a clear indication of non-achievement areas for 2015-16.

This is included in Figure 12: Partnerships_Detailed Performance and Budget 2015-16

No non-performance issues identified

A detailed analysis of programme, sub-programme and project level indicators, achievement and budget to actual expenditure allocations are shown in the figure below:

From the table below, the organisation has performed well on all indicators under programme 3 during the year. The indicators were linked to a budget, and most budgeted funds were expended, resulting in an overall 100% expenditure rate under this programme for 2015-16, and the realization of 100% of its objectives.

	Strategic Area / Programme	Indicators	Achieved	Not- achieved	Programme Achievement	Budget	Actual	% Budget Spent	Reasons for Non-Achievement
3	Partnerships and Stakeholders	6	6	0	100%	R 213 064.00	R 213 064.00	100.00%	
	<i>Sub-programmes:</i>								
	Stakeholder Engagement	3	3	0	100%	R 213 064.00	R 213 063.82	100.00%	
	Stakeholder analysis and administration	2	2	0	Achieved	R -	R -	0.00%	n/a
	Stakeholder engagement sessions participation	1	1	0	Achieved	R 11 187.00	R 11 187.32	100.00%	
	External Communications	3	3	0	100%	R 201 877.00	R 201 876.50	100.00%	
	Communications planning and implementation	2	2	0	Achieved	R 118 338.00	R 118 337.50	100.00%	n/a
	Annual report	1	1	0	Achieved	R 83 539.00	R 83 539.00	100.00%	

Figure 12: Partnerships _ Detailed Performance and Budget 2015-16

Key Considerations:

From the performance of 2015-16, the following lessons can be gained from performance management for the service delivery component of the business:

- Indicators based on third party implementation makes it difficult to adequately budget for performance activities, monitor performance target and be in control of remedial action on non-performance. Going forward, the agency must always attempt to include own targets, that it will drive, and hence be responsible for expenditure and achievement
- Indicators based on overall objectives in partnerships with third parties may result in negative performance outcomes for the agency. This is true for instances where the agency's involvement in the project is not the measurable performance indicator, but rather the end result, which is often the partner's objective. This makes CHDA responsible for the incorrect targets, and work done on the indicator is not considered in the achievement reporting as item reported on is not linked to indicator and target set
- Budgetted amounts for programming are often not received, or received very late in the year to allow for adequate realization of indicators. This has to be reviewed going forward whether the agency should commit to a performance plan based on an expected amount, or amount of funding received for implementation. Alternatively, the agency must develop a model for own revenue generation, where reserves can be used to subsidise development programmes where funders are late in making tranche payments for implementation. This guarantees service delivery
- A lack of a monitoring and evaluation framework with long term sustainability indicators for the agency business model is possible affecting the way in which the agency selects and enters into projects, and ultimately in setting its performance objectives, and indicators of performance
- A lack of a designated staff member for strategy and performance is affecting the quality and Management's efforts in performance management, monitoring and reporting, which could be greatly improved by a designated person, with required support. This is something Management will be considering for 2016-17, in an

attempt to improve how the organisation is working with performance information in general

CHAPTER 7: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A

7.1 AUDIT OPINION FOR THE 2014/2015 FINANCIAL YEAR

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Chris Hani District Municipality

Report on the consolidated and separate financial statements

Introduction

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

Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate 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 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 consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate 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 municipality'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 municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the 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

Receivables from exchange transactions

6. Sufficient appropriate audit evidence was not available to support receivables from exchange transactions. I was unable to confirm the amount by alternative means. In addition, I was unable to assess the estimates of allowance for impairment as the impairment was calculated on the take-on balances from the local municipalities on the transfer of the water and sanitation function and indigent debtors were not considered due to the absence of an indigent register. I was unable to confirm the amount by alternative means. Consequently, I am unable to determine whether any adjustments were necessary to receivables from exchange transactions and allowance for impairment amounting to R677,22 million and R341,46 million, respectively, as disclosed in note 12 to the consolidated and separate financial statements.
7. The municipality did not apply the approved impairment policy for the financial year under review. As a result, the allowance for impairment as disclosed in note 12 to the consolidated and separate financial statements and debt impairment expenditure as disclosed in note 28 to the consolidated and separate financial statements are understated by an amount of R29,26 million and receivables from exchange transactions are overstated by the same amount.
8. GRAP 104: *Financial instruments* require that an analysis by class of the age of financial assets that are past due but not impaired be recorded in the notes to the financial statements. The municipality did not make the necessary disclosure in note 12 to the consolidated and separate financial statements. Consequently, the financial statements have not been prepared in accordance with all the requirements of GRAP 104.

Revenue from exchange transactions

9. The municipality did not apply the correct tariffs as per the approved tariff policy and did not bill all consumers for water consumed during the financial year under review. As a result, service charges as disclosed in note 21 to the consolidated and separate financial statements are understated by an amount of R30,59 million and receivables from exchange transactions are overstated by the same amount.
10. Sufficient appropriate audit evidence was not available for service charges billed to consumers as disclosed in note 21 to the consolidated and separate financial statements. In addition, the municipality did not apply the approved indigent policy for the financial year under review. As a result, service charges revenue was billed but incorrectly included in revenue. I was unable to assess the extent of the revenue incorrectly included due to the absence of an indigent register. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to service charges amounting to R184,78 million as disclosed in note 21 to the consolidated and separate financial statements.

Aggregation of immaterial misstatements

11. The consolidated and separate financial statements are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the statement of financial position and the notes to the consolidated and separate financial statements:

- Property, plant and equipment are understated by R2,21 million.
- Receivables from non-exchange are understated by R4,67 million.
- Payables from exchange transactions are overstated by R1,76 million.
- Unspent conditional grants are overstated by R567 509.
- Net cash flows from operating activities and investing activities as disclosed in the statement of cash flow are overstated by R914 728.
- Irregular expenditure is understated by R28,02 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 by alternative means, or determine whether adjustments were required to:

- Prepayments of R25,82 million as per note 8 as disclosed on the statement of financial position.
- Payables from exchange transactions of R11,10 million included in the disclosed balance of R138,72 million as per note 18 as disclosed on the statement of financial position.
- Receivables from non-exchange transactions of R12,42 million included in the disclosed balance of R16,97 million as per note 10 as disclosed in the statement of financial position.
- Bank overdraft transactions of R3,75 million included in the disclosed balance of R42,48 million as per note 13 as disclosed in the statement of position.
- Water losses of R17,02 million as per note 52 as disclosed in the notes to the consolidated and separate financial statements.
- The restated accumulated surplus balance at 1 July 2014 of R19,52 million as included in the disclosed balance of R3,55 billion as disclosed in the statement of changes in net assets.

Qualified opinion

13. 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 as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

15. As disclosed in note 42 to the consolidated and separate financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during the year ended 30 June 2015 in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2014.

Unauthorised expenditure

16. As disclosed in note 46 to the consolidated and separate financial statements, unauthorised expenditure amounting to R215,13 million (2014: R25,62 million) was incurred by the municipality during the year. This was the result of the overspending of the total amount appropriated per vote for the Budget and Treasury Office in the municipalities approved budget.

Additional matter

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

Unaudited disclosure note

18. In terms of section 125(2)(e) of the MFMA, the entity is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

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

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for KPA 1: Basic Service Delivery and Infrastructure Development on pages x to x presented in the annual performance report of the municipality for the year ended 30 June 2015:
21. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

22. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
23. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material findings in respect of the selected KPA are as follows:

KPA 1: Basic service delivery and infrastructure development

Usefulness of reported performance information

Consistency of objectives

25. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. Three (33%) of the reported development priorities were not consistent with those in the approved IDP. This was due to the limited review and monitoring of the completeness of reporting documents by management.

Measurability of indicators and targets

26. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 25% of the indicators and targets were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.
27. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 41% of the targets were not specific in clearly identifying the nature and the required level of performance.

Reliability of reported performance information

28. The FMPPI requires auditees to 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. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures for the accurate recording of actual achievements and/or frequent review of the validity of reported achievements against source documentation.

Additional matter

29. I draw attention to the following matter:

Achievement of planned targets

30. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected KPA reported in paragraphs 25 to 28 of this report.

Compliance with legislation

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

Strategic planning and performance

32. The performance management system and related controls were not maintained as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting and improvement and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations (GNR 796 of 24 August 2001) (MPPMR).
33. The annual performance report for the year under review did not include measures taken to improve performance as required by section 46(1)(c) of the MSA.

Annual financial statements

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, expenditure and commitments identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

35. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
36. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Revenue management

37. A tariff policy was not implemented for the levying of fees for provision of municipal services, as required by section 74(1) of the MSA and section 62(1)(f)(i) of MFMA.
38. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
39. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.

40. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
41. Accounts for service charges were not prepared, as required by section 64(2)(c) of the MFMA.
42. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

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

Performance audit committee

44. Sufficient appropriate audit evidence could not be submitted to substantiate that the performance audit committee did submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by regulation 14(4)(a)(iii) of the MPPMR.

Conditional grants and transfers

45. Municipal Infrastructure Grant funds were retained or rolled over to the next financial year without seeking the approval of the National Treasury, as required by section 22(1) of the DoRA.
46. Sufficient appropriate audit evidence could not be produced for auditing to substantiate that the municipality evaluates its performance in respect of programmes or functions funded by the Municipal Systems Improvement Grant and Municipal Infrastructure Grant allocation, as required by section 12(5) of the DoRA.

Consequence management

47. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
48. Allegations of financial misconduct laid against officials of the municipality were not investigated in accordance with the requirements of section 171(4)(a) and 172(3)(a) of the MFMA and Municipal regulations on financial misconduct procedures and criminal proceedings 5(1).

Procurement and contract management

49. Awards were made to providers who are in the service of other state institutions or whose directors are in the service of other state institutions, in contravention of section 112(j) of the MFMA and regulation 44 of the Supply chain management regulations (SCM). Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

50. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulations 17(a) and (c).
51. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).
52. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).
53. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
54. Sufficient appropriate audit evidence could not be obtained that the contract performance and monitoring measures and methods were sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
55. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM Regulation 5.
56. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

Internal control

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

Leadership

58. There was insufficient oversight to ensure consistent implementation and monitoring of controls over financial, performance information and compliance with laws and regulations. This was mainly due to the fact that staff members did not fully understand the performance reporting and the leadership's slow responses to our recommendations on preparations and review of daily, weekly and monthly financial and performance information. The inadequate performance information reporting prevents the municipality from adequately monitoring the achievement of its objectives.
59. Consequence management was not implemented against officials who were responsible for incurring unauthorised, irregular and fruitless and wasteful expenditure as investigations were not done during the year under review.

Financial and performance management

60. The municipality did not have a proper system of records management for the financial environment as a whole as material misstatements were identified as well as an aggregation of numerous immaterial misstatements, resulting in a qualified audit opinion.
61. The maintenance of supporting information was deficient for performance reporting. There is a lack of information relating to the collection, collation, verification, storing and reporting of actual performance information and the setting of performance targets. This was due to the municipality not having approved standard operating procedures in place to ensure that all documentation is properly maintained for performance management and not preparing complete, accurate and reliable monthly and quarterly performance reports. As a result, the municipality did not identify errors timeously, resulting in material misstatements not being corrected.
62. The municipality did not have adequate systems in place to monitor compliance with all applicable legislation, as a result non-compliance with laws and regulations was not prevented. There is inadequate supervision, monitoring and consequence management in respect of the reporting process and, as a result, inadequate steps were taken to prevent and detect the incurrence of unauthorised, irregular, and fruitless and wasteful expenditure, and this promoted the culture of acceptability of non-compliance with laws and regulations.

Governance

63. The reporting provided by internal audit is not done timeously resulting in recommendations by internal audit not being implemented by management on time to address or reduce findings identified through the external audit process.
64. The fraud prevention plan was not reviewed and updated during the year under review and as a result controls were not designed and implemented timeously to mitigate risks that exist over financial, service delivery and compliance processes for the year under review.

Auditor-General

East London

18 December 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B

7.2 AUDIT OPINION FOR THE 2015/2016 FINANCIAL YEAR

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Chris Hani District Municipality

Report on the consolidated and separate financial statements

Introduction

1. I audited the consolidated and separate financial statements of the Chris Hani District Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2016, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the 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, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate 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 the consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the 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 consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate 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

Receivables from exchange transactions

6. The municipality did not bill all consumers for all 12 months in the financial year under review. As a result, receivables from exchange transactions as disclosed in note 12 to the consolidated and separate financial statements was understated by R40,98 million and revenue from exchange transactions was understated by the same amount. In addition, sufficient appropriate audit evidence was not available to support receivables from exchange transactions as a result of the status of the accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from exchange transactions and allowance for impairment of R975,21 million (2014-15: R677,66 million) and R863,86 million (2014-15: R341,46 million), respectively, as disclosed in note 12 to the consolidated and separate financial statements.
7. GRAP 104: *Financial instruments*, requires that an analysis by class of the age of financial assets that are past due but not impaired be recorded in the notes to the financial statements. Although the municipality did make the necessary disclosure in note 12 to the consolidated and separate financial statements, sufficient appropriate audit evidence was not available to support the amounts recorded per analysis by class of age as a result of inadequate recording of amounts in the age -analysis. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amounts recorded in note 12 to the consolidated and separate financial statements.

Revenue from exchange transactions

8. The municipality did not apply the correct tariffs as per the approved tariff policy and did not bill all consumers for water consumed during the financial year under review. As a result, service charges as disclosed in the statement of financial performance and note 21 to the consolidated and separate financial statements was overstated by R116,67 million and receivables from exchange transactions was overstated by the same amount. In addition, sufficient appropriate audit evidence was not available for service charges due to the absence of underlying accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to service charges of R335,76 million (2014-15: R185,22 million) as disclosed in the statement of financial performance and note 21 to the consolidated and separate financial statements.

Commitments

9. GRAP 17, *Property, plant and equipment* requires disclosure of contractual commitments for the acquisition of property, plant and equipment. The municipality did not fully comply with this requirement as the manual commitments register prepared was found to have numerous deficiencies, in that commitments were included in the commitments register at the incorrect amounts, and not all commitments of the municipality were identified and included in the register. Consequently, the net overstatement of commitments as disclosed in note 39 to the consolidated financial statements was R338, 32 million.
10. Further, not all contracts supporting the original capital commitment raised could be provided to substantiate the disclosed amount for commitments. Due to the non-availability of sufficient appropriate audit evidence I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any adjustments were required to commitments of R1,07 billion as disclosed in note 39 to the consolidated financial statements.

Irregular expenditure

11. The municipality did not have adequate systems 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 disclosure note 51 to the consolidated financial statements was understated in respect of R202,58 million incurred during the year that was identified during the audit process. Due to the lack of systems and lack of sufficient appropriate audit evidence for all awards, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed at R1,20 billion (2015: R1,11 billion) disclosed in note 51 to the consolidated financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure note.

Water distribution losses

12. Section 125(2)(d)(i) of the MFMA states that the notes to the annual financial statements of a municipality must disclose particulars of any material losses. Water distribution losses of R40,91 million were disclosed in note 55 to the consolidated financial statements. I was unable to obtain audit assurance that distribution losses that should have been recorded, were recorded and that distribution losses were recorded at an appropriate amount. This was as a result of the municipality not being able to provide sufficient appropriate audit evidence to support these amounts. I was unable to perform alternative procedures due to a lack of controls over the recording of these losses. Consequently, I was unable to determine whether any adjustments were necessary to the water distribution losses disclosure note.

Qualified opinion

13. 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 as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

15. As disclosed in note 46 to the consolidated financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the year ended 30 June 2016 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

Unauthorised expenditure

16. As disclosed in note 49 to the consolidated financial statements, the municipality incurred unauthorised expenditure of R183,44 million (2014-15: R218,55 million) during the year. This was as a result of the overspending of the total amount appropriated for the budget and treasury office, technical services and roadworks votes in the municipality's approved budget.

Fruitless and wasteful expenditure

17. As disclosed in note 50 to the consolidated financial statements, the municipality incurred fruitless and wasteful expenditure of R887 224 (2014-15: R1,07 million) during the year. This was due to interest on late payments of R736 542 and payments in respect of advertisement costs incurred in respect of cancelled tenders of R150 682.

Additional matter

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

Unaudited disclosure notes

19. In terms of section 125(2)(e) of the MFMA, the entity is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the separate financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to raise findings on the reported performance information against predetermined objectives of the selected Key Performance Area (KPA) 1: Basic service delivery and infrastructure development presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the selected KPA 1: Basic service delivery and infrastructure development presented on pages x to x in the annual performance report of the municipality for the year ended 30 June 2016.
22. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned KPA. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
23. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material findings in respect of the selected KPA are as follows:

Usefulness of reported performance information

Measurability of indicators and targets

25. The FMPPi requires that performance indicators should be clearly defined so that data can be collected consistently and is easy to understand and use. A total of 46% of indicators were not well defined.
26. The FMPPi requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 50% of targets were not specific.
27. The FMPPi requires that performance targets should specify the period or deadline for delivery. A total of 21% of targets were not time bound.

Reliability of reported performance information

28. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to insufficient appropriate supporting documentation.

Additional matters

29. I draw attention to the following matters:

Achievement of planned targets

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

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1: Service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

Strategic planning and performance

33. The performance management system and related controls were not maintained as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting and improvement and how it is conducted, organised and managed, as required by section 38 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) and regulation 7 of the Municipal planning and performance management regulations (GNR 796 of 24 August 2001).

Annual financial statements and performance report

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, non-current assets, liabilities, irregular expenditure and unauthorised expenditure 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.
35. The annual performance report for the year under review did not include measures taken to improve performance as required by section 46(1)(c) of the Municipal Systems Act.

Expenditure management

36. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
37. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Revenue management

38. A tariff policy was not implemented for the levying of fees for provision of municipal services, as required by section 74(1) of the Municipal Systems Act and section 62(1)(f)(i) of the MFMA.
39. A credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act and section 62(1)(f)(iii) of the MFMA.
40. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
41. An effective system of internal control over debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
42. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
43. Accounts for charges for municipal services were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.
44. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Human resource management

45. The municipality did not adopt appropriate systems and procedures to monitor, measure and evaluate performance of all staff in contravention of section 67(d) of the Municipal Systems Act.

Liability management

46. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Asset management

47. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

48. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by sections 32(2)(a) and (b) of the MFMA.

Procurement and contract management

49. I could not obtain sufficient appropriate audit evidence that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as proper record management was not in place.
50. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of Supply Chain Management (SCM) regulation 17(a) and (c).
51. I could not obtain sufficient appropriate audit evidence that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one supply chain management practitioner of the municipality as required by SCM regulation 28(2).
52. I could not obtain sufficient appropriate audit evidence that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
53. I could not obtain sufficient appropriate audit evidence that bid adjudication committees were always composed in accordance with SCM regulation 29(2).
54. Awards were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
55. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act (PPPFA) and SCM regulation 28(1)(a).
56. Contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the PPPFA and its regulations.
57. Contracts were awarded to bidders that did not score the highest points in the evaluation process, in contravention of section 2(1)(f) of the PPPFA.

58. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).
59. I could not obtain sufficient appropriate audit evidence that contracts were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
60. I could not obtain sufficient appropriate audit evidence to confirm that measures to combat the abuse of the SCM system were implemented as per the requirements of SCM regulation 38(1). Awards were made to providers who:
- during the last five years, failed to perform satisfactorily on a previous contract with the municipality
 - committed a corrupt or fraudulent act in competing for the contract
 - abused the SCM system of the municipality
 - had been convicted of fraud or corruption during the past five years.

Internal control

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

Leadership

62. There was insufficient oversight to ensure consistent implementation and monitoring of controls over financial, performance information and compliance with legislation. This was mainly due to a lack of capacity and accountability as well as inadequate communication between departments within the municipality. The inadequate performance information reporting prevented the municipality from adequately monitoring the achievement of its objectives.
63. Consequence management was not implemented against officials who were responsible for incurring unauthorised, irregular and fruitless and wasteful expenditure, as investigations were not executed during the year under review.

Financial and performance management

64. The municipality did not have a proper system of records management for the financial environment as a whole as material misstatements were identified, resulting in a qualified audit opinion. In addition, inadequate integration between the budget and treasury office and other departments within the municipality also contributed to material misstatements identified during the audit process.

65. The supporting information was not maintained for performance reporting. There was a lack of information relating to the collection, collation, verification, storing and reporting of actual performance information and the setting of performance targets. This was due to the municipality not having approved standard operating procedures to ensure that all documentation is properly maintained for performance management and not preparing complete, accurate and reliable monthly and quarterly performance reports. As a result, the municipality did not identify errors timeously, resulting in material misstatements not corrected.
66. The municipality did not have adequate systems to monitor compliance with all applicable legislation, and as a result, non-compliance with legislation was not prevented. There was inadequate supervision, monitoring and consequence management in respect of management of the operations of the municipality. As a result, inadequate steps were taken to prevent and detect the incurrence of unauthorised, irregular and fruitless and wasteful expenditure, and this promoted the culture of acceptability of non-compliance with legislation.

Governance

67. The reporting provided by the internal audit was not timely resulting in recommendations by internal audit not adequately implemented by management to address or reduce findings identified through the external audit process. In addition, the audit committee did not review the municipality's performance management system adequately throughout the financial year and did not make recommendations to the council in this regard.
68. The fraud prevention plan was last reviewed and updated during September 2013 and as a result controls were not timeously designed and implemented to mitigate risks that exist over financial, service delivery and compliance processes for the year under review.

Auditor-General

East London

15 December 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT C

7.2 AUDIT ACTION PLAN FOR THE 2015/2016 AUDIT REPORT

AUDIT REPORT MATTERS									
No	Section	Transaction Type	Audit Findings 2015/16	Root Cause	Responsible Person	Action to Correct & Management sub Action	Target Date	By Internal Auditor	By Auditor General
1	SCM	Commitments	Ex.126 - Commitments: Difference in awards per Contract register and Commitment schedule	Lack of monthly preparation and reviews of reports.	Supply Chain Manager	1. Review and reconcile contract register , commitments schedule and supporting documents. 2. Update monthly contract register and commitment schedule. 3. Request supporting documents from Project Managers (variation order). 4. Submit the reviewed contract register and committments schedule report to CFO.	15 February 2017	15-Mar-17	31 March 2017

[illegible]

4	SCM		Ex.71 - Commitments: Incomplete and inaccurate Commitment's register	Lack of monthly preparation and reviews of reports.	Supply Chain Manager	1. Review and reconcile contract register , commitments schedule and supporting documents and 2. Update monthly contract register and commitment schedule. 3. Request supporting documents from Project Managers (variation order). 4. Submit the reviewed contract register and committments schedule to CFO.	15 February 2017	15-Mar-17	31 March 2017
5-8	SCM	Procurement & Contract Management	Non-submission of information (RFI 22 of 2016)	Poor records management. Non utilisation of contract checklists. Non review of contract files.	Supply Chain Manager	1. Investigate, reconstruct and submit all the supporting documents as per RFI's identified by AG. 2. Submission of monthly unit reports to CFO for review and confirmation.	15 February 2017	15 March 2017	31 March 2017
			Non-submission of information (RFI 24 of 2016)	Lack of management supervision					

			Non-submission of information (RFI 25 of 2016)						
			Non-submission of information (RFI 26 of 2016)						
9	SCM	Procurement & Contract Management	Bidders Tax Clearance Certificate discrepancies	Non implementation of bid checklists. Non review of contract files	Supply Chain Manager	Investigate and report bidders tax clearance as listed in the audit report. Implement and monitor the checklist of contract files.	15 February 2017	15-Mar-17	31 March 2017

10	SCM	Procurement & Contract Management	<div>Bid evaluation discrepancies identified (updated)</div>	Lack of management supervision. Poor record management and keeping.	Supply Chain Manager	Investigate all minutes , attendance registers, bid evaluation reports as listed in the audit report 2016 and for current financial year 2017. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 17

11	SCM	Procurement & Contract Management	Discrepancies identified regarding purchases exceeding R10 million (updated)	Non Compliance with Laws and regulations. Non implementation of bids checklist	Supply Chain Manager	1. Investigate all the bidders awarded above R10m with no annual financial statement and request annual financial statement from service providers and file. 2. Ensure all awarded bidders above R10m have annual financial statement submitted as required. 3. Ensure that all the required documents are attached to the contract files in line with the checklist.	15-Feb-17	15-Mar-17	31 March 2017
12	SCM	Procurement & Contract Management	Bidders declarations for Past Supply Chain Management practises not included (updated)	Non compliance and implementation of the SCM Policy	Supply Chain Manager	1. Verification of contract documents for all service providers to ensure that past declarations are signed and filed. 2. Review condition of request for quotation	15 February 2017	15 March 2017	31 March 2017

						to include completion of past declaration forms .			
13	SCM	Procurement & Contract Management	Supplier prohibited from doing business with the state	Late submission of documents to AG.	Supply Chain Manager	1.Resubmit the proper documentation of the service provider listed in the audit report to rectify the finding raised.	15 February 2017	15-Mar-17	31 March 2017

14	SCM	Procurement & Contract Management	No evidence that MPAC oversight resolutions on SCM have been implemented	Failure to submit a proper response with evidence to AG on Institutional arrangements	Supply Chain Manager	1. Engage AG to determine the regulation referred to in the audit report. 2. To revisit all the laws and regulations including the SCM policy on the identified finding.	15-Feb-17	15-Mar-17	31 March 2017
15	SCM	Procurement & Contract Management	Limitation of scope	Poor records management	Supply Chain Manager	Review all contract documents. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017
			For the following project the appointed service provider was identified as possibly fictitious and specifically selected for testing. The project documentation was requested per RFI 24 in order to confirm that the						

			competitive bidding process was adequately applied but no information was received for audit.						
16	SCM	Procurement & Contract Management	Bid evaluation committee composition could not be confirmed	Poor records management. Non utilisation of contract checklists. Non review of contract files.	Supply Chain Manager	Provide attendance register for Fourways and ensure all bid committee minutes and attendance registers for 2017 are filed.	15-Feb-17	15-Mar-17	31 March 2017
17	SCM	Procurement & Contract Management	Bidder's B-BBEE Status Level Verification Certificate not received	Poor records management. Non utilisation of contract checklists. Non review of contract files	Supply Chain Manager	Review all contract documents. Request from the service providers listed in the audit report the BBBEE status level certificate. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017

18	SCM	Procurement & Contract Management	Bid adjudication documentation incomplete (updated)	Poor records management. Non utilisation of contract checklists. Non review of contract files	Supply Chain Manager	1. Verify the supporting documentation for all awarded bidders files. 2. Ensure all minutes and attendance register are signed for 2016 financial year and 2017. 3. Implement contract file checklist.	15-Feb-17	15-Mar-17	31 March 2017
19	SCM	Procurement & Contract Management	Winning bidder incorrectly awarded B-BBEE points	Lack of monitoring of Sub-contracting processes.	Supply Chain Manager	1. Sub-contracting to be done before the appointment of the recommended Bidder. 2. SLA to incorporate a clause on Sub-contracting.	15-Feb-17	15-Mar-17	31 March 2017
20	SCM	Procurement & Contract Management	Quartely reports not submitted within 10 days	Non-Compliance with Laws & Regulations.	Supply Chain Manager	1. SCM Manager to submit quarterly reports before the due date. 2. CFO to submit quarterly reports for Council consumption in line with the Council and Compliance calender.	15-Feb-17	15-Mar-17	31 March 2017

21	SCM	Procurement & Contract Management	Winning contractor's construction grading not suitable for contract value	Late response provided to AG.	Supply Chain Manager	1. Engage and verify with AG the CIDB conditions to correct the finding as per audit report.	15-Feb-17	15-Mar-17	31 March 2017
22	SCM	Procurement & Contract Management	Municipal bid committees composition discrepancies	Poor records management	.	1. Verify the supporting documentation for all awarded bidders files. 2. Ensure all minutes and attendance register are signed for 2016 financial year and 2017. 3. Implement contract file checklist.	15-Feb-17	15-Mar-17	31 March 2017

23	SCM	Procurement & Contract Management	Procurement - Insufficient evidence to confirm that the winning bidder was not involved in the bid specification	Poor records management. Non utilisation of contract checklists. Non review of contract files	Supply Chain Manager	1. Review all contract documents. 2. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017
24									
25	SCM	Procurement & Contract Management	Procurement - Limitation of scope regarding losing bidders tender documentation	Poor records management	Supply Chain Manager	Review all contract documents. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017
26	SCM	Procurement & Contract Management	SCM: False Declaration of interest (State)	Lack of due diligence in validating the suppliers declaration.	Supply Chain Manager	Investigate all listed prohibited suppliers in the audit report and report to National treasury.	15-Feb-17	15-Mar-17	31 March 2017

27	SCM	Procurement & Contract Management	Use of Consultants: Payments more than the contract price	Lack of monitoring the contract price vs actual expenditure.	Supply Chain Manager	1.Monthly review of contract price against expenditure with all user department/ project manager for all awarded bids. 2. Reconcile contract register with committment schedule. 3.Ensure that variation orders are approved and included in the contract files.	15-Feb-17	15-Mar-17	31 March 2017
28	SCM	Procurement & Contract Management	Procurement - Section 32 appointment discrepancies	Non compliance with SCM Policy. Failure to obtain all required information pertaining the section 32 appointment.	Supply Chain Manager	1. Request all relevant information relating to section 32 scm process from the Sarah Baartman municipality. 2.Ensure that all section 32 appointments are reviewed with relevant supporting documentation. 3. Investigate all tender document with reference start with CHDM and ensure all supporting documents are available. 4. Create and maintain all records of section 32 appointment for audit	15-Feb-17	15-Mar-17	31 March 2017

						purpose.			
29	SCM	Procurement & Contract Management	Procurement - Deviation not disclosed in a noted to the annual financial statements	Failure to review annual financial statement before submission to AG.	Supply Chain Manager/ Manager AFS	1.Ensure that all required disclosures are reflected in the AFS. Review AFS against Treasury checklist on required disclosures.	15-Feb-17	15-Mar-17	31 March 2017
30	SCM	Procurement & Contract Management	SCM: Less than 3 price quotations obtained	Failure to submit proper response to AG.	Supply Chain Manager	Review SCM Policy to accommodate lesser number of required quotes received.	31-May-17	15-Jun-17	30-Jun-17
31	SCM	Procurement & Contract Management	Procurement - Limitation of scope with regard to contract management	Poor records management	Supply Chain Manager	1. Request signed contract from suppliers identified in the audit report. 2. Verify all running ceded contract from local municipalities for submission to council committees.	15-Feb-17	15-Mar-17	31 March 2017

32	SCM	Procurement & Contract Management	Procurement - Contract management non-compliance identified.	Poor records management	Supply Chain Manager	1.Review all contract documents.2. Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017
33	SCM	Procurement & Contract Management	Procurement - Contract management irregularities identified	Poor records management	Supply Chain Manager	1.Review all contract documents. 2.Development and implement SCM record management in consultation with Registry. 3. Ensure all site minutes and performance reports are filed monthly. 4.Monthly meeting to be held between SCM, Asset and User departments to update progress on projects.	15-Feb-17	15-Mar-17	31 March 2017
34	SCM	Procurement & Contract Management	Procurement - Limitation of scope	Poor records management	Supply Chain Manager	1.Review all contract documents. 2.Development and implement SCM record management in consultation with Registry. 3.Ensure all signed bid committee minutes are filed and submitted to auditor general to correct the finding.	15-Feb-17	15-Mar-17	31 March 2017

35	SCM	Procurement & Contract Management	SCM: Particulars of awards made to suppliers in which spouses / partners of employees have interest not disclosed	Lack of proper database. No review of cipro information.	Supply Chain Manager	1.Ensure all suppliers trading with municipality had declared their interest before appointment letter received by the supplier both long term contracts and daily use of service provider. 2.Develop a checklist for daily use of suppliers to avoid duplicate declaration requests.	15-Feb-17	15-Mar-17	31 March 2017
36	SCM	Procurement & Contract Management	SCM: Providers not from list of accredited prospective providers (Quotations)	Lack of proper database.	Supply Chain Manager	1.CSD is assiting the municipality on the accredited prospective providers. 2.The system is accurate to identify discrepancieses. 3.Ensure that all CSD reports are attached in the quotation. 4. Review all merits of service providers appointed outside SCM processess and report to management for decision.5 Update monthly the irregular expenditure register.	15-Feb-17	15-Mar-17	31 March 2017

37	SCM	Procurement & Contract Management	SCM: Final decision on award not made appropriately (Quotations)	Lack of review of quotation and payment supporting documentation.	Supply Chain Manager	1.Monthly review of all vouchers processed for payment to ensure that the person approved the payment is a correct person or delegated person 2.No payment will be made or approved without a delegation letter attached. 3. Use of directors stamps to confirm service rendered or good received.	15-Feb-17	15-Mar-17	31 March 2017
38	SCM	Procurement & Contract Management	SCM: Request for quotations not advertised	Failure to submit proper response to AG.	Supply Chain Manager	Engage the auditor general on finding identified as the listed contract are term tenders.	15-Feb-17	15-Mar-17	31 March 2017
39	SCM	Procurement & Contract Management	SCM: No invitation for quotations attached	Failure to submit proper response to AG.	Supply Chain Manager	Engage the auditor general on finding identified as the listed contract are term tenders.	15-Feb-17	15-Mar-17	31 March 2017
40	SCM	Procurement & Contract Management	SCM: Uncertified copies of tax clearance certificates submitted (Quotations)	Failure to review submitted information on quotation stage. Non compliance with laws and regulations.	Supply Chain Manager	Submit original tax clearance certificate to the reflected list of service provider in the audit report to correct the findings.	15-Feb-17	15-Mar-17	31 March 2017

41	SCM	Procurement & Contract Management	SCM: Winning bidder did not submit a declaration of interest	Non implementation of bid checklist. Poor records management and keeping.	Supply Chain Manager	1.Review all contract documents. 2.Request all listed service providers in the audit report to submit declaration of interest form. 3.Development and implement SCM record management in consultation with Registry.	15-Feb-17	15-Mar-17	31 March 2017
42	SCM	Procurement & Contract Management	SCM: Declaration of interest not submitted (Quotations)	Failure to create awareness to all employees on declaration of interest for SCM related activities.	Supply Chain Manager	Review all contract documents. Request all listed service provider in the audit report to submit declaration of interest form. Development and implement SCM record management in consultation with Registry. Conduct awareness to all employees to ensure that all employees are declared.	15-Feb-17	15-Mar-17	31 March 2017

[illegible]

44	Revenue		Revenue from exchange transactions: Interest charged on overdue debtors	Failure to implement credit control policy. Non compliance with laws and regulations.	Revenue Manager	1. Implement credit control policy (by charging interest on overdue account)	Mar-17		
45			Revenue from exchange : Client accounts not included on the valuation roll	Poor data quality	Revenue Manager	1. Update data downloaded from deeds registry to Venus system. (Debtors account).2. Correct discrepancies between valuation roll , deeds and the billing system.3. Advise the affected local municipalities on all debtors account that are not included in General valuation report.	Mar-17		

46			Revenue from exchange : ERF number not found on the debtors system	Poor data quality	Revenue Manager	1. Acquire updated eletronic maps for all area under the district municipality.2. Compare maps with the valuation roll and deeds information.3. Update information to the billing system			
47			EX.39 Revenue from exchange transactons: Meter reading books were not supplied for audit purpose	Poor records management and keeping.	Revenue Manager	1. Review meter reading books on a monthly basis to ensure completeness. Quartely submission of meter books to AFS section.	Quartely		

48			EX.47 Revenue from exchange transactions: ERF numbers not found on debtors system (completeness)	Poor data quality	Revenue Manager	1. Implement data cleansing projects. 2. Update information to the billing system.			
49			Ex.33 Revenue from non exchange transactions: Mistatement identified for grant income	Lack of management supervision and review.	Revenue Manager / Manager AFS	1. Review monthly grants schedule against general ledger. 2.Report on variances identified on the grant schedule.3 Ensure quartely AFS agreeswith the grants schedule	28-Feb-17	15-Mar-17	31 March 2017
50			Ex.39 Receivables from exchange transactions on age analysis do not agree to the AFS	Lack of management supervision and review.	Revenue Manager / Manager AFS	1. Review monthly age analysis against general ledger. 2. Ensure quartley AFS agree with the age analysis.			
51	Technical Engineering	Water Lossess	AG could not obtain Audit Assurance that distribution of lossess have been recorded at an	Incorrect appointment of Consultant and Incorrect figures to calculate water losses	Senior Manager WSA	1.Identification of Bulk Meters and their status. 2.Calibration and Repairs of bulk meters. 3. Installation of bulk meters were there is non.4. Quartely recording	1. ' 31 January 2017, 2. 28 Februry 2017, 3. 10 days after end of each quarter, 4.	15-Feb-17	31March 2017

			appropriate amount.			and Reconciliation of water losses.5.Development of TOR & Appointment of a Specialist	28 February 2017		
52			Water Losses: Internal Control deficiencies noted in the management of water supply	Lack of Procedure Manual	Senior Manager WSA / Risk Manager	Develop and implement Procedure Manual for management of water losses.	31-Jan-17	15-Feb-17	31March 2017
53			Water Losses: Inaccurate and incomplete information used	Lack of information management and data integrity	Senior Manager WSA / Risk Manager	Methodology to be used be explicit and clear on the ToR in line with standard of the Sector.	31 March 2017	17 April 2017	31 April 2017
54			Water Losses: No support provided for information requested	Poor records management.	Senior Manager WSA	Preparation of Audit File that encompasses all the full value chain on water losses information management	Quartely	Quartely	Quartely

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:	<p>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.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>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</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>
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APPENDICES

APPENDIX A

COUNCILORS, COMMITTEE ALLOCATION AND ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr. M.C. Koyo	F/T	Mayoral	ANC	100	-
Cllr. N.G. Xoseni	F/T	Mayoral	ANC	100	-
Cllr. S.D. Plata	F/T	Finance & Fiscal	ANC	50	50
Cllr. Z.R. Shweni	F/T	Governance & Institutional Development	ANC	92	8
Cllr. R.M. Xuma	F/T	Infrastructure	ANC	75	25
Cllr. L. Gunuza-Nkwentsha	F/T	Integrated Planning & Economic Development	ANC	75	25
Cllr. T.W. Bikwana	F/T	Chief Whip	ANC	75	25
Cllr. N. Matiwane	F/T	Health & Community Services	ANC	67	33
Cllr. M. Nontsele	F/T	Special Program Unit	ANC	75	25
Cllr. E.N. Klaas	P/T	Finance & Fiscal	ANC	92	8
Cllr. L.E. Noqha	F/T	Health & Community Services	ANC	92	8
Cllr. N. Radzilani	F/T	Infrastructure	ANC	67	33
Cllr. N.G. Magwashu	F/T	Infrastructure	ANC	75	25
Cllr. W. Gela	F/T	Chair MPAC	ANC	83	17
Cllr. M.N. Bula	F/T	Health & Community Services	COPE	25	75
Cllr. R.W. Venske	F/T	Governance & Institutional Development	DA	100	-
Cllr. C.Z. Deliwe	F/T	Governance & Institutional Development	UDM	75	25
Cllr. N.S. Ndlebe	P/T	Infrastructure	ANC	75	25
Cllr. N. Makanda	P/T	Finance & Fiscal	ANC	75	25

Cllr. N. Nquma	P/T	Integrated Planning & Economic Development	ANC	17	83
Cllr. A.V. Bokuva	P/T	Integrated Planning & Economic Development	ANC	50	50
Cllr. S.R. Dyantyi	P/T	Governance & Institutional Development	ANC	92	8
Cllr. P.P.Z. Mandile	P/T	Finance & Fiscal	DA	50	50
Cllr. S. Mbolo	P/T	Integrated Planning & Economic Development	ANC	67	33
Cllr. Z. Madyolo	P/T	Health & Community Services	UDM	75	25
Cllr. N. Roskrige	P/T	Governance & Institutional Development	ANC	67	33
Cllr. L. Jiyose	P/T	Governance & Institutional Development	ANC	67	33
Cllr. N. Nyukwana	P/T	Governance & Institutional Development	ANC	50	50
Cllr. D. Kalolo	P/T	Integrated Planning & Economic Development	ANC	67	33
Cllr. T. Ndyumbu-Kulashe	P/T	Governance & Institutional Development	ANC	50	50
Cllr. S. Liwani	P/T	Health & Community Services	ANC	58	42
Cllr. S. Myataza	P/T	Infrastructure	ANC	83	17
Cllr. S.H. Nobongoza	P/T	Health & Community Services	UDM	100	-
Cllr W.D. Mdwayingana	P/T	Governance & Institutional Development	ANC	100	-
Cllr. K. Vimbayo	P/T	Integrated Planning & Economic Development	ANC	67	33
Cllr. K. Mdeleleni	P/T	Health & Community Services	ANC	50	50
Cllr. S.P. Ntakana	P/T	Governance & Institutional Development	ANC	75	25
Cllr. M. Jentile	P/T	Integrated Planning & Economic Development	ANC	58	42
Cllr. K. Nqiqhi	P/T	Infrastructure	ANC	33	67
Cllr. M.N. Qamngwana	P/T	Infrastructure	ANC	42	58
Cllr. F. Erasmus	P/T	Integrated Planning & Economic Development	DA	67	33
Cllr. N. Goniwe	P/T	Infrastructure	ANC	33	67

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Municipal Public Accounts Committee (MPAC)	The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.
Audit Committee	The Audit Committee'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.
Performance Audit Committee	<p>The objective of the Performance Audit Committee is to evaluate the management measures instituted to ensure economy, efficiency and effectiveness. These terms are defined as follows:</p> <ul style="list-style-type: none"> ✚ Economy refers to acquiring resources in the right quantity, of the right quality, at the right time and place and at the lowest possible cost; ✚ Efficiency refers to the optimal relationship between the output of goods, services or other results and the resources used to produce them. Using input/output ratios, and, ✚ Effectiveness refers to the extent to which set policy objectives, operational goals and other intended effects are achieved. <p>To facilitate consideration of the annual report in its entirety the council should obtain the views of the Performance Audit Committee, which is charged with providing council with, among other matters, credible view of the efficiency and effectiveness of the performance management of the municipality</p>

APPENDIX C

THIRD TIER STRUCTURE

APPENDIX D

MUNICIPAL / ENTITY FUNCTIONS

[illegible]

APPENDIX F.1

CAPITAL PROJECTS PER WARD

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
				TF.1

APPENDIX F.2

RECOMMENDATIONS OF MUNICIPAL AUDIT
COMMITTEE

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					
Households without minimum service delivery					
Total Households*					
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					
T F.2					

APPENDIX F.3

RECOMMENDATIONS OF MUNICIPAL AUDIT
COMMITTEE

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
		T F.3

APPENDIX G

RECOMMENDATIONS OF MUNICIPAL AUDIT COMMITTEE

Date of committee	Committee recommendation during year 0	Recommendation adopted (enter yes)If not adopted (provide explanation)
8/1/2014	1. The comparison of the budget to actual amounts either as a separate additional financial statement or as a budget column in the financial statements has not been included as required by GRAP 1 .11e	N
	2. The comparative on the statement of financial position has not been restated despite the prior year adjustment as per the statement of changes in net assets	Y
	3. There is no correction of prior year error note included in the annual financial statements as required by GRAP 3	Y
	4. The intangible assets were amortised in full during the current year. This highlights the lack of assessment of useful life during the current period as required by GRAP 31.95, which if performed would have necessitated adjustment of useful life and subsequently decelerate the rate of amortisation to be inline with useful life of the assets. It is highly improbable that there are no intangible assets still in use.	Y
	5.The receipt from sales of goods and services is shown on the cash flow from operating activities as Nil. This is despite the revenue disclosed such as sale of tender documents, rental of facilities and sundry revenue. It is highly unlikely that these transactions were not cash flows and therefore should be included in the cash from operating activities on the cash flow.	N
	6.The cash and cash equivalents at the end of the year per the cash flow includes a bank overdraft which is not a current outflow but a future outflow.	N - Due to disagreements
8/1/2014	1. Performance targets on the SDBIP are not measurable.	Y
	2.During the audit it was discovered that there is no budget allocated for the targets that are on the SDBIP for the 2014/2015 financial year.	Y
	3.There is no alignment in the IDP and SDBIP. The nature of performance targets is clearly not defined in the SDBIP as done in the IDP as well as the Key Performance Indicators (KPI).	NOT YET
	4.During the audit review it was identified that the following quarterly targets reported were understated.	Y
7/1/2014	1. No centralised asset management unit	N
	2. No policies and procedure manuals in place	N
	3. No loss control measures in place	N
	4. Inappropriate physical environment in the server room	N
	5.Server room not protected from unauthorised physical access	Y

	6.Replaced Computers and laptops are not returned to the ICT Unit	Y
	7.Inadequate control over ICT stock	N
	8. ICT incident Management Process is not documented	N
	9.Incident register is not reviewed	N
	10. Reported incident not completed on time	N
	11. No backup was made during July 2012	Y
	12. GIS backup is not done according to ICT backup plan	Y
	13. IT Risk Assessment is not done regularly	N
	14. Non Integration of Information Technology Systems	N
	15. No IT Governance Framework in Place	Y
	16. Non conducive working environment at ICT	Y
	17. Non alignment in HRM processes	N
	18. Documents not on the files	Y
	19. No valid contract on file	Y
8/1/2014	1. Due dates for action plans as per the project plan were not met:	N
	2.The Service level agreement between the District and the Local Municipalities expired on the 30th June 2014. The Council resolved to extend the contract to July 2015; however the addendum detailing the extension of the contract was not signed off by the stakeholders.	N
	3. The collation and confirmation of the accuracy of Data still in progress with regards to billing, meter reading, assets, inventory and human resource capital requirements.	N
	4.Maintenance plans for infrastructure assets during 2014-2015 financial year were not in place for the LM's where the function is taken over on the 1st July 2014.	N
	5. We noted that action plans emanating from the minutes of the project steering committee held on the 26th June 2014 did not have due dates.	N

APPENDIX H.1-2

LONG TERM CONTRACTS

Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.

APPENDIX J

DISCLOSURE OF FINANCIAL INTERESTS

APPENDIX K.1

REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX K.2

REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - water revenue	147,644,633	179,997,000	129,860,000	293,503,164	63%	57%
Service Charges - sanitation revenue	37,465,544	42,370,000	30,507,000	42,128,801	-1%	-38%
Service Charges - refuse revenue	-	-	-	-	-	-
Service Charges - other	115,209	-	-	127,651	-	-
Rentals of facilities and equipment	-	955	955	-	-	-
Interest earned - external investments	26,116,489	28,988,000	28,988,000	37,465,544	29%	29%
Interest earned - outstanding debtors	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-
Agency services	-	-	-	-	-	-
Transfers recognised - operational	437,726,729	573,878,000	579,128,000	583,281,041	2%	1%
Other revenue	70,044,345	45,859,000	45,859,000	76,269,248	66%	66%
Gains on disposal of PPE	-	2,500,000	1,000,000	-		
Environmental Protection	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	719,112,949	874,547,000	816,297,000	1,032,775,449	18%	27%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDIX L

CONDITIONAL GRANTS RECEIVED EXCLUDING MIG

APPENDIX M.1-2

CAPITAL EXPENDITURE – NEW ASSET PROGRAMME

APPENDIX N

CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: Year 0					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%

"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<i>T N</i>					

APPENDIX O

CAPITAL PROGRAMME BY PROJECT BY WARD

Capital Programme by Project by Ward: Year 2014/2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
Cluster 6 scheme 4 water supply	Engcobo,19	yes	
Madotyeni water supply	Engcobo,15	yes	
Cluster 4 Ncora 5 villages water supply	Intsika Yethu,19	yes	
Cluster 6 schem 1 and 4 water supply	Engcobo,19,20	yes	
Cluster 9 1D water supply	Intsika Yethu,13	yes	
Cluster 3 water supply (phased handover)	Luhkanji,1	yes (phased handover)	
Mtsinana phase 1 water supply	Engcobo,15	yes	
Hewu RA 60 water supply (brakkloof, Tambo, popular grove)	Luhkanji,14,16,17	yes	
Mazimdaka water supply	Engcobo,20	yes	
Cluster 4: Ncorha Scheme-Primary Pipelines to Cluster 5	Intsika yethu,18	no	
Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Ngcina	Emalahleni,1	no	
Cluster 1 Water Supply backlog in CHDM: Buffelsdoring water supply - Mcwangele	Emalahleni,9	no	
Cluster 1 Water Supply backlog in CHDM: Buffelsdoring water supply - Mayeye and Sqikini	Emalahleni,9,10	no	
Cluster 1 Water Supply backlog in CHDM: Buffelsdoring water supply - Lower Bankisi	Emalahleni,10	no	
Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1A	Emalahleni,2	no	
Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1B	Emalahleni,2	no	
Cluster 2 Water backlog: Regional Scheme 6 - Xonxa	Emalahleni,2	no	
Cluster 2 Water backlog Project: RS1 - Phase 2A1- Jiputa Makhikhi Water Supply	Emalahleni,1	no	
Cluster 2 Water backlog Project: RS1 - Phase 2A2 - Jiputa Makhikhi Water Supply	Emalahleni,1	no	
Cluster 2 Water backlog Project: RS1 - Phase 2A3 - Jiputa Makhikhi Water Supply	Emalahleni,1	no	
Cluster 2 Water backlog Project: RS1 - Phase 2A4 - Jiputa Makhikhi Water Supply	Emalahleni,1	no	
Cluster 2 Water backlog Project: Lukhavala Water Supply	Emalahleni,5	no	
Cluster 2 Water backlog Project: Noluthando Water Supply	Emalahleni,5	no	
Cluster 4 Alipha Farm rising and gravity bulk pipeline	Sakhisizwe,3	no	
Cluster 4 Clunny Farms rising main and Gravity bulk pipeline	Sakhisizwe,3	no	
Cluster 4 North Eastern scheme Reticulation	Sakhisizwe,3	no	

Cluster 4 Water Supply Scheme: North Eastern Scheme - Reservoirs	Sakhisizwe,3	no
Polar Park Water Supply - Phase 1	Sakhisizwe,7	no
Polar Park Water Supply - Phase 2	Sakhisizwe,7	no
Cluster 4 Water Supply Scheme: Lower Langanci - Contract 1	Sakhisizwe,6,7	no
Cluster 4 Water Supply Scheme: Lower Langanci - Contract 2	Sakhisizwe,6,7	no
Cluster 4 Water Supply Scheme: Lower Langanci - Contract 3	Sakhisizwe,6,7	no
Upgrading of the Elliot Waste Water Treatment Works	Sakhisizwe,1,2	no
Custer 1 Zinguthu water supply	Luhkanji,19	no
Cluster 1 Lesseyton water supply	Luhkanji,27	no
Cluster 3 water supply backlog	Luhkanji,1	no
Xonxa Dam Transfer scheme pumping main	Emalahleni,2	no
New RathwickBulk Services Phase 2	Luhkanji, 25,26	no
Hofmeyer Bulk water supply	Tsolwana,5	no
Rosmead Rural water	Ixuba Yethemba,9	no
New RathwickBulk Services Phase 1(wwtw)(2)	Luhkanji,25,26	no
Qamata Water & Sanitation	Intsika Yethu,4,5	no
Tsomo RDP3: Vananda Scheme - East Bank water reticulation	Intsika Yethu,8	no
Tsomo RDP3: Vananda Scheme - Daza & Shweme water reticulation	Intsika Yethu,8	no
Tsomo RDP3: Vananda Scheme - East Bank, Daza & Shweme Bulk water supply	Intsika Yethu,8	no
Gqaga Rising main east (RBIG)	Engcobo,19	no
Sinqumeni Bulk (RBIG)	Engcobo,19,20	no
Mnyolo Sandile (MWIG)	Engcobo,18	no
Upgrading of Msintsana phase 2 (MIG)	Engcobo,15	no
Nxamangele Bulk (MWIG)	Engcobo,1	no
Nxamangele Reticulation (MWIG)	Engcobo,1	no
Ngquthura Reticulation (MWIG)	Engcobo,1	no
Cofimvaba water reticulation	Intsika Yethu,14	no
Cluster 2 Glen Grey trc 6 villages	Intsika Yethu,11	no
Cluster 2 Regional scheme 4 phase 1B	Intsika Yethu,3,4	no
Cluster 2 Scheme 5 Phase 1	Intsika Yethu,21	no
Cluster 9: Water Backlog Project - Phase 1c	Intsika Yethu,6	no
Cluster 4: Ncora scheme primary pipeline to zone B reservoir at ngxabangu	Intsika Yethu,21	no
Gqaga WTW (RBIG)	Engcobo,20	no
Cluster 4 WTW (RBIG) Ncora	Intsika Yethu,18	No
Sanitation/Sewerage		
Region 1 sanitation backlog	Engcobo1,3,4,7,9,10,11,13,15,16,	1137 households complete project still in implementation
Region 2 sanitation backlog	Intsika	1773 households

	Yethu3,9,7,8,10,11,12,13,15,18,19	complete project still in implementation
Region 3 sanitation backlog	14(emalahleni),7 (sakhisiziwe)	1317households complete project still in implementation
Region 4 sanitation backlog	Luhkanji ,5,12.	706 households complete project still in implementation
Mackaysnek 2b	Emalahleni 5,6	yes, 970 households ,
Indwe Bucket Eradication of 64 site	Emalahleni,15,16	No
Upgrading of Dordrecht Wastewater Treatment Works - Phase 2A	Emalahleni,14	No
Tarkastad Bucket Eradication	Tsolwana,4	No
New RathwickBulk Services Phase 1(wwtw)	luhkanji,25,26	No
Molteno oxidation ponds contract c	Inkwanca,1,4	No
Upgrade of Molteno sewer and sewage pump stations	Inkwanca,1,4	No
Cofimvaba Sewer	Intsika yethu,14	No
Refurbishment of Engcobo ponds	Engcobo,11	No

APPENDIX P

SERVICE BACKLOGS IN SCHOOLS AND CLINICS

APPENDIX P

SERVICE BACKLOGS IN COMMUNITIES WHERE OTHER SPHERE OF GOVERNMENT IS THE SERVICE PROVIDER

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

APPENDIX S

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i>		
T S		

VOLUME II: ANNUAL FINANCIAL STATEMENTS