

MBHASHE LOCAL MUNICIPALITY



AUDITED ANNUAL REPORT 2017-2018

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MAYOR’S FOREWORD



IT IS MY PLEASURE TO PRESENT THE 2018/2019 ANNUAL REPORT OF THE MBHASHE LOCAL MUNICIPALITY. THE PERIOD UNDER REVIEW REMAINED CHALLENGING

INTRODUCTION

This year we celebrate the centenary year of two of our icons, Tata Madiba and Mama Sisulu. As Mbhashe we embark on the task of fulfilling their generational mission, we stand on the shoulders of these two giants. In their own way, these two icons of our struggle for a better and inclusive South Africa fought hard to ensure that there was hope amongst our people, hence today we live in a South Africa alive with possibilities.

ANNUAL REPORT 2018/2019:

IT’S ABOUT CLEAR STRATEGY

Based on the priorities by the community, the municipality developed objectives, strategies, key performance areas and key performance indicators which were translated to organizational performance plan.

As these priorities are ranging from functions that, the municipality is authorized to perform, to functions that are responsibilities of other spheres of government and such as:

1. District municipality 2. Provincial Government and 3. National Government.

Our role then as a municipality has been to sensitize the District municipality and other spheres of governments and influencing their priorities in line with the municipal priorities. The performance highlights in this report will also then reflect these efforts.

This requires a fine balance between containing its re – prioritization in line with the available resources and simultaneously investing sufficiently in human capital, infrastructure and systems to ensure that services are delivered efficiently and cost effectively to all

stakeholders. The performance highlights contained in this report are then firmly based on the above applied principles by the municipality.

IT'S ABOUT PEOPLE AND CULTURE

The focal point at Mphashe over the last three years has been on corporate culture change: shifting to a municipality that excels in promoting social cohesion, stimulates economic growth and sustainable development, responding quickly and appropriately to its people's requirements; developing a total service culture across all key performance areas, supported by processes that enable interaction between Mphashe and its people to exceed their expectations; and building mutually beneficial relationships based on integrity, ethical behaviour and trust.

We are all too aware of the wave of strikes – legal or not – that seem to have engulfed Mphashe. But what is not mentioned by pessimists is that social dialogue has worked even in cases where this seemed impossible. The Roads & electricity strikes which were beginning to bring the Mphashe to its knees were resolved because of this commitment to social dialogue. The violence and other acts of vandalism which we saw during the strikes should be condemned in the strongest possible way.

As we move our country forward, it is important to reflect on our culture which is an untold story. It should not just end with the beautiful attires which we put when we celebrate. Our diverse culture should help us in promoting social cohesion amongst ourselves and also help us to deal with the social ills in our different communities.

Our democracy is still at its youthful age and this affords us an opportunity as the society to sop up the values which our democracy subscribes to.

On the other hand our Constitution, promulgated in 1996, provided the foundations for building a democratic and inclusive state and is undeniably one of the most progressive in the world. While we acknowledge that it did not take a day to build Rome, we are of the view that things such as inclusive society and an inclusive economic growth are critical and should be achieved almost immediately.

IT'S ABOUT EXECUTION

We acknowledged that in order for the Mphashe to execute and roll out its approved strategic plan and mandate and to be able to respond appropriately to the needs of its people, it is necessary for the organisation's ageing systems and processes to be more integrated and streamlined. The municipality managed to install the infrastructure for the systems used and continues to grow and has already assisted in enhancing the Mphashe's effectiveness and competitiveness.

In the SONA on the 16th February 2018, The President indicated that “Our most grave and most pressing challenge is youth unemployment.

It is therefore a matter of great urgency that we draw young people in far greater numbers into productive economic activity. Our youth will be moved to the centre of our economic agenda.

They are already forming a greater proportion of the labour force on our infrastructure projects and are the primary beneficiaries of programmes such as the installation of solar alternative, refuse removal etc.

We continue to draw young people in far greater numbers into productive economic activity through programmes such as the Business Start-up Programme, Product Development for SMMEs/ Cooperatives and many more.

Working in partnership with business, organised labour and community representatives, we are creating opportunities for young people to be exposed to the world of work through internships, apprenticeships, mentorship and entrepreneurship. Together with our partners in business, we have agreed to create a million such internships in the next three years.

IT’S ABOUT LEADERSHIP

Mbhashe has resolved to play a leadership role and focus on ensuring that key strategic operational issues are tackled through innovation, collaboration and partnerships with sister entities, communities, the private sector and developmental organisations where relevant. This strategy paid dividends with all the role players joining forces to ensure minimal interceptions and compliance with revised protocols.

IT’S ABOUT GOVERNANCE

Our democracy is anchored on the following pillars:

- Constitutionality

We subscribe to non-racism, non-sexism, social justice, fundamental human rights and the democratic values of human dignity, equality and freedom as listed in the Bill of Rights, a cornerstone of democracy in South Africa. South Africa’s path to mention building allows individual culture, languages and identities to become building blocks of a greater whole.

- People-centeredness

Our policies and the constitution are people centred. They demand that we respect all our people, honour our integrity and be committed to service delivery.

- Co-operative government

Our constitution and policies calls for co-operation within different spheres of government.

- Professionalism and good institutional governance

Our constitution demands that as the government we should be accountable and transparent, provide value for money, be customer-focused and strive for the highest service quality for the benefit of the entire nation.

IT'S ABOUT TRANSFORMATION

During our last strategic review session it was resolved that transformation will be added as a strategic pillar and programme in our Municipality and that existing transformation programmes will be enhanced. These programmes assist resource-poor farmers to become export ready, and train newcomers to agriculture (with a focus on youth and women) and many other initiatives mentioned in this report. Our collaborative partnerships will help to strengthen these initiatives as well as assist with efforts to transform the agricultural industry and other developmental initiatives.

IT'S ABOUT EDUCATION

Education is a weapon to change the world, so said Tata Madiba. I cannot emphasize how much each and every child should access quality education and critical skills through early childhood development programmes until the tertiary education level with the available artisans' programmes. Girl children in particular should be kept at school irrespective of the circumstances. Es'kia Mphahlele believed that the regeneration of African consciousness is essential to real African development and progress. African consciousness arises from the norms and values inherent in the traditional way of life. The education our children are receiving today should not alienate them from us, instead it should be such that our norms and values are reinforced.

MY LAST WORDS

I wish to extend thank you to our sister Departments, our Co-ops and NPOs for their continued support and assistance during the period under review.

All that remains for me to do is to extend my gratitude to the Councillors, management and staff at Mbhashe for their commitment and drive to ensure that Mbhashe delivers on its mandate even during difficult times.

SAMKELO JANDA

Executive Mayor, Mbhashe Local Municipality

COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

1.1 MUNICIPAL MANAGER'S OVERVIEW

The year under review covers the period 01 July 2017 until 30 June 2018. In terms of legislation, the Municipal Manager is designated as the Accounting Officer, and he /she must perform his/her functions in good faith, act with fidelity, honesty, integrity and in the best interest of the municipality. The Accounting Officer as the head of Administration must oversee the execution and implementation of all council policies. It give me pleasure to reflect on the challenges and achievements of the municipality for the past year.

The five year term of office of the current Council will terminate when the IEC declares the new councillors as elected. This implies the current 5 year IDP will lapse when the new council is inducted. However, to provide for sustainable service delivery the newly inducted council may decide to adopt the previous IDP, which is legally provided for in section 25(3)(a) of the Municipal Systems Act 32 of 2000 and this option is only available to the new Council only at the beginning of its elected term and this year IDP was the first review of this Council. The services in the annual report were aligned to the indicators stated in the five year IDP and also the priorities of the Council.

The process of adopting the IDP for the year under review was proceeded by the necessary public participation and community engagements.

The IDP as the Strategic planning tool for the municipality is measured with the following:

KPA 1: Municipal Transformation and Organizational Development

KPA 2: Basic Service Delivery

KPA 3: Local Economic Development

KPA 4: Financial Viability

KPA 5: Good Governance and Public Participation

A lot of work was done to ensure that the Indicators are SMART and the Service Delivery and Budget Implementation Plan (SDBIP) hence the overall Institutional performance of **96%** was achieved (to be confirmed after the Performance Audit Committee meeting). A lot has improved due to the fact that all vacant positions in the senior management level were filled.

The municipality as a primary point of service delivery, is faced with tremendous responsibility of ensuring good quality of life to the community of Mbhashe at large through provision of basic services.

The main Service Delivery focus during the financial year was on the following areas:

- Implementation and Monitoring of roads Maintenance Plan with use of in-house construction plant in each unit
- Construction of new gravel roads
- Construction of Dutywa animal pound
- Construction of second phase bridge at Qinqana Ward 17 Elliotdale
- The start of one of the big projects which is Willowvale sports field
- The construction of the two community halls at ward 15 and 24
- The upgrading of street lights at Elliotdale

The performance of the municipality has been measured against the targets set out in the IDP on a quarterly basis in a form of Service Delivery and Budget Implementation Plan. The municipality is also proud of cascading down the PMS from Senior Management level to lower levels within the institution even though it's got its teething problems that are being addressed.

The following plans and strategies were either developed or reviewed in 2017-18 financial year:

- Integrated Waste Management Plan
- Local Economic Development Strategy
- Spatial Development Plan
- Coastal Management Plan
- Integrated Community Safety Plan
- Communication Strategy
- Disposal of Municipal Land Policy
- Roads Maintenance Policy
- Roads Maintenance Plan
- Institutional Development Policy

In order to attend to the challenge of poor revenue collection which is bedeviling all rural municipalities, Mbhashe LM has reviewed its Credit Control and Debt Management Policy and still utilizing the services of the service provider for debt collection which was

appointed in the previous year. This resulted in an increase in collection albeit the resistance from Rate Payers which is being managed.

There has also been an improvement in the following areas:

- The municipality for the third time has received the Unqualified Audit opinion
- Alignment of the IDP Scorecard and SDBIP with the assistance of the District Municipality and Provincial COGTA
- Training of MPAC organized by municipality and other spheres of government to sharpen its oversight skills.
- Functionality of both the Risk Committee and the Audit Committee

All the above confirms the municipality's commitment to improve the good governance.

Mr. M NAKO

MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

ENVIRONMENTAL OVERVIEW

Mbhashe Local Municipality (EC 121) is a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 32 wards, 63 Councilors and 12 Traditional leaders after local government elections. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mncwasa River in the north along the Indian Ocean.

Mbhashe Local Municipality (MLM) occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km² in extent (after the last national elections). There are three main urban centres, namely Dutywa, Willowvale (Gatyana) and Elliotdale (Xhora). Dutywa is the administrative head centre of the municipality. Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa, Gatyana (Willowvale) and Xhora (Elliotdale). Mbhashe is comprised of the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place.

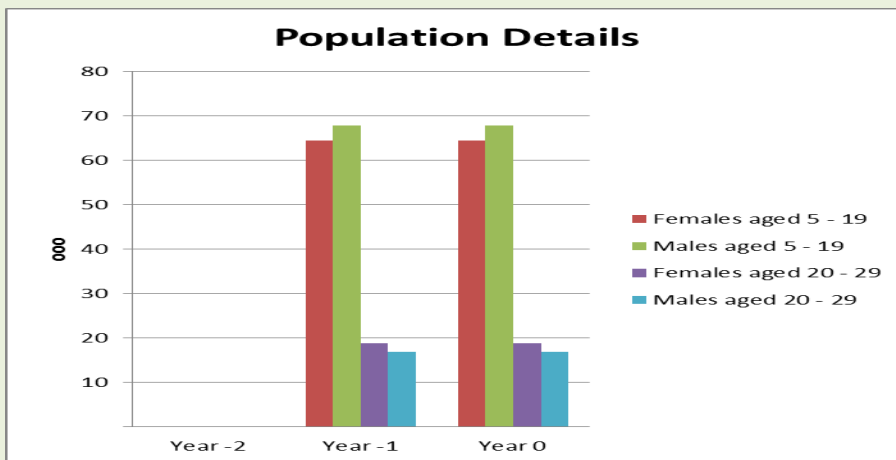
The municipality has total population of 254 909 with a household of 60 124 resulting to a household size of 4.24 according to the 2011 Stats SA Census. This indicates that Mbhashe has an increase of population and household by 1 537 (1%) and 6 925 (13%) compared to 2001 Stats SA Census resulting a reduction in household size from 4.76 to 4.24. As per the 2017 Statistics (*Source: IHS Markit Regional eXplorer version 1479*) Mbhashe has been reported as having a total population of 272 000 which is a 0.14% increase as compared to the last statistics data that is available.

Based on the figure above, it can be deduced that the Mbhashe population is largely youthful with about 44% being children (ages 1 -14) of school going ages while another 29% can be regarded as youth falling between ages 15 and 35. A total of 78% of the population of Mbhashe is composed of youth between the ages of 0-34. It is imperative for Mbhashe to prioritize a substantial amount of those programmes that talks to the Youth development. Social Needs and Special Programmes should champion this exercise.

On the gender analysis, it has been established that, by and large, there is a fair balance between the males and females, standing at 55% and 45%, respectively. The majority 98% of local inhabitants are African with the balance shared between formerly classified White, Coloured and Indian people. According to Community Survey 2007 an estimated population of over 95% reside in rural (communal-traditional and village areas) and peri-urban (sprawl and informal settlements) areas. Mbhashe can be regarded as a rural municipality.

| Population Details | | | | | | | | | |
|----------------------------------|---------|--------|-------|---------|--------|-------|--------|--------|-------|
| Age | Year -2 | | | Year -1 | | | Year 0 | | |
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Age: 0 - 19 | 68 | 64 | 132 | 68 | 64 | 132 | 68 | 64 | 132 |
| Age: 20 – 29 | 17 | 19 | 36 | 17 | 19 | 36 | 17 | 19 | 36 |
| Age: 30 – 49 | 15 | 25 | 40 | 15 | 25 | 40 | 15 | 25 | 40 |
| Age: 50 – 64 | 10 | 16 | 26 | 10 | 16 | 26 | 10 | 16 | 26 |
| Age: 65+ | 8 | 13 | 21 | 8 | 13 | 21 | 8 | 13 | 21 |
| Source: Statistics SA T 1.2.2 | | | | | | | | | |

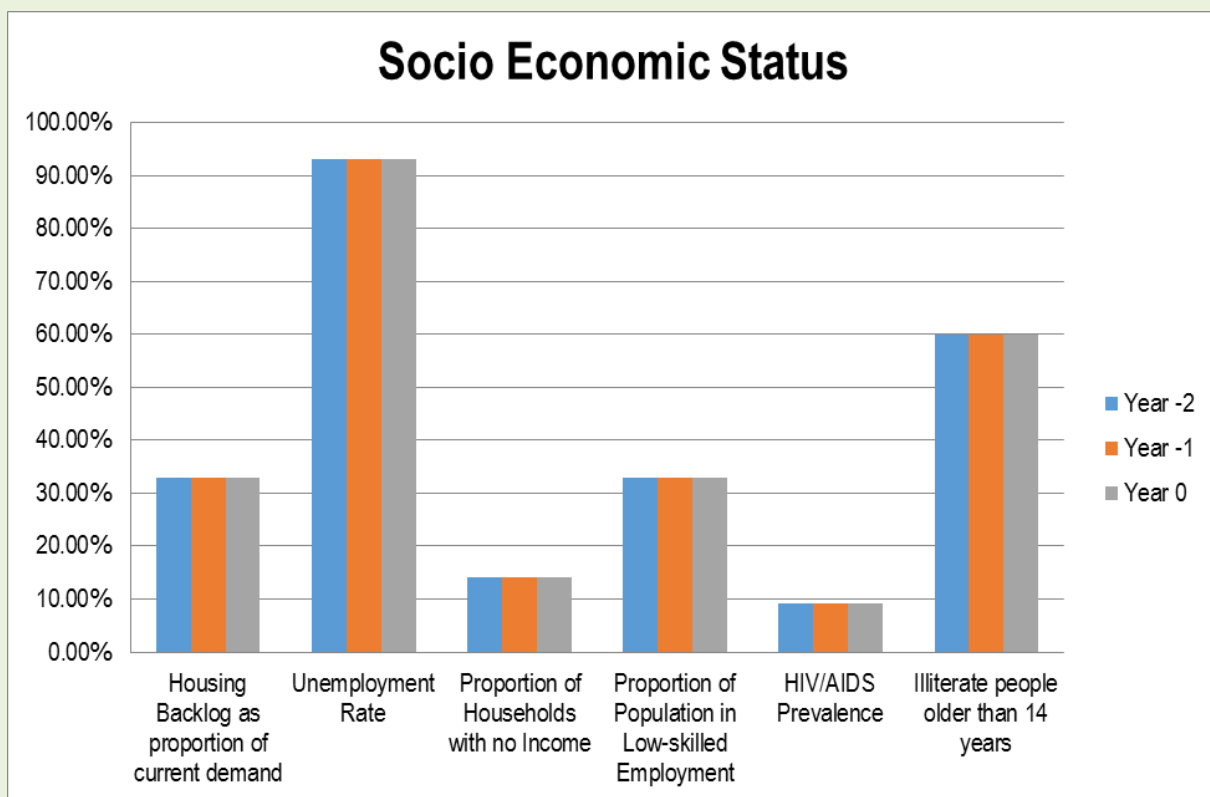
Source: Statistics SA



SOCIO-ECONOMIC STATUS

| Socio Economic Status | | | | | | |
|-----------------------|---|-------------------|---|--|---------------------|---------------------------------------|
| Year | Housing Backlog as proportion of current demand | Unemployment Rate | Proportion of Households with no Income | Proportion of Population in Low-skilled Employment | HIV/AIDS Prevalence | Illiterate people older than 14 years |
| Year -2 | 33.00% | 93.00% | 14.00% | 33.00% | 9.20% | 60.01% |
| Year -1 | 33.00% | 93.00% | 14.00% | 33.00% | 9.20% | 60.01% |

| | | | | | | |
|---------|--------|--------|--------|--------|-------|--------|
| Year 0 | 33.00% | 93.00% | 14.00% | 33.00% | 9.20% | 60.01% |
| T 1.2.4 | | | | | | |



OVERVIEW OF NEIGHBOURHOOD WITHIN MBHASHE

| SETTLEMENT TYPE | HOUSEHOLDS | POPULATION |
|-----------------|------------|------------|
| TOWNS | | |
| Dutywa | 1722 | 11075 |
| Gatyana | 1059 | 2 532 |
| Xhora | 639 | 2 280 |
| Sub-total | 3402 | 15 864 |

| | | |
|-------------------------|---------|------|
| URBAN POPULATION | | |
| Urban | 110 70 | 6.2 |
| RURAL POPULATION | | |
| Rural | 239 045 | 93.8 |
| Sub-total | 250 115 | 100 |
| INFORMAL SETTLEMENTS | | |
| Dutywa (GPO) | 222 | 557 |
| Dutywa (Zone 14) | 459 | 1900 |
| Gatyana (Police camp) | 217 | 590 |
| Agriculture | 131 | 207 |
| EmaBhaceni ⁹ | 57 | 103 |
| Sub-total | 1086 | 3357 |

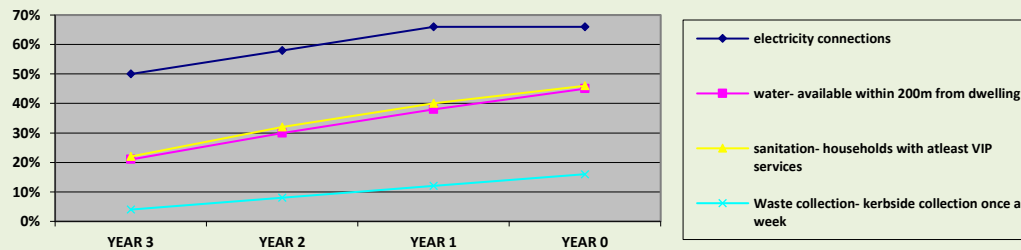
| NATURAL RESOURCES | |
|--|--|
| Major Natural Resource | Relevance to Community |
| Arable lands | High quality of soils suitable for crop production and animal farming |
| Forest assets or existing vast tracts of land for future forestation | Existence of high demand for wood products with longer return on investments |

| | |
|--|--|
| Fisheries and Marine | Proven untapped potential for aqua-culture business |
| Coastline natural beauty | Undeveloped tourism offerings at coastline can be used to solicit good revenue |
| Heritage tourism | Heritage tourism can also bring more revenue in community through the established routes as such Phalo routes. |
| Mining | Many communities in Mbhashe are endowed with mining opportunities such as granite and sand, however these communities are not licenced to mine. Such opportunities need to be explored |
| <p>COMMENT OF BACKGROUND DATA</p> <p>The primary sector agricultural activities taking place in Mbhashe Municipality is mainly focused on very low base crop production and livestock farming at subsistence can be improved. The sector is underdeveloped and not diversified and had a subdued contribution to both the GDP and the GVA. Small-scale and subsistence farmers in the Municipality are not producing at optimal levels, due to a number of constraining factors. It is, therefore, important that emerging farmers are supported in expanding their farming activities into viable and sustainable enterprises that will not only increase the income generated and jobs created by these activities, but will also grow sufficiently to form the basis of further beneficiation opportunities. The farming activities must also include the aqua-culture farming, forestry and animal farming.</p> <p>The development of the Tourism industry at Mbhashe LM is based on giving people a reason to come, a reason to stop, a reason to stay and a reason to spend. This means that any destination should first comprise a unique and specific asset, that people should be made aware of this asset in order to attract them to the destination, that they should be provided with a range of additional attractions and activities to ensure that they stay in the area for longer, which will then ensure that their money is spent at the location.</p> <p>Thus the municipality's strategic thrust is therefore, aimed at stimulating the development of the Tourism industry in Mbhashe Municipality, by taking full advantage of the unique cultural, coastal, historical and natural assets found in the Municipality. The purpose is therefore to ensure that these tourism attractions and activities are effectively developed and marketed, in order to establish Mbhashe Municipality as a unique and worthwhile tourism destination.</p> | |

| 1.3 SERVICE DELIVERY OVERVIEW |
|--|
| SERVICE DELIVERY INTRODUCTION |
| ROADS |
| <p>In terms of service delivery, Mbhashe Local Municipality managed to achieve the total number of 83 Key Performance Indicators. On roads the Municipality constructed 30KM of new Roads (Ward 2 at Gwadana 5kms, Ward 6 at Nombulelo 5kms, Ward 6 at Sihlabeni 5 kms, Ward 9 Colosa access 5kms, Ward 15 at Pewula 1.5 kms, Ward 17 at Thalimofu 3.5kms, Ward 19 at Xhora Mouth to Ndalatha 5kms) and maintained 315.1 KM of gravel roads, and Bridges in Qinqala Ward 17 Elliotdale and Vinindwa Ward 5 Dutywa are in construction and expected to be completed in 2018/19 financial year</p> <p>Community facilities: 2 Community Halls in Ward 15 and 24 are in construction stage, one (1) sport facility in Ward 25 is in construction stage and an animal pound in Ward 1 is in completion stage. The municipality has also managed to complete its intended target of 1 Community hall that will be user friendly to the community, and renovated 10 community halls.</p> <p>In Electricity the municipality achieved 3531 connections of non- grid in addition to previous years of 3000 and as well as 3628 grid (INCLUDE ESKOM CONNECTION).</p> <p>The municipality also managed to facilitate construction of 130 houses in Elliotdale in the 2017/18 financial year and the construction of 30 destitute houses in Madwaleni (Ward 32) and 100 destitute houses in all 12 wards at Dutywa has started except Ward 1.</p> |
| WASTE MANAGEMENT |
| <p>Mbhashe municipality is responsible for providing Waste Management services to its areas of jurisdiction. Waste Management Services is the main municipal service rendered by Mbhashe and as such should receive the requisite attention from the institution.</p> <p>Since the establishment of Mbhashe LM in 2000, this service has generally been provided to urban areas and surrounding townships of Dutywa, Willowvale and Elliotdale. As from this financial year the waste management services has been extended to all 32 wards of the municipality through rural waste programme.</p> <p>According to census 2011 report, Mbhashe is providing the waste management services to only not more than 5% of its households. It also worth noting that the National Waste Management Strategy enjoins all the Municipalities to have achieved waste management coverage by 2016. Mbhashe Local Municipality in responding to NWMS the following was achieved.</p> <ol style="list-style-type: none"> I. 100% of urban households II. 100% of rural households III. 100% of waste disposal sites have permits |

Using the above figures as a measure of success, Mphashe LM has succeeded in providing waste management services across the municipality.

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



COMMENT ON ACCESS TO BASIC SERVICES

From the above diagram, 100% of the population of Mphashe has access to the basic waste management services. The Municipality underperformed on achieving the planned number of Community Halls, Sport facility, and construction of bridges due to inclement weather and supply of materials. In terms of waste collection, the municipality is serving all wards including rural areas. Amathole managed to fast track rural sanitation in terms of VIP and providing water supply within 200m from each household, however there is still huge backlog for both water and sanitation.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Mphashe Local Municipality has experienced financial difficulties due to failure to generate sufficient income to meet operating expenses, debt commitments and maintaining service levels. The budget deficit experienced at the end of 2016/17 financial year has resulted in cash flow challenges which have resulted in delays in payment of service providers. The outstanding creditors at year end were settled in 2017/18 financial year. Outstanding debt is another concern for the municipality just as it is for all municipalities; therefore one of our main priorities was to focus our financial turnaround on debt collection. To enhance our debt collection processes the municipality utilized the services of a Debt Collector. This has yielded positive results as the municipality has managed to collect 130% on rates revenue of current budget projections by the end of the financial year. It is evident that the municipality has started to recover long outstanding debt by following up on customer queries and stakeholder engagements. However the municipality is still in the sound financial position and can be considered as a going concern, as its current assets exceeded its current liabilities at year end.

| Financial Overview: Year 0 | | | |
|----------------------------|--------------------|--------------------|--------------------|
| | | | R' 000 |
| Details | Original budget | Adjustment Budget | Actual |
| Income: | | | |
| Grants | 299 338 000 | 296 338 000 | 296 338 000 |
| Taxes, Levies and tariffs | 5 513 202 | 6 513 202 | 8 457 201 |
| Other | 115 279 906 | 70 704 906 | 40 798 001 |
| Sub Total | 420 131 108 | 373 556 108 | 345 593 202 |
| Less: Expenditure | 491 141 452 | 444 566 452 | 350 842 660 |
| Net Total* | -71 010 344 | -71 010 344 | -5 249 458 |

| Operating Ratios | |
|------------------------------|-----|
| Detail | % |
| Employee Cost | 31% |
| Repairs & Maintenance | 12% |
| Finance Charges & Impairment | 16% |

COMMENT ON OPERATING RATIOS:

Employee Costs

The employee costs are 31% of the total operating budget. This is within the threshold of 25% to 40% guideline set by National Treasury. This allows the municipality to use its budget for other municipal functions. The spending of the personnel was at 99% for the year under review, this was due to alignment of EPWP personnel budget and implementation of stringent controls over additional allowances paid over to employees.

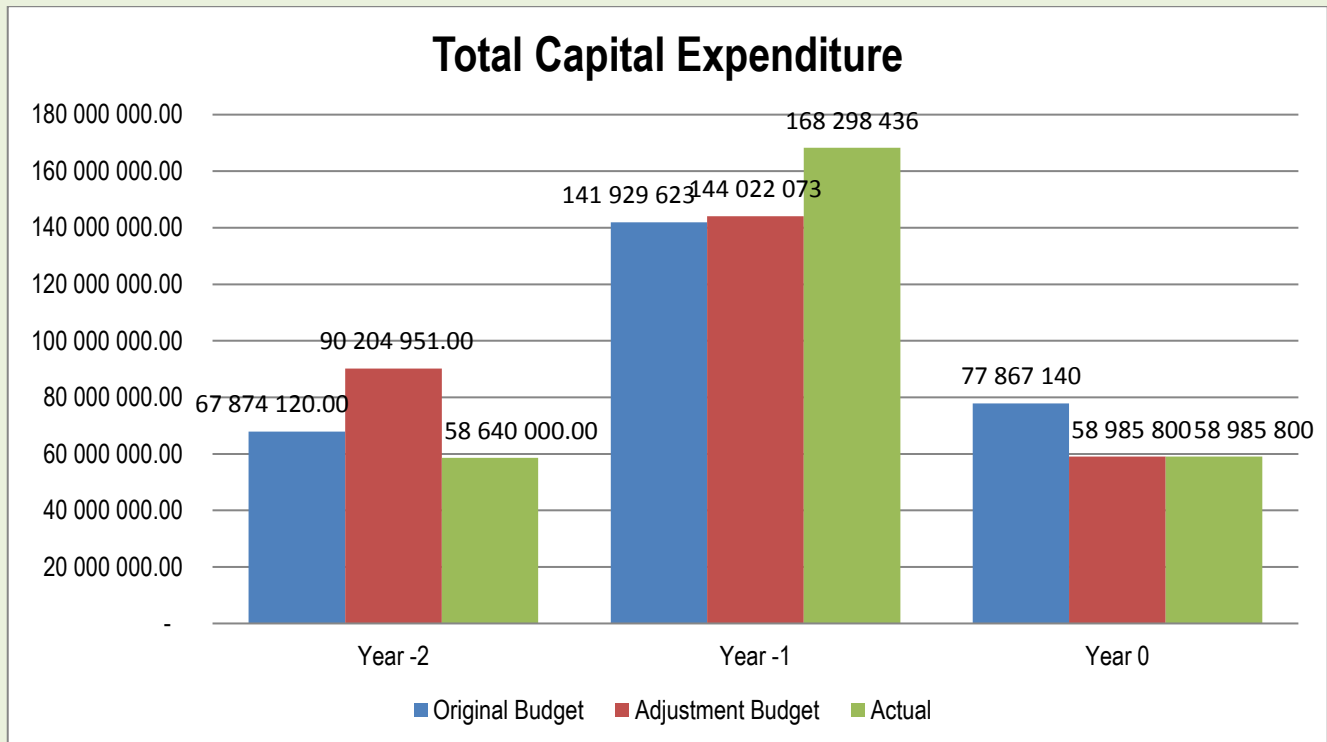
Repairs and Maintenance

These costs are at 12% of the total budget. This is above the recommended threshold of 8% of the operating budget. This improvement is due to the municipality having an approved road maintenance plan, which has been quantified and is monitor on an ongoing basis.

Finance Charges

The non-cash items costs are at 16%. This is due to provision for depreciation and doubtful debt which the municipality is required to budget for annually. The increase is due to additions to assets which have been capitalised in the year under review. These non-cash items are not funded in the budget, this status will have to be addressed in the coming years.

| Total Capital Expenditure: Year -2 to Year 0 | | | |
|--|-------------|-------------|------------|
| | | | R'000 |
| Detail | Year -2 | Year -1 | Year 0 |
| Original Budget | 141 929 623 | 158 211 413 | 77 867 140 |
| Adjustment Budget | 144 022 073 | 148 557 663 | 58 985 800 |
| Actual | 168 298 436 | 118 020 529 | 58 985 800 |



COMMENT ON CAPITAL EXPENDITURE

The original capital budget for the 2017/2018 amounted to R 77 867 140. During the adjustment budget the capital budget was reduced to R 58 985 800 which is equal to 25% reduction of the original budget with R 58 985 800 actual expenditure

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Mbhashe Local Municipality has embarked on a number of projects and programmes to improve its performance. Its organisational structure is reviewed annually to ensure that it remains relevant to the strategic objectives of the municipality as reflected in the Integrated Development Plan. The municipality has organisational structure which was last reviewed on the 28th June 2017. An organizational structure review will ensure that the municipality continues to deliver on its constitutional mandate and remains aligned with the IDP. The organisational performance at organisational level is managed and evaluated through the Service Delivery and Budget Implementation Plan (SDBIP) top layer, down to the departmental layer through departmental SDBIP. Performance Management has been cascaded down from TG 16 up to TG 12. The National Treasury has identified officials in municipalities who must have the prescribed minimum competency qualifications. This is aimed at ensuring sound financial management in the local government sector. The municipality has a workforce of approximately 264 permanent employees. The municipality has managed to place 49 Interns. All Senior Managerial positions in terms of Section 56 have been filled.

| Highlights | Description |
|--|---|
| 20 Job Descriptions submitted for evaluation | 10 Job Descriptions evaluated and audited |

1. CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

| Challenge | Actions to address |
|---|---|
| Successful re-evaluation of job descriptions received on a regular basis from the different departments | Submit duly completed and signed job descriptions for re-evaluation to TASK Evaluation Unit/Committee and TASK Audit Unit/Committee |
| Full functioning of Occupational Health & Safety Overhead Committee | Arrange OHSO Committee meetings every 3 months and submit to Council |
| Human Resource Plan not in place | Develop HR Plan and submit |
| Non-submission of EE Plan for adoption before July | Develop EE Plan and submit to Council for adoption |

1.5.2

Employees' pension and medical aid

Information regard to employees' pension fund and medical aid is reflected below:

| Name of the Pension Fund | Number of members | Name of medical aid societies | Number of members |
|--------------------------|-------------------|-------------------------------|-------------------|
| | | | |

| | | | |
|---|----|------------|----|
| Eastern Cape Group Municipal Pension Fund | 86 | Bonitas | 39 |
| CRF | 77 | Key Health | 24 |
| MEPF (Akani) | 6 | SAMWU Med | 33 |
| MCPF | 0 | Hosmed | 69 |

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT YEAR 0 (CURRENT YEAR)

The municipality has received an unqualified audit opinion with matters of emphasis in 2017/18 financial year. The emphasis of matters raised by Auditor general relate to:

i. Restatement of corresponding figures in the AFS, ii. Impairment losses and iii. Irregular expenditure amounting to R136 million.

The municipality will start with the development of an audit action plan by the administration that will be submitted to the Council for adoption which will be monitored continuously on a quarterly basis by the all oversight structures of the council. This effort is done to ensure that the municipality maintains the opinion where if possible would strive to improve the outcomes of the Auditor general.

Relevant stakeholders will be consulted on the developed audit action plan so as to track the attainability of actions to address the issues raised

A detailed report will be attached in Chapter 6 of the annual report as required.

1.7. STATUTORY ANNUAL REPORT PROCESS

| MUNICIPAL ANNUAL REPORT PROCESS ACTION PLAN FOR FY 2017/18 | | | | |
|--|---|--------------------------|-------------|------------------------------------|
| Nr | Description of activity | Timeframe | Actual Date | Responsible Person/ Department |
| 1 | Prepare Annual Report information as per the National Treasury format including the Annual Performance Report | 10 July – 10 August 2018 | | Operations and All Senior Managers |
| 2 | Tabling of the draft Annual Report to the Management team | 13-Aug-18 | | Senior Manager Operations |

| | | | | |
|----|--|------------------------------|--|---------------------------|
| 3 | Tabling of the Annual Report to Audit Performance Committee | 17-Aug-18 | | MM |
| 4 | Tabling of the Annual Report to the Mayoral Committee | 20-Aug-18 | | MM |
| 5 | Council to submit un-audited Annual report to MPAC for verifying of councils' directive on service delivery & senior managers (Section 56) performance against signed performance agreements | 22-Aug-18 | | MM |
| 6 | Tabling of the un-audited Annual report to Council. The Annual Report submitted complies with the requirements of Section 121(3)(a-k). | 29-Aug-18 | | Executive Mayor |
| 7 | Submission of un-audited Annual Report to Auditor-General including the Annual Financial Statements and Annual Performance Report | 31-Aug-18 | | MM |
| 8 | Public participation process for Annual Report in terms of Section 130 of MFMA | 31 October – 2 November 2018 | | MPAC |
| 9 | Municipality considers AG's report on the audit of the Annual Report and complies with Section 126 (5) | 30 Nov 18 | | Municipal Manager |
| 10 | Convening of the MPAC to consider the Annual Report. This must be concluded within 7 days of receipt of AGs report. | 30 Nov 18 | | MPAC/Speaker's Office |
| 11 | Executive Mayor tables audited Annual Report and financial statements to Council | 12 Dec 2018 | | Executive Mayor |
| 12 | MPAC tables the Oversight report to the Council | 12 Dec 2018 | | MM/Speaker's Office |
| 13 | Adoption of the Oversight Report by Council in terms of Section 129 of the MFMA | 12 Dec 2018 | | Council |
| 14 | Publicizing of the Annual Report for public comments in terms of Section 127 (5) (a) of the MFMA (after adoption by Council) | 17 Dec 2018 | | Senior Manager Operations |
| 15 | Publicizing of the Oversight Report as per Section 21(a) of the Municipal Systems Act and Section 75 of MFMA | 17 Dec 2018 | | Senior Manager Operations |
| 16 | Submission and circulation of the Annual Report, Annual Financial Statements and Oversight Report to Provincial Legislature in terms of Section 132 (1 & 2) of the MFMA | 17 Dec 2018 | | MM |

COMMENT ON THE ANNUAL REPORT PROCESS:

There has been an improvement in the Annual report process for the year under review. The municipality is currently working on setting up business processes that will ensure that quarterly performance reports culminate into the annual report process.

In addition, an Annual performance report has been developed which also assesses the performance of service providers for the year under review.

The annual report of 2017/18 was compiled in accordance with requirements of section 121 of the MFMA, 56 of 2003 and section 46 of MSA, 32 of 2000 as well as the format prescribed by National Treasury and the purpose of the report is

- to provide feedback on the activities of the municipality
- to provide a report on performance in service delivery and budget implementation for year end
- to promote accountability to the community for the decisions made from July 2017 to June 2018

This Annual Report has been developed according to the provisions of circular 63 of the MFMA which indicates that real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget and SDBIP, in year reports, Annual Financial Statements, Annual Performance Report and the Annual Report.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Mbhashe Local Municipality is constituted in terms of Section 12 read with Section 18 of the local government Municipal Structures Act no 117 of 1998 and consists of 63 Councilors and 12 Traditional Leaders. The Municipality is categorized as an Executive committee type of a Municipality. The political arm of the municipality includes the Executive Mayor, members of the Mayoral Committee, the Council Speaker and the Council's Chief Whip of the Council.

In its most abstract sense, governance is a theoretical concept referring to the actions and processes by which stable practices and organization arise and persists. These actions and processes may operate in formal and informal organization of any size; and they function for any purpose, good or evil, for profit or loss.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Political governance in our municipality consists of the set of processes, customs, policies, laws and institution affecting the way people direct, administer or control and organisation. It also includes the relationships amongst the many players involved and the organisational goals.

The principle players include the communities, management and Councillors. Other stakeholders include employees, service providers, customers, businesses, political parties, community organisations and regulators

The Council operates on a Mayoral Type System. The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Mayor:-

COUNCIL

POLITICAL STRUCTURE (WITH PHOTOS)

1. Executive MAYOR: Cllr. Samkelo Nicholas Janda (ANC)



2. SPEAKER: Cllr. Babalwa Majavu (ANC)



3. CHIEF WHIP: Cllr. Mandla Sibingibingi (ANC)



4. MPAC CHAIRPERSON: Cllr. Siphiso David Kaliti (ANC)



MAYORAL COMMITTEE

- 5. Cllr. N Mlandu - No Portfolio (ANC)**
- 6. Cllr. N Mkhedamo Portfolio Head - SPU (ANC)**
- 7. Cllr. M. Mbomvu Portfolio Head - Community Services (ANC)**
- 8. Cllr. M Mcotsho Portfolio Head - Infrastructure Services (ANC)**
- 9. Cllr. X.O Willie Portfolio Head - Budget and Treasury (ANC)**
- 10. Cllr. N. Ngomthi Portfolio Head - Corporate Services (ANC)**
- 11. Cllr. C Genyane Portfolio – Good Governance and Public Participation (ANC)**
- 12. Cllr. Mantshiyose Portfolio Head - Local Economic Development and Environment (ANC)**

Mbhashe Municipality comprises of a total of 63 Councillors of which 32 are Ward Councillors and the other 31 are Proportional Representative (PR) Councillors. The Council also has 12 Traditional leaders. Council continues to operate on an Executive Committee System. Out of 32 wards 30 wards are ANC controlled whilst the 2 wards are controlled by Independent Councillors. As at end of June 2018 the municipality had 62 Councillors due to the passing of one (1) ANC councillor in Ward 29.

COUNCILLORS

| PARTY NAME | NUMBER OF SEATS (Wards + PR) | | |
|----------------------------|------------------------------|-----------|-----------|
| | WARD | PR | TOTAL |
| African National Congress | 30 | 17 | 47 |
| Congress of the People | 0 | 1 | 1 |
| United Democratic Movement | 0 | 9 | 9 |
| Democratic Alliance | 0 | 2 | 2 |
| Economic Freedom Fighters | 0 | 2 | 2 |
| Independent Councillors | 2 | 0 | 2 |
| TOTAL | 32 | 31 | 63 |
| | | | |

Table 2.1.3

POLITICAL DECISION TAKING

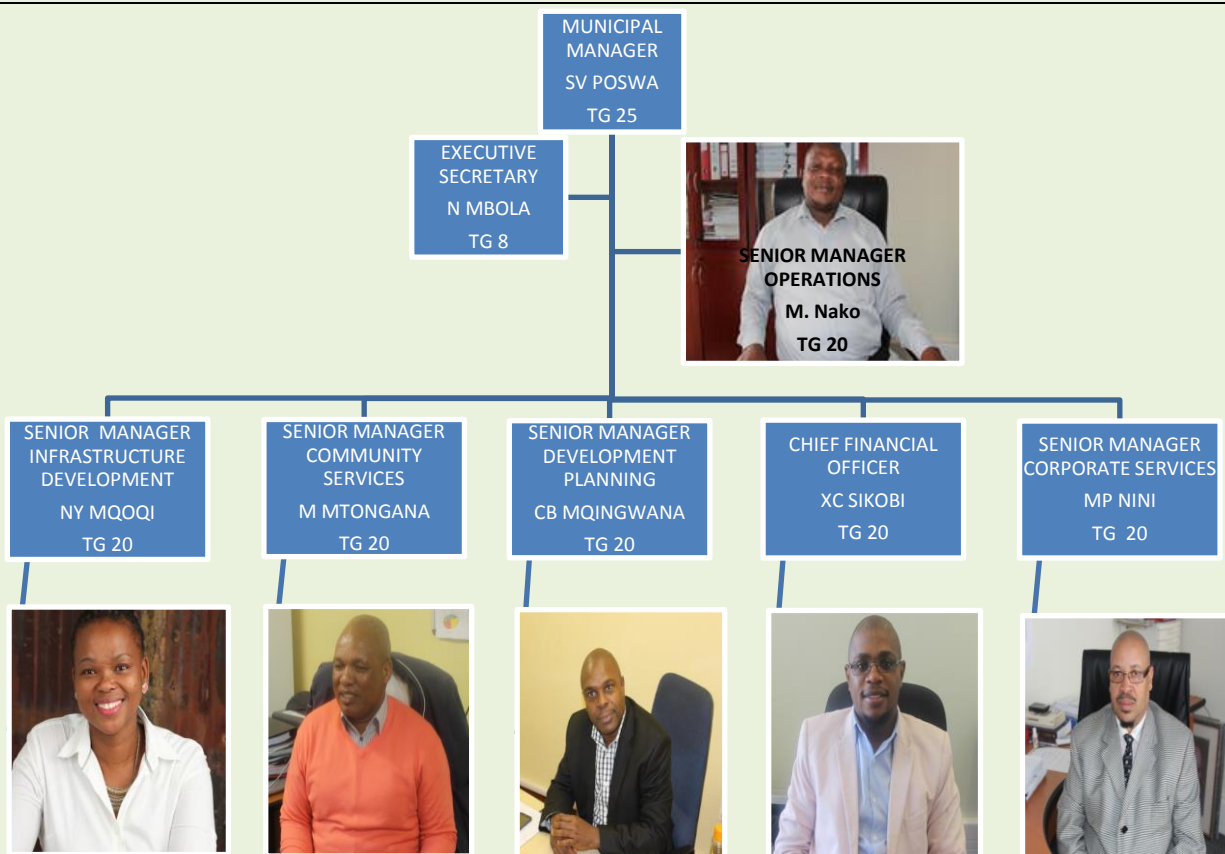
The municipality has processes that take decisions up to the Council. The items that need decision start from management, standing committees, Mayoral Committee and then to the Council. Each of the Committees deliberate on matters that fall within the specific terms of reference of that particular Committee as stipulated in the delegation framework, who in-turn make recommendations to the Executive Mayor who works with the Mayoral Committee for approval, or where necessary for endorsement by the Mayoral Committee for final approval by the full Council. Any matter that has financial implications has to be discussed by the management before it is recommended by the Executive Mayor and approved by the Council.

2.2 ADMINISTRATIVE GOVERNANCE

Municipal Manager is the head of the administration. Senior Manager Development Planning advises Municipal Manager on matters of town planning, housing and Local Economic Development and matters of land use management. Senior Manager Corporate Services advises MM on Human Resource issues, HR management, ICT, document management and facilities, Chief Financial Officer advises the municipal manager on financial management, supply chain management, financial reporting and asset management. Senior Manager Infrastructure advises MM on roads and storm water, electrification. Senior Manager Community Services advises MM on road safety and security services, waste management, free basic services, disaster management and EPWP works program. Senior Manager Operations advises MM on issues of governance, Integrated Development and in the development of all strategic documents and on internal planning issues.

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE STRUCTURE





The above diagram depicts the Senior management structure of Mbhashe and all posts were filled and other senior management posts contracts were expiring during 2017/18 financial year and the process of filling the posts commenced.

The Municipal Manager's contract came to an end in August 2017 and the new Municipal Manager was appointed in December 2017. Senior Manager Community Services his contract came to an end in February 2018 and the position was filled in June 2018. Senior Manager Operations position became vacant from December 2017 and was filled in July 2018.

Departments and reporting are aligned to the Local Government 5 Key Performance Areas which are as follows:

- Service Delivery reporting is done by Infrastructure Development, Community Services and Development Planning
- Local Economic Development reporting is done by Development Planning
- Municipal Financial Viability its Budget and Treasury Office that reports,
- Municipal Transformation its Corporate Services and
- Good Governance, which is mainly the Municipal Managers Office

Senior Management meets every Monday and an extended Management meeting is held on the first Monday of every month. These meetings are mainly for planning, reporting and scheduling work.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Mbhashe Local Municipality remains totally committed to good governance. The organization is structured in such a way that ensures that the eight major characteristics required for good governance are enshrined in its operations. This ensures that a municipality is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of the law. The municipality also takes the issue of Corruption seriously and is trying to minimize it, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

The system that the municipality followed included processes through which the municipality's objectives are set and pursued in the context of social, regulatory, political, technological, economical and market environment. These included mechanisms to monitoring the actions, policies and decisions of the municipality and its service providers. These practices then are affected by the attempts to align the interest of all stakeholders, including national and provincial government, district municipality, businesses, non-governmental organisation, community based organisation and communities.

The municipality participates in the South African Local Government Association (**SALGA**) **conferences** during the start of the term of councils where the leaders of the National Executive Committee are being elected. The municipality also participates in the SALGA National Members Assemble which is being held each and every year to check the status and progress of the resolutions which were taken in the conferences, The municipality also participate in other structures, programs and forums of the province such as SALGA working groups, EPWP provincial steering committee, Provincial waste Forum and COGTA EC MIG Forum etc.

The municipality has a functional Intergovernmental Relations forum and has also adopted an IGR cluster approach.

The municipality is participating in the Eastern Cape Provincial Political and Technical MUNIMEC. This platform in our view is a relevant space to engage and unlock challenges facing municipalities in the province.

RELATIONS WITH MUNICIPAL ENTITIES

The municipality has good relations with Amathole District Development Agency, trading as ASPIRE.

DISTRICT INTERGOVERNMENTAL STRUCTURES

There are forums that were established by the district municipality and Mbhashe municipality participates in the forums of the district municipality such as DIMAFO which is attended by Local Municipality Mayors, Municipal Managers, state owned enterprises and government departments that

are within Amathole. This forum assists municipalities to have the common understanding and be able to discuss development issues that affect the district at large. There are also other forums at the district level support team where the municipality is attending.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality has a relationship with its citizens that can take many forms. In some cases the municipality has a legislative requirement to involve communities in its decision making. A majority of municipal records and reports must also be accessible and available to the public. These reports provide information about the services and activities of the municipality. The municipality has improved on its public participation programmes as there are many community based meetings that were held in the year under review. This is largely due to the detailed representation and understanding by communities on programmes and decision making process in the municipal environment.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Mbhashe municipality has a comprehensive 5 year communication strategy developed in 2017 which is reviewed annually. The municipality is also having the active website which is being updated on a regular basis.

Public Participation and Communication

Public participation is a principle that is accepted by all spheres of government in South Africa. Participation is one of the cornerstones of our democracy and has equal benefits for politicians, public servants and civil society:

- Consultation will help government make more appropriate decisions based on the real needs of people
- The more informed people are, the better they will understand what government is trying to do and what the budget and resources limitations are
- Public representation can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key government decisions.

Government cannot address all the development needs on its own and partnerships are needed with communities

Imbizo's and public meetings are important methods used for consultation with the public and imbizo's are meant to encourage participation and allows the public from a particular area to interact directly with the executive. Mayoral Committee conducts Imbizos annually to give feedback to communities where government departments are expected to attend,

Public meeting and report-back meetings

Public representatives often use public meetings to inform the public issues or consult them around specific development or other programmes. Public meetings are also to report back on government

programmes. Public servants maybe asked to participate in these meetings to provide technical support and information and hear the public's views and concerns.

Ward Councillors

Ward councillors are the representatives of specific geographic areas and are ideally placed to be the link between the people and the municipality. They should bring people's needs and problems to the municipality and consult and inform the community around municipal services and programmes.

Ward committees

Ward committees are from different sectors in communities. Ten members are elected in each ward to assist and advise the ward councillor and increase community participation. They can be very usefully for spreading information, assessing needs, building partnerships, consulting the community and picking up local problems with service delivery.

In the current year, the municipality has Ward Committees in all 32 Mbhashe wards

Community Development Workers (CDWs)

Community development workers are deployed by government to work in communities to make sure that people can access government services. They have to give advice, help people with problems, assess needs and work with local organisation to build partnership with government.

They usually know the community well, have good contact with organisations and can help to do consultation, do research, spread information and monitor implementation. CDWs should work closely with ward councillor and ward committees.

However the challenge that is facing the Mbhashe area is that in fourteen (14) wards there are no CDW's due to death or resignation and the Department of Local Government is taking a snail pace in filling the vacant positions since 2010. This also impacts negatively in the implementation of "Operation Masiphathisane" which is in another platform that was created by government to bring services to the people and to enhance participation, and the absence of the CDWs in other ward handicaps this initiative as CDWs are expected to be the secretaries in the war room meetings also known as Operation Masiphathisane.

There is another platform for public participation that is used by the municipality which is called IDP Rep Forums. The municipality also deals with public requests and complaints through a petition system and customer care service where there is a unit within the municipality to deal with the complaints.

| Public Meetings | | | | | | |
|-------------------------------|----------------|---|--|---------------------------------------|----------------------------------|--|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| MAYORAL IMBIZO | 2017/11/15 | 4 | 10 | 150 | PRIORITIES & ANNUAL PERFORMAN CE | 10-13 April 2018 the feedback was given to communities in a form of roadshows |
| | 2017/11/16 | 18 | 10 | 170 | PRIORITIES & ANNUAL PERFORMAN CE | 10-13 April 2018 the feedback was given to communities in a form of roadshows |
| | 2017/11/17 | 18 | 10 | 195 | PRIORITIES & ANNUAL PERFORMAN CE | 10-13 April 2018 the feedback was given to communities in a form of roadshows |
| IDP/BUDGET ROADSHOWS | 2018/04/10 | 12 | 10 | 180 | IDP& BUDGET | The feedback will be given in the IDP/BUDGET Rep Forum meetings which will be held in the units for each quarter in 2018/19 financial year |
| | 2018/04/11 | 18 | 36 | 180 | IDP& BUDGET | The feedback will be given in the IDP/BUDGET Rep Forum meetings which will be |

| | | | | | | |
|---------|------------|----|----|-----|-------------|--|
| | | | | | | held in the units for each quarter in 2018/19 financial year |
| | 2018/04/12 | 18 | 32 | 150 | IDP& BUDGET | The feedback will be given in the IDP/BUDGET Rep Forum meetings which will be held in the units for each quarter in 2018/19 financial year |
| | 2017/04/13 | 18 | 28 | 175 | IDP& BUDGET | The feedback will be given in the IDP/BUDGET Rep Forum meetings which will be held in the units for each quarter in 2018/19 financial year |
| | | | | | | |
| T 2.4.3 | | | | | | |

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Mbhashe municipality has made every effort to ensure maximum participation by members of the local community in the development of the IDP. The representative forum meetings in August, November 2017, March and May 2018 are held per unit and invite all the relevant stakeholders for that unit. The communities are afforded an opportunity to engage with the presentations done by the municipality and their comments or inputs are being consolidated to the final report. They involve interaction with communities at ward levels and interactions with the reference groups which represented various stakeholders of the municipalities.

A number of development challenges were raised during these interactions. These issues have in turn been aligned with key development thrust for the municipality. The key development thrusts include:

- Construction of roads and road maintenance.
- Unemployment

- Poverty eradication, rural and economic development and job creation
- Financial sustainability (e.g. revenue enhancement)
- Spatial development and the built environment
- Human settlement
- Public transport
- Environmental Management and climate change
- Social and community services

2.5 IDP PARTICIPATION AND ALIGNMENT

| 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 and 56 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 | |

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance broadly refers to the mechanism, processes and relations by which corporations are controlled and directed. Governance structures identified the distribution of rights and responsibilities among different participants in the corporation, and include the rules and procedures for making decisions in corporate affairs.

Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies and decisions of corporations and their agents. Corporate governance practices are affected by attempts to align the interests of stakeholders.

For good governance practices these committees need support in relation to the following:

- Integrated reporting and levels of independent assurance
- How the combined assurance framework addresses all significant risks; and
- The practicalities of how the risk committee works with the audit committee

In our endeavour to practice good governance, the municipality strives to implement the following principles in all its activities:

- Rights and equitable treatment of shareholders
- Interest of other stakeholders
- Role and responsibilities of the various committee's members
- Integrity and ethical behavior
- Disclosure and transparency

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk management is the systematic and formalized process to identify assesses, manage and monitor risks. The unit has the responsibility of coordinating and supporting the overall institutional risk management process. The process of identifying, assessing and managing risk remains the responsibility of management.

Risk Management was introduced in Mbhashe Local Municipality during the 2010/2011 financial year based on the legislative mandates and to derive the benefits that would enhance the effectiveness and efficiency of the institution in meeting its obligation as stated below. The following risk registers are available:

- Risk Implementation Plan
- Strategic Risk register
- Operational Risk register
- ICT Risk register
- Fraud Risk register

Risk Management is institutionalized and has been implemented both at operational and strategic levels in the Municipality. Operationally, each Department has a Risk Champion, consultative session taking place and departments are reporting on risk on monthly basis. Operational risk registers are updated monthly. Fraud risk registers are updated per department quarterly. Fraud and Anti – Corruption Policy and Framework has been adopted by Council. Further to this and to fulfil information and Communications Technology (ICT) governance requirements an additional separate ICT Risk Register and Risk Champion exist.

Mbhashe Local Municipality had two risk committee meetings on 28 September 2017, 28 March 2018 during 2017/2018 financial year. Risk management has been institutionalized by departments which involves monitoring of risk taking place on a regular basis.

During fourth quarter we conducted risk assessment, which is the process of quantifying or qualify levels of risk, 13-15 June 2018 prioritize the most important risks. Inherent risks were assessed to establish level of exposure and residual risks assessment to determine the actual remaining levels of risk.

When dealing with risk we checked the assessment tables wherein each risk is evaluated in terms of potential impact. Risks which are irrelevant were removed from each department, some of the matters have removed and transferred to other department.

We identified fourteen new strategic risks:

KPA 1: Inadequate ICT management and inadequate capacity.

KPA 2: Public protest and withholding of grants.

KPA 3: Unsustainable local economic growth and failure to attract investors.

KPA 4: Misappropriation of funds; negative audit outcome; financial and poor asset management.

KPA 5: Inadequate political oversight; fraud and corruption; inadequate planning; high exposure to litigation.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality developed an Anti-fraud and Anti-corruption strategy which is currently implemented. Fraud risk registers are updated quarterly. Fraud and Anti – Corruption Policy and Framework has been adopted by Council. Further to this and to fulfil information and Communications Technology (ICT) governance requirements an additional separate ICT Risk Register and Risk Champion exist.

2.8 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council. Section 117 of the MFMA states that: “No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer.” The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee

- A bid evaluation committee
- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management." The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members, all five of them have completed the minimum competency requirements.

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy was reviewed during the 2017/18 financial year and submitted for approval by Council on the 31 May 2018. The SCM policy is currently fully aligned to the Regulations, the few amendments to the SCM Policy was mainly to address the issue of deviations i.e payments to educational institutions (in terms of the bursary policy), licensing of vehicles payments of subscriptions to professional bodies (SALGA, IMFO, IIA etc) these were previously done through deviation and will now be included in the policy.

Furthermore three other policies dealing with SCM were submitted for review with no proposed changes and the policies are as follows: Commodity Based Procurement Policy, SCM Turnaround Policy and Standard on Infrastructure Procurement and Delivery Management.

The Municipality utilized SAGE EVOLUTION ADVANCED PROCUREMENT SYSTEM which is one of the modules of the integrated finance system for the day to day procurement of goods and services.

Between R30 000 and R200 000 a 7 day notice procurement process is followed with adverts placed in the website as well as Municipal notice board in all three units (Dutywa, Elliotdale and Willowvale). Upon closing, a register with all the relevant information is kept at the SCM office. The bids are then evaluated and a report is compiled where recommendations are captured and approved.

Open tenders with the value of R200 000 and above follow the three Bid Committee System namely; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. The Committee members are appointed in writing by the Municipal Manager. The Municipal Manager has strengthened the functioning of the bid committees by including members of management across all three committees. Furthermore regular trainings are provided, this has resulted in all bid committee being clear of their roles and responsibilities thus achieving full efficiency.

The PPPF Act thresholds (including regulations thereof), BBBEE Act and points allocation are applied. The 80/20 split applied to all contract values below R50 million and 90/10 to all above R50 million, in line with Preferential Procurement Regulations.

Contract Management

There is still room for improvement in so far as contract management is concerned, buy-in from departments is also being sought to ensure that everyone plays a role in monitoring contracts. A comprehensive contract register is in place and is monitored on a monthly basis to track spending and performance on each contract.

Code of Ethics

All Supply Chain Management practitioners, and members of the three Bid Committees, are required to sign a Code of Ethics as approved by Council annually. The approved code is based upon the Code of Ethics issued by National Treasury. At all Bid Committee Meetings the members have to declare their interests as part of the standing rules and approved terms of reference of the Bid Committees. New Bid Committee members were appointed by the Municipal Manager to participate in the 2017/18 financial year.

Training and Competency

In accordance with the requirements of Section 8 of the SCM Regulations, as well as Section 83 of the MFMA, all SCM Practitioners must have a minimum level of competency, and the training of staff to meet the requirements is on-going. All of the five (05) SCM permanent staff have met the competency requirements.

General SCM Matters

The Supply Chain Management office is fully staffed and there were no vacant positions during the financial year.

The SCM unit on a quarterly basis reviews transactions so as to investigate any instances of Irregular Expenditure. The aim is to ensure that there is no new Irregular Expenditure incurred other than the one recurring from previous irregular contracts. This is one of the steps to achieving a clean audit.

2.9 BY-LAWS

- Accommodation Establishment By-law was developed in the 2017/18 financial year:-

The by-law was adopted by council as a draft, however public participation still has to be done before the final approval and gazetting of such by-laws in the 2018/19 financial year.

The following By-laws were under review

- Building Control By-law
- Unsightly and neglected building By –law
- Street Trading By- Law
- Advertising By-Law

The above listed by-laws are waiting promulgation processes

- Taxi and Taxi Ranks By-law
- Liquor Trading Hours By-law
- Traffic By-law

The by-laws were adopted by council as draft, however public participation still has to be done before the final approval and gazetting of such by-laws in the 2018/19 financial year.

2.10 WEBSITES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets and budget related documents and policies. The municipality had a challenge with its website which was later rectified in 2017/18 and has since been functional, and documents are uploaded regularly.

| Municipal Website: Content and Currency of Material | | |
|---|----------|---|
| Documents published on the Municipality's / Entity's Website | Yes / No | Publishing Date |
| Current annual and adjustments budgets and all budget-related documents | Yes | Annual Budget 07 June 2017. Adjustment budget 06 February 2017 |
| All current budget-related policies | Yes | 03 July 2017 |
| The previous annual report (Year -1) | Yes | December 2017 |
| The annual report (Year 0) published/to be published | Yes | January 2018 |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | Yes | August 2017 |
| All service delivery agreements (Year 0) | Yes | |
| All long-term borrowing contracts (Year 0) | No | n/a |
| All supply chain management contracts above a prescribed value (give value) for Year 0 | Yes | |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | Yes | |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | | |
| Public-private partnership agreements referred to in section 120 made in Year 0 | No | n/a |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 0 | Yes | |
| | | |

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

T 2.10.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

A Public Satisfaction Survey was conducted in May 2016 and a report thereof is available.

2.12 ALL MUNICIPAL OVERSIGHT COMMITTEES

- MPAC
- Audit Committee

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Basic service is the most key focus function of the municipality. In Mbhashe LM basic services is provided by three internal departments, namely, Infrastructure Services, Community Services and Planning & Development. Focus areas for basic services are as follows: municipal roads and storm water, infrastructure community services (community halls etc), electrification (community lights & households connection), solid waste, traffic, environmental management, libraries (agent for DSRAC), disaster management function, land use management, building regulations and human settlements. Water and Sanitation services are rendered by Amathole DM which is the Water Service Authority (WSA) and also Water Services Provider (WSP).

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

3.1 ROADS

Mbhashe Local Municipality has some key service achievements that came to completion during the year 2017/18 namely, the provision of 30KM of Roads and Storm Water that are of a good quality, safe & trafficable as per applicable standards, total of 315.1 KM Roads were maintained, 2 No. of Community Halls in Ward 15 and 24 are in construction stage, 8361,5m² of paving has been done, 45 hawkers stalls have been installed at Ward 1, one sport facility in construction stage at Ward 25, and an animal pound in Ward 1 is in completion stage. A total number 3531 households were connected with non-grid through DOE in addition to previously installed 3079 household, moreover in INEP 967 households were connected with grid.

The municipality also managed to facilitate construction of 130 houses in Elliotdale rural in the 2017/18 financial year.

3.2 WASTE MANAGEMENT

Although the Census 2011 information identifies Mbhashe LM as providing the waste management services to only 4% of the total Mbhashe households, there has been a drastic change in the 2016/17 financial year. Full coverage of the area, including the rural areas, at an acceptable level of service (a minimum of five times a week in the case of urban centers and the surrounding low cost and informal settlements; three times a week in the case of rural areas), has been achieved. This arrangement far surpasses the national norm of a minimum of once a week.

The main challenges is still with the management and operation of the landfill sites. Currently, Dutywa and Willowvale sites are licensed for closure. Both Willowvale and Dutywa landfill sites have been fenced in preparation for their rehabilitation. Aurecon is tasked with the rehabilitation and ultimate closure of the two sites. The Dutywa Waste Transfer Station project that was constructed by ADM has since been transferred to Mbhashe for final completion.

In the case of Elliotdale, the site is permitted to operate and the contractor has been appointed to upgrade the site, but due to poor performance, the contractor was terminated.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

ESKOM is the licensed distributor of electricity in the whole area of Mbhashe LM. Mbhashe, therefore Municipality is not a licensed distributor of electricity; Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification has been received by Mbhashe LM for Shixini and Ntsimbakazi Electrification Programme. As at the end of 2017/18 financial year, there are approximately 322 households remaining at Shixini, and 807 households remaining in Ntsimbakazi. There are additional number of villages from Mnquma Local Municipality that has since been moved to Mbhashe LM due to demarcation which has increased the Municipal backlog. Mbhashe Local Municipality is one of the municipalities in the Eastern Cape that provides the communities with the Solar System (non-grid electrification) where 3531 Households have been installed in 2017/18 financial year. According to the Stats SA Census 2011, electricity is used by about 50% households for lighting, which says in other way that the electricity backlog is about 29% 17771 households. Wood is used predominantly for cooking and heating purposes at 40% and 50% households respectively, causing a high pressure to environmental balance. For cooking, electricity is the most preferred form of energy at 37% followed by paraffin at 15%. Paraffin and Candle are competing at 14% each for lighting next to electricity. Paraffin and electricity are the second and third sources of heating at 23% and 15% respectively. The overall situation of use of energy by households is presented in table and figure at the right and hereunder.

| Electricity Services Delivery Levels | | | | |
|--|------------|------------|------------|------------|
| Description | Year-3 | Year-2 | Year-1 | Year-0 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| Energy: (above minimum level) | | | | |
| Electricity (at least min.service level) | 40101.00 | 41033.00 | 43694.00 | 44661.00 |
| Electricity - prepaid (min.service level) | 40101.00 | 41033.00 | 43694.00 | 44661.00 |
| Minimum Service Level and Above sub-total | 80202.00 | 82066.00 | 87388.00 | 89322.00 |
| Minimum Service Level and Above Percentage | 100% | 68% | 100% | 100% |
| Energy: (below minimum level) | | | | |
| Electricity (< min.service level) | 20023.00 | 19091.00 | 16430.00 | 15463.00 |
| Electricity - prepaid (< min. service level) | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | |
|--|-----------------|------------------|-----------------|-----------------|
| Other energy sources | 30262.00 | 22170.00 | 16430.00 | 15463.00 |
| Below Minimum Service Level sub-total | 50285.00 | 412161.00 | 16430.00 | 15463.00 |
| Below Minimum Service Level Percentage | 60124.00 | 60124.00 | 60124.00 | 60124.00 |
| Total number of households | 83% | 32% | 27% | 26% |

| Employees: Electricity 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 | | | | | |
| 10 - 12 | 3 | 3 | 2 | 1 | 33% |
| 13 - 15 | | | | | |
| 16 - 18 | | | | | |
| 19 - 20 | | | | | |
| Total | 3 | 3 | 2 | 1 | 33% |

| Financial Performance Year 0: Street Lights | | | | | |
|---|------------|-----------------|-------------------|--------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | - | - | - | 0% |
| Expenditure: | | | | | |
| Employees | 488,596.00 | 596,529.00 | 596,529.00 | 596,526.00 | 0% |
| Repairs and Maintenance | 389,950.00 | 2,104,000.00 | 1,757,643.00 | 1,727,616.00 | 2% |

| | | | | | |
|--------------------------------------|----------------------|---------------------|----------------------|---------------------|------------|
| Other | 655,299.00 | 1,184,269.00 | 1,353,554.00 | 662,211.00 | 51% |
| Total Operational Expenditure | 1,533,845.00 | 3,884,798.00 | 3,707,726.00 | 2,986,353.00 | 19% |
| Net Operational Expenditure | -1,533,845.00 | 3,884,798.00 | -3,707,726.00 | 2,986,353.00 | 19% |

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The allocation for 2016/2017 was R17m and the allocation for 2017/2018 is R14m & 2018/2019 is R8.9m respectively. Mbhashe Local Municipality appointed Electrical Consultants for design and construction of both projects (Shixini and Ntsimbakazi Electrification). Mbhashe Local Municipality requested to Department of Energy for the use of own funds for electrification Programme to accelerate the household connections. This decision was taken by the Council due to high level of community unrest so as to be reimbursed by Department of Energy in the following financial years. There is a huge electrification backlog of about 16430 households without electricity as per the updated list per village per ward as of July 2017 (Ntsimbakazi and Shixini included).

The most electrification backlog in our municipality is in Elliotdale and Eskom electrification plan indicates that some villages in Elliotdale will not be electrified in the next three years.

Due to electricity infrastructure capacity problems in the municipality especial in Elliotdale, the non-grid electrification has been introduced by DOE to address the need, as it will take some time to build or construct the required infrastructure to electrify the outstanding villages.

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Currently, Dutywa and Willowvale sites are licensed for closure. Both Willowvale and Dutywa landfill sites have been fenced in preparation for their rehabilitation. Aurecon is tasked with the rehabilitation and ultimate closure of the two sites. The Dutywa Waste Transfer Station project that was constructed by ADM has since been transferred to Mbhashe for final completion.

In the case of Elliotdale, the site is permitted to operate and the contractor has been appointed to upgrade the site, but due to poor performance, the contractor was terminated.

The municipality is in the process of upgrading of the Elliotdale landfill site with the in house construction plant planned to be completed in 2018/19.

| Solid Waste Service Delivery Levels | | | | |
|---|--------------|--------------|--------------|----------------------|
| Description | Year -3 | Year -2 | Year -1 | Households Year 0 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Solid Waste Removal (Minimum level)</u> | | | | |
| Minimum service level & above subtotal | 2199 | 22199 | 60124 | 60124 |
| Minimum service level & above percentage | 4 | 37 | 100 | 100 |
| <u>Solid waste removal (below minimum level)</u> | | | | |
| Removed less frequently than one week | 0 | 0 | 0 | 0 |
| Using communal refuse dump site | 42624 | 27674 | 27674 | 27674 |
| Other rubbish disposal | 15301 | 10251 | 10251 | 10251 |
| No rubbish disposal | 0 | 0 | 0 | 0 |
| Below minimum service level subtotal | 57925 | 37925 | 0 | 0 |
| Below minimum service level percentage | 96 | 63 | 0 | 0 |
| Total number of households | 60124 | 60124 | 60124 | 60124 |

| Description | Year -3 | Year -2 | Year -1 | Year 0 |
|--|------------|-----------|-----------|-----------|
| | Actual no. | Actual no | Actual no | Actual no |
| Total households | 60124 | 60124 | 60124 | 60124 |
| Households below minimum service level | 57925 | 37925 | 0 | 0 |
| Proportion of households below minimum service level | 96% | 63% | 0% | 0% |

| Employees: Solid Waste Disposal and other 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 | 29 | 72 | 65 | 7 | 10% |
| 4 – 6 | 10 | 20 | 19 | 1 | 5% |
| 7 – 9 | 5 | 20 | 20 | 0 | 0% |
| 10 – 12 | 1 | 3 | 3 | 0 | 0% |
| 13 – 15 | 1 | 1 | 1 | 0 | 0% |
| 16 – 18 | | | | | 0% |
| 19 – 20 | 1 | 1 | 1 | 0 | 0% |
| Total | 47 | 117 | 109 | 8 | 15% |

| Employees: Waste Management and Other 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 | | | | | |
| 10 – 12 | | | | | |
| 13 – 15 | | | | | |
| 16 – 18 | | | | | |
| 19 – 20 | | | | | |
| Total | | | | | |

| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | |
|---|---|-------------------------|-------------------|-----------------------|-----------------------|--------|-------------------------|-----------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2015/16 | | 2016/17 | | | | 2017/18 |
| | | Target | Actual | Target | | Actual | Target | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) |
| By providing waste management services in an environmental friendly and sustainable manner to all households of Mbhashe. | | | | | | | | |
| To provide effective and affordable services to the community where these are a direct function of the municipality by 2022 | No of households receiving waste service | 2199 | 2199 | 2199 | 2199 | 2199 | 60124 | 60124 |
| | No of landfill sites managed according to permit conditions | 3 | 0 | 3 | 3 | 0 | 1 | 0 |
| Financial Performance Year 0: Solid Waste Management Services | | | | | | | | |
| R'000 | | | | | | | | |
| Details | Year -1 | Year 0 | | | | | | |
| | Actual | Original Budget | Adjustment Budget | | Actual | | Variance to Budget | |

| | | | | | |
|--------------------------------------|----------------------|-----------------------|-----------------------|----------------------|------------|
| Total Operational Revenue | 43,217.27 | 1,200,000.00 | 1,200,000.00 | 685,460.00 | 43% |
| Expenditure: | | | | | |
| Employees | 7,314,922.50 | 12,989,942.00 | 12,989,942.00 | 12,504,170.00 | 4% |
| Repairs and Maintenance | 1,111,627.46 | 564,276.00 | 2,333,399.00 | 2,254,122.00 | 3% |
| Other | 2,512,488.91 | 6,850,267.00 | 8,105,217.00 | 7,181,808.00 | 11% |
| Total Operational Expenditure | 10,939,038.87 | 20,404,485.00 | 23,428,558.00 | 21,940,100.00 | 6% |
| Net Operational Expenditure | - | -19,204,485.00 | -22,228,558.00 | - | 4% |
| | 10,895,821.60 | | | 21,254,640.00 | |

| Financial Performance Year 0: Waste Disposal and Other Services | | | | | |
|--|----------------|------------------------|--------------------------|---------------|---------------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | | | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | - | - | - | - | |
| Net Operational Expenditure | - | - | - | - | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in . Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |

| Capital Expenditure Year 0: Waste Management Services | | | | | R' 000 |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | - |
| | - | | | 0% | - |
| | - | - | - | 0% | - |
| | - | - | - | 0% | - |
| | - | - | - | 0% | - |
| | - | - | - | 0% | - |

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

A universal access with regard to waste management services has been achieved in the year under review. All our landfill sites are licensed.

3.5 HOUSING

INTRODUCTION TO HOUSING

HOUSING SUMMARY

The largest percentage of households (96.5%) in Mbhashe LM presently resides in rural areas. A fairly large percentage of the housing demand is therefore vested in the so-called rural areas. These areas are typically characterised by tenure issues viz. private ownership versus communal ownership. It is therefore critical to gain an understanding of the nature of the housing need in these areas including tenure, infrastructure and services provision and dwelling types. If the housing programme is to reach a large proportion of the population in the municipality, and probably those households with the lowest incomes, it is important that there is specific rural analysis and rural housing strategy.

However; the creation of housing needs register or database is in progress. The database is an important management tool for managing housing development and the eradication of backlogs.

The Mbhashe Municipality was previously granted developer status by the Department, but all project implementation responsibilities were later taken over by the Department. The municipality is not adequately capacitated to manage the housing delivery process. The municipality therefore continues

to rely on the Province to carry out a significant part of the responsibilities related to housing development.

In the HSP 2007 the number of households in the municipality is estimated at 53 550 which represents an increase from the 2001 census figures. This increase is almost 2% per annum, or 12.2% over the whole period with 64 197 households projected for 2011 if this trend continues. It is estimated that there are 819 households headed by children

There is a very high level of dependency in the municipality with almost 57% of the population under the age of 20 and 12.1% over the age of 60.

From Census 2001 more than 92% of the households live in rural settlements and less than 5% of households are situated in urban settlements with the majority of what remains living in informal settlements.

The form of housing is to a large part determined by the very low income levels and the traditions of the settlement pattern. Approximately 78% of households live in traditional dwellings with only approximately 14% living in formal dwellings. Whilst that is the case, the municipality has managed to facilitate provision of houses to 130 households in 2017/18 financial year. The HSP mentions a reduction in the percentage of informal houses from 2.32% in 2001 to 1.4% by 2006 and to 0.6% in 2007. Reference HSP 2011 - 2016

CHALLENGES

- There is a clearly cross-sectoral alignment issue that needs to be addressed.
- The present planning is badly inhibited by the lack of properly developed and maintained database on the demand and the projects that are planned and or implemented to tackle this. Often the information is sparse, or it is held in different formats in different locations both within the municipality and outside of it. A more integrated system is required.

REMEDIAL ACTION

The meeting between the Department and the Municipality resolved to continue with the 7000 housing project but scatter the 1000 across the other ward of Elliotdale

| Percentage of households with access to basic housing | | | |
|---|---|----------------------------------|---|
| Year end | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| Year - 3 | 16 838 | 16 838 | 28% |
| Year - 2 | 16 838 | 16 838 | 28% |
| Year - 1 | 59 705 | 16 838 | 28% |
| Year 0 | 59 705 | 20 091 | 34% |
| | | | T 3.5.2 |

| Housing Service Policy Objectives taken from IDP | | | | | | |
|--|-----------------------|---------|--------|---------|--------|---------|
| Service Objectives / Service Indicators | Service targets | 2016/17 | | 2017/18 | | 2018/19 |
| | | Target | Actual | Target | Actual | Target |
| To facilitate provision of adequate housing to indigent families by 2022 (urban) | | | | | | |
| Facilitate housing provision | No. of houses built | - | - | - | - | 380 |
| To facilitate provision of adequate housing to indigent families by 2022 (rural) | | | | | | |
| Facilitate housing provision | No. of houses built | 480 | 323 | 130 | 130 | 130 |
| To reduce the number of people living in squatter settlements | | | | | | |
| Building formal houses for people living in squatters | No. of shacks removed | 200 | 0 | 200 | 0 | 222 |
| To facilitate provision of adequate housing to indigent households by 2025 | | | | | | |
| Review HSP | An approved | | - | - | - | - |

| | | | | | | |
|--|-----------------|--|--|--|--|--|
| | reviewed HSP | | | | | |
|--|-----------------|--|--|--|--|--|

| EMPLOYEES: HOUSING SERVICES | | | | | |
|-----------------------------|------------------|--------------|------------------|------------------|--------------------------------------|
| Job level | 2016/17 | 2017/18 | | | |
| | No. of employees | No. of posts | No. of employees | No. of vacancies | Vacancies as a total of vacant posts |
| 0 – 3 | | | | | |
| 4 – 6 | | | | | |
| 7 – 9 | | | | | |
| 10 – 12 | 1 | 1 | 1 | 0 | 0% |
| 13 – 15 | 1 | 1 | 1 | 0 | 0% |
| 16 – 18 | | | | | |
| Total | 2 | 2 | 2 | 0 | 0% |

| Financial Performance Year 0: Housing Services | | | | | |
|--|-----------------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | 0% |
| Expenditure: | | | | | |
| Employees | 2 550 462.67 | | | | |

| | | | | | |
|-------------------------------|-------------------|--|--|--|--|
| Repairs and Maintenance | 1 405 246.19 | | | | |
| Other | 6 365 610.25 | | | | |
| Total Operational Expenditure | 10 321 319.11 | | | | |
| Net Operational Expenditure | -10 321 319.11 | | | | |

| Capital Expenditure Year 0: Housing Services | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | - | 0% | - |
| | | | | | |
| | - | | - | | - |
| | | | | | |

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICES OVERALL

Whilst Housing is not the municipality's function; the municipality facilitates and plans for housing development. In the 2017/18 financial year; the municipality has managed to facilitate construction of 130 houses in Elliotdale.

Beside the provision of housing as outlined above, the municipality has facilitated the provision of housing for the destitute and the provision of emergency housing for those affected by disaster. In the 2017/18 financial year, about 100 and 30 destitute houses (houses in different stages of construction) are constructed in Dutywa and Xhora respectively.

However the main challenges remain the land claims, land invasion, poorly built houses in the Elliotdale and Willowvale.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Mbhashe Municipality's intervention to adopt and implement the Free Basic Alternative Program goes a long way to ensuring that a better life for all is a foreseeable reality and specifically to improve its capacity towards service delivery to its citizens.

The municipality has provided the following services under its indigent support program:

1. Prepaid electricity tokens
2. Refuse removal
3. Solar alternative energy
4. Water and Sanitation – provided by Amathole District Municipality.

The Free Basic Services objectives are to provide indigent households with access to basic services. This support is funded through equitable share received from National Treasury.

There has been assistance in non-electrified areas by providing them with free basic alternative energy to help them meet some of their basic needs such as cooking. The intervention is aimed at alleviating some of the difficulties associated with access to energy in these Households whilst the Municipality works hand in hand with Eskom and Department of Energy towards ensuring that all communities have access to electricity. In the current year 3531 households have been provided with solar energy.

The municipality has also provided free refuse removal services to all communities of Mbhashe at no cost. This intervention is aimed at promoting a clean environment.

The municipality is also providing monthly free electricity tokens of 50kws for indigent household through Eskom Free Basic Account. In the current year 2864 households have been assisted.

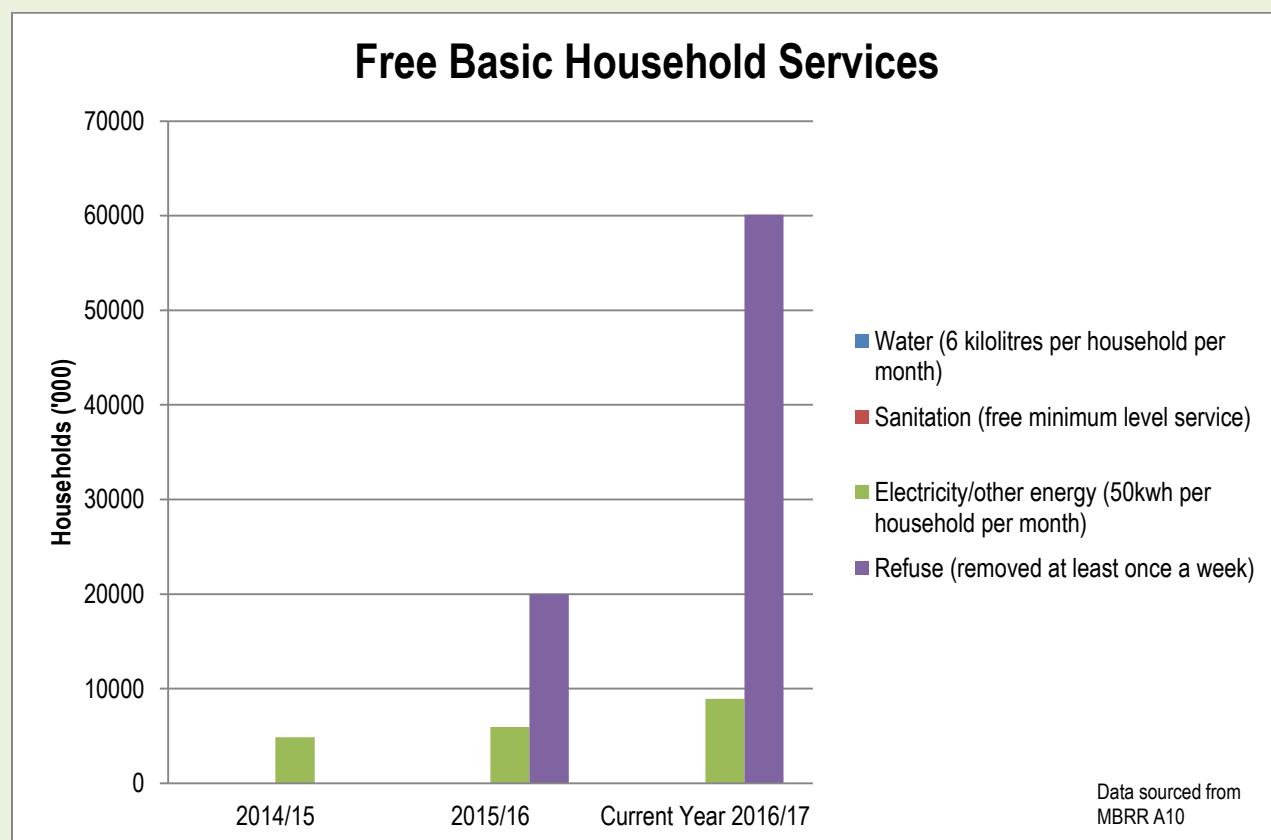
The municipality has established a free basic services unit. The municipality has a draft indigent register which is updated yearly where the housing needs register is utilised during the verification stage.

These interventions have assisted the Municipality to address a whole suite of socio-economic issues that arise from inadequate provision of free basic services to households and have assisted with job creation to the community of Mbhashe Municipality.

The municipality is on track to fully comply with provisions of the equitable share allocation, which dictates that the municipality must fully support indigent residents within its jurisdiction

| Free Basic Services To Low Income Households | | | | | | | | | | |
|--|----------------------|---|--------|-----------------------|--------|------------------------|--------|-------------------|--------|-----|
| | Number of households | | | | | | | | | |
| | Total | Households earning less than R1,100 per month | | | | | | | | |
| | | Free Basic Water | | Free Basic Sanitation | | Free Basic Electricity | | Free Basic Refuse | | |
| | | Total | Access | % | Access | % | Access | % | Access | % |
| Year -2 | 27 724 | 27 724 | | 0% | 0 | 0% | 2 864 | 10% | 0 | 0% |
| Year -1 | 27 724 | 27 724 | | 0% | 0 | 0% | 2 864 | 10% | 0 | 0% |
| Year 0 | 27 724 | 27 724 | | 0% | 0 | 0% | 2 864 | 10% | 20 000 | 72% |

Year 0- 57 925, Year 1- 20 000, Year 2 – 0 (Graph to be edited in line with the new information)



| Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered | | | | | |
|---|---------------------|---------------------|---------------------|--------|--------------------|
| Services Delivered | Year -1 | Year 0 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| Water | | | | | |
| Waste Water (Sanitation) | | | | | |
| Electricity | 1 533 080 | 7 766 074.00 | 5 353 031.00 | | 72% |
| Waste Management (Solid Waste) | 3 840 000 | | | | 28% |
| Total | 5 373 080.21 | 7 766 074.00 | 5 353 031.00 | | 0% |

Include figures for waste management

| Free Basic Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|---|---------------------------------|--|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|
| Service Objective <i>Service Indicator s</i> (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | Year 3 | *Follo wing Year (x) |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previo s Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | |
| To ensure that all indigent households are identified and supported | | | | | | | | | |
| Developm ent of a credible indigent register | Credible Indigent Register | Developed credible Indigent Register | Updated indigent register | Develope d credible Indigent Register | Developed credible Indigent Register | Updated indigent register | Updated indigent register | Updated indigent register | Updat ed indige nt registe r |
| Incentiviz e ratepayer s through the indigent subsidy | Credible list of indigent households on our billing system | Aligned indigent register | Aligned indigent register | Aligned indigent register | N/A | N/A | | | |
| Supply & delivery of free basic energy and services | Number of indigent households provided with free basic services | 27 724 | 25 943 | 27 724 | 5 000 | 69 067 | 66 124 | 67 124 | 67 124 |

COMMENT ON FBS AND INDIGENT SUPPORT

The Municipality through Rural Waste Removal project has assisted over 60 124 rural households in total during the 2017/18 financial year.

Furthermore, the municipality assisted the youth co-operatives who were appointed through the DOE programme by funding the maintenance costs for the installed solar panels for 3 531 households.

The total of 2 864 households benefitted from 50kw free electricity tokens during the 2017- 18 financial year.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

The Municipality developed Infrastructure Master Plan, Reviewed ISD Policy, Road Maintenance Plan, Infrastructure Maintenance Policy and appointed Professional Service Providers for efficient future infrastructure planning. The Municipality implemented and monitored the roads maintenance plan with the use of in-house construction teams. This is done to ensure that infrastructure assets are kept in good condition. The Municipality continues to receive Municipal Infrastructure Grant and most of the funds contributes on road construction. The Municipality introduced the project Upgrade of Govan Mbeki access road in line with the strategy (Develop, maintain and upgrade quality infrastructure through integrated planning), Design has been completed and expected to be implemented by 2018/19 to 2019/20

3.7 ROADS

INTRODUCTION TO ROADS

The provision and maintenance of roads cuts across the functional areas of the National Department of Transport (NDoT), Department of Roads and Public Works Eastern Cape (DRPW), Amathole District Municipality (ADM) and Mbhashe Local Municipality (MLM).

NDoT, DRPW and the District Municipalities established Roads Classification for all the LMAs funded through the Rural Road Asset Management System (RRAMS) grant, commenced late in 2011. Under this project DRPW appointed service provider Engineering Advice and Services (EAS) to revisit and update the centreline data set, using aerial photography in order to include all possible access roads. ADM formed part of RAMS program covering all its Local Municipalities where Mbhashe Municipality also participated.

The DRPW has thus mapped and classified all un-proclaimed gravel roads, earth roads and tracks that appear to serve a public purpose. This includes formal streets within urban and peri-urban areas as well as tracks and roads within informal settlements, peri-urban and rural areas. These roads have all been divided into links (intersection to intersection), assigned reference numbers and where available, road names. All this data is stored on a consolidated GIS database.

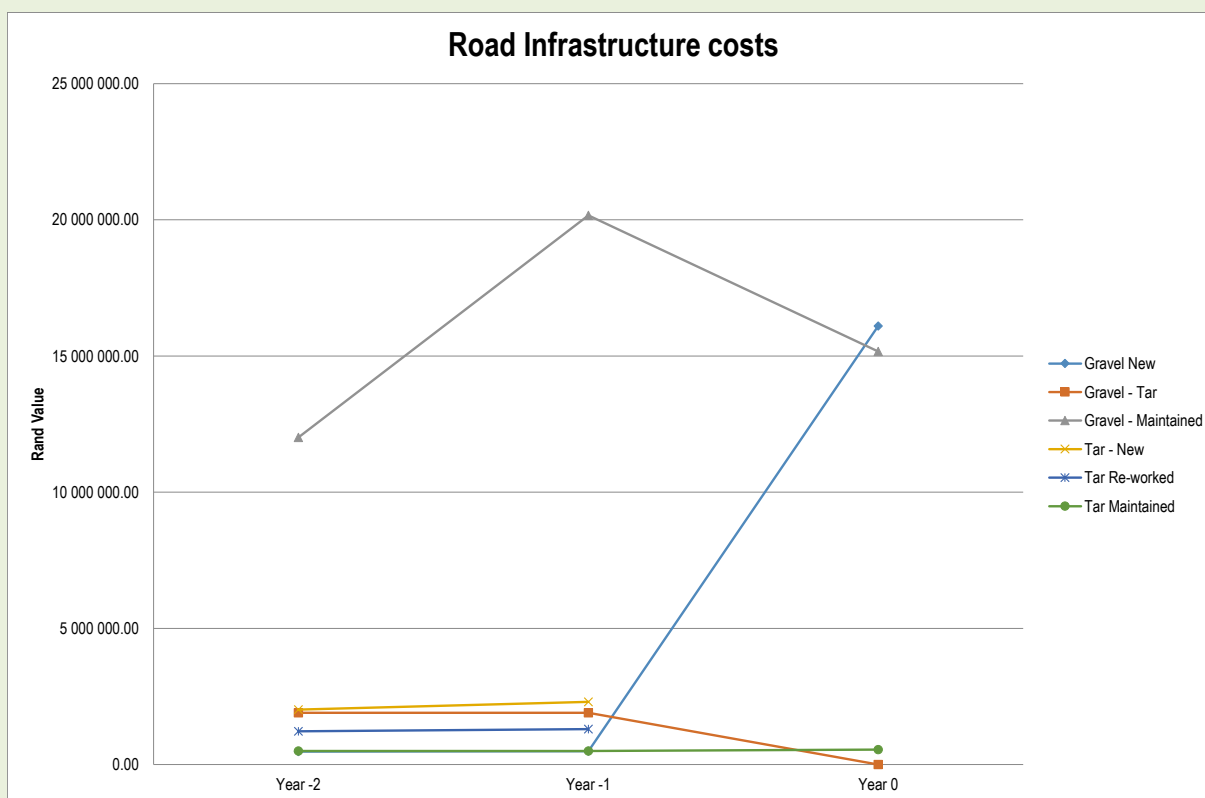
The finalised road classification data for provincial and municipal road networks has now been made available to the National Department of Transport, the Eastern Cape Department of Roads and Public Works and all Local and District Municipalities by the provision of maps. The Department published a full list of provincial roads in terms of Section 2 of the Eastern Cape Roads Act (Act 3 of 2003). Mbhashe Municipality also received the final road classification data document as end of June 2015.

Rural Road Asset Management System (RRAMS) indicates that the total length of road network in the entire Mbhashe Municipal area is 2696.37km. The total length for National Roads is 40.60 km, total length for Provincial Roads is 776.53km of which 684.93km is unsurfaced, and the total length for Municipal Access Roads is 2050km.

| Gravel Road Infrastructure | | | | |
|----------------------------|--------------------|------------------------------|------------------------------|--|
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Kilometers Gravel roads graded/maintained |
| Year -2 | 166 | 20 | 12 | 691 |
| Year -1 | 166 | 25 | 14 | 691 |
| Year 0 | 196 | 30 | 0 | 315 |
| | | | | <i>T 3.7.2</i> |

| Tarred Road Infrastructure | | | | | |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|------------------------------------|
| | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Kilometers Tar roads maintained |
| Year -2 | 98 | 14 | 25 | 15 | 40 |
| Year -1 | 114 | 20 | 30 | 25 | 40 |
| Year 0 | 114 | 0 | 0 | 0 | 11 |
| | | | | | <i>T 3.7.3</i> |

| Cost of Construction/Maintenance | | | | | | |
|----------------------------------|---------------|--------------|---------------|--------------|--------------|----------------|
| | Gravel | | | Tar | | |
| | New | Gravel - Tar | Maintained | New | Re-worked | Maintained |
| Year -2 | 475 000.00 | 1 900 000.00 | 12 014 400.00 | 2 020 000.00 | 1 220 000.00 | 500 000.00 |
| Year -1 | 490 000.00 | 1 900 000.00 | 20 164 045.00 | 2 300 000.00 | 1 300 000.00 | 500 000.00 |
| Year 0 | 16 101 955.83 | 0.00 | 15 164 680.00 | 0.00 | 0.00 | 550 000.00 |
| | | | | | | <i>T 3.7.4</i> |



| Roads Service Policy Objectives Taken From IDP | | | | | | |
|--|--|--|--|--|--|--|
| Service Objectives | | | | | | |

| Employees: Road and Storm Water 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 | 0 | 10 | 0 | 10 | 100% |
| 4 – 6 | 25 | 32 | 25 | 7 | 21% |
| 7 – 9 | 1 | 2 | 1 | 1 | 50% |
| 10 – 12 | 08 | 17 | 16 | 1 | 6% |
| 13 – 15 | 0 | 0 | 0 | 0 | 0% |
| 16 – 18 | 2 | 2 | 2 | 0 | 0% |
| 19 – 20 | 1 | 1 | 1 | 0 | 0% |
| Total | 37 | 64 | 45 | 19 | 30% |
| | | | | | |

| R' 000 | | | | | |
|--|-----------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 16101956 | 16101956 | 10374529 | -55% | |
| Gwadana to Roma Access | 1 262 942 | 1 262 942 | 630069 | -100% | 3499560 |
| Sheshegu Access Road | 216 083 | 216 083 | 202498 | -7% | 3074377 |
| Colosa Mission Access | 1 438 283 | 1 438 283 | 1084145 | -33% | 3169281 |
| Maggosinini access road | 1292759 | 1292759 | 1990910 | 35% | 3917619 |
| Sihlabeni access road | 2902261 | 2902261 | 1616206 | -80% | 3471534 |
| Nombulelo access road | 1071549 | 1071549 | 878020 | -22% | 4415957 |
| Ndesi Access road | 426816 | 426816 | 1690506 | 75% | 4052207 |
| Pewula access road | 1067600 | 1067600 | 314524 | -239% | 5039947 |
| Talimofu access road | 1259118 | 1259118 | 675886 | -86% | 7172356 |
| Xhora Mouth to Ndalatha | 3610493 | 3610493 | 147199 | -2353% | 9076136 |
| Mbewuleni access road | 1554052 | 1554052 | 1144567 | -36% | 3641853 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. | | | | | T 3.7.9 |

| Financial Performance Year 0: Road Services | | | | | |
|---|-------------------|--------------------|--------------------|---------------------|--------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 2 052 000 | 18 144 000 | 18 144 000 | 18 144 000 | 0% |
| Expenditure: | | | | | |
| Employees | 15 238 887 | 15 302 781 | 15 302 781 | 15 238 887 | 0.4% |
| Repairs and Maintenance | 24 107 475 | 15 164 680.00 | 15 164 680.00 | 15 164 680.00 | 0% |
| Construction | 74 691 583 | 16101956 | 16101956 | 16101956 | 0% |
| Total Operational Expenditure | 36 791 692 | 68 632 138 | 114 289 260 | 125 550 973 | -10% |
| Net Operational Expenditure | - | -50 488 138 | -96 145 260 | -107 406 973 | -12% |

COMMENTS ON PERFORMANCE OF ROADS OVERALL

The provision and maintenance of roads cuts across the functional areas of the Department of Roads and Public Works, Mbhashe Local Municipality. Municipality managed to construct 30 km through MIG and maintained 315.1km using in- house construction plant.

3.8. TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Mbhashe Local Municipal is currently providing the Learners Licence service and Drivers Licences, and Registering Authority (RA) is currently not functional because of the delays of renovations in our Premises, and relocation of Enatis equipment but as soon as renovations are done the equipment will be moved and it will be fully functional.

MLM does not provide the bus service.

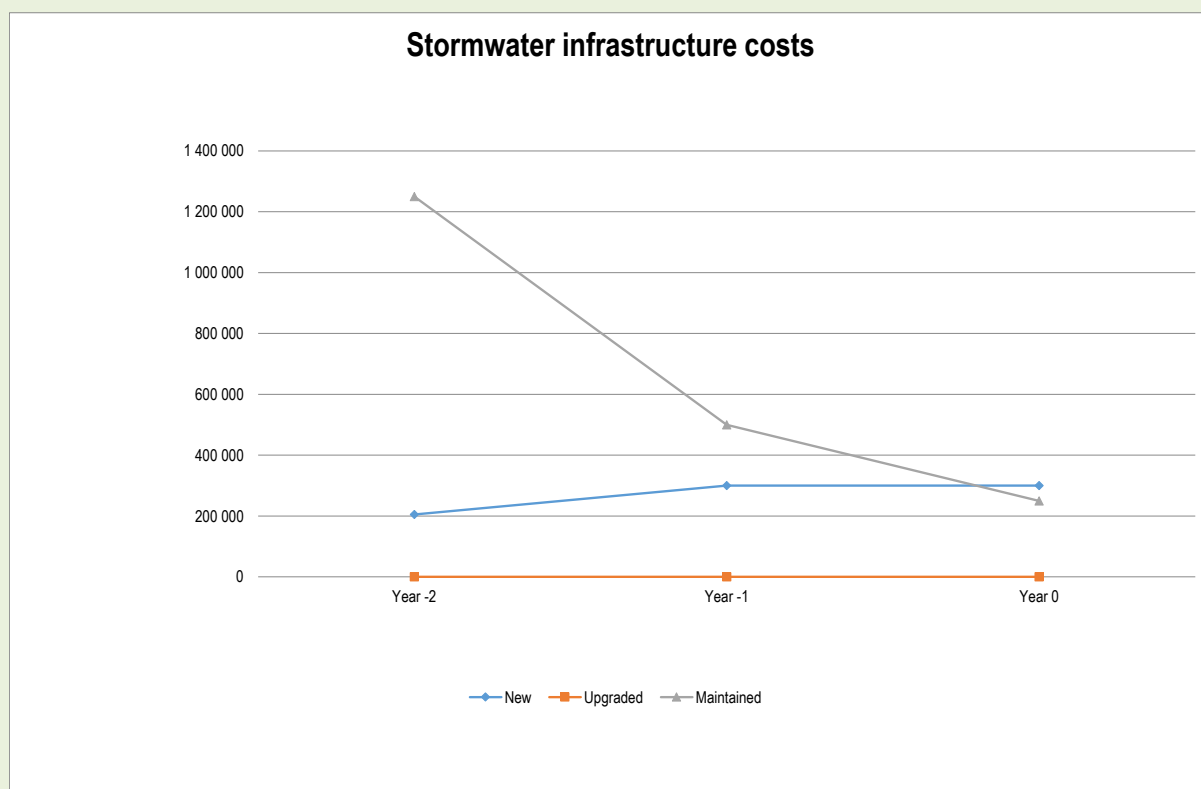
WASTE WATER (STORM WATER DRAINAGE)

INTRODUCTION TO STORM WATER DRAINAGE

The Municipality has problems with the storm water drainage in towns and throughout the Mbhashe area. Municipality has committed budget for paving and to upgrade storm water drainage through the usage of SMMEs. There is a challenge of bridges in the rural areas along the coast but there is limited budget.

| Stormwater Infrastructure | | | | Kilometers |
|---------------------------|---------------------------|-------------------------|------------------------------|--------------------------------|
| | Total Stormwater measures | New stormwater measures | Stormwater measures upgraded | Stormwater measures maintained |
| Year -2 | 191 | 120 | 0 | 166 |
| Year -1 | 311 | 15 | 0 | 191 |
| Year 0 | 361 | 50 | 50 | 95 |
| | | | | T 3.9.2 |

| Cost of Construction/Maintenance | | | | R' 000 |
|----------------------------------|---------------------|----------|------------|---------|
| | Stormwater Measures | | | |
| | New | Upgraded | Maintained | |
| Year -2 | 205 000 | 0 | 1 250 000 | |
| Year -1 | 300 000 | 0 | 500 000 | |
| Year 0 | 300 000 | 0 | 250 000 | |
| | | | | T 3.9.3 |



| Capital Expenditure Year 0: Stormwater Services | | | | | |
|---|----------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 12595951 | 12595951 | 6415151 | -96% | |
| Vinindwa | 2000000 | 2000000 | 298096 | -571% | 2000000 |
| Qinnqana | 9303192 | 9303192 | 4917055 | -89% | 9303192 |
| Mangqosinini | 1292759 | 1292759 | 1200000 | -8% | 1292759 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.9.8 |

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

Mbhashe Local Municipality has three key projects for bridge construction that are still on implementation stage and that will be completed on the 2018/19 financial year and procured storm water culverts for inhouse construction teams, all storm water culverts were installed at all three units.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality's planning section deals with issues of land use management i.e. rezoning, subdivisions and consolidations. It also deals with spatial planning and land administration.

Challenges with regard planning include the following:-

- Non-compliance with land uses and building controls regulations.
- Land Invasions and land claims
- Continuous mushrooming of informal settlements
- Illegal development occurring in environmental sensitive areas
- Non adherence to lease agreements.
- Delays in property transfers

However; the town planning unit has put in place mechanisms to deal with non-compliance. This project will help minimizing the illegal use zones as per individual erven.

To remedy the situation; the municipality identified the following objectives:-

- Developed and implemented land use management system - to control development in priority areas – in line with detailed spatial plans.
- Incorporate Environmental Design principles and criteria as guidelines for Spatial Planning & Land Use Management
- Co-opt relevant role-players and facilitate agreement in support of the land use management system.

The current SDF and LSDF's forward 19 and 22 will help control and manage land use management. LSDF for ward 8, ward 32 and ward 27 have already been developed

The municipality also conducted land audit. The project was done so that the municipality can effectively undertake municipal functions needed to have a spatial register of all properties that lie within the municipal area of jurisdiction.

The spatial register needs to contain, amongst others, the description, location, extent and ownership details of each and every property within the municipality. The need for a spatial register can be met by the conducting of a land audit for the municipality and the creation of cadastral datasets in a Geographic Information System (GIS) format.

Cadastral information comprises both spatial and non-spatial components. The spatial information component contains the positions of property boundaries and the non-spatial attribute information holds all other information relating to the property including the legal property description. A GIS is the best data repository to hold cadastral information as it allows for the storage of both the spatial and non-spatial attribute components of cadastral.

The objective of the land audit was then to correct and update the Surveyor General Office (SGO) approved cadastral dataset and to link the cadastral information to the Deeds Office ownership dataset to create a spatial property register of all properties within the local municipality. Secondly, making sure that all properties are recorded on the valuation roll, this can be made by continuously updating the valuation roll through supplementary valuation rolls.

The General Property valuation for the year 2012 to 2017 was completed and approved by council in 2014. This was followed by the Supplementary Valuations of which the SV 1 was done and approved in 2015, SV 2 in 2016, SV 3 in 2017, SV 4 and SV 5 in the year 2018.

Properties belonging to Department of Public Works that are located in rural spaces are included in SV 4 roll that was conducted in the 2017/18 year.

The number of properties per category is listed below:

OTHER LAND CATEGORIES IDENTIFIED IN THE LAND AUDIT

Non-conforming (Government and Municipal): 35

(The council has approved the rezoning of the 35 properties from undetermined to institutional).

Non-conforming (privately owned): 126

(The project of rectification of the 126 properties is currently being done by the appointed service provider and was submitted in the Municipal Tribunal, however there are still challenges in the signing of Power of Attorney by some of the property owners.

Surveyed but no title deeds (RDP houses): 754

(99 of the title deeds have been done; and about 120 applications have been lodged to the deeds office. The challenge was the amount owed to the ADM making ADM unable to issue clearance certificates.

Surveyed but no title deeds (privately owned):

(Letters of demand have been sent to property owners and there's improvement in this regard as many have responded positively.

Surveyed but no title deeds (government and municipal): 25

(The municipality has appointed a service provider for the surveying and registration of these properties.

The municipality is currently busy with the surveying of all land that has not been surveyed and has managed to do the survey on 35 erven in the 2017/18 financial year. The objective is to allocate the erf number to all municipal owned land and to regulate illegal demarcation of municipal commonage.

These are all done so that all properties in the municipality appear in the spatial register (valuation roll) and linked to billing system.

Developed Policies and By-laws related to land use included the Invasion policy and land disposal policy.

Also dealt with is the issue of land claims. The Mputhi and Mangati Communities lodged a land claim through the Land Claims Commission for the part of the Dutywa commonage described as Erf 1 – Dutywa which now belongs to the Mbhashe Municipality. Land claims remain the main issue as some of the development has been interdicted from continuing by the Mangati claimants. However there's a special committee dedicated in tackling and resolving the issue. This has resulted in the loss of revenue

as the service providers are charging the municipality for stand-off time whilst interdicted from continuing with the work.

The biggest challenge is the land invasions in Willowvale and Elliotdale commonages. People illegally demarcated sites from the municipal commonage for themselves. The municipality went to court and obtained a court order to remove the illegal occupiers.

3.9 PLANNING

INTRODUCTION TO PLANNING

During the year under review, the municipality also undertook to prepare for the implementation of Spatial Planning and Land Use Management Act (SPLUMA). The objectives of SPLUMA are:-

- Provide a uniform and coherent framework for spatial planning and land use management.
- Specify the relationship between the spatial planning and the land use management system.
- Provide for the inclusive, developmental, equitable and efficient spatial planning at different spheres of government.
- Address the legacy of past spatial planning and regulatory imbalances.
- Promote greater efficiency, consistency and uniformity in the decision-making by authorities responsible for land development decisions.

Whilst SPLUMA by-laws were adopted by council; there are still challenges related to its implementation. Some of the challenges are:-

1. Resistance from the local chiefs who see themselves as custodians of land
- 3) MPT training for all members was done however appeal authority training is yet to be conducted.

With regard to SPLUMA preparedness, the following have been done:-

By-laws adopted by council

Municipal Planning Tribunal appointed by the council

Appeal Authority and the authorized official appointed by council

| Applications for Land Use Development | | | | | | | | | | |
|---------------------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------------|----------------|
| Detail | Formalisation of Townships | | Rezoning | | Subdivision | | Survey | | Built Environment (Building Plans) | |
| | Year - 2016/17 | Year – 2017/18 | Year – 2016/17 | Year – 2017/18 | Year – 2016/17 | Year – 2017/18 | Year – 2016/17 | Year – 2017/18 | Year – 2016/17 | Year – 2017/18 |

| | | | | | | | | | | |
|---------------------------------------|----------------------------------|------|---------------------|-----------------------|---------------------|------|----|------|-----|----|
| Planning application received | none | none | 126 | 10 | 15 | 8 | 15 | 8 | 45 | 33 |
| Determination made in year of receipt | Layout plans approved by Council | None | Approved by Council | Approved by council | Approved by Council | None | - | | | 26 |
| Determination made in following year | N/a | None | N/A | N/A | N/A | None | - | | N/A | |
| Applications withdrawn | 0 | None | 0 | 1 under investigation | 0 | None | - | None | 13 | 14 |
| Applications outstanding at year end | 0 | none | 0 | 1 under investigation | 0 | None | - | None | 06 | 7 |

| Planning Policy Objectives taken from IDP | | | | | | |
|---|------------------------------|---------|--------|---------|--------|---------|
| Service Objectives / Service Indicators | Service targets | 2016/17 | | 2016/17 | | 2017/18 |
| | | Target | Actual | Target | Actual | Target |
| Ensure municipal land is well planned and surveyed | | | | | | |
| Establishment of townships | No. of townships established | 3 | 3 | 1 | 1 | |
| Rezoning of land/erven | No. of rezoned erven | N/A | N/A | N/A | N/A | |
| Surveying of sites | No. of sites surveyed | 10 | 0 | | | |
| To facilitate review of the Spatial Development Framework (SDF) | | | | | | |
| Review SDF | An approved reviewed SDF | 1 | 1 | 1 | 1 | 1 |
| Develop LSDF | An approved LSDF | 3 | 3 | 2 | 0 | 0 |

| Financial Performance Year 0: Planning Services | | | | | | R'000 |
|---|-------------------|---------------------|-------------------|--------|--------------------|-------------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 730,607.00 | 852,903.00 | 902,903.00 | | | 19% |
| Expenditure: | | | | | | |
| Employees | 95,457.00 | 196,635.00 | 196,635.00 | | | 51% |
| Repairs and Maintenance | - | - | - | | | |
| Other | 449,835.00 | 1,241,907.00 | 791,000.00 | | | 43% |
| Total Operational Expenditure | 545,292.00 | 1,438,542.00 | 987,635.00 | | | 45% |
| Net Operational Expenditure | 185,315.00 | -585,639.00 | -84,732.00 | | | 319% |

COMMENTS ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The municipality has improved its systems in the financial year under review with the planned capacitation of the unit with the building control officer in addition to the three building inspectors taking the work from the Amathole District Municipality. This will make the process of applications faster and being able to deal with land invasions taking place in the three towns.

Rezoning applications linked to economic development is another important milestone which the municipality has done thereby assisting business development to continue. This has led to two shopping centres being built and an expansion of one shopping centre to accommodate the famous food chain – KFC in the Elliotdale area. Another milestone is the appointment of the Municipal Planning Tribunal to deal with land use applications in terms of the new legislation – SPLUMA. However, training to both the Municipal Planning Tribunal and the Appeal Authority will be done in the financial year 2017/18.

LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACE)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipal local economic development is driven and coordinated through the development and implementation of an adopted LED Strategy (2015). The LED Strategy (2015) deals with economic development themes that cut across all economic activities in Mbhashe Local Municipality. Whilst administrative boundaries may be tightly drawn in terms of local municipalities that fall under the Amathole DM, partnerships and trade across municipal boundaries are encouraged particularly in support of the concept of Wall - to - Wall Municipalities as is contained in the South Africa Constitution.

The Mbhashe LED Strategy (2015) is focused more on creating an enabling environment by developing programmes and making available resources to support viable and bankable projects and economic opportunities that will in turn be identified by local businesses, entrepreneurs and residents at large

. The Mbhashe LED Strategy (2015) is necessary to reflect the envisaged changed economic conditions and the development priorities with effective LED implementation partnerships. Mbhashe Local Municipality therefore is in some competitive position.

Chapter 3 of the Mbhashe LM's Integrated Development Plan (2017/2018) refers to three (3) areas of investment opportunities which is the agriculture development, the enterprise development and the tourism development. These are based on the current economic situation Mbhashe LM finds itself in and is aimed at building on the existing strengths and exploiting the unique opportunities presented by the local economy and the specific physical and demographic environment of the municipality.

While issues such as the development and upgrading of economic infrastructure, improved institutional capacitation and good governance do have a role to play in ensuring that effective economic development does takes place, these matters are considered to be supportive elements that will not, of their own, result in the development of the economic base and have, therefore, not been included in the three main economic areas of focus.

The key Strategic Thrusts as per the Mbhashe LM IDP (2017/18), which form the basis of this strategy are:-

- Strategic Thrust 1: Agriculture Development.
- Strategic Thrust 2: Enterprise Development.
- Strategic Thrust 3: Tourism Development.

The municipality has implemented various programmes to advance economic development especially in the Agriculture, Enterprise and Tourism economic sectors as LED strategy implementation mechanism.

Agriculture Development:

Performance Overview on Key Strategy Drivers:

- Agriculture profiling: Ten ward agriculture profiles (the following wards: Ward 2, Ward 7, Ward 8, Ward 14, Ward 22, Ward 23, Ward 24, Ward 19, Ward 20, Ward 26) were developed and submitted commodity products were made available as assistance to farmers in the form of agricultural inputs (maize seeds, stock remedy, fencing and livestock infrastructure improvement support programme (renovation of shearing sheds and dipping tanks)).
- Maize production as part of supporting crop farmers for crop improvement; maize seed was delivered to (forty) 40 farmers which is equivalent to 2004 hectares of planted maize land.
- Fencing : Fencing has been distributed to 6 villages of Mbhashe Local Municipality during 2017/2018.
- Farmer information days: 19 Capacity building programmes as part of farmer support and assistance was rolled out benefiting local farming associations.
- Agriculture related projects / infrastructure: LED infrastructure initiatives projects were identified and were implemented towards sustainable job opportunities and the reduction of poverty. Two dipping tanks at Hobeni and Makhamiso at Ward 20 were renovated courtesy of a partnership between the municipality and farmers. One shearing shed at Sundwana was renovated and the one at Dutywa Town was renovated to accommodate SETA training programme.
- Livestock improvement programme: Mbhashe Local Municipality was identified as one area within Amathole District Municipality that was extremely affected by drought negatively impacting on livestock farming and water dam levels running dry. Furthermore, stock remedy was also distributed to all 32 wards as farmer assistance.
- Another important milestone is the municipal concentration on High Value Products such as Paprika and Sorghum, Macadamia, Moringa and Lemon Grass and Haw-Haw Tea. The municipality through its support programmes supported the AmaJingqi Macadamia Farming (AMF), Ligwa Moringa Farming, Bulungula Lemon Grass Essential Oil and Nondobo Paprika and Sorghum.

Focus is also put on borehole and irrigation programme whereby the municipality started with the feasibility in the 2016/17 financial year and proceeded to irrigation piping and electricity connectivity in the 2017/18 financial year.

Enterprise Development:

Performance Overview on Key Strategy Drivers

- Training and development programme: Community confectionery bakery co-operatives received training support geared at product quality improvement, governance issues and financial management.
- SMMEs assistance and Co-operative support: LED core strategic thrust is to support sustainable enterprises and to such an extent, the SMME support programme assisted and supported 5 SMMEs. 40 Co-operatives were given assistance in the form of basic financial management training course. Mbhashe cooperatives participated in the annual International Cooperative Day Celebrations (ICD) held at Bloemfontein. Six (6) Primary Solar Cooperatives received technical (5) five days **ENEL PHOTOVOLTAIC SKILLS TRAINING** in East London Industrial Development Zone (IDZ). Chizele Primary Solar Cooperative member (Vuyo Ndzonda) was supported to attend an Alternative Conference in Germany during April 2018.
- Informal trader support: LED has been continuously giving support to the informal economy in the form of financial and non-financial assistance to hawkers. Fourty eighty (48) hawkers received training on Informal and Micro Enterprises Development Programme (IMEDP) 125 hawkers received tools of trade in the form of tables, chairs and cooler box bags that were distributed to Willowvale hawkers. Furthermore, 45 hawker stalls at Dutywa Central Business District have been distributed to registered street traders with trading permits.

Tourism Development:

Performance Overview on Key Strategy Drivers

- Product owner training assistance: Capacity building to crafters was undertaken to ensure that they participate in the mainstream economy through workshops on tendering and other aspects of financial management. Furthermore, crafters were assisted with machinery and equipment in the form of sewing materials.
- Internal and external mega events: In order to maximise and increase visitors within Mbhashe as a preferred destination of choice, hence, Mbhashe Local Municipality provided support to local events which are intended to increase visitors, increase spending and revenue, ensuring geographical spread of tourism spin-offs and cutting seasonal tourism issues. The internal events that were held in the financial year 2017/18 were boxing tournament, Tenza Beach Festival and the famous Mbhashe Indigenous Horse Racing event.

The external events that were participated through national tradeshow in the financial year 2017/18 were Grahamstown National Arts Festival at Grahamstown, IsiNgqiSethu Cultural Festival at Port St Johns, Tourism Indaba at Durban, Macufe National Festival at Bloemfontein whereby local crafters and tourism product owners became beneficiaries through market access and exhibiting their products and offerings.

- Heritage tourism: LED has been providing hand on approach by ensuring preservation of heritage resources at Mbhashe Municipality which are then made available as tourist products for consumption and research. Furthermore, 6 heritage properties have been maintained following heritage prescripts

and legislation thus ensuring its original appeal and universal value is sustainable preserved. These include the ones linked to liberation heritage i.e. Mazizi Maqhekeza, Fort Malan Memorial where the designs we completed.

The municipality has implemented many programmes to advance economic development especially in the Agriculture and Tourism sectors.

| Economic Activity by Sector | | | |
|-------------------------------------|----------------|----------------|---------------|
| | | | R '000 |
| Sector | Year -2 | Year -1 | Year 0 |
| Agric, forestry and fishing | | | 3.7% |
| Mining and quarrying | | | 0.3% |
| Manufacturing | | | 4.3% |
| Wholesale and retail trade | | | 15.4% |
| Finance, property, etc. | | | 13.9% |
| Govt, community and social services | | | 51.6% |
| Infrastructure services | | | 3.3% |
| Total | | | |

| Economic Employment by Sector | | | |
|--------------------------------------|---------------|----------------|---------------|
| | | | Jobs |
| Sector | Year 1 | Year -1 | Year 0 |
| Agric, forestry and fishing | 31% | 31% | 31% |
| Mining and quarrying | % | 2% | 2% |
| Manufacturing | 13% | 13% | 13% |
| Wholesale and retail trade | 47% | 47% | 47% |
| Finance, property, etc. | 6% | 6% | 6% |
| Govt, community and social services | 11% | 11% | 11% |
| Infrastructure services | 12% | 12% | 12% |
| Total | 122 | 122 | 122 |

COMMENT ON LOCAL JOB OPPORTUNITIES

The municipality has had a variety of programmes leading to job creation programmes. These included the Community Works Programmes and Expanded Public Works Programme. Apart from the two above, the municipality's strategic objective is to create self-employment through its LED programmes and business retention and attraction strategies. As a result of the two aforesaid programmes, the municipality has managed to create 725 job opportunities.

The Expanded Public Works Programme:

Job creation and skills development remain key priorities of the South African Government. The Expanded Public Works Programme (EPWP) is a Cabinet endorsed Programme aimed at creating 6 million work opportunities by 2019. The Programme is implemented by all spheres of government, across four (4) defined sectors, namely the Infrastructure, Social, Non-State and Environment and Culture sectors. The Programme's overall coordinator is the National Department of Public Works (DPW).

The Programme is implemented in the context of strategic Government initiatives which includes the New Growth Path (NGP). The NGP outlines key job drivers, such as targeting more labour-absorbing activities across the main economic sectors; and substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.

The following projects were identified in the 2017/2018 business plan of Mbhashe Local Municipality-

Traffic temps

EPWP Supervisors (Office based)

Rural Waste

Heritage sites

Street cleaning

The Community Works Programme:

The CWP aims to provide an employment safety net, by providing a minimum level of regular work opportunities to participants, with a predictable number of days of work provided per month. This supplements the existing livelihood strategies of participants and provides a basic level of income security through work. It is targeted at unemployed and/or underemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty. The Community Work Programme provides access to a minimum level of regular work - 2 days a week = 100 days a year at a wage rate of R50.00 per day. It is an area-based programme, intended to be ongoing; this allows it to target the poorest areas: where market-based jobs are unlikely to come any time soon. Site management is handled by implementing agencies appointed by the programme. The CWP uses community participation to identify 'useful work' and priorities. 'Work' is decided in Ward Committees or local development fora; it is multi-sectoral and contributes to public/community goods and services;

Start-up scale: 1,000 participants per site. CWP sites have a 65% labour intensity. In practice, a common menu of typical priorities has emerged and these have become the 'anchor' programmes:

A strong focus on food security,

Home-based care, mainly for HIV and TB affected households and auxiliary care: cooking, cleaning;

Care of orphans and vulnerable children, child-headed households;

Social programmes to tackle alcohol abuse, violence, crime,

Development of recreation spaces, sporting facilities targeting youth

Environmental rehabilitation and maintenance Informal settlement upgrading.

Zimbabwe-type road maintenance.

In most cases, these are issues government is already trying to address, and a link to existing departments/spheres of government and/or EPWP programmes is required.

This has implications for how the CWP is institutionalised and funded

The Ama-Jingqi - Macadamia Project:

As of end June 2018, Ama-Jingqi Macadamia Farm had a staff compliment of 115, consisting 58% males and the remaining 42% female employees. They can further be analysed as per their ages, as illustrated in the table below:

| Age Category | Number of Employees | Percentage |
|--------------|---------------------|------------|
| 18-35 | 38 | 53% |
| 36-45 | 18 | 25% |
| 46-55 | 13 | 18% |
| 56-65 | 3 | 4% |

Source: Ama-Jingqi Macadamia Farm Report 2017/2018

The Ligwa Moringa Project:

As of end June 2018, Ligwa Moringa Farm had a staff compliment of 6 consisting 4 males and the remaining 2 female employees. Temporary jobs created during project implementation is equivalent to 165 jobs.

Source: Ligwa Moringa Report 2017/2018

| 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 | 72 | 0 | 72 | |
| Year 0 | 105 | 0 | 105 | Staff monthly payment slips |
| | | | | |
| Initiative A (Year 0) | 65 | 0 | 65 | |
| Initiative B (Year 0) | 0 | 0 | 0 | |
| Initiative C (Year 0) | 0 | 0 | 0 | |

| JOB CREATION THROUGH EPWP PROJECTS | | |
|------------------------------------|-------------------------------|--|
| Details | EPWP Projects | Number of jobs created through EPWP projects |
| 2017/2018 | LED Infrastructure Projects | 105 |
| | Land Rehabilitation programme | 132 |
| | Recycling | 10 |
| | Plant Operators | 08 |
| | Rural Waste Programme | 124 |
| | Willowvale Squatter Camp | 09 |
| | Waste Pickers | 75 |
| | Pound Assistants | 14 |
| | Street Cleaning | 155 |
| | Administrative Assistants | 06 |
| | Libraries | 09 |
| | Electrical Assistants | 4 |
| | Waste Transporters | 13 |
| | Off- loaders | 26 |
| | Land fill sites | 4 |
| | EPWP Coordination | 07 |
| | Infrastructure – MIG | 17 |
| | TOTAL | 695 |

| EMPLOYEES: Local Economic Development Services | | | | | |
|---|------------------|--------------|------------------|-----------|-----------------------------------|
| Job level | 2016/17 | 2017/18 | | | |
| | No. of employees | No. of posts | No. of employees | Vacancies | Vacancies (as a % of total posts) |
| 0 – 3 | | | | | |
| 4 – 6 | | | | | |
| 7 – 9 | 1 | 0 | 0 | 0 | |
| 10 – 12 | 3 | 4 | 2 | 2 | 50% |
| 13 – 15 | 1 | 1 | 1 | 0 | 0% |
| 16 – 18 | | | | | |
| 19 – 20 | 1 | 1 | 1 | 0 | 0% |
| Total | 6 | 6 | 4 | 2 | 50% |
| | | | | | |

| Local Economic Policy objectives taken from IDP 2017/2018 | | | | | | | | | |
|---|---|---------|--------|---------|--------|---------|--------|---------|--------|
| Service objectives | KPI | 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | |
| | | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| Agricultural development and food security | | | | | | | | | |
| By promoting agrarian reform and increase food security to farming households | Number of wards with agricultural profiles conducted | N/A | N/A | N/A | N/A | N/A | N/A | 10 | 10 |
| | Number of village associations assisted with maize production inputs. | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 41 |
| | Number of farming projects assisted with fencing inputs | 13 | 13 | 13 | 13 | 6 | 6 | 6 | 6 |

| | | | | | | | | | |
|--|---|------|------|------|-----|------|-----|-----|-----|
| | Number of nurseries supported | | | | | | | | |
| | Number of village farming associations assisted with stock remedy | 31 | 31 | 31 | 31 | 31 | 31 | 32 | 32 |
| | Number of village feedlots assisted | N/A | N/A | N/A | N/A | N/A | N/A | 2 | 1 |
| | Number of dipping tanks renovated | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 2 |
| | Number of shearing sheds built or renovated | 5 | 5 | 5 | 5 | 5 | 5 | 3 | 3 |
| | Number of boreholes renovated and drilled | N/A | N/A | N/A | N/A | 4 | 4 | 2 | 2 |
| To ensure use of agricultural value chain to stimulate local economic development in deprived areas | | | | | | | | | |
| By providing support for farming value chain activities | Number of projects supported through value chain | N/A | N/A | N/A | N/A | 4 | 4 | 2 | 1 |
| | Number of projects supported | NA | N/A | N/A | N/A | N/A | N/A | 1 | 1 |
| | Number of High Value programs supported | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Number of information days held | 16 | 16 | 16 | 16 | 16 | 16 | 8 | 19 |
| To reduce poverty and unemployment through viable and sustainable job creation strategies | | | | | | | | | |
| By facilitating multiplier effects from EPWP projects | Number of people employed | 2000 | 2000 | 2000 | 695 | 2540 | 725 | 725 | 627 |

| | | | | | | | | | |
|--|---|-----|-----|--|---------|-------------------------------------|--|-------------------------------------|-------------------------------------|
| | through EPWP | | | | | | | | |
| By developing an exit strategy (intervention plan) through SMME/Co-operative | Development of SMME support policy | NA | N/A | N/A | N/A | N/A | N/A | 1 | 1 |
| To encourage investment through viable investment and retention strategies | | | | | | | | | |
| By encouraging investment through viable investment and retention strategies | Economic Summit & Retention strategy | N/A | N/A | Economic summit and retention strategy | Concept | Approved concept and marketing plan | Approved concept document and marketing plan | 4 investment opportunities profiled | 6 investment opportunities profiled |
| By ensuring reduction of employment rate through development and capacitation of enterprises | Number of hawker stalls installed | N/A | N/A | N/A | N/A | 60 | 35 | 350 | 45 |
| By promoting entrepreneurial access to markets | Number of SMME's linked to formal markets | 5 | 5 | 4 | 5 | 5 | 5 | 5 | 11 |
| | Number of co-ops funded, trained and assisted | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| | LED AND SMME SPENDING | N/A | NA | N/A | NA | N/A | NA | 5% | 5% |
| | Spending towards local SMME's | N/A | NA | N/A | NA | N/A | NA | 20% | 20% |
| By capacitating and assisting informal traders | Number of informal traders supported | 4 | 5 | 4 | 6 | 120 | 120 | 50 | 173 |
| Ensure community access to market through their skills and capacity development | No. of craft projects assisted | 15 | 12 | 10 | 12 | 10 | 10 | 10 | 10 |
| Unlocking marine and coastal tourism opportunities | | | | | | | | | |
| Ocean Economy | Number of ocean marine economic initiatives supported | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 3 |
| | | | | | | | | | |

| To position and promote Mbashe as a tourist destination of choice | | | | | | | | | |
|---|---|-----|-----|-----|-----|---|---|---|---|
| Tourism Events | Number of events hosted and participated on | 8 | 8 | 4 | 4 | 4 | 4 | 4 | 8 |
| Tourism and Environmental signage | Number of tourists destination with clear signage | 3 | 3 | 3 | 2 | 1 | 1 | 5 | 3 |
| Beach Upgrade | Number of tourism infrastructure projects facilitated and supported | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 |
| By supporting tourism operators | Number of tourism operators supported | 5 | 5 | 5 | 5 | 5 | 5 | 3 | 3 |
| Renovation of heritage sites | Number of heritage properties developed | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Film Industry Support | Number of programs supported | N/A | N/A | N/A | N/A | 1 | 1 | 1 | 1 |
| Forest rehabilitation | Number of plantations rehabilitated | N/A | N/A | N/A | N/A | 1 | 1 | 1 | 1 |

| Financial Performance Year 0: Local Economic Development Services | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Employees | 3 179 178 | 3 981 048 | 3 981 048 | 3 797 654 | 5% |
| Repairs and Maintenance | - | 400 000 | 421 619 | 421 618 | 0% |
| Other | 13 252 614 | 20 170 027 | 19 608 864 | 16 814 197 | 14% |
| Total Operational Expenditure | 16 431 792 | 24 551 075 | 24 011 531 | 21 033 469 | 12% |
| Net Operational Expenditure | -16 431 792 | -24 551 075 | -24 011 531 | -21 033 469 | 12% |

| Capital Expenditure Year 0: LED | | | | | |
|---------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 100 000 | 100 000 | - | 100% | 100 000 |
| Computers and Printers | 100 000 | 100 000 | - | 100% | 100 000 |
| | | | | | |

COMMENTS ON ECONOMIC DEVELOPMENT

Economic development performance is largely measured in terms of support to SMMEs, Co-operatives and support to High Value Crops. The limitation is still experienced in the accounting for the value of money to local SMMEs in terms of the Supply Chain Management. However, we have developed SMME Support and Funding Policy as tool that could be used to measure the value of support to SMMEs and local entrepreneurs compared to be approved budget. Budget has been spent towards local SMMEs in 217/18.

On other aspect; the municipality is tapping into is the Oceans Economy and coastal bankable opportunities such as Tenza development precinct, Dwesa-Cwebe Nature Reserve, Mncwasa, Qhora and Qatywa Eco Lodge.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION

Mbhashe has a competence for amenities and community facilities like halls, pounds, cemeteries, sports fields, ablution facilities, beaches, child care facilities, parks & public places and workers' facilities. .

Halls: - The municipality has been constructing multi-purpose community halls in many of its wards to aid communities with proper spaces for their meetings and functions. These facilities are constructed through the use of MIG and once finished, they are owned, operated and maintained by the municipality. The key challenge so far has been the lack of adequate funds to constantly maintain and offer security services to our facilities. Another challenge is the role of the Mbhashe as against the community in the management of these facilities. In all our units, there are halls (Town Hall, TRC halls and Multi-Purpose Centres).

Sports fields: - As is the case with the halls, these facilities are scattered throughout the Municipality, with some located in urban centres, whilst others are placed at ward centres. These facilities are poorly managed with no personnel attached to them.

Cemeteries: - Cemeteries are a core competence of Mbhashe municipality and our role is largely to plan and ensure provision of land for burial as well as support with such services as registrations and mobilization of resources for fencing of facilities. Lack of funds is often cited as a reason why there is poor maintenance of cemeteries across all Units. Cemeteries are currently categorized into urban and rural (communal and private). Historically, the Municipality is largely responsible for the management and operation of the urban cemeteries, whilst the rural communal cemeteries are the responsibility of the communities concerned. Obviously, the private cemeteries in the homesteads become the responsibility of the family concerned. Currently all the urban cemeteries are fenced in.

Workers' facilities: - These are facilities that are meant for our staff like change-rooms, sitting places as well as recreational spaces. The construction of these facilities is at an advanced stage and is managed by Land & Housing section of the Development Planning Department.

Beaches: - Mbhashe is well endowed with a beautiful and wild coastline that covers certain parts of Willowdale and Elliotdale. Certain parts of the coastline are used by the public for leisure, especially during Easter and summer holidays. As a result of that, there are some leisure facilities in the form of public toilets, showers, signage, braai areas and others that needs to be managed and maintained from time to time. The Department of Environment (DEA) is doing well in terms of its Working for the Coast (WftC) programme that includes cleaning of the coastal line, provision of necessary infrastructure and development of the Coastal Management Plan for Mbhashe Local Municipality.

Child care facilities: - This is a fairly new field that has been introduced in the current financial year. An amount of R1m was set aside for the provision of the Early Childhood Development Centers (ECDCs) play facilities as well as doing assessment for the sixty (60) ECDCs.

3.11 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER

This is the concurrent function of the National and Provincial governments. The Department of Sports, Recreation, Arts and Culture (DSRAC) has since entered into a memorandum of agreement with local municipalities, including Mbhashe to manage and administer these facilities. Despite the MOA, we have numerous challenges of unfunded mandates, resulting in some libraries either being dilapidated or closed altogether.

An amount of R350 000 was transferred by the DSRAC for the maintenance and management of these facilities.

The Municipality has set herself, as part of the first three priorities the following and progress on each:-

- Renovation of eight (03) community halls – very little progress has been registered on this front due to some of the delays in the appointment of the service provider to undertake the work.
- Maintenance and upkeep of the libraries – an amount of R300k was transferred by the DSRAC to Mbhashe as part of the SLA. The Idutywa Library that was closed for almost a year due to the lack of funding was re-opened again

- Establishment and maintenance of the Municipal Parks- some progress was registered on this front in the form of a new park with children playing equipment is under construction that is due to be in the first quarter of the new financial year.

| Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 4 285 498 | 4 867 644 | 6 017 644 | 5 676 242 | 6% |
| Expenditure: | | | | | |
| Employees | 11 159 939 | 14 161 945 | 14 161 945 | 14 132 524 | 0% |
| Repairs and Maintenance | 4 570 232 | 4 353 947 | 5 403 946 | 4 486 295 | 17% |
| Other | 10 516 939 | 10 340 075 | 11 373 875 | 10 584 266 | 7% |
| Total Operational Expenditure | 26 247 111 | 28 855 967 | 30 939 766 | 29 203 085 | 6% |
| Net Operational Expenditure | -21 961 613 | -23 988 323 | -24 922 122 | -23 526 843 | 6% |

3.12 CEMETERIES & CREMATORIALS

All three urban cemeteries were fenced funded through MIG program and the Data collection for rural communal cemeteries was done. Done the routine maintenance in the form of grass cutting and clearing of the overgrown vegetation in cemeteries.

| Financial Performance Year 0: Cemeteries and Crematoriums | | | | | |
|---|----------------|-----------------|-------------------|-----------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | 3 264 | 3 264 | 3027 | 7% |
| Expenditure: | | | | | |
| Employees | - | | | | |
| Repairs and Maintenance | 131 790 | | | | |
| Other | - | 220 000 | 220 000 | 206 938 | 6% |
| Total Operational Expenditure | 131 790 | 220 000 | 220 000 | 206 938 | 6% |
| Net Operational Expenditure | -131 79 | -216 736 | -216 736 | -203 911 | 6% |

3.13 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

INTRODUCTION

This is fairly new field that has been introduced on the current financial year. An amount of R1M was set aside for the provision of the Early Childhood Development Centers (ECDCs) play facilities as well as doing assessment for the sixty (60) ECDCs, were provided with play tools. All the above were achieved in the financial year under review.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

- In order to enforce the framework of Section 24 of the Constitution is the **National Environmental Management Act (Act 107 of 1998)**, which stipulates 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;
 - promote conservation; and
 - secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Mbhashe LM, has an Environmental Management Unit established under Development Planning. The purpose of this unit is to oversee that Environmental Protection is practised and Environmental Compliance is adhered to. This assist in equipping the municipality in promoting sustainability in all its practices. By doing so, in the year of 2016/2017, the unit has by far conducted the following programmes:

- Climate Change Strategy and Resilience Plan
- Land Rehabilitation
- Removal of Alien Species
- Tree Planting
- Nursery Plan and Action Plan
- Wetlands Report
- Environmental Awareness Programs.

The programs that are supported externally are as follows:

- Working for the Coast – Department of Environmental Affairs
- River Clean-up – Department of Water & Sanitation.

Climate Change Strategy & Resilience Plan

A brief synopsis of anticipated climate change impacts can be drawn from the specialist report developed to inform the SDF review process for the Mbhashe Local Municipality. Specialist climate change tools, literature and data was also reviewed, and based primarily on the Long Term Adaptation Scenarios

(specifically for the Mbhashe Local Municipality), the following climate change impacts, with high confidence, can be said to be inevitable:

I. An approximate increase in median temperature of 1.8 - 2 Degrees Celsius during the summer months and approximately 1.6 – 1.8 Degrees Celsius increase during winter

II. An increase in winter monthly rainfall by 10 - 15 mm and 25 - 50 mm in the summer

III. The above climate changes could imply that Mbhashe Local Municipality is faced with the following:-

- More frequent and severe flooding as a result of higher intensity storm events and possibly more frequent hail events. This will and will impact on human settlements, infrastructure, human health and place a greater burden on particularly impoverished communities
- Higher rainfall may increase agricultural production but water availability could become a limiting factor, requiring increased irrigation. Ground and surface water systems are vulnerable. In this regard small scale farming is likely to be most affected
- Heat waves may result in increased heat stress to plants, animals and humans and will increase associated fire risk placing livestock and grazing capacity under threat.

Furthermore, the Northern Parts of Mbhashe are more prone to drought, as evidenced by the recent events and the severe 2015 drought.

Land Rehabilitation

Land Rehabilitation is undertaken in two forms: firstly, through the EPWP job creation mainly focusing in the rural areas of Mbhashe Local Municipality. The wards have been worked on over a period of two years. This project is undertaken in five wards of MLM and has 20 to 40 participants in each ward.

The programme saw the employment of (125) people through the EPWP programme to rehabilitate the damaged and eroded lands.

Secondly, Land Rehabilitation Plan has been completed for both Idutywa & Elliotdale towns, which suffer from the illegal sites being mined for sabunga and other soil materials. Land degradation is a global phenomenon, which is leading to the reduction and loss of the biological and economic productivity capacity of land. The Mbhashe Local Municipality is one of those rural municipalities that face a delinquent crisis of eroded land due to a number of causes. Some causes are those of human activities exacerbated by natural processes and magnified by climate change and biodiversity loss.

Removal of Alien Species

Mbhashe LM is one of the municipalities that is faced by invasive alien plants mainly the lantana camara, peanut butter plant, black wattle and the common gum tree. These species are tackled through the EPWP and is also focusing in the rural wards of Mbhashe LM. The project is undertaken four wards of Mbhashe, with the job creation of (80) participants. In towns, (Willowvale) the eradication takes place in phases, so far only phase one has been completed in an area of about 2640 hectares.

Tree Planting

Tree Planting Programme constitutes greening in schools and in communities by providing and planting trees. The community residents together with the school learners have to been educated on the importance of trees

The importance of planting trees is known to be broad. It starts from playing a vital role in the battle against climate change, feeding our rivers and help regulate the impact of storms and floods. Trees also provide much needed oxygen and sequester carbon dioxide and also increase biodiversity interest.

In schools, trees provide a healthy and beautiful playground as they provide for shade for learners. Trees are also able to improve an area water quality, hence the need for planting more trees around the area of Mbhashe suffering from Climate Change Impacts.

The tree planting programme was taken to many villages targeting government and public properties such as schools, clinics and halls as the first target. The programme was taken to (13) villages in the 2016/17 financial year.

Nursery Action Plan:

A nursery Action Plan was developed by the unit for an identified site in Elliotdale. The Nursery is aimed at growing tree & flower seedlings in order to produce greening for the areas of Mbhashe LM. A tree nursery is a managed site, designed to produce tree seedlings grown under favourable conditions until they are ready for planting. It can be an informal, small-scale arrangement or a large commercial enterprise. Nurseries vary in size, facilities (supplies, tools, equipment, etc), types of seedlings produced, and operations. They also differ significantly in quality and quantity of planting stocks produced. However, all nurseries primarily aim to produce sufficient quantities of high quality seedlings to satisfy the needs of seedling users. Users include the nursery operator themselves, individuals, community organizations, farmer groups, government agencies, non-government organizations, corporate or private customers.

Wetlands Report

A wetlands study report has been undertaken by ICLEI, for and under the Amathole District Municipality, in which Mbhashe forms part.

TABLE 1 THE CONDITION OF WETLANDS WITHIN MBHASHE LOCAL MUNICIPALITY:

| Local Municipality | Conditions | Area (ha) | % wetlands areas |
|--------------------|---------------------------------------|-----------|------------------|
| Mbhashe | Natural/Good condition | 60.6 | 15.2 |
| | Moderately Modified condition | 100.3 | 25.2 |
| | Heavily/Critically Modified condition | 237.2 | 59.6 |



Distribution of Wetlands in Mbhashe Local Municipalities:

Environmental Awareness Programs

Environmental awareness have been undertaken extensively by the unit, in order to educate and capacitate the communities of Mbhashe on environmental issues. Ranging from Arbour Day which was undertaken in Qora (ward 2) together during the first week of September. Again in September, a Vulture Awareness Day took place on ward (8), where Mbhashe show off with the beauty scenes of the pristine environment where the native Cape Vulture is endemic to.

A Marine Day that took place in Cwebe Nature Reserve with the learners being educated on the importance of marine life was conducted during the second quarter.

The scarcity of water in the area of Mbhashe was emphasised during the Water Week held in ward (05) together with the Sanitation Week.

Lastly, the Environmental Day was celebrated in a form of an Eco-Schools competition, under the theme of “The Importance of Environmental Management in Mbhashe LM”. Where five schools participated and won prizes in monetary value which will assist the schools in implementing environmental projects in their school grounds.

All these events took place with the support from various departments like, the National Department of Environmental Affairs, Department of Education, Department of Agriculture, Forestry, and Fisheries, the South African National Biodiversity Institute (SANBI), Department of Water & Sanitation, Department of Economic Development, Environmental Affairs & Tourism and the Amathole District Municipality.

3.14 POLLUTION CONTROL

The types of pollution that are under the control of the unit ranges from river clean-up to coastal clean-up. An Air Quality Management Plan is still to be developed for issues pertaining air pollution, currently

there is a climate change strategy that outlines the issues talking to air pollution e.g Transport pollution & Car Emissions.

Mbhashe also have rural waste which is a form of controlling waste pollution around

A nuisance By-law is in place to tackle noise pollution.

3.15 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

There is overwhelming evidence that climate change will lead to a loss in Biodiversity. The predicted changes in the natural environment for South Africa include a reduction in the ranges of species by up to 80% as well as 30% of endemic species being increasingly vulnerable to extinction.

Projected changes to the Biomes within the Mbhashe Municipality.

The three Biomes in Mbhashe are Indian Ocean Coastal Belt, Grassland and Savanna (Mucina and Rutherford, 2010). Due to increasing temperatures and changes in trends of precipitation resulting from climate change, species richness may be reduced. In addition, the Grassland Biome is likely to be reduced in spatial extent, while the spatial area of the Desert Biome is predicted to increase (UNEP, 2011). The decreased spatial extent of the Grassland Biome is also likely to be reduced due to the invasion of trees and woody species. This would ultimately lead to a shift towards Savanna type characteristics.

Possible responses to mitigate against the effects on the biodiversity and tourism sector:-

- I. Awareness regarding the worth of utilising biodiversity to help in societal adaptation to the effects of climate change, needs to be increased
- II. The establishment and expansion of protected areas needs to happen, as well as the creation of partnerships to allow for the effective management of areas which are not formally protected, particularly those in the Grassland Biome.

DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

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- II. The establishment and expansion of protected areas needs to happen, as well as the creation of partnerships to allow for the effective management of areas which are not formally protected, particularly those in the Grassland Biome.

| Financial Performance Year 0: Environmental Management | | | | | |
|--|----------------|------------------|-------------------|------------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | |
| Expenditure: | | | | | |
| Employees | 284,762 | 416,254 | 416,254 | 416,250 | 0% |
| Repairs and Maintenance | 109,688 | 380,000 | 281,077 | 234,577 | 17% |
| Other | 517,142 | 1,852,200 | 1,852,200 | 1,429,846 | 23% |
| Total Operational Expenditure | 911,592 | 2,648,454 | 2,549,531 | 2,080,672 | 18% |
| Net Operational Expenditure | 911,592 | 2,648,454 | 2,549,531 | 2,080,672 | 18% |

COMPONENT F: HEALTH

This component includes: health inspections.

3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Function is performed by the district.

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION TO SECURITY AND SAFETY

Mbhashe LM is mainly responsible for the provision of the safety and security matters in the form of traffic regulations and by-law enforcement. We have seen a lot of improvement in this field in the form of establishing a fully-fledged unit dealing with the law enforcement, appointment of the head of the law enforcement unit (Commander – Law Enforcement) and an additional ten (10) law enforcement officers.

3.17 POLICE

INTRODUCTION TO POLICE

The Law Enforcement section is now fully functional and has been properly structured and more personnel was appointed in critical posts. Some of the highlights include the appointment of two senior traffic officers' superintendent licensing and two (2) law enforcement officers. Our Law enforcement officers deal with the enforcement of By-laws and Traffic officers deal with the enforcement of road traffic act and criminal procedure act.

MUNICIPAL POLICE SERVICE DATA

| Municipal Police Service Data | | | | | |
|---|------------|--------------|-----------|--------------|-------------|
| Description | Year -1 | Year 0 | | Year 1 | |
| | Actual no. | Estimate No. | Actual no | Estimate No. | |
| 1. Number of the road traffic accidents during the year | 742 | 750 | 851 | 900 | |
| 2. Number of by-law infringements attended | 5 | 10 | 5 | 10 | |
| 3. Number of police officers in the field on an average day | 10 | 10 | 6 | 10 | |
| 4. Number of police officers on duty on an average day | 15 | 20 | 14 | 20 | |
| | | | | | T 3.20.2 |

| Municipal Police Service Data | | | | | |
|---|------------|--------------|-----------|--------------|--|
| Description | Year -1 | Year 0 | | Year 1 | |
| | Actual no. | Estimate No. | Actual no | Estimate No. | |
| 1. Number of the road traffic accidents during the year | 742 | 750 | 851 | 900 | |
| 2. Number of by-law infringements attended | 5 | 10 | 5 | 10 | |
| 3. Number of police officers in the field on an average day | 10 | 10 | 6 | 10 | |
| 4. Number of police officers on duty on an average day | 15 | 20 | 14 | 20 | |
| T 3.20.2 | | | | | |

[illegible]

EMPLOYEES

| Employees: Police Officers | | | | | |
|----------------------------------|-----------|--------|-----------|--|--------------------------------------|
| Job Level | Year -1 | Year 0 | | | |
| Police | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| Administrators | No. | No. | No. | No. | % |
| | | | | | |
| Chief Police Officer & Deputy | | | | | |
| Other Police Officers | | | | | |
| | | | | | |
| 0 – 3 | | | | | |

| | | | | | |
|---------|----|----|----|---|-----|
| 4 – 6 | | | | | |
| 7 – 9 | 25 | 28 | 26 | 2 | 22% |
| 10 – 12 | 4 | 5 | 5 | 0 | 20% |
| 13 – 15 | 1 | 1 | 1 | 0 | |
| 16 – 18 | | | | | |
| 19 – 20 | | | | | |
| Total | 30 | 33 | 32 | 2 | |
| | | | | | |

3.18 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES)

This Disaster Management is performed in accordance with the legislative requirements in the Disaster Management Act. In terms of Section 46 the municipality co-ordinates its activities with those of the –

- (a) National Disaster Management Centre;
- (b) The Eastern Cape Provincial Disaster Management Centre; and
- (c) Amathole District Municipality's Disaster Management Centre

The Mbashe Local Municipality adopted the Disaster Management Plan on the 28th of October 2015. The plan stipulates that the municipality is responsible for executing some obligations with regards to disaster in terms of the Disaster Management Act.

The Disaster Management Plan of the Local Municipality reflects:

- I. Compliance with the provisions of the Disaster Management Act.
- II. Alignment and integration with the current Integrated Development Plan (IDP).
- III. Assessment of risk and vulnerability of its communities and anticipate and prioritise disasters that are likely to occur in the municipality.
- IV. Place emphasis on measures that reduce risk and vulnerability of disaster-prone areas, communities and households.
- V. Identify areas, communities and households that are vulnerable and at risk.
- VI. Respect and use the indigenous knowledge relating to disaster management.
- VII. Promote disaster management research.
- VIII. Identify and address the weakness in capacity of the municipality to deal with possible disasters.
- IX. Facilitate maximum emergency preparedness

The following risks are identified as priority risks at Mbashe that will be addressed by risk reduction and preparedness planning as contained in the plan.

In the year 2017/18, the municipality also reviewed the Disaster Policy. The policy states different stakeholders involved in the disaster mitigation.

Mbashe Local Municipality uses the services of the Amathole District Municipality in the fire services; this is in terms of the assigned powers by the MEC for Local Government.

In the year 2017/18, the municipality was able to respond positively to all reported disasters in the area. In all these disasters; the municipality was the first point of call and response rate was high as officials and councilors were seen in the disaster struck areas within 24 hours. For most of the time; groceries were supplied where to all those affected by fire and storm where groceries were affected.

COMPONENT H: SPORT AND RECREATION

3.20 SPORT AND RECREATION

The sport facilities are being maintained, we have also started to maintain even the ones at the rural areas, we have started by supplying Nets and Poles for Netball and soccer, the ones in the urban areas are also provided with security guards because of vandalism.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

3.21 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

The municipality has the political stability which enables Council to oversight through its section 79 and 80 committees. The Mbhashe municipality has two management teams a political and an administrative team. The political team made up of Councillors and headed by the Mayor. This team makes strategic and policy decisions for the residence and businesses. The administrative team is headed by the Municipal Manager assisted by the senior managers in ensuring that the decisions taken by the council are implemented

| The Executive and Council Policy Objectives Taken From IDP | | | | | | | | | |
|---|-------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| Service Indicators (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| To ensure coordination , cooperation and joint planning g between spheres of government by 2017 | | | | | | | | | |
| Revive and strengthen IGR structures within the municipality | No of IGR meetings held | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

| | | | | | | | | | |
|--|---|----|----|----|---|---|----|----|----|
| To ensure optimum functionality of council and its structures | | | | | | | | | |
| Coordinate functioning of council oversight structures | No of council and its structures' meeting organised | 44 | 63 | 20 | 48 | 72 | 24 | 37 | 24 |
| To enhance and promote communication in all municipal activities | | | | | | | | | |
| Reviewal and implementation of communication strategy | Reviewed communication strategy | 1 | 1 | 1 | Adopted Reviewed communication strategy | Adopted Reviewed communication strategy | - | - | - |
| To ensure that all stakeholders participate in the affairs of the municipality | | | | | | | | | |
| Review and implement public participation and petition strategy | Reviewed public participation and petition strategy | 1 | 1 | 1 | Existing public participation and petition strategy | Existing public participation and petition strategy | - | 1 | 30 |
| Improve the functioning and reporting of ward committees | No of reports submitted | 34 | 5 | 34 | 124 | | | | |
| Strengthen the relations between CDW's , ward committees and ward councillors | No of meetings held | 4 | 3 | - | 4 | | | | |

| | | | | | | | | | |
|--|-------------------------------|----|----|----|----|--|--|--|--|
| Regular communication on communities on the achievements of targets set out in IDP | No of community imbizo's held | 32 | 32 | 31 | 31 | | | | |
|--|-------------------------------|----|----|----|----|--|--|--|--|

| Financial Performance Year 0: The Executive and Council | | | | | | R'000 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 10 543 000.00 | 11 047 000.00 | 11 047 000.00 | 11 047 000.00 | 0% | |
| Expenditure: | | | | | | |
| Employees | 22 065 375.95 | 25 585 611.00 | 25 585 611.00 | 24 374 085.69 | 5% | |
| Repairs and Maintenance | 48 793.27 | 63 661.00 | 63 661.00 | 143 435.79 | -125% | |
| Other | 3 641 285.59 | 4 419 857.00 | 4 419 857.00 | 5 447 526.03 | -23% | |
| Total Operational Expenditure | 25 755 454.81 | 30 069 129.00 | 30 069 129.00 | 29 965 047.51 | 0% | |
| Net Operational Expenditure | -15 212 454.81 | -19 022 129.00 | -19 022 129.00 | -18 918 047.51 | 1% | |

| Financial Performance Year 0: The Executive and Council | | | | | | R'000 |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 10 543 000.00 | 11 047 000.00 | 11 047 000.00 | 11 047 000.00 | 0% | |
| Expenditure: | | | | | | |
| Employees | 22 065 375.95 | 25 585 611.00 | 25 585 611.00 | 24 374 085.69 | 5% | |
| Repairs and Maintenance | 48 793.27 | 63 661.00 | 63 661.00 | 143 435.79 | -125% | |
| Other | 3 641 285.59 | 4 419 857.00 | 4 419 857.00 | 5 447 526.03 | -23% | |
| Total Operational Expenditure | 25 755 454.81 | 30 069 129.00 | 30 069 129.00 | 29 965 047.51 | 0% | |

| | | | | | |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------|
| Net Operational Expenditure | -15 212 454.81 | -19 022 129.00 | -19 022 129.00 | -18 918 047.51 | 1% |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------|

COMMENT ON THE PERFORMANCE OF EXECUTIVE AND COUNCIL

Council Meetings

The Municipal Structures Act requires that council should meet at least once a quarter. Mbhashe Municipality has in the previous year exceeded this required. All the issues that hinges on the legislative provisions were performed to the full expectations oversight structures.

Attendance to Council Meetings

Mbhashe Municipality boasts a very high record of attendance for all the council meetings convened for the year under review with most of the instances wherein councillors were unable to attend, apologies were tendered and approved.

All Party Whippers

Council has also provided for mechanisms for political entities to council to be able to find one another on an extended avenue made available through the office of the Chief Whip

Section 80 Committees

Section 80 committees are performing their functions very well. Their work assists council in dealing with the details in respect of the matters that are to be table before council for consideration, thus making the business of council less cumbersome.

Section 79 Committees

The Municipal Public Accounts Committee has been fully constituted and members were given the requisite training.

3.21 FINANCIAL SERVICES INTRODUCTION

The municipality's financial services office is made up of the following units:

Budget and Reporting: Responsible for preparing the budget and reporting. This section has also ensured that the municipality met all its reporting requirements as per the regulatory framework and has over the past two years received an unqualified audit opinion from the Auditor General's office.

Expenditure and Payroll Management: Responsible for monitoring payments made to service providers, employees and councillors whilst ensuring that controls exist regarding the municipality's contract management and that all payments made by the municipality have followed the proper control process.

Procurement: Responsible for monitoring controls over the Supply chain management process and ensuring that controls exist to mitigate against any risks that might affect the supply chain processes. The unit oversees procurement process from minor purchase order, mini tenders to open bid tenders and reports on the system in place to Provincial and National Treasury as stipulated in the MFMA.

Assets Management: Responsible for monitoring and maintenance of all the municipal assets and safekeeping of all assets. Performing physical verification of assets and ensuring that the municipality maintains a GRAP compliant assets register.

Revenue: Responsible for revenue collection, the process of updating the valuation roll, billing services, providing assistance to ratepayers regarding accounts queries.

| Debt Recovery | | | | | | | |
|--|------------------------------------|---|----------------|------------------------------------|---|---|---|
| R' 000 | | | | | | | |
| Details of the types of account raised and recovered | Year -1 | | Year 0 | | | Year 1 | |
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| Property Rates | 6 782 109 | 81.86% | 5 704 924 | 8 390 804 | 128% | 5 700 000 | 100% |
| Electricity - B | | | | | | | |
| Electricity - C | | | | | | | |
| Water – B | | | | | | | |
| Water – C | | | | | | | |
| Sanitation | | | | | | | |
| Refuse | 685,460.00 | 18% | - | 90 238 | #DIV/0! | 1 300 000 | 100% |
| Other | | | | | | | |

| Employees: Financial 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 | 21 | 11 | 11 | 0 | 18% |
| 10 – 12 | 9 | 8 | 7 | 1 | 0% |
| 13 – 15 | 1 | 1 | 1 | 0 | 0% |
| 16 – 18 | 1 | 1 | 1 | 0 | 0% |
| 19 – 20 | 1 | 1 | 1 | 0 | 0% |
| Total | 35 | 22 | 21 | 1 | 9% |
| | | | | | |

| Financial Performance Year 0: Financial Services | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 226 197 514 | 346 397 693 | 345 897 693 | 253 354 956 | 27% |
| Expenditure: | | | | | |
| Employees | 9 661 882 | | | | % |
| Repairs and Maintenance | - | - | - | - | % |
| Other | 23 264 825 | 71 618 851 | 65 051 466 | 18 464 995 | % |
| Total Operational Expenditure | 32 926 707 | 71 618 851 | 65 051 466 | 18 464 995 | % |
| Net Operational Expenditure | 193 270 807 | 274 778 842 | 280 846 227 | | % |

| Capital Expenditure Year 0: Financial Services | | | | | |
|--|----------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 637 500 | 457 500 | | | 457 500 |
| Computer Equipment | 347 500 | 347 500 | 265 758 | 24% | 347 500 |
| Furniture and Office Equipment | 240 000 | 110 000 | - | 100% | 110 000 |
| Machinery and Equipment | 50 000 | - | - | - | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | |
| T 3.25.6 | | | | | |

| Financial Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|---|-------------------------|--------|----------------------------|--|--|----------------------------------|----------------------------------|----------------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | | Year 3 |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| To increase revenue collection by 50% in June 2017 | | | | | | | | | |
| Implementation of credit control and debt collection policy | Amount collected on all outstanding debts | | | 0.1 | | | 0.15 | 0.2 | |
| Ensure data integrity in the billing system | Ratio of billing versus collection | | | 46% | 80% | | | | |
| To establish a fully-fledged and effective supply chain management by 2016 | | | | | | | | | |
| Development and operationalization of SCM Plans | Development of Institutional Procurement plan | | | 1 | Developed Procurement Plan 15/16 | Developed Procurement Plan 15/16 | Developed Procurement Plan 16/17 | Developed Procurement Plan 17/18 | Developed Procurement Plan 18/19 |
| Promotion and maintenance of SCM systems through compliance with laws and regulation | Amount in irregular expenditure to decrease | | | 21M | 10M | | | | |
| Each Head of Department to be responsible for their own contract management | Number of compliant contracts | | | | | | | | |
| | | | | | | | | | |
| To ensure sound financial management, compliance and regular reporting at all times | | | | | | | | | |
| Implementing effective internal controls and monitoring compliance | Timely submission of compliance reports to Council, Treasury and Auditor General. | | | Section 71, 52, 72 and AFS | Compliance of reports as per MFMA Calendar | Compliance of reports as per MFMA Calendar | | | |
| To ensure that municipal assets are adequately managed and monitored | | | | | | | | | |
| Establishment of a fully-fledged asset management unit | GRAP compliant immovable | | | Asset Register not fully | Updated GRAP | Updated GRAP | | | |

| | | | | | | | | | |
|---|---|--|--|---------------------------------|--------------------------------|--------------------------------|--|--|--|
| | and movable asset register | | | GRAP Compliant | Compliant Asset Register | Compliant Asset Register | | | |
| To ensure that the budget is aligned to the IDP | | | | | | | | | |
| Develop credible budget that is aligned to IDP | Timeous approval and submission to Treasury | | | Timeous approval and submission | Approved budget by 31 May 2016 | Approved budget by 31 May 2016 | | | |
| To ensure that our budget is transparent and properly monitored | | | | | | | | | |
| Abiding to the IDP & Budget process plan and effective publishing of our budget | Positive assessment by Treasury | | | Credible budget | Credible budget | Credible budget | | | |

3.22 HUMAN RESOURCE SERVICES INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Management Services rendered by Mbhashe aim to achieve the following:

1. Establish and maintain a working environment that encourages personal growth, development and job satisfaction
2. Attend to the Human Resources requirements of the various municipal departments
3. Ensure that Human Resources policies and procedures are administered to protect the interest of both the municipality and its employees
4. Render recruitment and selection
5. Maintain and monitor conditions of services and
6. Administer personnel and staff movement

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human Resources service 63 Councillors and 12 Traditional Leaders in addition to a total number of 274 permanent employees as at 30 June 2017.

Total number of vacant posts as at 30 June 2018 amounts to 99

| Job Level | Employees: Human Resource Services | | | | |
|-----------|------------------------------------|--------|-----------|----------------------------------|-----------------------------------|
| | 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 | 0% |
| 4 – 6 | 0 | 0 | 0 | 0 | 0% |
| 7 – 9 | 3 | 6 | 2 | 4 | 66% |
| 10 – 12 | 3 | 5 | 3 | 2 | 40% |
| 13 – 15 | 1 | 1 | 1 | 0 | 0% |
| 16 – 18 | 0 | 0 | 0 | 0 | 0% |
| 19 – 20 | 1 | 1 | 1 | 0 | 0% |
| Total | 8 | 13 | 7 | 6 | 46% |
| | | | | | |

| Financial Performance Year 0: Human Resource Services | | | | | |
|---|------------------|-------------------|--------------------|-------------------------------|---------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 178 286.08 | 100 000.00 | 100 000.00 | 47 874.41 | |
| Expenditure: | | | | | |
| Employees | 3 021 874.90 | 5 390 943.00 | 5 390 943.00 | 3 570 204.61 | |
| Repairs and Maintenance | 5 473.76 | 6 135.00 | 6 135.00 | 7 242.42 | |
| Other | 1 879 200.68 | 3 820 779.00 | 3 942 579.00 | 5 594 714.60 | |
| Total Operational Expenditure | 4 906 549.34 | 9 217 857.00 | 9 339 657.00 | 9 172 161.63 | |
| Net Operational Expenditure | -4 728 263.26 | -9 117 857.00 | -9 239 657.00 | -9 124 287.22 | |
| Capital Expenditure Year 0: Human Resources | | | | | |
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 800,000 | 800,000 | 582,676 | 27% | 800,000 |
| Computers and Printers | 50,000 | 50,000 | 24,370 | 51% | 50,000 |
| Office Furniture & Equipment | 50,000 | 50,000 | 1,320 | 97% | 50,000 |
| Vehicles | 700,000 | 700,000 | 556,986 | 20% | 70,000 |

| Human Resource Services Policy Objectives Taken From IDP | | | | | | | | | |
|--|---------------------------------|-------------------------|--------|---|--|--|-------------------------|-----------------------|------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| To provide and enhance skills among the Councilors, Ward Committees and Employees to ensure effective service delivery by 2022 | | | | AET programme for employees Matric programme for Councillors | | Nine employees enrolled for AET Twenty three councillors enrolled for Matric programme | | | |
| | | | | Study assistance awarded to employees | 28 employees received financial assistant in pursuit of tertiary studies | 8 employees have graduated from tertiary institutions 20 employees are in continuation of studies | | | |

| | | | | | | | | | |
|--|--|--|--|--------------------------------------|--|---|--|--|--|
| | | | | Unemployed Community programme | 49 unemployed graduates were enrolled in an internship programme and placed in different municipal departments | 49 unemployed graduates participated in the programme | | | |
| | | | | | 21 new appointed personnel | Appointment letter | | | |

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

According to 2017/18 Municipal IDP, one of the projects identified was the Councillor and Employee Assistant Programme (CEAP), which the municipality managed to appoint a service provider to manage the Wellness programme for all municipal councillors and staff for a period of two years.

Because of delays in the Job evaluation processes, the municipality could not fill the vacancies as planned.

The municipality managed to increase the number of employees accessing municipal benefits substantively. The municipality submitted its Workplace Skills Plan to the LGSETA by end of April 2018, EE Report and RoE report to the Department of Labour. A large number of employees were trained both academically and skills development. All Senior Managers have the Treasury financial certificate. Some councillors also benefited in skills development. The Local Labour Forum, the Training Committee and the Employment Equity Committee are functional.

3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Communication Technology section oversee the stability of business systems and network infrastructure within the organization, which require constant performance monitoring. Set institution-wide standards for software configurations and implementation guidelines in line with Policies and Procedure Manuals. Ensure maximized uptime, performance optimization, and full utilization of ICT resources and implementation of security measures & electronic data operations. Co-ordinates tasks/activities associated with the provision of End User support and analyses, diagnoses and resolves software/ hardware related problems ensuring optimum and uninterrupted functionality of operating systems and applications across the Municipality. Use system analysis techniques and procedures, including consulting with users, to determine hardware, software, or system specifications. Managing LAN\WAN infrastructure and making sure it's up and running.

| ICT Service Policy Objectives Taken From IDP | | | | | | | | |
|---|-------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|
| Service Objectives | Outline Service Targets | 2014/15 | | 2015/16 | | | 2017/18 | |
| | | Target | Actual | Target | | Actual | Target | |
| <i>Service Indicators</i> | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) |
| Ensure Effective And Efficient ICT By 2017 | | | | | | | | |
| Review ICT policies | Reviewed ICT policies | | | | 5 | 5 | 5 | 5 |

| | | | | | | | | |
|---------------------------------|-----------------------------------|--|--|--|---|---|---|---|
| Review ICT governance framework | Reviewed ICT governance framework | | | | 1 | 1 | 1 | 1 |
| New ICT Policies | | | | | | | 5 | 5 |

| Employees: ICT 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 | | | | 0 | |
| 4-6 | 0 | 0 | 0 | 0 | |
| 7-9 | 0 | 3 | 0 | 3 | 100% |
| 10-12 | 2 | 2 | 2 | 0 | 0% |
| 13-15 | 0 | 0 | 0 | 0 | 0% |
| 16-18 | 0 | 1 | 1 | 0 | 0% |
| 19-20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 6 | 3 | 3 | 50% |

| Capital Expenditure Year 0: ICT Services | | | | | |
|---|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 2 150 000 | 2 200 000 | 804 383 | | 2 200 000 |
| COABLES | 300 000 | 300 000 | 183 415 | 39% | 300 000 |
| DISASTER RECOVERY | 400 000 | 400 000 | 362 981 | 9% | 400 000 |
| VPN | 300 000 | 400 000 | - | 100% | 400 000 |
| SOFTWARE | 1 000 000 | 950 000 | 189 805 | 80% | 950 000 |
| SERVERS | 150 000 | 150 000 | 68 182 | 55% | 150 000 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). | | | | | T 3.27.6 |

| Capital Expenditure Year 0: ICT Services | | | | | |
|--|----------------------------|----------------------------|--------------------------|-------------------------------|----------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 2 150 000 | 2 200 000 | 804 383 | | 2 200 000 |
| CABLES | 300 000 | 300 000 | 183 415 | 39% | 300 000 |
| DISASTER RECOVERY | 400 000 | 400 000 | 362 981 | 9% | 400 000 |
| VPN | 300 000 | 400 000 | - | 100% | 400 000 |
| SOFTWARE | 1 000 000 | 950 000 | 189 805 | 80% | 950 000 |
| SERVERS | 150 000 | 150 000 | 68 182 | 55% | 150 000 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | <i>T 3.27.6</i> |

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

Information Communication Technology section made sure that they manage the stability of business systems and network infrastructure within the organization, which required constant performance monitoring. The municipality have Virtual Private Network and Internet connection that gives access to municipal systems and network in all municipal offices, Voice over Internet Protocol Telephone system across municipal offices to enhance communication internal and with outside stakeholders, municipal financial system is mSCOA compliant as per National treasury requirements, New network cabling infrastructure for satellite offices, Upgraded municipal website with constant maintenance, Developed Disaster recovery- Business Continuity Plan, IT Governance Framework and IT Policies and Procedure manuals, Upgraded computers for users and providing End User support across Mphashe LM users. ICT Steering Committee established to enhance ICT performance. System trainings attended by ICT. 3 Vacant positions will enhance ICT services across all sites once they are filled.

ARCHIVES OR REGISTRY

In line with the National Archives and Records Services Act No 43 of 1996 and Promotion of Access to Information Act 2 of 2000, registry protects, maintain municipal records. It also promotes access to information held at registry. It also serves as institutional memory where all records such as Policies, IDP, Financial statements, Annual reports and other strategic documents are made available to the public and staff. It serves to promote preservation of records of enduring value and disposal of ephemeral value. It also ensures timeously delivery of records to relevant departments within the municipality as well as delivery to municipal stakeholders.

| Employees: Archives 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 | 0 | 0 | 0 | 0% |
| 4-6 | 0 | 0 | 0 | 0 | 0% |
| 7-9 | 3 | 3 | 3 | 0 | 0% |

| | | | | | |
|-------|---|---|---|---|----|
| 10-12 | 1 | 1 | 1 | 0 | 0% |
| 13-15 | | | | | |
| 16-18 | | | | | |
| 19-20 | | | | | |
| Total | 8 | 4 | 4 | 0 | 0% |
| | | | | | |

COMMENT ON THE PERFORMANCE OF ARCHIVES SERVICES OVERALL

Municipal Archives is responsible for centralization of municipal information. Three containers were bought and basement has been partitioned particularly for Human Resources Registry. Archives Access Application forms are filled by different departments accessing municipal records held in Archives. Archives Accession forms are filled by different departments transferring their records to municipal Archives. Standing disposal authority has been granted to the municipality for disposal of ephemeral records which will provide space for active records. Notifications to dispose ephemeral records are sent to the Provincial Archives as standing disposal authority has been granted to the municipality. Records disposed were for Budget and Treasury (Supply Chain), Elliotdale's old and with non-archival value records. Municipal file plan has been approved by Provincial Archives and was implemented from 31 August 2016. Records Champions were trained to use of municipal archives. Three workshops have been conducted for all records champions. Records Management Policy has been adopted by the council and Procedures manual developed.

3.24. PROPERTY SERVICES AND LEGAL SERVICES

PROPERTY

Property in this context refers to land and buildings (immovable properties). Owners of the immovable property in the municipality are the following:-

- 1) Communal under traditional leadership
- 2) Privately owned properties
- 3) Government owned properties (DRDLR and Department of Public Works)
- 4) Municipal owned properties

The municipal valuation roll is used as database where all properties registered on the deeds office are kept. The latest valuation was updated in 2014 and supplementary valuation rolls done in every year thereafter.

The municipality also leases land to enterprises with the purpose of uplifting and promoting private sector investment. In the 2017/18 financial year, the municipality has improved in the internal controls with regard to leases. The lease policy has been adopted by council; more lease agreements have been signed and the collection rate on leases has improved.

INTRODUCTION ON PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICE

LEGAL: Legal Services is any form of legal advice, provision of legal opinions, drafting legal documents, representation of any person that requires the expertise of a person trained in the practise of law.

- Non litigious – legal opinions, drafting / vetting contracts and legislative services.
- Litigation – representation in arbitrations and court of law in civil, motion applications and labour disputes.

The unit is responsible for legal services and compliance matters. Legal Services responsibilities include administration of litigation for and against Municipality, advice to Council; manage and enforce compliance with legislations and collective agreements; draft, manage and co-ordinate all legal and employment contracts; advice on labour matters; drafting by – laws and policies in compliance with legislation and provide legal advice to the municipality. Legal representation for employees has been approved by Accounting Officer and matters are defended and no default judgments issued against Municipality.

Cases are defended and referred to Attorneys, litigation progress reports per Attorneys firm available; improvement of legal advice to Council and Executive Management. Availability of drafted service level agreements; response when sections requested to submit contracts for vetting; referral of MOU's and service legal agreements; By laws available; council rules and policies available. The legal cases are recorded in litigation register which is monitored, we also have litigation trend analysis report for each quarter wherein litigation trends are identified and monitored (attended).

The municipality attends to legal matters and limit litigation risks by having sessions with affected departments to avoid litigation and risk repetition. Letters of demand are attended to urgently by responding to the demand filed against Mbhashe Local Municipality to avoid matters referred being to Court and incur legal costs.

Litigation within municipality occurs (causes of action) as a result of alleged unlawful arrest, assault, land evasion, illegal demolition of houses, vehicle impound and contract management breach etc.

Litigation trend analysis is available and very important for the municipality to assess litigation status for each matter; financial impact of litigation and litigation risks. Find below information regarding legal matters as per litigation register:

- Finalised = 12
- Non litigious = 3
- Pending = 45
- Defended cases = 38

More than 75% of the pending matters are defended.

RISK MANAGEMENT: Risk management is the systematic and formalized process to identify assesses, manage and monitor risks. The unit has the responsibility of coordinating and supporting the overall institutional risk management process. The process of identifying, assessing and managing risk remains the responsibility of management.

Risk Management in the municipality is active and meetings are sitting as planned. Based on the legislative mandates and to derive the benefits that would enhance the effectiveness and efficiency of the institution in meeting its obligation as stated below. The following risk registers are available:

- Risk Implementation Plan
- Strategic Risk register
- Operational Risk register
- ICT Risk register
- Fraud Risk register

Risk Management is institutionalized and has been implemented both at operational and strategic levels in the Municipality. Operationally, each Department has a Risk Champion, consultative session taking place and departments are reporting on risk on monthly basis. Operational risk registers are updated monthly. Fraud risk register is updated quarterly. Fraud and Anti – Corruption Policy and Framework has been adopted by Council. Further to this and to fulfil information and Communications Technology (ICT) governance requirements an additional separate ICT Risk Register.

Mbhashe Local Municipality had two risk committee meetings during 2017/2018 financial year. Risk management has been institutionalised by departments and monitoring which involves checking of risk is taking place on a regular basis.

During fourth quarter we conducted risk assessment which is the process of quantifying or qualify levels of risk, prioritise the most important risks. Inherent risks were assessed to establish level of exposure and residual risks assessment to determine the actual remaining levels of risk.

When dealing with risk we checked the assessment tables wherein each risk is evaluated in terms of potential impact. Risks which are irrelevant were removed from each department, some of the matters have removed and transferred to other department.

We identified fourteen new strategic risks:

KPA 1: Inadequate ICT management and inadequate capacity.

KPA 2: Public protest and withholding of grants.

KPA 3: Unsustainable local economic growth and failure to attract investors.

KPA 4: Misappropriation of funds; negative audit outcome; financial and poor asset management.

KPA 5: Inadequate political oversight; fraud and corruption; inadequate planning; high exposure to litigation.

| Property services | | | | | |
|--------------------------------------|------------------|---------------------|---------------------|---------------------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 1,177,836 | 839,948.00 | 1,339,948.00 | 1,381,294.00 | -3% |
| Expenditure: | | | | | |
| Employees | 243,334 | 257,563.00 | 257,563.00 | 257,560.00 | 0% |
| Repairs and Maintenance | 9,272 | 1,827,352.00 | 3,294,386.00 | 2,914,445.00 | 12% |
| Other | 4,637,497 | 2,623,959.00 | 4,202,489.00 | 4,122,382.00 | 2% |
| Total Operational Expenditure | 4,890,103 | 4,708,874.00 | 7,754,438.00 | 7,294,387.00 | 6% |

| | | | | | |
|--|-----------------------|--------------------------|--------------------------|--------------------------|-----------------|
| Net Operational Expenditure | - 3,712,267 | - 3,868,926.00 | - 6,414,490.00 | - 5,913,093.00 | 8% |
| <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> | | | | | <i>T 3.16.5</i> |

| Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services | | | | | |
|---|---------------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1,200,000.00 | 3,700,000.00 | 2,720,435.60 | 26% | 3,700,000 |
| OFFICE FURNITURE & EQUIPMENT | 200,000.00 | 700,000.00 | 272,147.39 | 61% | 700,000 |
| PREFABS | 1,000,000.00 | 3,000,000.00 | 2,448,288.21 | 18% | 3,000,000 |
| | | | | | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | <i>T 3.28.6</i> |

| | |
|---|--|
| <p>COMMENTS ON PERFORMANCE OF PROPERTY SERVICES OVERALL</p> <p>Municipal properties include community facilities, social facilities, municipal properties and municipal investment properties. The municipality budgets and maintains the properties every financial year to keep them neat and usable.</p> <p>Investment properties contribute on revenue collection through rentals from various leased properties. In the 2017/18 financial year a total of 41 properties which include billboards have been leased to new lessees and some were reviewed. The leasing of properties has a potential to increase revenue for the municipality.</p> | |
|---|--|

0

COMPONENT J: MISCELLANEOUS

MUNICIPALITY DOES NOT HAVE AIRPORT, ABATTOIRS, MUNICIPAL COURTS AND FORESTRY.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2017/18

A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS

SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2017/18

A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS

SUMMARY OF ANNUAL PERFORMANCE PER KEY PERFORMANCE AREA

| KPA | Total No Of KPIs | Number KPI's not met | No. of KPI's met | Percentage Achieved |
|--|------------------|----------------------|------------------|---------------------|
| Municipal Transformation and Institutional Development | 11 | 1 | 10 | 90% |
| Service Delivery | 52 | 5 | 47 | 90% |
| Local Economic Development | 32 | 0 | 32 | 100% |
| Municipal Financial Viability | 17 | 0 | 17 | 100% |
| Good Governance | 22 | 0 | 22 | 100% |
| Total | 134 | 6 | 128 | 96% |

SUMMARY OF ANNUAL PERFORMANCE PER DEPARTMENT

| DEPARTMENT | Total No Of KPIs | Number KPI's not met | No. of KPI's met | Percentage Achieved |
|---------------------------|------------------|----------------------|------------------|---------------------|
| Corporate Services | 12 | 1 | 11 | 92% |
| Infrastructure | 24 | 2 | 22 | 92% |
| Community Service | 16 | 2 | 14 | 88% |
| Developmental Planning | 49 | 2 | 47 | 96% |
| Budget and Treasury | 14 | 0 | 14 | 100% |
| Municipal Managers Office | 20 | 0 | 20 | 100% |
| Total | 135 | 7 | 128 | 94% |

**SUMMARY OF THE COMPARISON OF INSTITUTIONAL PERFORMANCE WITH
PREVIOUS FINANCIAL YEAR**

| KPA | 16/17 FY | 17/18 FY | VARIANCE |
|--|-----------------|-----------------|-----------------|
| 1. MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT | 84 % | 90% | 6% |
| 2. BASIC SERVICE DELIVERY AND INFRASTRUCTURE SERVICES | 70 % | 90% | 20% |
| 3. LOCAL ECONOMIC DEVELOPMENT | 78 % | 100% | 22% |
| 4. MUNICIPAL FINANCIAL VIABILITY | 82 % | 100% | 18% |
| 5. GOOD GOVERNANCE AND PUPLIC PARTICIPATION | 85 % | 100% | 15% |
| TOTAL | 82 % | 96% | 14% |

SUMMARY OF COMPARISON OF THE PERFORMANCE FOR THE 17/18 FINANCIAL YEAR

| KPA | Q 1 | Q 2 | MID TERM | Q 3 | Q 4 | ANNUAL |
|--|-----|-----|----------|------|-----|--------|
| MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT | 90% | 80% | 85% | 86% | 75% | 90% |
| SERVICE DELIVERY AND INFRASTRUCTURE SERVICES | 71% | 78% | 75% | 83% | 83% | 90% |
| LOCAL ECONOMIC DEVELOPMENT | 67% | 88% | 76% | 71% | 90% | 100% |
| MUNICIPAL FINANCIAL VIABILITY | 85% | 94% | 90% | 90% | 89% | 100% |
| GOOD GOVERNANCE AND PUPLIC PARTICIPATION | 67% | 76% | 72% | 100% | 94% | 100% |
| TOTAL | 78% | 83% | 81% | 93% | 84% | 96% |

DETAILED PERFORMANCE

| STRATEGIC OBJECTIVE | STRATEGY | PROJECT | INDICATOR | INDICATOR NO | ANNUAL TARGET & ANNUAL BUDGET | 2017/18 ACTUAL PERFORMANCE | RATING | 2016/17 ACTUAL PERFORMANCE | REASONS FOR DEVIATION | REMEDIAL ACTION | RESPONSIBILITY |
|---|--|--------------------------|---|--------------|-------------------------------------|--|--------|---|-----------------------|-----------------|-------------------------------------|
| | KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT | | | | | | | | | | |
| To provide and enhance skills among the Councilors, Ward Committees, Employees and Ward Committees to ensure effective service delivery | Implementation of the training plan (approved WSP) | Training and Development | Number of trainings interventions implemented for Councilors, Traditional Leaders and Employees as per approved WSP | MTI 1.1 | 5 Annual Budget (R 1 479 250) | The target is achieved. The means of verification as per POE are as follows: 1. SALGA workshop for Councilors held in EL from 18 to 20 June 2018 and Attendance register. 2. Attendance register for PMS workshop of employees held on 1 st August 2018 3. Attendance register for an induction workshop held for Councilors and traditional leaders. 4. Attendance register for Job description writing workshop held on the 29 & 30 of August 2017 5. Attendance register for ICT employees that attended CTU training solutions | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | Senior Manager : Corporate Services |
| | | Study Assistance | Number of Councillors and Employees registered for formal qualification as per approved WSP | MTI 1.2 | 5 (R 200 000) | The target is achieved. The means of verification as per POE are as follows: 5 formal qualification for employees and Councillors. Which serves as follows: Cllr T. Goniwe- LLB | 3 | 24 employees acquired a formal qualification during 2016/17 | N/A | N/A | Senior Manager : Corporate Services |

| | | | | | | | | | | | |
|--|------------------------------------|---------------------------|---|---------|----------------------|---|---|--|---|---|-------------------------------------|
| | | | | | | <p>Mr S. Ntshinga-Advanced Labour Law</p> <p>Mr Mashologu-Basic Archives and Records Management. Municipal Financial Management Course.</p> <p>Cllr LL. Sangqu- National Higher Certificate in Accountancy. All of the above are submitted in the file.</p> | | | | | |
| | | Unemployed Programs | Number of learners participating in Internships and WIL | MTI 1.4 | 50 (R 15 000 000) | <p>The target is achieved. The means of verification as per POE are as follows:</p> <p>Generated report from the system has been submitted on the number of interns (98) which were captured and retained in the system.</p> | 3 | 49 interns were recruited and captured into the system | N/A | N/A | Senior Manager : Corporate Services |
| To maintain organizational structure that will ensure effective and efficient service delivery | Review of organizational structure | Organogram Review | Submitted reviewed organogram to MAYCO | MTI 2.1 | 1 (R0) | <p>The target is partially achieved. The means of verification as per POE are as follows:</p> <p>Organogram, Management minutes and agenda for LLF are submitted however there is no proof of submission to MAYCO</p> | 2 | The reviewed organogram was submitted to EXCO | Councilors are still engaging with the proposed structure | Organogram to be submitted to MAYCO in the next FY which 2018/19. | Senior Manager : Corporate Services |
| | Maintain low vacant rate | Recruitment and Selection | No. of recruited employees | MTI 2.2 | 13 (R 232 500) | <p>The target is achieved. The means of verification as per POE are as follows:</p> <p>The following evidence has been submitted:</p> | 4 | 59 employees were recruited in 2016/17 FY. | N/A | N/A | Senior Manager : Corporate Services |

| | | | | | | | | | | | |
|--|---|-------------------------------------|---|---------|------------------|---|---|--|---|---|-------------------------------------|
| | | | | | | <p>1. Appointment letter for Senior Manager Operations</p> <p>2. Appointment letter for Senior Manager Community Services</p> <p>3. Appointment letter for Communications manager</p> <p>4. Appointment letters for Ten (10) General Assistants</p> <p>5. Appointment letter for Loader operator</p> <p>6. Appointment letter for TLB Operator</p> <p>7. Appointment letter for Roller operator</p> <p>8. Appointment letter for Jaw Crusher operator</p> | | | | | |
| To ensure effective service delivery through implementation of PMS | Conduct quarterly, mid-yearly and annual Performance assessments | Performance management | Number of performance assessments conducted | MTI 3.1 | 4 (R0) | <p>The target is not achieved. The means of verification as per POE are as follows:</p> <p>There is no evidence provided in the file to support that performance assessment was conducted.</p> | 1 | This target was not applicable in 2016/17 FY. | It was not conducted because of non-availability of panel to do assessments | Will change approach in the next financial year by having a panel | Senior Manager : Corporate Services |
| | Wellness campaigns, Sport Programs for Municipal Employees and councilors | Employees' and Councilors' Wellness | Number of wellness programs organized | MTI 3.2 | 12 (R 1 000 000) | <p>The target is achieved. The means of verification as per POE are as follows:</p> <p>8 wellness programs were organised. The Following serves as an example</p> <p>1. Attendance register for Bonitas flu vaccine for employees.</p> <p>2. Three invitations to friendly games</p> <p>3. Attendance register for</p> | 3 | There were 5 wellness programs that were organized. Namely: 3 Sport wellness programs, Counselling program and check-up service. | N/A | N/A | Senior Manager : Corporate Services |

| | | | | | | | | | | | |
|--|---|--|---|---------|---------------------------------------|---|---|---|-----|-----|-------------------------------------|
| | | | | | | staff and employee wellness meeting. 4. Attendance register for Mbhashe friendly games 5. Attendance register for the incoming match 6. Attendance register for Counselling session | | | | | |
| Ensure effective and efficient tool of lowering cost to leverage service delivery through ICT enabled equal access to municipal information and services | Ensuring Business Continuity | Implementati on Disaster Recovery plan | No of reports on backups, Test and Restore | MTI 4.1 | 1 (R 1 000 000) | The target is achieved. The means of verification as per POE are as follows: Signed report on Number of reports of backups, test and restore done. | 3 | Disaster recovery plan was developed and submitted | N/A | N/A | Senior Manager : Corporate Services |
| To ensure the implementation of PMS by 2017 and improve institutional performance through skills development and change management | Review of the PMS framework | Review PMS Framework | Reviewed and submitted PMS framework to council | MTI 5.1 | Reviewed PMS Framework (R 120 000) | The target is achieved. The means of verification as per POE are as follows: Reviewed PMS Framework, List of policies taken to Council and Council Resolution is attached | 3 | Reviewed PMS Framework was submitted | N/A | N/A | ALL HODs |
| | improve performance, through monitoring and evaluation of reports | Performance Reporting | Number of Performance Reports | MTI 5.2 | 6 Performance reports (R0) | The target is achieved. The means of verification as per POE are as follows: Mid-year unaudited, Quarter 2 Performance report, Quarter 4 unaudited Performance report 2017/18, Quarter 1 2017/18 unaudited Performance report, Quarter 3 unaudited | 3 | Q1 Performance report, mid-year performance report, Q2 performance report, Q3 performance report, 4 th Q 2015/2016 Performance report and Annual Performance | N/A | N/A | Senior Manager Operations |

| | | | | | | performance 2017/18 and Quarter 4 2016/17 unaudited performance report are submitted | | 2015/2016 were submitted. | | | |
|---|---|----------------------------------|--|--------------|---|--|--------|--|-----------------------|-----------------|--------------------------------|
| | Development of the Annual Report | Annual Report development | Developed Annual Report | MTI 5.3 | Credible and adopted Annual Report 16/17 (R 160 000) | The target is achieved. The means of verification as per POE are as follows: A copy of 2016/17 Annual Report is submitted | 3 | Adopted Annual report for 2015/2016 was submitted. | N/A | N/A | Senior Manager Operations |
| STRATEGIC OBJECTIVE | STRATEGY | PROJECT | INDICATOR | INDICATOR NO | ANNUAL TARGET | 2017/18 ACTUAL PERFORMANCE | RATING | 2016/17 ACTUAL PERFORMANCE | REASONS FOR DEVIATION | REMEDIAL ACTION | RESPONSIBILITY |
| | KPA 2: SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT | | | | | | | | | | |
| To develop, maintain and upgrade quality infrastructure through integrated planning, taking short, medium and long term needs into consideration, and fulfilling these within the parameters of sound financial | By constructing 150 km of gravel road | Construction of new gravel roads | Number of KM of gravel roads constructed | SD 1.1 | 30km (R 19 406 802) | 30km | 3 | 154.4km of access road, 5 Completion, access road certificates There was additional provincial funding that was provided to the Municipality which resulted to the institution being able to do more kilometres. | N/A | N/A | Senior Manager: Infrastructure |
| | By maintaining 769 km of gravel roads | gravel road maintenance | Number of KM of gravel roads maintained | SD 1.2 | 300km (R 8 401 700) | 315.1km | 3 | 691.2km done on maintenance of gravel roads. There was additional provincial funding that was provided to the Municipality which resulted to the institution being able | N/A | N/A | Senior Manager: Infrastructure |

| | | | | | | | | | | | |
|-----------------------|---|---------------------------|---|----------|---|-------------|---|---|---|---|--------------------------------|
| management by 2022 | | | | | | | | to do more kilometres. | | | |
| | By upgrading of storm water facilities | upgrading of storm water | Number of storm water facilities upgraded | SD 1.4 | 10 No. of storm water facility upgraded (R 550 000) | 10 | 3 | 15km done and project status report on upgrading of storm water channels was submitted. | N/A | N/A | Senior Manager: Infrastructure |
| | By maintaining of surfaced roads | surface roads maintenance | Number of surfaced roads maintained | SD 1.5 | 11 km (R 1 700 000) | 11km | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | Senior Manager: Infrastructure |
| | By paving 25 000 square metres of internal streets side walks | Paving | Number of square meters of paved side walks | SD 1.6 | 10 000m2 (R 2 115 000) | 8 361.50 m2 | 2 | 5.2km of paved sidewalks was done during 2016/17 FY. | Delays due to late delivery of bricks | Revise the work plan include the loss time and complete the remaining square metres on quarter 1 of 2018/19 | Senior Manager: Infrastructure |
| | By constructing 10 formal bridges structures | Construction of bridges | Number of formal bridges constructed | SD 1.7.1 | Gabion baskets and bridge approaches complete and practical completion (R 7 342 123) | 0 | 1 | Foundations completed, out of 8 bridge piers 7 were completed during 2016/17 FY. | Encountered delays were inability of concrete suppliers to deliver concrete to site due to distance, incapacity of contractor's personnel | 60% of bridge deck complete. The contractor has requested another extension of time and has since | Senior Manager: Infrastructure |

| | | | | | | | | | | | |
|--|---|--|---|----------|--|-----|---|--|---|---|--------------------------------|
| | | | | | | | | | and rain weather | changed their personnel on site. PMU to monitor the progress of the team on set targets | |
| | | | | SD 1.7.2 | Installation of culverts and bridge approaches complete (R 2 000 000) | 0 | 2 | This target was not applicable in 2016/17 FY. | Encountered delays are reliance of suppliers on payment certificates. Petrol shortages and tool supply. Late payment of labours and inclement weather | 40% of foundations complete. PMU section to monitor payments of suppliers to avoid continuity of the same delays. | Senior Manager: Infrastructure |
| | By providing grid electricity to 1860 qualifying households | Shixini and Ntsimbakazi electrification projects | Number of households provided with grid electricity | SD 1.8 | 560 (R 14 000 000) | 808 | 4 | 601 households were provided with electricity during 2016/17 FY and also there were additional villages that were provided with electricity, namely Kabakazi and Nyokana Village | N/A | N/A | Senior Manager: Infrastructure |

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| | By providing solar energy to qualifying households | Installation of solar system | Number of households provided with solar energy | SD 1.9 | 1000 (R0) | 2948 | 4 | 2316 households were provided with solar systems also The target was based on the projected transfer and later the transfer was increased. | N/A | N/A | Senior Manager: Infrastructure |
| | By installing high masts | Installation of high mast | Number of high masts installed | SD 1.10 | Installation completed and practical completed (R 1 000 000) | 3 | 3 | 4 high masts were installed in Elliotdale and Cwebe Dwesa. | N/A | N/A | Senior Manager: Infrastructure |
| | By upgrading street lights in all towns | upgrading of street lights | Number of street lights upgraded | SD 1.11 | 20 (R 1 225 000) | 35 steel poles | 2 | A report on the upgrading of street lights at Elliotdale. | Delay due to late delivery of material | fast track progress in on site, project will be completed end July | Senior Manager: Infrastructure |
| | By maintaining street lights in all towns | maintenance of street lights | Number of street lights maintained | SD 1.12 | 610 (R 1 380 000) | 669 | 3 | 633 street lights maintained | N/A | N/A | Senior Manager: Infrastructure |
| | By constructing 3 Sport facilities | construction of sports fields | Number of Sports field constructed | SD 1.13 | 2 contractors appointed, bulk earthworks, soccer pitch, bulk earthworks (R 10 437 107) | N/A | N/A | N/A | N/A | N/A | Senior Manager: Infrastructure |
| | | | | SD 1.13.1 | | 0 | 1 | This target was not achieved in 2016/17 FY. Documents that were provided in the | Re-advertisement was done and there was no | To fast track re-advertisement of project | Senior Manager: Infrastructure |

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| | | | | | | | | file were designs and Tender documents. | qualified bidder | | |
| | | | | SD 1.13.2 | | 0 | 2 | This target was not applicable in the 2016/17 FY. | Delayed due to increment weather and land invasion | contractor to fast-track the progress and municipality to resolve the issue of land invasion | Senior Manager: Infrastructure |
| | By constructing 10 community halls | construction of 2 community halls | Number of community halls constructed | SD 1.14 | 2 (R 9 277 682) | 0 | 2 | Report on construction of Dutywa River Community Hall, Completion certificate and Site minutes were submitted. | Poor performance of contractor due to cash flow problems and inclement weather | The progress as end of quarter 4 is 36% on average. The meeting was held for the contractor to revise the works programme. To fast track the progress, closely monitoring the work, and project | Senior Manager: Infrastructure |

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| | | | | | | | | | | will be completed by end July 2018 | |
| | By maintaining Municipal buildings | Maintenance of municipal buildings | Number of municipal buildings maintained | SD 1.16 | 4 (R 3 000 000) | 4 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Corporate services |
| | By upgrading municipal offices | Upgrading of municipal offices | Number of municipal offices upgraded. | SD 1.17 | 1 (100 000) | 1 | 3 | | | | SM: Corporate services |
| | By constructing boreholes | Boreholes | Number of boreholes constructed | SD 1.18 | 2 (500 00) | 2 | 3 | | | | SM: Corporate services |
| | By maintaining 25 community halls | maintenance of community halls | Number of community halls maintained | SD 1.19 | 3 (R 3 000 000) | 3 | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM: Community services |
| | By providing community facilities equipment | supply of chairs | Number of facilities provided with equipment | SD 1.20 | 17 (R 727 892) | 10 | 2 | This target was not applicable in 2016/17 FY | N/A | N/A | SM: Community services |
| | By fencing cemeteries in towns | Fencing of cemeteries | Number of cemeteries fenced | SD 1.22 | 5 (R1 310 532) | 3 | 2 | | | | SM Community Services |
| | By constructing 3 parks | Establishment and management of parks | Number of parks constructed | SD 1.23 | 1 (175 000) | 0 | 1 | Identified place in W/Vale for construction of parks were not suitable to use for the construction of park as it was identified by the community that it would be dangerous | The project is not applicable in this financial year as there is no budget in place. | | SM Community Service |

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| | | | | | | | | for their children to play with. | | | |
| | By maintaining 4 parks | Maintenance of park | Number of parks maintained | SD 1.24 | 1 (R 175 000) | 1 | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM: Community services |
| | By constructing public ablutions | Construction of public ablution facility | Number of public ablution facilities constructed | SD 1.25 | 1 (R1 000 000) | 0 | 1 | Progress report on construction of ablution facilities in Dutywa town was submitted. | Delays due to land claims | Practical completion to be issued in | SM: Infrastructure |
| | By Maintaining 6 public ablutions | Public ablution management | Number of ablution facilities maintained | SD 1.26 | 3 (R2 000 000) | 2 | 2 | This target was not applicable in 2016/17 FY | Funds were exhausted before the completion of the project | To be completed in the next financial year 2018/19 | SM: Community services |
| | By constructing animal pound | Animal pound | Number of animal pound constructed | SD 1.27 | 1 (R 1 545 000) | 1 | 3 | This target was not achieved in 2016/17 FY. The following serves as an example: Foundations, superstructure and roof structure were done on construction of animal pound in Dutywa. | Delays due to inclement weather | Fastback progress on the external works | SM: Infrastructure |
| | By constructing ECDCs | Construction of ECDC | Number of ECDCs constructed | SD 1.28 | Final design reports (R 1 545 000) | Final design report | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM: Infrastructure |
| | By constructing transfer station | Dutywa transfer station | Number of transfer stations constructed | SD 1.29 | Construction works (R 613 212) | 0 | 2 | This target was not applicable in 2016/17 FY | Design report and draft tender doc. Submitted. Numerous delays section | The municipality to fast-track tendering process | SM: Infrastructure |

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| | | | | | | | | | 32 and later the decision to incorporate the project with the rehabilitation of two (2) dump sites (Dutywa & Willowvale) | for appointment of the contractor in the next financial year | |
| | By upgrading landfill site | upgrade of Elliotdale landfill site | Number of landfill sites upgraded | SD 1.30 | Lining, storm water and leachate collection tank and stand complete (R 1 000 000) | 0 | 2 | Landfill site at Elliotdale was upgraded during 2016/17 FY. | Budget for storm water and leachate collection tank and stand was limited | The municipality to ensure the budget is available and continue monitor progress on set targets in the next Financial Year | SM: Infrastructure |
| | By rehabilitating 2 dump sites | Rehabilitation of Dutywa and Willowvale dump site | Number of dump sites rehabilitated | SD 1.31 | Draft design report (R 1 000 000) | Draft design report. | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Community services |
| | By maintaining of Drivers and Vehicle Licensing facilities | Maintenance of Drivers & Vehicle Licensing facilities | Number of Drivers and Vehicle Licensing maintained | SD 1.32 | 1 (R 700 000) | 0 | 1 | This target was not applicable in 2016/17 FY | The matter is between facilities and the Contractor that was appointed for | Facilities office to sort out the issue with the | SM: Community services |

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| | | | | | | | | | maintenance of Elliotdale Facilities | service provider. | |
| <p>To provide effective and affordable services to the community where these are a direct function of the Municipality by 2022</p> | By providing waste management services in an environmental friendly and sustainable manner to all households of Mbhashe | Waste Management Services | Number of households serviced | SD 2.1 | 60124 (R 1 710 000) | 60124 | 3 | Report on 60124 household that were provided with waste management services. | N/A | N/A | SM: Community services |
| | By providing support to 171 ECDCs | supply of ECDCs material | Number of ECDCs supported | SD 2.2 | 30 (R 400 000) | 0 | 1 | This target was achieved during 2016/17 FY. 77 ECDC's were supported. | ECDC's were not support due to incapacity of developing Spec. The bid specification committee did not approve of specification that was submitted | The project has since been discontinued as it is no longer forming part of SDBIP for 2018/19 FY | SM: Community services |
| | By supplying 32 rural sports fields with equipment | management and operation of sports facilities | Number of rural sports field supplied with equipment | SD 2.3 | 32 (R 326 900) | 32 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Community services |
| | By providing road safety features (road marking, signage, | road safety features | Number of roads safety features implemented | SD 2.4 | 5 (R 100 000) | 5 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Infrastructure |

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| | traffic calming and road closure) | | | | | | | | | | |
| | By providing 180 law enforcement operations throughout Mbhashe | law enforcement operations | Number of law enforcement operations | SD 2.5 | 36 (R0) | 65 | 5 | Signed report on 7 law enforcement operations which were conducted. | There were joint operations with other sector departments. | N/A | SM: Community services |
| | By preventing criminal activities | law enforcement operations | Number of potential crime scenes visited | SD 2.6 | 16 (R0) | 32 | 5 | This target was not applicable in 2016/17 FY. | There was a need due to increased crime rate. | N/A | SM: Community services |
| | By offering security services in all Municipal assets | Security to municipal assets | number of sites secured | SD 2.7 | 20 (R 8 400 000) | 20 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Community services |
| | By providing Christmas light to all towns | Christmas lights | Number of towns provided with Christmas light | SD 2.8 | 3 (R 800 000) | 3 | 3 | 3 Towns provided with Christmas lights in Dutywa, Willowvale and Elliotdale. | N/A | N/A | SM: Infrastructure |
| | By providing rescue services during peak seasons along the coast | life guards | Number of beaches provided with rescue services | SD 2.9 | 10 (R 1 188 000) | 10 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM: Community services |
| Ensure maximum and adequate and land use management | Development and review of coherent spatial plans | LSDF | No. of developed LSDFs | SD 3.2 | 2 (R 306 800) | 2 | 3 | 1 LSDF was developed and approved by Council. | Late appointment of the service provider | Both will be completed by December 2018. | SM: Developmental Planning |

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| practices by 2022 | Surveying and rezoning of properties | Rezoning of properties | No. of rezoned properties | SD 3.3 | 100 (R 631 000) | 0 | 2 | Report on 10 properties that were rezoned | The approval for the rezoning of properties could not be done because no power of attorneys were signed by property owners. | Workshop is planned for the 1 st quarter of 2018/19 FY to ratepayers to assist in understanding of the POA. | SM:Developmental Planning |
| | Develop and implement measures in compliance with land use | Land Use Scheme | Develop land use scheme | SD 3.4 | Developed land use scheme (R 215 250) | 0 | 2 | This target was not applicable in 2016/17 FY. | Late appointment of the service provider | Land use scheme will be complete by end October 2018. | SM:Developmental Planning |
| Ensure that all municipal properties are properly registered and effectively used | Valuation of properties | Valuations | General and Supplementary valuations developed | SD 4.1 | Developed supplementary Valuation (R 200 500) | Developed supplementary Valuation | 3 | Reconciliation Report on Billing Database vs Valuation Roll | N/A | N/A | SM:Developmental Planning |
| | Continually conducting land audit to determine user and open spaces | Land Audit | Land Audit report developed | SD 4.2 | Developed Land Audit (R 84 000) | 0 | 1 | There were three reported land claims during the FY 2016/17 | Delays from conveyancers led to many properties being not transferred | The review of the policy on sale of municipal properties to include transfer costs on the cost | SM:Developmental Planning |

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| | | | | | | | | | | of the property so that the municipal ity can drive the process of transfer | |
| | Reviewing and monitoring compliance of the lease contracts entered into | Lease agreements | Number of lease agreements reviewed and monitored | SD 4.3 | 20 (R0) | 0 | 2 | 41 lease agreements were signed and reviewed | Only 19 lease agreements were reviewed and monitored. Poor response/ reluctance from leases for lease reviews led to further investigation than signing of reviewed leases. | Intervention of the legal office will lead to urgent resolution with those reluctant lesses | SM:Develomenta Planning |
| To ensure compliance with NBR and any applicable legislation by 2022 and beyond. | Comply with National Building Regulations and standards when approving Building Plans applications as per checklist | Approval of Building Plans | Percentage of building plans approved within statutory timeframes (30 – 60 days) | SD 5.1 | 1 (R0) | 1 | 3 | 30 days was the timeframe used to approve building plans | N/A | N/A | SM:Develomenta Planning |

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| Facilitate development of sustainable and viable human settlements by 2022 | Provision of services to informal settlements | Basic Services Infrastructure | Number of informal settlements with full services | SD 6.1 | 1 (R0) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| | Provision of houses for destitute households | Destitute Housing | Number of destitute household provided with housing | SD 6.2 | 100 (R 30 000) | 0 | 2 | 400 destitute applications for housing were submitted | Delays from the department of human settlements to appoint the contractor for destitute housing | As at end of 2017/18 FY, the progress was 40% with timelines of completion and 60% will be completed in the second quarter of 2018/19 FY | SM:Developmental Planning |
| | Establish new townships for human settlements development | Township Establishment (Environmental Report) | Number of townships established | SD 6.3 | 2 (R 482 400) | 2 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/a | SM:Developmental Planning |
| Facilitate sustainable co-ordination of disaster relief and response by 2022 | Implement disaster management plan | Disaster Mitigation | Responding to reported disasters | SD 7.1 | 1 (R 1 600 000) | 1 | 3 | 100% disaster incident that were assessed in different areas were assisted with material relief. | N/A | N/A | SM: Community Services |

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| To ensure adherence to sound environmental practises and to protect environmental y sensitive areas by 2022 | Implementati on of climate change mitigation strategy | Land rehabilitation | Number of villages covered with land rehabilitation | SD 8.1 | 1 (R 300 000) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Develoment al Planning |
| | | Tree Planting | Number of villages covered with tree planting | SD 8.2 | 2 (R 54 800) | 16 | 4 | 16 villages were covered with tree planting. And those villages were not mentioned. | There were special requests and funds were available due to budget savings. | N/A | SM:Develoment al Planning |
| | | Alien Plant removal | Number of villages covered with alien plant removal | SD 8.3 | 1 (R 500 000) | 3 | 4 | This target was not applicable in 2016/17 FY. | Number increased due to the funding from EPWP. | N/A | SM:Develoment al Planning |
| | | Environmenta l Awareness | Environmental Awareness Programmes | SD 8.4 | 2 (R 121 000) | 4 | 4 | 4 Environmental awareness programs were organized | Requests and joint co-operation from government departments. | N/A | SM:Develoment al Planning |
| | Compliance and monitoring with environment al laws | Environmenta l Compliance | Number of measures undertaken | SD 8.5 | 3 (R 199 300) | 3 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Develoment al Planning |
| STRATEGIC OBJECTIVE | STRATEGY | PROJECT | INDICATOR | INDI CAT | ANNUAL TARGET | 2017/18 ACTUAL PERFORMANCE | RATING | 2016/17 ACTUAL PERFORMANCE | REASONS FOR DEVIATION | REMEDI AL ACTION | RESPONSIBILITY |

| | | | | OR NO | | | | | | | |
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| | KPA 3: LOCAL ECONOMIC DEVELOPMENT | | | | | | | | | | |
| To promote agrarian reform and increase food security to farming households | Assistance given to emerging farmers | Ward profiles | Number of wards with agricultural profiles conducted | LED 1.1 | 10 (R0) | 10 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Develomental Planning |
| | | Maize Production | Number of village associations assisted with maize production inputs. | LED 1.3 | 40 (R 3 000 000) | 40 | 3 | Attached is a signed report on 41 associates assisted with maze production and delivery notes on all 41 associates assisted with maize. | N/A | N/A | SM:Develomental Planning |
| | | Fencing | Number of farming projects assisted with fencing inputs | LED 1.4 | 6 (R 500 000) | 6 | 3 | Assessment report from Dutywa communal cemeteries and report | N/A | N/A | SM:Develomental Planning |
| | Constructing and supporting nurseries | Nurseries | Number of nurseries supported | LED 1.5 | 2 (R 596 500) | 2 | 3 | 1 Nursery was revitalised. | N/A | N/A | SM:Develomental Planning |
| | Improving quality of the livestock through various mechanisms | Stock remedy | Number of village farming associations assisted with stock remedy | LED 1.6 | 32 (R 700 000) | 32 | 3 | 32 wards were assisted with stock remedy | N/A | N/A | SM:Develomental Planning |
| | | Feedlots | Number of village feedlots assisted | LED 1.7 | 2 (R 330 000) | 0 | 2 | This target was not applicable in 2016/17 FY. | Service providers did not respond to Bids | Project will be finalized in 2018/19 | SM:Develomental Planning |

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| | | | | | | | | | | Financial year. | |
| | Improving quality of the livestock through infrastructure development. | Dipping tanks | Number of dipping tanks renovated | LED 1.8 | 5 (R 450 000) | 0 | 2 | 5 dipping tanks were renovated. | Service providers were non responsive | Material will be sourced and dipping tanks will done in partnership with farmers in 2018/19 FY. | SM:Develomenta Planning |
| | | Shearing Sheds | Number of shearing sheds built or renovated | LED 1.9 | 3 (R 710 000) | 0 | 2 | 5 shearing sheds were renovated. | There was a change in the scope of work due to change on site location | The target will be achieved in 2018/19 FY. | SM:Develomenta Planning |
| | | Boreholes | Number of boreholes renovated and drilled | LED 1.10 | 2 (R 300 000) | 0 | 2 | 4 boreholes were rejuvenated | Delays in the implementation of project | The project will be completed and achieved in the 2 nd quarter of 2018/19 FY | SM:Develomenta Planning |
| To ensure use of agricultural value chain to stimulate local economic | Providing support for farming value | Sorghum and Paprika Support | Number of projects supported | LED 2.1 | 2 (R 400 000) | 2 | 3 | 2 villages were supported with paprika and magingqa macademia | N/A | N/A | SM:Develomenta Planning |

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| development in deprived areas | chain activities | | through value chain | | | | | | | | |
| | Encouraging value addition through support to small scale farmers | Bulungula Lemon Grass | Number of projects supported | LED 2.2 | 1 (R 800 000) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| | Implementing agricultural programs focusing on high value crops | Macadamia (Ward 22), Macadamia Expansion (ward 27 and ward 23) and Moringa (Ward 23), | Number of High Value programs supported | LED 2.3 | 3 (R 3 026 000) | 3 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| | Capacitating farmers to meet quality and safety requirement | Information Days | Number of information days held | LED 2.4 | 8 (R 324 000) | 24. | 5 | 16 Information days were held. | Joint co-operation with DRDAR in implementing the project. | N/A | SM:Developmental Planning |
| To reduce poverty and unemployment through viable and sustainable job creation strategies | Facilitating employment through EPWP projects implementation | EPWP | Number of people employed through EPWP | LED 3.1 | 1079 EPWP employees (R 13 638 040) | 1500 | 4 | 700 EPWP workers were employed through this program. | There was a top up funding from equitable share | N/A | SM: CS, SMO, SM INFRASTRUCTURE , SM CORPORATE SERVICES, SM DEV PLANNING |

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| | Developing an exit strategy (intervention plan) through SMME/Co-operative | Intervention Plan / Policy | Development of SMME support policy | LED 3.2 | Developed SMME support policy (R0) | SMME support Policy | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| To encourage investment through viable investment and retention strategies | Implementing strategy that promote investment and economic growth. | Economic Summit | Number of investment opportunities profiled | LED 4.1 | 2 (R 200 000) | 2 | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Developmental Planning |
| | Promoting entrepreneurial access to markets. | SMME Road shows | Number of SMME's linked to formal markets through exposure | LED 4.2 | 5 (R0) | 10 | 5 | 1 SMME roadshow was conducted. | This over achieved due to courtesy of government departments and other state organs like SEDA. | N/A | SM:Developmental Planning |
| To ensure reduction of employment rate through development and capacitation of enterprises | By installing hawker stalls | hawker stalls | Number of hawker stalls installed | LED 5.1 | 60 (R 1 500 000) | 60. | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Developmental Planning |
| | Capacitation and support of SMMEs and o-ops | SMME Support and funding | Number of SMMEs supported | LED 5.2 | 8 (R109 000) | 0 | 2 | This target was not applicable in 2016/17 FY | The service provider couldn't provide the goods as per specifications and as such was rejected hence non-achievement. | More stringent measures are put in place for 2018/19 to curb the situation of wrong goods being delivered . | SM: DP SM: Infrastructure , SM Comm |

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| | | LED AND SMME SPENDING | LED Spending | LED 5.2.1 | 5% allocation to LED (R109 000) | 5.84% | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Develomenta Planning |
| | | | Spending towards local SMME's | LED 5.2.2 | 20% of budget spending towards local SMMEs (R109 000) | 0 | 2 | This target was not applicable in 2016/17 FY | The target couldn't be achieved because of huge projects which required upper grades which are not available locally. | The target for 2018/19 is lowered and considered reasonable for achievement. | SM:Develomenta Planning |
| | | SMME Support | Number of co-ops funded, trained and assisted | LED 5.3 | 20 (R109 000) | 25 | 4 | This target was not applicable in 2016/17 FY | This is over achieved due to number of requests and the savings from other projects | N/A | SM:Develomenta Planning |
| | Capacitating and assisting informal traders. | SMME Support | Number of informal traders supported | LED 5.4 | 100 (R109 000) | 125 | 4 | This target was not applicable in 2016/17 FY | This is over achieved due to discount prices. | N/A | SM:Develomenta Planning |
| Unlocking marine and coastal tourism opportunities | Development and promotion of ocean economy activities. | Ocean Economy | Number of ocean marine economic initiatives supported | LED 6.1 | 1 (R 700 000) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Develomenta Planning |

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| To position and promote Mbashe as a tourist destination of choice | Use different marketing tools to market Mbashe tourism destination | Tourism Events | Number of events hosted and participated on | LED 7.1 | 4 (R 550 000) | 6 | 3 | 4 programs were conducted on Tourism | N/A | N/A | SM:Develomental Planning |
| | Supporting destination tourism through infrastructure development | Tourism and Environmental signage | Number of tourists destination with clear signage | LED 7.2 | 5 (R 56 000) | 8 | 4 | 5 signage's for Tourism were done | This is over achieved due to discount prices. | N/A | SM:Develomental Planning |
| | | Beach Upgrade | Number of tourism infrastructure projects facilitated and supported | LED 7.3 | 2 (R 100 002) | 0 | 2 | This target was not applicable in 2016/17 FY. | Service providers became slow in implementing the project. | Target will however be met in the first month of 2018/19 financial year. | SM:Develomental Planning |
| | Supporting tourism operators | LTO, Craft, Homestays, Trusts | Number of tourism operators supported | LED 7.4 | 3 (R 261 400) | 3 | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Develomental Planning |
| Develop, revamp and market heritage properties/resources to attract tourists | Developing and revamping heritage properties | Renovation of heritage sites | Number of heritage properties developed | LED 8.1 | 5 (R375 000) | 5 | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Develomental Planning |

| | Developing heritage routes | Liberation Heritage Rout | Develop Liberation Heritage Study | LED 8.2 | Developed liberation Heritage study (R375 000) | Liberation Heritage study | 3 | This target was not applicable in 2016/17 FY | N/A | N/A | SM:Developmental Planning |
|--|--|--------------------------|-------------------------------------|----------------|--|--|--------|---|-----------------------|-----------------|---------------------------|
| To maximize the film sector's contribution to the regional economy | Support programs in the film industry | Film Industry Support | Number of programs supported | LED 9.1 | 1 (R 500 000) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| Sustainable development and management of the forest resources to provide environmental, social and economic benefits to communities | Rehabilitate and transform plantations from jungles to productive timber plantations | Forest rehabilitation | Number of plantations rehabilitated | LED 10.1 | 1 (R0) | 1 | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM:Developmental Planning |
| STRATEGIC OBJECTIVE | STRATEGY | PROJECT | INDICATOR | INDI CAT OR NO | ANNUAL TARGET | 2017/18 ACTUAL PERFORMANCE | RATING | 2016/17 ACTUAL PERFORMANCE | REASONS FOR DEVIATION | REMEDIAL ACTION | RESPONSIBILITY |
| KPA 4: MUNICIPAL FINANCIAL VIABILITY | | | | | | | | | | | |
| To ensure compliance with budget and reporting regulations other reforms. | Budget according to IDP priorities | mSCOA Implementati on | Aligned Budget to the IDP | MFV 1.1 | 2018/19 IDP aligned Budget which is mSCOA compliant (R1 251 307) | The target is achieved. The means of verification as per POE are as follows Budget assessment framework, Council resolution of adopting the final IDP & Budget, 2018/19 | 3 | Report on final budget, Council agenda and council resolution was submitted | N/A | N/A | Chief Financial Officer |

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| | | | | | | mSCOA compliant projects and budget are submitted | | | | | |
| | Ensure budget process and format is in compliance with budget & reporting regulation. | | Full compliance with budget & reporting regulation and mSCOA | MFV 1.2 | All reporting in terms of NT requirements are executed within required timeframes until 30 June 2018 (R1 251 307) | The target is achieved. The means of verification as per POE are as follows Sec 71 reports & grant reports to NT from July 2017-June 2018 are submitted | 3 | | N/A | N/A | Chief Financial Officer |
| To ensure compliance with prescribed accounting standards and reporting requirements | All gazetted accounting standards implemented and MFMA. | Financial Management Support | Compliance with GRAP and applicable standards | MFV 2.1 | Compliance with all applicable and effective GRAP standards (R 1 000 000) | The target is achieved. The means of verification as per POE are as follows Checklist and Compliance report are submitted | 3 | | N/A | N/A | Chief Financial Officer |
| To generate AFS that fairly present the financial position, financial performance and cash flows. | Compile AFS that fairly present the financial position, financial performance and cash flows. | 1. AFS Preparation 2. Financial Management Grant 3. Annual Regulatory Audit | Full Compliance with GRAP standards | MFV 3.1 | Maintain an unqualified audit opinion (R 5 800 000) | The target is achieved. The means of verification as per POE are as follows Proof of AFS submission to IA | 3 | Audit report, Proof of submission of AFS to AG was submitted | N/A | N/A | Chief Financial Officer |
| To ensure that all the properties within the municipal areas are valued for rating purposes | Compile and maintain general valuation roll | General and Supplementary Valuations | Supplementary Valuation Rolls | MFV 4.1 | Updated Valuation Roll (R0) | The target is achieved. The means of verification as per POE are as follows Annual list of transfers, title deed report and 4 th supplementary valuation roll are submitted | 3 | Reconciliation Report on Billing Database vs Valuation Roll were submitted | N/A | N/A | Chief Financial Officer |

| | | | | | | | | | | | |
|--|--|--|---|---------|---|---|---|---|-----|-----|--|
| as per 2014-19 GVR | Prompt receipting and banking of all rates, fees and charges at accessible facilities. | 1. Revenue Enhancement 2. Data Validation | Updated revenue reports | MFV 4.2 | 45000000 (R 630 000) | The target is achieved. The means of verification as per POE are as follows R49 329 020.64 has been collected. The target was over achieved by R4 329 020.64. The revenue report is attached which reflects the collected amount. | 3 | 60 926 934.31 was collected during 2016/17 FY. | N/A | N/A | CFO, SM Community Services, SM DEV PLANNING, SM INFRASTRUCTURE , SM Corporate Services |
| To alleviate poverty to improve quality of household life. | Investigate and advise on poor households to participate in indigent support program. | Free Basic Services | Updated indigent register | MFV 5.1 | Updated Indigent Register (R833 825) | The target is achieved. The means of verification as per POE are as follows Updated Indigent Register is submitted. | 4 | A credible indigent register was submitted | N/A | N/A | SM Community Services |
| | Utilization of equitable share to support Indigent Households. | | The percentage portion of equitable share allocated for free basic services | MFV 5.2 | 8284950 (R833 825) | The target is achieved. The means of verification as per POE are as follows Expenditure report which indicates the total amount of R8 284 950 spent on waste collection and free basic service electricity provided to households in all 32 wards. | 4 | This target was not applicable in 2016/17 FY. | N/A | N/A | SM Community Services |
| | Meet infrastructure and household service needs and backlogs | | The number of indigent households collecting free basic services: Electricity | MFV 5.3 | 2864 (R833 825) | The target is achieved. The means of verification as per POE are as follows Eskom Distribution List on number of household provided with free basic service electricity each | 3 | 60 124 households collecting free basic services electricity was submitted. | N/A | N/A | SM Community Services |

| | | | | | | | | | | | |
|---|--|--|--|---------|---|---|---|--|-----|-----|-------------------------|
| | | | | | | household receiving 50KWH units | | | | | |
| | | | Number of estimated indigent households collecting free basic services: Alternative Energy Sources | MFV 5.4 | 4555 (R833 825) | The target is achieved. The means of verification as per POE are as follows 4555 households provided with free basic service electricity. Financial report is attached to support evidence provided | 3 | 60 124 households were provided with free basic service electricity during 2016/17 FY. | N/A | N/A | SM Infrastructure |
| Value for money expenditure | Timeous payment of creditors in compliance of SCM procedures and the MFMA | 1. Vat Recovery 2. Expenditure & payroll management | Turnaround time for paying creditors | MFV 6.1 | No over spending of the approved budget & sources of funding by 30 June 2018 (R 422 127) | The target is achieved. The means of verification as per POE are as follows Age analysis report, Petty cash register, Incoming register, section 66 report are submitted. The reports illustrates spending that has been occurred | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | Chief Financial Officer |
| Efficient, effective and economical supply chain management | Compliance with Supply Chain Regulations and National Treasury guidelines on procurement processes | Full implementation of the SCM systems | No new irregular expenditure incurred. | MFV 7.1 | Adhere to all procedures in terms of NT Circular 68 until 30 June 2018 (R262 500) | The target is achieved. The means of verification as per POE are as follows Report on the implementation of the SCM Policy, Register of bid awards, RFQ's awarded , Register of new irregular expenditure incurred as at end June 2018, The new irregular expenditure incurred is above R200 000, SCM deviations report and contract register. | 3 | Report on new irregular expenditure incurred was submitted. | N/A | N/A | Chief Financial Officer |

| | | | | | | | | | | | |
|---|---|----------------------------------|---|---------|---|--|---|---|-----|-----|-------------------------|
| | Ensure transparent SCM processes though regular reporting. | Development of Procurement Plans | Number and timeous submission of reports issued | MFV 7.2 | Credible procurement plan with a progress on its implementation (R262 500) | The target is achieved. The means of verification as per POE are as follows Departmental Procurement plans which are submitted once a year to SCM for 2017/18 have been submitted. The procurement submitted have projects which have already been awarded. | 3 | Procurement plan 2016/2017, Register for advertised bids awarded and SCM deviation register was submitted | N/A | N/A | Chief Financial Officer |
| To manage, control and maintain all assets of the municipality. | Increase budget provision for repairs and maintenance of assets to be in line with National Treasury norms. | GRAP Compliant Asset Register | 8% or more allocated for Repairs and maintenance | MFV 8.1 | 8% allocated for Repairs and maintenance (R0) | The target is achieved. The means of verification as per POE are as follows A signed report attached showing 8% allocation of repairs and maintenance. | 3 | This target was not applicable in 2016/17FY. | N/A | N/A | Chief Financial Officer |
| | Regular update of the existing Asset Management System | | Updated and GRAP compliant asset register | MFV 8.2 | A complete and updated GRAP compliant Asset Register by 30 June 2018 (R19 510 000) | The target is achieved. The means of verification as per POE are as follows Updated GRAP Compliant register has been submitted. | 3 | Audit report was submitted on the updated GRAP compliant asset register | N/A | N/A | Chief Financial Officer |
| | Ensure all assets are adequately insured | | Insurance cover inclusive of all municipal assets as per asset register | MFV 8.3 | All Municipal Assets to be fully insured (R19 510 000) | The target is achieved. The means of verification as per POE are as follows Report on asset management, List of assets insured by Indwe Risk Services. | 3 | Signed Report on all assets that were insured was submitted. | N/A | N/A | Chief Financial Officer |

| To ensure effective utilization of available fleet | Improving monitoring controls and managing fleet | Fleet Management | Number of vehicles available, Number of vehicles with tracking devices | MFV 9.1 | Efficient utilisation and monitoring of the municipal fleet (R0) | The target is achieved. The means of verification as per POE are as follows Report on fleet management, fuel register, west bank reports reflecting 19 vehicles that have been installed with tracking device. | 3 | Signed report on 23 municipal vehicles that are available and 19 cars with tracking device was submitted. | N/A | N/A | Chief Financial Officer |
|--|--|--|--|--------------|---|---|--------|---|--|--|---------------------------|
| STRATEGIC OBJECTIVE | STRATEGY | PROJECT | INDICATOR | INDICATOR NO | ANNUAL TARGET/ANNUAL BUDGET | 2017/18 ACTUAL PERFORMANCE | RATING | 2016/17 ACTUAL PERFORMANCE | REASONS FOR DEVIATION | REMEDIATION ACTION | RESPONSIBILITY |
| KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION | | | | | | | | | | | |
| To ensure clean and accountable governance in the municipality by 2022 | To identify, assess, prioritize and monitor risk exposure | Strategic and Operational Risk registers | Approved and updated risk register | GGP 1.1 | Approved Strategic Risk register, fraud risk register and 6 Operational risk registers (R 230 000) | The target is partially achieved. The means of verification as per POE are as follows Insufficient evidence submitted as the fraud risk register was not submitted only the Approved Strategic Risk Register, 6 Operational Risk Registers submitted | 2 | 6 Operational Risk Registers, Fraud and Prevention Risk Register, Strategic Risk Register, ICT Risk Register and 6 Attendance registers for all departments and Attendance register for Risk Management workshop. | Risk Assessment was done for strategic, operational and ICT risk registers. Only fraud risk register was not assessed. | Fraud risk register will be done in this new FY in the management meeting. | Senior Manager Operations |
| | Identification of legal risk and attend existing litigations | Legal cases | Number of legal and compliance register | GGP 1.2 | 75% of success rate of legal cases defended in Court Updated legal and compliance register | The target is achieved. The means of verification as per POE are as follows Litigation register on the number of legal cases that were defended in court, | 3 | This target was not applicable in 2016/17 FY. | N/A | N/A | Senior Manager Operations |

| | | | | | | | | | | | |
|--|---|----------------------------|---|---------|---------------------------|---|---|---|-----|-----|---------------------------|
| | | | | | (R 1 500 000) | <p>number of cases that are pending, Number of legal cases that have been finalised and non-litigious cases. The following serves as an example</p> <p>Defended cases in court: 38</p> <p>Pending: 45</p> <p>Finalised:12</p> <p>Non litigation:3</p> | | | | | |
| | Develop and implement risk based internal audit plan. | Internal Audit documents | Number of Approved Internal Audit risk plan | GGP 1.3 | 1 (R0) | <p>The target is achieved. The means of verification as per POE are as follows</p> <p>1 Approved Risk based Internal Audit Plan by Council and Council resolution</p> | 3 | 1 Approved Risk based Internal Audit Plan | N/A | N/A | Senior Manager Operations |
| | Conduct audits as per Internal Audit Annual Plan | Internal Audit Assignments | No of audits conducted | GGP 1.4 | 14 Audits (R 410 000) | <p>The target is achieved. The means of verification as per POE are as follows</p> <p>15 Internal Audit report which are as follows: Quarter 2 audited performance report, Audit Mid-year performance report, 2016/17 Annual performance information, 2016/17 quarter 4 audited performance information, SCM audit report, Asset management audit report, EPWP IA report, Quarter 1 performance information dated 10 October 2017, Dash</p> | 3 | SCM Audit report, Q2 Audited Performance report, Compliance check list Audit report, SCM Audit report quarter 3, Q1 Audited performance report, Annual Performance audited report 2015/2016, Audited AFS report, Audited SDBIP report were submitted. | N/A | N/A | Senior Manager Operations |

| | | | | | | | | | | | |
|---------------------------------------|---|---|--|---------|--------------------------|--|---|--|-----|-----|---------------------------------------|
| | | | | | | board report, Audit report on Lease agreement report, Quarter 3 performance report dated 12 April 2018, AFS report are submitted | | | | | |
| | Co-ordinate sitting of council oversight structures | Convening of Oversight Structures Meeting | No. of meetings held by council structures | GGP 1.5 | 44 meetings (R 115 898) | The target is achieved. The means of verification as per POE are as follows 131 meetings of oversight structures and council structures have been held in 2017/18 minutes have been submitted as evidence | 5 | 63 attendance registers and agendas for meetings that were held during 2016/17 were submitted. | N/A | N/A | Senior Manager Operations |
| To ensure compliance with legislation | Coordination for the development and review of institutional policies and by-laws | Developing of policies | Developed policies | GGP 2.1 | 24 (R0) | The target is achieved. The means of verification as per POE are as follows 24 policies has been developed in 2017/18 and the names have been submitted | 3 | This target was splitted as per department not as per KPA. | N/A | N/A | Senior Manager Operations |
| | | Reviewal of policies | Reviewed policies | GGP 2.2 | 89 | The target is achieved. The means of verification as per POE are as follows 89 policies have been reviewed in 2017/18 and the names have been submitted | 3 | This target was splitted as per department not as per KPA. | N/A | N/A | Senior Manager Operations |
| | | Developing of By-Laws | Developed By-Laws | GGP 2.3 | 3 (R0) | The target is achieved. The means of verification as per POE are as follows 3 Developed By-Laws: Which are as follows: | 3 | This target was not applicable in the 2016/17 FY. | N/A | N/A | Senior Manager Developmental Planning |

| | | | | | | | | | | | |
|--|---|---|--|------------|------------------------------|---|---|---|-----|-----|---|
| | | | | | | Accommodation By-Law, Taxis-and Taxi Ranks By-Law and Traffic By-Laws. | | | | | |
| | | Review By- Laws | Reviewed By- laws | GGP 2.4 | 30 (R0) | The target is achieved. The means of verification as per POE are as follows 30 Reviewed By-Laws have been submitted together with the list of names for each By-Law. | 3 | This target was not applicable in the 2016/17 FY. | N/A | N/A | Senior Manager Developmental Planning |
| | | Document enhancement and disposal | No of Reviewed institutional file plan | GGP 2.5 | 1 (R0) | The target is achieved. The means of verification as per POE are as follows A Reviewed Institutional file plan has been submitted | 3 | Reviewed institutional file plan was submitted | N/A | N/A | Senior Manager Corporate Services |
| To strengthen IGR participation and influence to improve collaboration with the sector departments by 2022 | To strengthen the functionality of IGR | Co-ordination of IGR meetings | No of IGR meetings | GGP 3.1 | 4 IGR meetings (R 90 000) | The target is achieved. The means of verification as per POE are as follows 1. Proof of submission, minutes of the meeting and attendance register dated 7 September 2017 2. Proof of submission minutes of the meeting and attendance register dated 2 March 2018 3. Proof of submission, minutes of the meeting and attendance register dated 4 May 2018 3. Proof of submission to members, minutes of the meeting and attendance | 3 | 5 Invites and Attendance registers for IGR meeting submitted during the FY 2016/17. | N/A | N/A | Senior Manager Operations |

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|--|---|----------------------------------|--|---------|---|---|---|--|--|--|---------------------------|
| | | | | | | register dated 30 November 2018 | | | | | |
| To advocate participation of designated groups in governance and Socio Economic development programs | Implementation of annual plans of designated groups in line with SPU strategy | Programmes for designated groups | No of Programmes implemented for designated groups | GGP 4.1 | 39 Programmes to be Implemented (R 1 240 585) | <p>The target is partially achieved. The means of verification as per POE are as follows</p> <p>26 Programmes- 3 STI, TB and cancer program, Youth with disability programs Commemoration of Human Rights day program, Youth driver training program, Career EXPO program, 2 Back to school campaign programs with pictures and attendance registers, Heritage day celebration program with pictures and attendance register, 2 Youth program reports with pictures, Military Veterans program, Heritage day celebration program with pictures and attendance register, Commemoration of women's month program with pictures, Youth with disability skills development program, Youth program (Career EXPO dated 12 April 2018, Youth Program handing over of inputs and implements to Agricultural youth cooperatives dated 26 April 2018, Youth Program (Skills development training programme for persons with disability, Youth program report on the driver training report program dated 16</p> | 2 | 21 Programmes for Youth, Military Veterans, Older persons, Disabled persons and Back to School Campaign were done and submitted. | <p>3 Programmes for Older Persons could not be implemented due to non-availability of budget as per Mscosa system.</p> <p>1 Awareness campaign programme on Disability for Councillors was postponed due to non availability of Councillors.</p> <p>2 Programmes for Military Veterans could not be implemented due to members and structure which became dysfunctional.</p> <p>7 Projects and</p> | <p>Budget for program mes for Older Persons will be captured and impleme nted in the 2018/19 FY</p> <p>Awarene ss campaign for Councillors on Disability will be done in the 2018/19 financial year.</p> <p>Military veterans structure will be reactivat ed and plan of action will be in</p> | Senior Manager Operations |

| | | | | | | | | | | | |
|--|--|---|---------------------------------|---------|--|---|---|--|---|--|---------------------------|
| | | | | | | April 2018, Older persons and veterans program report dated 30 May 2018., Report on Youth day Commemoration event dated 16 June 2018, Sport Tournament event report and report on handover of equipment and tools for BAZA Agricultural youth cooperatives have been submitted. | | | programmes of establishment of Designated groups' structures could not be achieved although guidelines and terms of reference were tabled to the council. | developed. Establishment of Designated groups will be tabled in the Council structures with clear implementation plan and time frames for 2018/19 FY | |
| | Development of HIV/AIDS Strategy | Development and Implementation of HIV/AIDS Strategy | Developed HIV/AIDS Strategy | GGP 4.2 | Development of HIV/AIDS Strategy (R 2 326) | The target is achieved. The means of verification as per POE are as follows Developed HIV/AIDS Strategy, Council resolution and List of policies and strategies that were taken to Council have been submitted | 3 | Reviewed SPU Strategy with Agenda for Special EXCO. | N/A | N/A | Senior Manager Operations |
| To ensure strategic development, coordinated, integrated | Coordinate development and alignment of the IDP, | Development of IDP, SDBIP and Budget integration | Developed IDP, SDBIP and Budget | GGP 5.1 | Reviewed IDP and Budget (R352 500) | The target is achieved. The means of verification as per POE are as follows Council Resolution dated 30 May 2018, reviewed IDP and | 3 | EXCO and Council agenda, CD of IDP and copy of final SDBIP 2017-2022 were submitted. | N/A | N/A | Senior Manager Operations |

| | | | | | | | | | | | |
|---|--|---|---|---------|---|--|---|---|-----|-----|---------------------------|
| planning, budgeting, reporting and legislative compliance on governance matters | SDBIP and Budget integration | | | | | Budget for 2018/19 is submitted | | | | | |
| | | Development of SDBIP 2018/19 | Approved SDBIP | GGP 5.2 | Developed SDBIP (R352 500) | The target is achieved. The means of verification as per POE are as follows Developed SDBIP is attached in the file. | 3 | | N/A | N/A | Senior Manager Operations |
| To enhance and promote communication in all municipal activities | Reviewal and implementation of communication strategy and media plan | Review Communication strategy and Media Plan | Reviewed communication strategy and Media plan | GGP 6.1 | Reviewed Communication Strategy (R 160 000) | The target is achieved. The means of verification as per POE are as follows Reviewed Communication strategy, Council resolution and list of policies and strategies taken to Council are submitted | 3 | Reviewed Communication Strategy was submitted | N/A | N/A | Senior Manager Operations |
| | | Programmes as per Communication Strategy and Media Plan | No of Programmes implemented as per Communication Strategy and Media Plan | GGP 6.2 | 37 programs (R 753 900) | The target is achieved. The means of verification as per POE are as follows 40 Programs as per communication strategy have been implemented. The following serves as an example: 1. Three Reports on sitting of LCF meetings. 2. Four media interview Confirmation letters 3. Four LCF attendance registers 4. 24 adverts and notices | 3 | This target was not implemented in-terms of communication strategy. In 2016/17. What was submitted was newsletter and 41 adverts. | N/A | N/A | Senior Manager Operations |

| | | | | | | | | | | | |
|--|--|--|---|---------|---|--|---|--|-----|-----|---------------------------|
| | | | | | | 5. Four Newsletters 6. Report on Executive Mayor's media interview | | | | | |
| | Implementati on and management of customer queries | Customer Care Management | Updated customer care register | GGP 6.3 | Updated customer care register (R 10 000) | The target is achieved. The means of verification as per POE are as follows Updated customer care register is submitted | 3 | Updated Customer Queries register was submitted. | N/A | N/A | Chief Financial Officer |
| | To improve branding and signage of municipal properties and assets | Branding of municipal Assets | No of municipal assets branded | GGP 6.4 | 19 Branded municipal assets (R 380 000) | The target is achieved. The means of verification as per POE are as follows Report with pictures of 19 municipal assets that have been branded is submitted | 3 | Report on branded municipal assets with pictures | N/A | N/A | Senior Manager Operations |
| To ensure that all stakeholders participate in the affairs of the municipality | Review and implement public participation and petition strategy | Reviewal of Public Participation and Petition Strategy | Reviewed public participation and petition strategy | GGP 7.1 | Reviewed Public Participation and Petition Strategy (R 112 395) | The target is achieved. The means of verification as per POE are as follows Reviewed public Participation and petition strategy, Council resolution and list of policies taken to Council are submitted | 3 | Reviewed Public Participation and Petition Strategy was submitted. | N/A | N/A | Senior Manager erations |
| | Strengthenin g of community participation structures | Meetings of Ward Committees | No. of reports on Ward Committees | GGP 7.2 | 4 Reports (R0) | The target is achieved. The means of verification as per POE are as follows 4 Ward committee reports and 4 proof of submission to Speaker have been submitted | 3 | Minutes and attendance registers for 3 Engagement meetings | N/A | N/A | Senior Manager rations |

| | | | | | | | | | | | |
|--|---|-----------------------|-------------------------------------|---------|----------|---|---|---------------------|-----|-----|-------------------|
| | To co-ordinate community based projects steering committee meetings | Establishment of PSCS | Project steering committee meetings | GGP 7.4 | All (R0) | <p>The target is achieved. The means of verification as per POE are as follows</p> <p>PSC minutes and attendance registers. The dates for meetings that were held are as follows:</p> <p>26 February 2018</p> <p>8 March 2018</p> <p>15 March 2018</p> <p>22 March 2018</p> | 3 | 13 PSC minute sites | N/A | N/A | SM Infrastructure |
|--|---|-----------------------|-------------------------------------|---------|----------|---|---|---------------------|-----|-----|-------------------|

PERFORMANCE OF SERVICE PROVIDERS DURING THE 2017/2018 FINANCIAL YEAR

INTRODUCTION

Municipalities are required to assess the performance of service providers appointed in each financial year. In this regard, an internal performance assessment was conducted by Section 56 managers on various projects targeted for the 2017/18 financial year. Service Providers and Contractors are rated on the following categories:

Below Standard - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem or the contract may be cancelled and another Contractor/Service Provider may be appointed to complete the contract/ project.

Acceptable performance - The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the MLM.

Excellent performance - The Contractor/Service Provider completed the work above the standard required. The requirements of the tender were achieved above the expectation of the MLM. There is a high quality of work and outstanding results were achieved.

ANALYSIS OF THE SUPPLY CHAIN MANAGEMENT BID PROCESS WITHIN MLM

| Number of Bids on Contract Register | Number of Awards made | Number of completed projects | Number of Bids in Tendering Process | Number of projects still in progress | Cancelled Projects |
|-------------------------------------|-----------------------|------------------------------|-------------------------------------|--------------------------------------|--------------------|
| 176 | 27 | 42 | 0 | 132 | 2 |

The purpose of this analysis is to determine the percentage of bids awarded as at the end financial year. This assessment is used to measure the effectiveness of the MLM's Supply Chain processes.

Results of performance assessment of service providers

Below Standard – 1.13%

Of all the projects awarded, as at 30 June 2018 in terms of performance levels the following summary reflects the number of projects rated as below standard.

Acceptable performance – 75.00 %

Of all the projects awarded as at **30 June 2018** in terms of performance levels the following summary reflects the number of projects rated as acceptable.

Excellent performance – 23.86%

Of all the projects awarded, as at **30 June 2018** in terms of performance levels the following summary reflects the number of projects rated as excellent.

A copy of the Contract Register for the 2017/18 financial year is attached hereto as **Annexure “A”**

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

The organizational Development is a key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy. Organizational Development as a function is placed under Corporate Services Department

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Mbhashe Local Municipality currently employs 274 (including non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function

TOTALS, TURNOVER AND VACANCIES

| Employees | | | | | |
|----------------------------|------------------|-----------------------|------------------|------------------|----------------|
| Description | Year -1 | Year 0 | Employees No. | Vacancies No. | Vacancies % |
| | Employees No. | Approved Posts No. | | | |
| | | | | | |
| Electricity | 3 | 7 | 3 | 4 | 57% |
| Solid Waste Management | | 109 | 95 | 14 | 13% |
| Housing | 7 | 9 | 7 | 2 | 22% |
| Infrastructure | | 59 | 41 | 18 | 29% |
| Local Economic Development | 7 | 6 | 5 | 1 | 20% |
| ICT | 3 | 6 | 3 | 3 | 50% |
| Archives | 4 | 4 | 4 | 0 | 0% |
| Human Resource Services | | 28 | 20 | 8 | 28% |
| BTO Services | | 36 | 23 | 13 | 36% |
| Police | | 13 | 10 | 3 | 33% |

| | | | | | |
|---------------------------|-----|-----|-----|----|-----|
| Law Enforcement | | 18 | 16 | 2 | 33% |
| Licensing Services | | 8 | 6 | 2 | 58% |
| Municipal Managers Office | | 47 | 31 | 16 | 38% |
| Total | 208 | 366 | 271 | 97 | 27% |

| Vacancy Rate: Year 0 | | | |
|---|----------------------------------|---|--|
| Designations | *Total Approved Posts No. | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 0 | 0% |
| CFO | 1 | 0 | 0% |
| Other S57 Managers (excluding Finance Posts) | 5 | 0 | 0% |
| Traffic and Law Enforcement officers | 30 | 4 | 50% |
| Fire fighters | 0 | 0 | |
| Middle management: Levels 13-15 (excluding Finance Posts) | 151 | 5 | 26% |
| Middle management: Levels 13-15 (Finance posts) | 4 | 2 | 100% |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 69 | 21 | 30% |
| Highly skilled supervision: levels 9-12 (Finance posts) | 10 | 3 | 30% |
| Total | 133 | 45 | 34% |

| Turn-over Rate | | | |
|----------------|---|---|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| Year -2 | 15 | 2 | 15% |

| | | | |
|---------|-----|---|-----|
| Year -1 | 117 | 2 | 19% |
| Year 0 | 21 | 5 | 24% |

COMMENT ON VACANCIES AND TURNOVER OVERALL

Mbhashe Local Municipality has managed to recruit 19 employees in the 2017/18 financial year. Resignation (4), Retirement (0), Disciplinary (3), Incapacity (0), Deceased (1),

4.2.1 POLICIES

| HR Policies and Plans | | | | |
|-----------------------|--|-----------|----------|--|
| | Name of Policy | Completed | Reviewed | Date adopted by council or comment on failure to adopt |
| | | % | % | |
| 1 | Recruitment and Selection Policy | 100% | 100% | 30/05/2018 |
| 2 | Subsistence and travelling Policy | 100% | 100% | 30/05/2018 |
| 3 | Vehicle Usage Policy | 100% | 100% | 30/05/2018 |
| 4 | Study Assistance Policy | 100% | 100% | 30/05/2018 |
| 5 | Career Path and Succession Planning Policy | 100% | 100% | 30/05/2018 |
| 6 | Employment Equity Plan | 100% | 100% | 30/05/2018 |
| 7 | Employment Equity Policy | 100% | 100% | 30/05/2018 |
| 8 | Acting Allowance Policy | 100% | 100% | 30/05/2018 |
| 9 | Transfer and Demotion Policy | 100% | 100% | 30/05/2018 |

| | | | | |
|----|---------------------------------|------|------|------------|
| 10 | Training and Development Policy | 100% | 100% | 30/05/2018 |
| 11 | Leave Policy | 100% | 100% | 30/05/2018 |
| 12 | Internship Policy | 100% | 100% | 30/05/2018 |
| 13 | Overtime Policy | 100% | 100% | 30/05/2018 |

COMMENT ON WORK FORCE POLICY DEVELOPMENT

During the period under review, thirteen (13) policies have been reviewed. This was done through a transparent and consultative process, involving Councilors through a workshop and Labour through the Local Labour Forum. The reviewed and newly developed policies went to council for adoption before implementation.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

3 Injuries reported this financial year. 3 EPWP employees encountered some injuries while on duty and were attended to through an occupational medical practitioner. Two of them have since been employees on a permanent basis and are receiving support from the municipality. One has a permanent arm dysfunctionality. The municipality is in a process of appointing a service provider who will take care of occupational injuries including reporting to the department of labour.

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

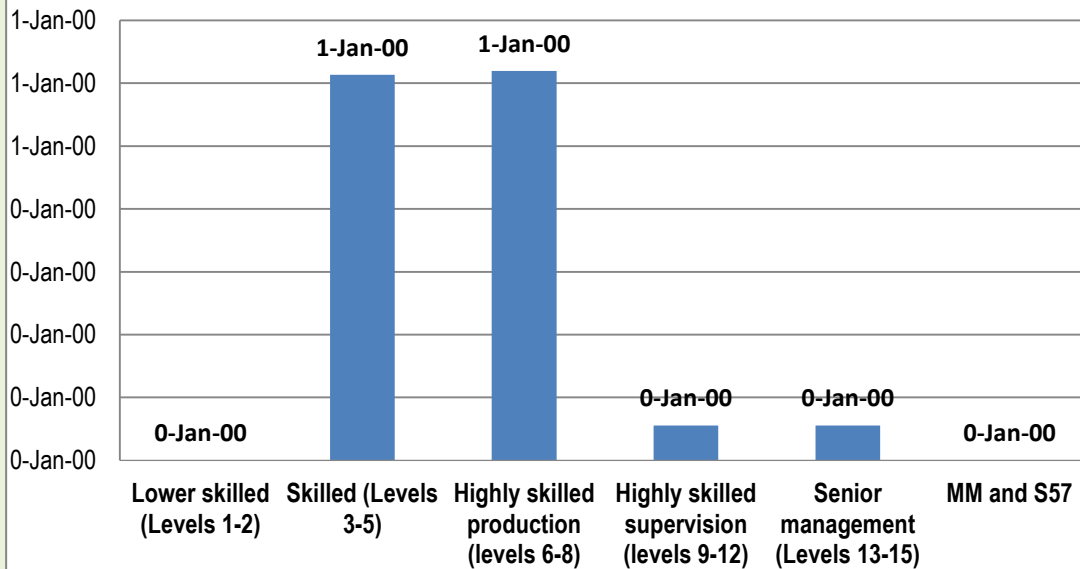
| Salary band | Total sick leave Days | Proportion of sick leave without medical certification % | Employees using sick leave No. | Total employees in post* No. | *Average sick leave per Employees Days | Estimated cost R' 000 |
|--|------------------------------|---|---------------------------------------|-------------------------------------|---|------------------------------|
| Lower skilled (Levels 1-;2) | | | | | | |
| Skilled (Levels 3-5) | 250 | 0% | 35 | 117 | 1.23 | |
| Highly skilled production (levels 6-8) | 101 | 0% | 20 | 107 | 1.24 | |

| | | | | | | |
|--|------------|-----------|-----------|------------|-------------|----------|
| Highly skilled supervision (levels 9-12) | 152 | 0% | 18 | 55 | 1.50 | |
| Senior management (Levels 13-15) | 34 | 0% | 4 | 16 | 0.28 | |
| MM and S57 | 41 | 0% | 4 | 7 | 0.00 | |
| Total | 578 | 0% | 81 | 302 | 4.25 | 0 |
| | | | | | | |

COMMENT ON INJURY AND SICK LEAVE

There were 3 reported injuries in the workplace and all are EPWP employees. OHS committee is in place. The municipality managed to register for COIDA. Sick leave administration was a challenge especially when there was a loss of data during December. The department managed to recapture the lost data to update leave through reconciliation.

Average Number of Days Sick Leave (excluding IOD)



| Number and Period of Suspensions | | | | |
|----------------------------------|------------------------------|--------------------|--|----------------|
| Position | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised |
| N/A | N/A | N/A | N/A | N/A |

| 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 |
| N/A | N/A | N/A | N/A |

4.4 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipality Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.

All Senior Managers appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. All Senior Managers have signed Performance Agreements. No performance rewards were paid to Section 56 managers.

The individual performance management system has been cascaded down to the second reporting line of managers and officers reporting to them. Currently no performance bonus system or policy exists to pay bonus to non-section 56 employees. This will be implemented once the organization achieves the necessary performance management maturity level.

COMPONENT C: CAPACITATING THE MUNICIPAL WORK FORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

One of the key programmes was the implementation of the Human Resources Development Plan wherein employees and previously disadvantaged persons were trained on acquire skills. A Workplace Skills Plan was developed and submitted to the Local Government SETA. Capacity building programmes were implemented in the year for both officials and councilors. Unemployed graduates were taken in as Learners in departments to assist them with workplace exposure. In line with the Council's Bursary scheme, a considerable number of employees were offered bursaries to further enhance themselves.

4.5 SKILLS DEVELOPMENT AND TRAINING

| 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 | 0 | 0 | 1 | 1 | 0 | 12 | 1 | 0 | 4 | 1 | 0 | 0 |
| | Male | 4 | 2 | 0 | 0 | 6 | 0 | 0 | 1 | 0 | 0 | 9 | 0 | 0 |
| Councillors, | Female | 28 | 2 | 0 | 0 | 4 | 0 | 12 | 19 | 0 | 4 | 25 | 0 | 0 |
| | Male | 47 | 3 | 0 | 0 | 0 | 0 | 0 | 40 | 0 | 0 | 43 | 0 | 0 |
| Managers | Female | 3 | 0 | 0 | 0 | 2 | 0 | 12 | 0 | 0 | 4 | 2 | 0 | 0 |
| | Male | 13 | 2 | 0 | 0 | 8 | 0 | 0 | 3 | 0 | 0 | 13 | 0 | 0 |
| Technicians and associate professionals* | Female | 6 | 0 | 0 | 0 | 3 | 0 | 12 | 2 | 0 | 4 | 5 | 0 | 0 |
| | Male | 5 | 0 | 0 | 0 | 5 | 0 | 0 | 1 | 0 | 0 | 6 | 0 | 0 |
| Professionals | Female | 22 | 0 | 0 | 0 | 0 | 0 | 12 | 2 | 0 | 4 | 2 | 0 | 0 |
| | Male | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 |
| Elementary | Female | 31 | 0 | 0 | 0 | 5 | 0 | 12 | 10 | 0 | 4 | 15 | 0 | 0 |
| | Male | 38 | 0 | 0 | 0 | 1 | 0 | 0 | 8 | 0 | 0 | 9 | 0 | 0 |
| Sub total | Female | 59 | 0 | 0 | 0 | 0 | 0 | 12 | 42 | 0 | 4 | 42 | 0 | 0 |
| | Male | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 56 | 0 | 0 | 56 | 0 | 0 |
| Total | | 152 | 0 | 0 | 0 | 15 | 0 | 0 | 76 | 0 | 0 | 91 | 0 | 0 |

Total number of trained staff =163

Total number trained for councillors=75

| Financial Competency Development: Progress Report* | | | | | | |
|--|--|--|--------------------------------------|--|---|--|
| Description | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated: Total of A and B | Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials | | | | | | |
| <i>Accounting officer</i> | 1 | 0 | 1 | 0 | 1 | 1 |
| <i>Chief financial officer</i> | 1 | 0 | 1 | 0 | 1 | 1 |
| <i>Senior managers</i> | 6 | 0 | 5 | 0 | 5 | 5 |
| <i>Any other financial officials</i> | 8 | 0 | 8 | 0 | 0 | 5 |
| Supply Chain Management Officials | 4 | 0 | 4 | 0 | 0 | 4 |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 1 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 21 | 0 | 21 | 0 | 7 | 16 |

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The municipality over achieved its targets on skills development. There was also an increase in the number of employees who took up and participated in skills development programs including academic programs. The municipality also make available funding that assisted in the achievement. What is outstanding as well was the participation of councilors in a Matric program for the first time

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality has ensured that the workforce expenditure is kept within the accepted proportions in relation to capital expenditure. Grants meant for service delivery are not used for operational expenditure.

4.6 EMPLOYEE EXPENDITURE

WORKFORCE EXPENDITURE TRENDS (R. 000)

| Financial year | Amount |
|----------------|-----------------|
| Year 0 | R112 994 309 |
| Year -1 | R 111 772 808 |
| Year -2 | R 801 972 |
| Year -3 | R 56 989 063.95 |

NUMBER OF EMPLOYEES WHOS SALARIES WERE INCREASED DUE TO THE POSITIONS BEING UPGRADED

None

DISCLOSURE OF FINANCIAL INTEREST BY EMPLOYEES

All section 56 managers, all Bid Committee members and SCM officials have declared their financial interest.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
|------------|---------------------|----------------------|--------------------|----------------------|
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The principle accounting

policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document. The financial statements have been prepared based on the accounting policies that the municipality deems to be appropriate for the activities of the municipality and have been applied consistently in all respects from the previous financial years.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

COMMENT ON FINANCIAL PERFORMANCE:

The municipality recorded under spending due to amongst thing, delays in SCM processes, slow recruitment processes on filling of posts, poor spending patterns on internally funded projects.

| STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED-30 JUNE 2018 | | | |
|--|----------|-------------------------|-------------------------|
| Revenue | Note (s) | 2018 | 2017 |
| Service charges | 18 | 673,224.00 | 474,527.00 |
| Rental of facilities and equipment | 19 | 3,312,764.00 | 1,894,531.00 |
| Interest earned (trading) | 17 | 2,621,875.00 | 82,957.00 |
| Recoveries | | - | 1,495,663.00 |
| Other revenue | 21 | 2,473,876.00 | 2,287,345.00 |
| Interest earned | 22 | 2,486,447.00 | 5,111,777.00 |
| Assessment rates | | 9,693,917.00 | 4,032,476.00 |
| Received Donantion in kind | | - | 68,934,355.00 |
| Licences and permits | | 1,293,360.00 | 1,415,198.00 |
| Grants and subsidies | 24 | 299,118,709.00 | 296,985,860.00 |
| Fines, penalties and forfeits | | 2,497,708.00 | 3,098,393.00 |
| Total Revenue | | 324,171,880.00 | 385,813,082.00 |
| Expenditure | | | |
| Employee related costs | 25 | (121,884,355.00) | (120,917,690.00) |
| Remuneration of councillors | 26 | (25,088,557.00) | (23,319,930.00) |
| Depreciation & asset impairment | 27 | (57,441,881.00) | (68,997,678.00) |
| Finance charges | 28 | (1,920,007.00) | (9,121,966.00) |
| Deb impairment | 29 | (3,387,397.00) | (458,257.00) |
| Administrative and other expenses | 30 | (114,280,535.00) | (152,973,686.00) |
| Total Expenditure | | (324,002,732.00) | (375,789,207.00) |
| Operating Surplus | | 169,148.00 | 10,023,875.00 |
| Profit/(Loss) on disposal of assets | | - | 21,128,869.00 |
| Surplus (deficit) for the year | | 169,148.00 | (11,104,994.00) |

5.2 GRANTS

| GRANT PERFORMANCE | | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-----------------------|
| | Year -1 | | Year 0 | | Year 0 Variance | |
| Description | Actual | Budget | Adjusted Budget | Actual | Original Budget (%) | Adjustment budget (%) |
| Grants and Subsidies | | | | | | |
| National Government | | | | | | |
| Equitable share | 210,060,000 | 218,025,000 | 218,025,000 | 218,025,000 | 100% | 100% |
| Municipal Infrastructure Grant | 65,745,000 | 61,027,000 | 58,027,000 | 58,027,000 | 95% | 100% |
| Intergrated Electrification Programme | 17,000,000 | 14,000,000 | 14,000,000 | 14,000,000 | 100% | 100% |
| Expanded Public Works Programme | 1,144,000 | 4,236,000 | 4,236,000 | 4,236,000 | 100% | 100% |
| Municipal Finance Management Grant | 1,625,000 | 1,700,000 | 1,700,000 | 1,700,000 | 100% | 100% |
| Services SETA Grant | 0 | 1,399,930 | 1,399,930 | 1,399,930 | 100% | 100% |
| Other government grants | 61,860 | 1,380,779 | 1,380,779 | 1,380,779 | 100% | 100% |
| | 295,635,860 | 301,768,709 | 298,768,709 | 298,768,709 | 99% | 100% |
| Provincial Government | | | | | | |
| Library Grant | 350,000 | 350,000 | 350,000 | 350,000 | 100% | 100% |
| IEC Grant | 1,000,000 | 0 | 0 | 0 | 0% | 0% |
| | 1,350,000 | 350,000 | 350,000 | 350,000 | 100% | 100% |
| | 296,985,860 | 302,118,709 | 299,118,709 | 299,118,709 | 99% | 100% |

5.3 ASSET MANAGEMENT

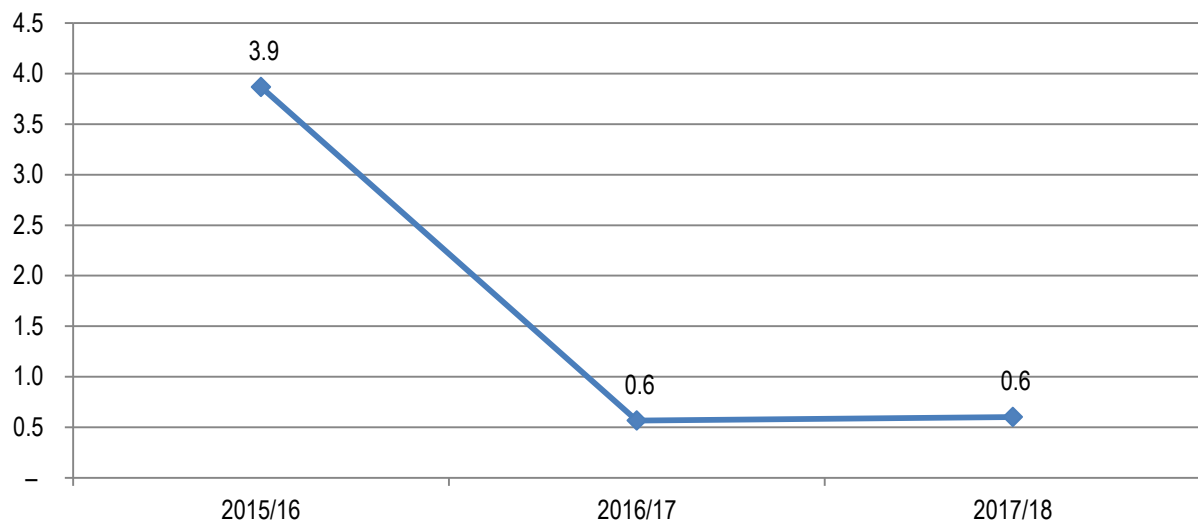
INTRODUCTION TO ASSET MANAGEMENT

| Repair and Maintenance Expenditure: Year 0 | | | | |
|--|-----------------|-------------------|------------|-----------------|
| | | | | 5R' 000 |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 40 437 577 | 40 437 577 | 35 768 606 | -11% |

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE: There was a total spending of 88% of the total budget. This was due to the fact that the municipality initially planned to repair its plant and machinery but after further analysis and its poor condition, the decision was taken to acquire a new plant and machinery, thus leading to under expenditure.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS: T5.4.1-T5.4.9

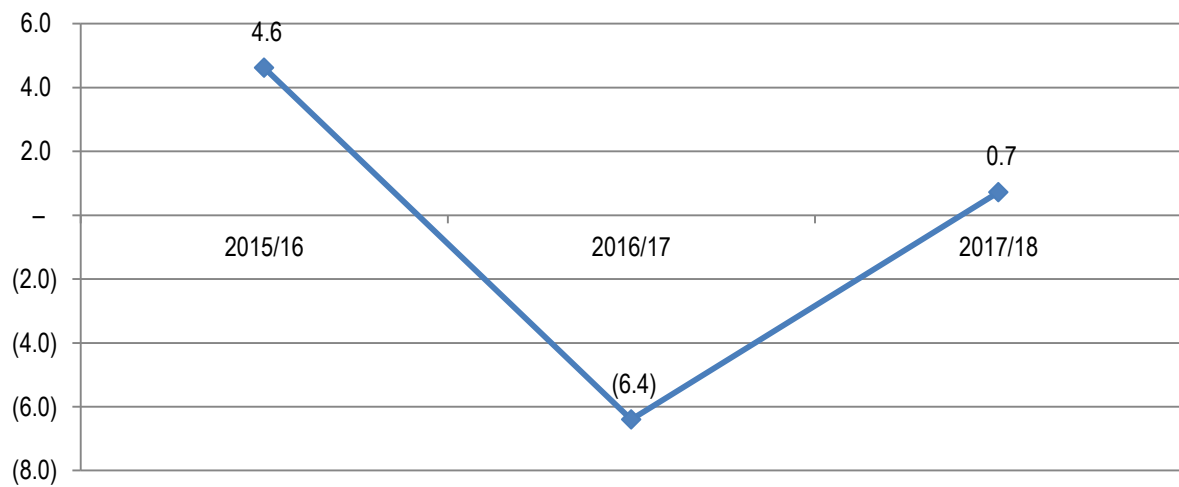
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

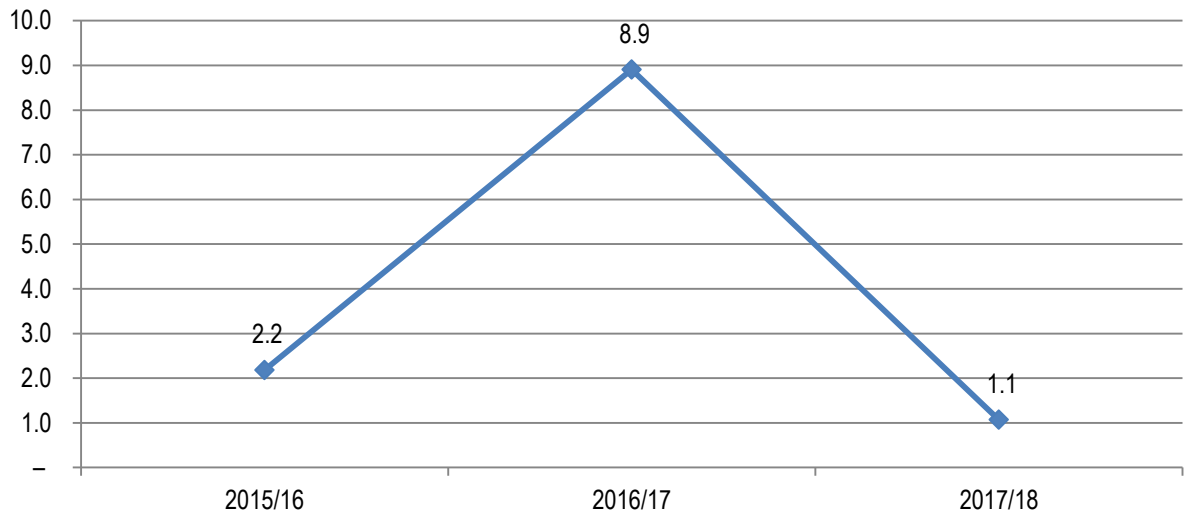
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

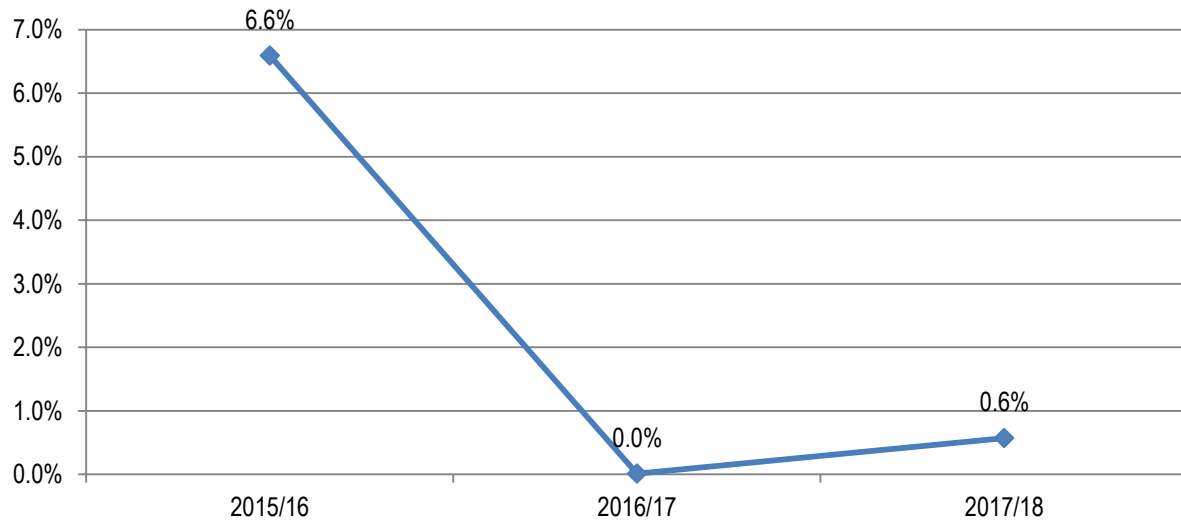
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

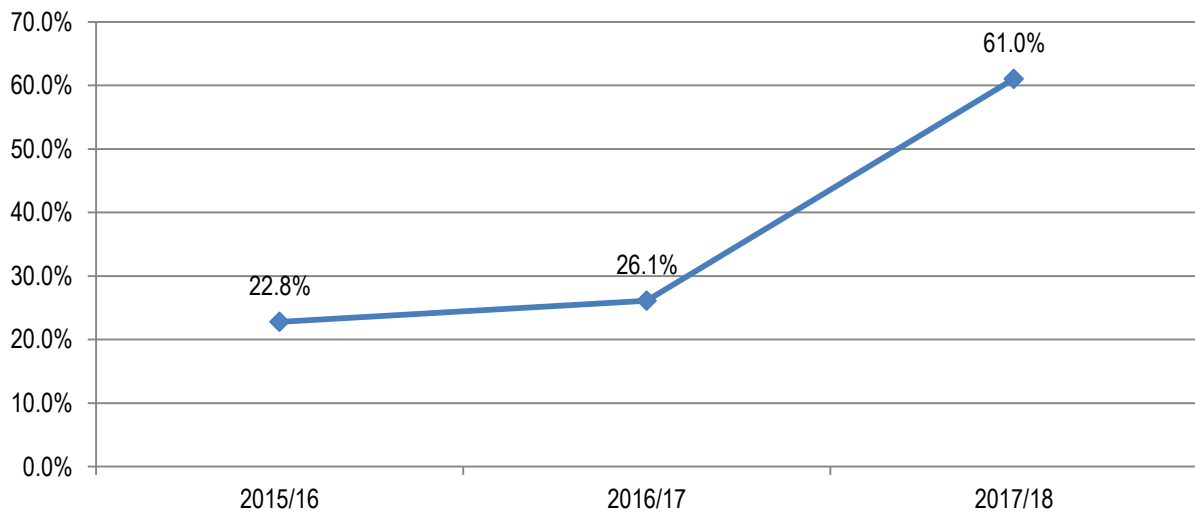
Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

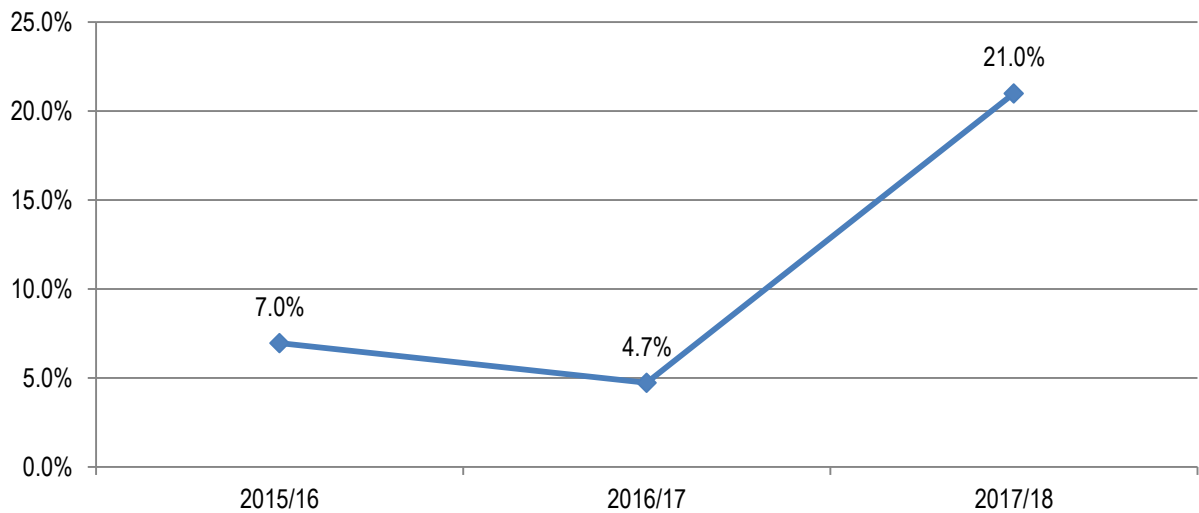
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

5.4.9 COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). These ratios focus on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals). In the current year, the municipality has dropped from 0.59 to 0.56, which is a concern. The municipality will have to relook its revenue projections.

Cost coverage

The cost coverage is calculated as available cash plus investments divide by monthly fixed operational expenditure. The municipal budget reporting regulations table for 2017/18 shows the coverage ratio at 6.4, this indicates that the municipality had sufficient reserves to meet its fixed monthly operational costs.

Total outstanding service debtors

This ratio measures how much money is owed by the consumers on services provided by the municipality. The municipality only provides refuse removal. The percentage of 1.0% indicates that the municipality is making steady progress in addressing the challenges of poor collection rate as there has been improvement in collection of revenue against the billed amount.

Debt coverage

The municipality has a low debt coverage rate of 1.1, which indicates that it does not generate sufficient own revenue to cover its own operational costs.

Creditors system efficiency

The municipality is developing systems in place to ensure that the creditors are paid within 30 days on receipt of valid invoice. This has led to a 90% improvement in the payment rate and the reduction in the creditors balance at year end.

Capital charges to Operating Expenditure

The rate is low because the municipality did not have capital loans and the interest incurred was on late payment of creditors.

Employee costs

The rate of 61% is greater than the previous year of 24.8%, because the municipality had many vacant positions that were budgeted for but that were never filled. There were no vacancies at Senior Management Level, which became vacant in the current year but were not timeously filled leading to a reduction in the rate.

Repairs and maintenance

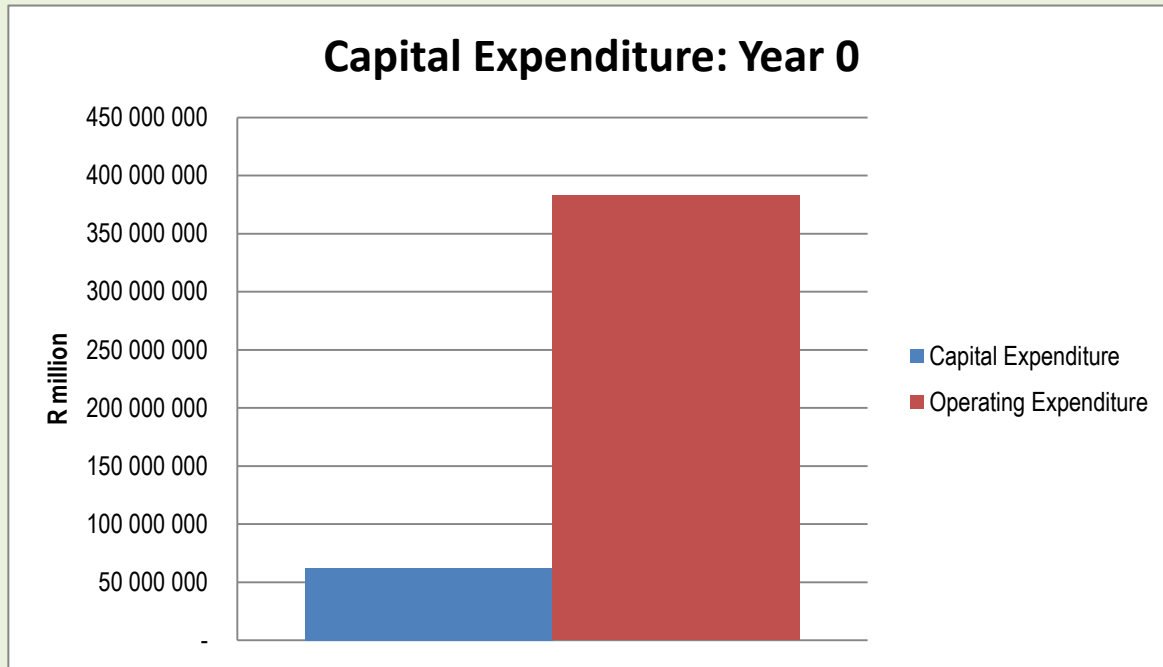
The rate of repairs and maintenance has declined due to projected not completed during the year on the maintenance of access roads.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

5.5 CAPITAL EXPENDITURE



5.6

5.6 SOURCES OF FINANCE

| Capital Expenditure - Funding Sources: Year -1 to Year 0 | | | | | | |
|--|-----------------------|----------------------|----------------------|----------------------|-------------------------------|---------------------------|
| R' 000 | | | | | | |
| Details | Year -1 | | Year 0 | | | |
| | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| Source of finance | | | | | | |
| External loans | | | | | | |
| Public contributions and donations | | | | | | |
| Grants and subsidies | 73 122 019.00 | 77 867 140.00 | 61 985 800.00 | 61 985 800.00 | 20% | 0% |
| Other | 95 176 416.77 | | | | | |
| Total | 168 298 435.77 | 77 867 140.00 | 61 985 800.00 | 61 985 800.00 | 20% | 0% |
| Percentage of finance | | | | | | |
| External loans | | | | | 0% | |
| Public contributions and donations | | | | | 0% | |
| Grants and subsidies | 0.43 | 100 | 100 | 100 | 0% | 0% |
| Other | 0 | 0 | 0 | 0 | 0% | 0% |
| Capital expenditure | | | | | | |
| Water and sanitation | | | | | 0% | |
| Electricity | 28 236 842.10 | 14 000 000.00 | 14 000 000.00 | 14 000 000.00 | 0% | 0% |
| Housing | - | | | - | 0% | 0% |
| Roads and storm water | 67 129 405.23 | 37 820 517.00 | 37 820 517.00 | 37 820 517.00 | 0% | -26% |
| Other | 72 932 188.44 | 26 046 623.00 | 10 165 283.00 | 10 165 283.00 | 61% | -26% |
| Total | 168 298 435.77 | 77 867 140.00 | 61 985 800.00 | 61 985 800.00 | 20% | -0.52 |
| Percentage of expenditure | | | | | | |
| Water and sanitation | | | | | 0% | -2.08 |
| Electricity | 0.17 | 18 | 23 | 23 | -26% | -4.16 |
| Housing | - | 0 | 0 | - | 0% | -8.06 |
| Roads and storm water | 0.4 | 49 | 61 | 61 | -26% | -15.86 |
| Other | 0.43 | 33 | 16 | 16 | 51% | -31.20 |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.7 CASH FLOW

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's consistently strong liquidity profile over the past few years reflects a viable administrative system geared towards fiscal discipline despite challenges associated with the collection of revenues. The municipality prepares highly informative and comprehensive annual financial statements, including a balance sheet that is independently audited by the Auditor General. The municipality received an unqualified audit opinion for the financial year ended 30 June 2017. There were no material qualifications that affect the cash flow of the municipality.

5.8 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

COMMENT ON BORROWING AND INVESTMENTS:

The municipality did not have borrowings in the 2017/18 financial year.

Investment profile

The municipality has short term investments with different banks. This is under cash and cash equivalents under the AFS note 5.

| 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 | 12 228 880 | 5 529 241 | 6 069 682 |
| 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 | 0 | 0 | 0 |
| <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: | 0 | 0 | 0 |

1.11 PUBLIC PRIVATE PARTNERSHIP

The municipality does not have any Public Private Partnerships during the 2017/18 financial year

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council.

Section 117 of the MFMA states that: "No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer." The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management." The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members, 1 of them has completed the minimum competency requirements, whilst 4 are in the final stages of meeting these competencies

5.10 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides 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.

The municipality is yet to achieve full compliance with GRAP but notable strides have been made as captured in the Audit Action Plan. Material misstatements were identified by the Auditor-General that were subsequently corrected, leading to the Annual Financial Statements receiving an emphasis of matter in the audit report.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually 999by the Auditor-General.

COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENT Year -1 2016/17

OPINION

I have audited the financial statements of the Mbhashe Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and of the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally =Recognised Accounting Practise (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.

REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON MBHASHE LOCAL MUNICIPALITY

AG REPORT ON SERVICE DELIVERY PERFORMANCE YEAR – 1 2016/17

OPINION

I have audited the financial statements of the Mbhashe Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and of the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practise (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.

BASIS FOR OPINION

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

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

Restatement of corresponding figures

As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Irregular expenditure

As disclosed in note 31 to the financial statements, irregular expenditure to the amount of R536 million has accumulated over a number of years. Irregular expenditure of R134 million incurred during the year.

Unauthorised expenditure

As disclosed in note 29 to the financial statements, unauthorised expenditure to the amount of R103 million was incurred on overspending of public safety, housing and finance and administration votes.

Fruitless and wasteful expenditure

As disclosed in note 30 to the financial statements, fruitless and wasteful expenditure to the amount of R6, 6 million has been accumulating for the past four years.

OTHER MATTER

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

Unaudited disclosure notes

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

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the Mbhashe Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

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 material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

| Development priorities | Pages in the annual performance report |
|---|--|
| KPA 2 – Basic service delivery and infrastructure | x – x |
| KPA 3 – Local economic development | x – x |

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 2 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE

Usefulness

Performance indicators are not well-defined

The evidence and method of calculation for the achievement of the following planned indicators were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI).

- SD 2.2 Number of transport for a held
- SD 2.3 Number of programmes implemented
- SD 1.9 Number of studies conducted
- SD 1.12 Number of programmes organised
- SD 3.4 Percentage of communal cemeteries fenced
- SD 3.5 Number of ECDCs supported

Reliability

Various indicators

The reported achievements for the targets listed below were misstated, as the evidence provided did not agree with the reported achievements as follows:

| Performance indicator | Planned target | Reported achievement | Audited value |
|---|----------------|----------------------|---------------|
| SD 1.7 Number of villages covered with rehabilitation of damaged land | 5 | 5 | 31 |
| SD 2.5.1 Number of improved street lights | 36 | 3 | 1 |
| SD 3.5 Number of ECDCs supported | 60 | 77 | 2 |
| SD 3.10 Number of gateways maintained | 4 | 3 | 2 |
| SD 4.1 Number of kilometers of road constructed | 80 | 154.4 | 93.5 |

Various indicators

I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed as per table below. This was due to limitations placed on the scope of my work and inadequate record keeping system at the municipality. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

| Performance indicator | Planned target | Reported achievement | Audited value |
|--|----------------|----------------------|---------------|
| SD 2.4 - % disaster incidents assisted with disaster relief material | 40% | 100% | 0 |
| SD 2.5 Number of adequate street lights | 610 | 633 | 0 |

| | | | |
|--|-----|-------|---|
| SD 4.2- Number of kilometers of roads maintained | 300 | 691.2 | 0 |
|--|-----|-------|---|

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Usefulness

Performance indicators are not well-defined

The evidence and method of calculation for the achievement of the following planned indicators were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI).

- LED 1.4 Number of informal traders supported for growth and development
- LDE 1.5 Number of SMMEs supported for growth and development
- LED 1.6 Number of Cooperatives supported
- LED 3.1 Number of support programmes implemented
- LED 4.2 Number of ocean marine initiative supported
- LED 4.4 Number of events hosted
- LED 4.7 Number of destinations supported

Reported indicators not consistent or complete when compared with planned indicators

The following indicators as reported were not consistent with the indicators approved in the integrated development plan. This is not in line with the requirements of section 41 (c) of the MSA.

| Performance indicator per SDP/IDP | Reported Performance Indicator |
|--|---|
| LED 2.1 Number of commodity groups assisted with seedlings and fruit trees | LED 2.1 Number of commodity groups assisted |
| LED 2.2 Number of villages assisted with maize production | LED 2.2 Number of villages assisted |

Reliability

Various indicators

The reported achievements for the targets listed below were misstated, as the evidence provided did not agree with the reported achievements as follows:

| Performance indicator | Planned target | Reported achievement | Audited value |
|---|----------------|----------------------|---------------|
| LED 1.4 Number of informal traders supported for growth and development | 120 | 120 | 27 |

| | | | |
|--|----|----|----|
| LED 1.6 Number of Cooperatives supported | 8 | 16 | 10 |
| LED 2.2 Number of villages assisted | 30 | 30 | 44 |
| LED 2.4 Number of farming projects assisted with equipment and/or inputs | 10 | 10 | 11 |
| LED 2.7 Number of village farming associations assisted with stock remedy and feed | 30 | 32 | 22 |
| LED 4.7 Number of destinations supported | 1 | 1 | 4 |

27. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed as per table below. This was due to limitations placed on the scope of my work and inadequate record keeping system at the municipality. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

| Performance indicator | Planned target | Reported achievement | Audited value |
|---|----------------|----------------------|---------------|
| LED 2.5 Number of dipping tanks renovated | 5 | 5 | 0 |
| LED 2.6 Number of shearing sheds built or renovated | 5 | 5 | 0 |
| LED 4.6 No. of craft centers renovated | 3 | 3 | 0 |

Other matters

I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets. This information should be considered in the context of the qualified and adverse opinions expressed on the usefulness and reliability of the reported performance information in paragraph(s) x; x; x of this report.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: Basic service delivery and infrastructure and KPA 3: Local economic development. Those that were not corrected are included in the basis for opinion paragraphs.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Procurement and Contract Management

The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)-(b) of the MFMA.

The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)-(c) of the MFMA.

Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

Annual Financial Statements and Annual Report

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 identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, which resulted in the financial statements receiving an unqualified opinion.

The annual performance report for the year under review did not include the performance of each external services provider, and a comparison with the previous financial year, as required by section 46 (1)-(a) and (b) of the MSA.

Budgets

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R14 263 386, as disclosed in note 29 to the annual financial statements, in contravention of section 62(1)-(d) of the MFMA.

Consequence Management

Fruitless and wasteful expenditure incurred by the municipality in the previous years was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)-(b) of the Municipal Finance Management Act.

Unauthorised expenditure amounting to R88 364 623 incurred by the municipality in the previous years was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)-(a) of the Municipal Finance Management Act.

Expenditure Management

Effective steps were not taken to prevent irregular expenditure amounting to R32, 2 million as disclosed in note 31 to the annual financial statements, as required by section 62(1)-(d) of the MFMA.

Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R200 113, as disclosed in note 30 to the annual financial statements, in contravention of section 62(1)-(d) of the MFMA.

Revenue management

Interest was not charged on all accounts in arrears, as required by section 64(2)-(g) of the MFMA.

OTHER INFORMATION

The Mbhashe Local Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.

My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

INTERNAL CONTROL DEFICIENCIES

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the annual performance report and the findings on compliance with legislation included in this report.

There was a lack of oversight over the processes to ensure document management systems were in place to support the achievement of pre-determined objectives.

The municipality did not have an effective records management system in place to reliably account for the reporting on predetermined objectives. In addition there was inadequate daily and monthly reviews performed to ensure that compliance with laws and regulations was achieved.

East London

30 November 2017



COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (2017/18)

Opinion

1. I have audited the financial statements of the Mbhashe Local Municipality set out on pages ... to ... , which comprises the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended 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 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

6.2 : AUDITOR-GENERAL REPORT 0 (2017/18)

Report of the auditor-general to Eastern Cape Provincial Legislature and council of Mbhashe Local Municipality

Opinion

1. I have audited the financial statements of the Mbhashe Local Municipality set out on pages ... to ... , which comprises the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended 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 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Impairment loss – trade debtors

8. As disclosed in note 11 to the financial statements, material impairments of R21,2 million (2017: R17,8 million) were incurred as a result of a provision of impairment of irrecoverable trade and other receivables from exchange and non-exchange transactions.

Irregular expenditure

9. As disclosed in note 41 to the financial statements, the municipality incurred irregular expenditure of R137 million (2017: R134,3 million) as a result of non-compliance with procurement requirements.

Other matters

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

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit

Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA standards of GRAP and the requirements of the MFMA and DORA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. 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 material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2018.

Pages in the annual performance report

| | |
|--|-----|
| KPA 2: basic services and infrastructure development | x—x |
| | |
| KPA3: local economic development | x—x |

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the usefulness and reliability of KPA2: basic services and infrastructure development and reliability of KPA3: local economic

KPA 2 – basic services and infrastructure development

Reliability of reported performance

Various indicators

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of the reported targets listed below as reported in the annual performance report.

| Indicator | Performance target | Reported achievement | Audited value |
|---|--------------------|----------------------|---------------|
| SD1.5 Number of surface roads maintained | 11km | 11km | 0 |
| SD1.9 Number of households provided with solar energy | 1000 | 2948 | 0 |
| SD2.1 Number of households serviced | 60124 | 60124 | 0 |
| SD6.1 Number of informal settlements with full services | 1 | 1 | 0 |

22. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievement of this indicator was as follows:

| Indicator | Performance target | Reported achievement | Audited value |
|---|----------------------|------------------------|-------------------|
| SD1.1 Number of km of gravel roads constructed | 30km | 30km | 24.6km |
| SD1.2 Number of km of gravel roads maintained | 300km | 315.1km | 354.71km |
| SD1.4 Number of storm water facilities upgraded | 10 | 10 | 14 |
| SD1.6 Number of square meters of paved side walks | 10 000m ² | 8 361.50m ² | 942m ² |
| SD1.8 Number of households provided with grid electricity | 560 | 808 | 964 |
| SD1.12 Number of street lights maintained | 610 | 669 | 2585 |
| SD2.4 Number of roads safety features implemented | 5 | 5 | 1 |

Usefulness

SD1.11 Number of street lights upgraded

Reported achievements not consistent with the planned and reported target

23. The reported achievement of 35 street poles planted for the indicator SD1.11 number of street lights upgraded is not consistent with the planned target for this indicator, which was 20 street lights upgraded.

Target is not specific

SDI 1.5 Number of surface roads maintained

24. The planned target of 11 kilometers of surface roads maintained for the indicator SD 1.5 number of surface roads maintained is not specific in that it does not clearly identify the nature and required level of performance for the indicator.

SD1.7.2 installation of culverts and bridge approaches complete

25. The planned target of installation of culverts and bridge approaches complete for the indicator SD 1.7.2 installation of culverts and bridge approaches complete is not specific in that it does not clearly identify the nature and required level of performance for the indicator.

KPA 3 – local economic development

Reliability of reported performance – various indicators

26. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. I was also unable to obtain sufficient appropriate audit evidence in some instances. The supporting evidence provided indicated that the achievements of these indicators were as follows:

| Indicator | Performance value | Reported Achievement target | Audited |
|---|----------------------|-----------------------------------|---------|
| | | | |
| LED 1.3 Number of village associations assisted with maize production inputs. | 40 | 41 | 30 |
| LED 3.1 Number of people employed Through EPWP 1851 | 1079 | 1500 | |
| LED 5.2 Number of SMMEs supported | 8 | 7 | 6 |

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. Refer to the annual performance report on pages ... to ... for information on the achievement of 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 21 to 26 of this report.

Adjustment of material misstatements

29. We identified material misstatements in the annual performance report submitted for auditing.

These material misstatements were on the reported performance information of KPA2: service delivery and infrastructure development and KPA3: local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

31. The material findings on compliance with specific matters in key legislations are as follows:

Strategic planning and performance

32. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and organised and managed, as required by municipal planning and performance management reg 7(1)

Annual Financial Statements and Annual Report

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of assets, disclosure, expenditure and employee costs items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

34. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA

35. Reasonable steps were not taken to prevent irregular expenditure of R136,5 million as disclosed in note 41 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R190 530 as disclosed in note 40 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Procurement and contract management

37. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.

Consequence Management

38. All unauthorised expenditure amounting to R102,6 million incurred by the municipality in the previous years was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

39. All 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)(b) of the MFMA

HR management

40. Job descriptions were not established for some posts in which appointments were made, as required by section 66(1)(b) of the MSA.

Other information

41. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.

42. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

43. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

44. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, reported performance material and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the

significant internal control deficiencies that resulted in, the findings on the annual performance report and the findings on compliance with legislation, included in this report.

46. The leadership did not take full ownership of the general control environment and did not insist on daily disciplines to ensure efficiency and effectiveness in financial management, service delivery execution and compliance with laws and regulations. Consequently, the correct tone was not set to ensure that officials are held accountable for their actions through a consequence management programme.
47. In addition, the municipality did not fully implement and monitor the audit action plan and, as a result, numerous internal control deficiencies identified in the previous year recurred in the current year.
48. The municipality did not have an effective records management system in place to reliably account for the reporting on financial and performance information. In addition, there was no implementation of monthly controls over daily and monthly reconciliations, as well as inadequate review and monitoring of compliance with laws and regulations.
49. The lack of daily, weekly and monthly financial disciplines and monitoring throughout the financial year resulted in a large number of reconciliations, journals and corrections being performed after year-end. In addition, leadership did not ensure that the financial statements agreed to supporting documentation prior to its submission for audit.
50. The internal audit unit was not effective in its review of internal controls and compliance with laws and regulations. This was largely as a result of the lack of co-operation from management and capacity shortages, in terms of skills and resources in the unit.
51. The impaired functioning of the internal audit unit impacted the effectiveness of the audit committee.

Auditor-General

East London

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit¹

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the 's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 municipalities' internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by, which constitutes the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mbhashe Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial

statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The CFO states that these data set have been returned according to the reporting requirements.

Signed (CFO).....Date

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. |

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| | |
| 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 "what we use to do the work". 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) |

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| 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> |

APPENDICES

APPENDIX A- COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance | | | | | | |
|--|------------------|--------------------------------|--------------------------------|---------------------------------|--|---|
| Nr | Council Members | Full Time / Part Time (FT/ PT) | Committees Allocated | *Ward and/ or Party Represented | Percentage Council Meetings Attendance | Percentage Apologies for non attendance |
| | | | | | Nr | Nr |
| 1 | Rulumeni P | P/T | Developmental Planning | ANC | 100% | - |
| 2 | Kwedinana | P/T | Community services | ANC | 99% | 1% |
| 3 | Sangqu | P/T | Infrastructure | ANC | 100% | - |
| 4 | Kalityi SD | F/T | MPAC | ANC | 100% | - |
| 5 | Sogayise | P/T | Ethics | ANC | 99% | 1% |
| 6 | Mamba P | P/T | Community Services | ANC | 98% | 2% |
| 7 | Nqwena | P/T | MPAC | ANC | 97% | 3% |
| 8 | Mwahla S | PT | Developmental Planning | ANC | 98% | 2% |
| 9 | Jamnda B | P/T | Community services | ANC | 98% | 2% |
| 10 | Soshankane | P/T | Finance & Admin | ANC | 96% | 4% |
| 11 | Mbane N.E | P/T | Finance & Admin | ANC | 95% | 5% |
| 12 | Peter M | P/T | Developmental Planning & WHIPS | ANC | 96% | 4% |
| 13 | Bungu P | P/T | Developmental Planning | ANC | 97% | 3% |
| 14 | Tshika T | P/T | Community Services | INDP | 95% | 5% |
| 15 | Mantshingilane S | P/T | Finance and Admin & Whips | ANC | 93% | 7% |

| | | | | | | |
|-----|-----------------------------------|-----|--------------------------------|-----|------|----|
| 16 | Namba W | P/T | MPAC | ANC | 98% | 2% |
| 17 | Makeleni | P/T | MPAC | ANC | 99% | 1% |
| 18 | Mahobe | P/T | Community Services | ANC | 97% | 3% |
| 19 | Sicengu S.D | P/T | Finance & Admin | ANC | 98% | 2% |
| 20 | Sitwayi T.S | P/T | MPAC | ANC | 99% | 1% |
| 21 | Mrobo | P/T | MPAC | ANC | 99% | 1% |
| 22 | Ndinisa S | P/T | whips | ANC | 96% | 4% |
| 23 | Mantshiyose L | P/T | Infrastructure | ANC | 96% | 4% |
| 24 | Matiwane V | P/T | MPAC | ANC | 96% | 4% |
| 25 | Magatya N | P/T | MPAC | ANC | 96% | 4% |
| 26 | Sirunu Ntanga N.B | P/T | Finance and Admin& whips | ANC | 96% | 4% |
| 27 | Mboxela | P/T | Infra & Finance and Admin | ANC | 100% | - |
| 28 | Tyali N.A | P/T | Infrastructure | ANC | 100% | - |
| 29. | Dlova S. Deceased June 2018 | P/t | Infrastructure | ANC | 54% | 8% |
| 30 | Kondile. P | P/T | Planning and Development | ANC | 99% | 1% |
| 31 | Ncethani .N | P/T | MPAC | ANC | 99% | 1% |
| 32 | Genyane C | P/T | Community services | ANC | 98% | 2% |
| 33 | Majavu B /Speaker | F/T | Rules/Public Participation com | ANC | 98% | 2% |
| 34 | Sibingibingi | F/T | Whips | ANC | 100% | - |
| 35 | Mkhedamo N.W | F/T | Infrastructure | ANC | 98% | 2% |
| 36 | Baleni | P/T | Infrastructure | ANC | 96% | 4% |

| | | | | | | |
|-----|-----------------|-----|--|-----|------|----|
| 37 | Mlandu N.M | P/T | Planning and Development | ANC | 99% | 1% |
| 38 | Nyalambisa | P/T | Infrastructure | ANC | 96% | 4% |
| 39 | Ganda. N | P/T | Finance & admin | ANC | 100% | - |
| 40 | Siswana. B | P/T | Planning and Development | ANC | 99% | 1% |
| 41 | Willie X.O | F/T | Admin and Finance | ANC | 99% | 1% |
| 42 | Nkomonye. N | P/T | Community services | ANC | 98% | 2% |
| 43 | Ngomthi. N.N | F/T | LLF& Training com | ANC | 100% | - |
| 44 | Makapela MK | P/T | Ethics & Members Interest | ANC | 100% | - |
| 45 | Tyodana X M | P/T | Women's Caucus | ANC | 98% | 2% |
| 46 | Janda S.N-Mayor | P/T | Mayoral Committee | ANC | 97% | 3% |
| 47 | Mcotsho MM | F/T | Infrastructure | ANC | 99% | 1% |
| 48 | Livi S C | F/T | MPAC | ANC | 100% | - |
| 49 | Mbomvu | F/T | Community Services | ANC | 97% | 3% |
| 50 | Bhele. M | P/T | Whips | UDM | 98% | 2% |
| 51 | Tetyana M | P/T | Developmental Planning | UDM | 96% | 4% |
| 52 | Tyelingane N | P/T | Community Services | UDM | 97% | 3% |
| 53. | Takani M | P/T | Infrastructure | UDM | 99% | 1% |
| 54 | Mahlathi N | P/T | Finance and Admin | UDM | 97% | 3% |
| 55 | Matiti L | P/T | Basic Service Delivery | UDM | 96% | 4% |
| 56 | Solontsi M W | P/T | Good Governance & Public Participation | UDM | 98% | 2% |
| 57 | Msindwana | P/T | MPAC | UDM | 96% | 4% |

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|---|------------------|-----|--|-------|------|----|
| 58 | Ndlodaka N | P/T | Municipal Transformation & Institutional Dev. | UDM | 99% | 1% |
| 59 | Goniwe-Mafanya T | P/T | Municipal Financial Viability | DA | 97% | 3% |
| 60 | Tshaka M | P/T | Local Economic Development | DA | 100% | - |
| 61. | Mdikinda S | P/T | Municipal Financial Viability | EFF | 98% | 2% |
| 62 | Tafeni N | P/T | Municipal Transformation & Institutional Dev. | EFF | 99% | 1% |
| 63 | Jafta M S | P/T | Local Economic Development | COPE | 95% | 5% |
| Traditional Leaders serving in the municipal council | | | | | | |
| 64 | Ntlokondala S | P/T | Local Economic Development | Chief | 98% | 2% |
| 65 | Mtwesi L | P/T | Basic Service Delivery | Chief | 100% | - |
| 66 | Nyendane S | P/T | Municipal Transformation & Institutional Development | Chief | 100% | - |
| 67 | Sofika N | P/T | Good Governance & Public Participation | Chief | 99% | 1% |
| 68 | Ngubechanti N | P/T | Municipal Transformation & Institutional Development | Chief | 98% | 2% |
| 69 | Dudumayo A | P/T | Municipal Financial Viability | Chief | 99% | 1% |
| 70 | Fudumele P | P/T | Good Governance & Public Participation | Chief | 96% | 4% |
| 71 | Zenani N | P/T | Good Governance & Public Participation | Chief | 98 | 2% |

| | | | | | | |
|-----|-------------------|-----|-------------------------------|------------|------|----|
| 72 | Ndim F F | P/T | Basic Service Delivery | Chief | 99% | 1% |
| 73 | Salakuphathwa M W | P/T | Local Economic Development | Chief | 93% | 7% |
| 74. | Masiko M N | P/T | Municipal Financial Viability | Chief | 100% | - |
| 75 | Sigcawu N A | P/T | MPAC | Chieftains | 100% | - |

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

| | |
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| <p>1. With due regard to the extent of the functions and powers of the municipality, the need for the delegation of those functions and powers in order to ensure efficiency and effectiveness in performance and the available financial and administrative resources of the municipality to support a committee, the Council may, in terms of Section 80 of the Structures Act- establish one or more Committees</p> <p>Standing Committees:</p> <p>Municipal</p> <ul style="list-style-type: none"> • Transformation and Institutional Development • Basic Service Delivery • Municipal Financial Viability | <p>The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)</p> |
|--|--|

| | |
|--|---|
| <ul style="list-style-type: none"> • Local Economic Development • Good Governance and Public Participation | |
| 2.The Rules Committee | <ul style="list-style-type: none"> • The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998) • To develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings, procedures, rules, orders and practices; |
| 3. MPAC | <ul style="list-style-type: none"> • The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998) • To perform an oversight function on behalf of council, including, but not limited to, overseeing expenditure of public funds and the utilization of Council resources; |
| 4. Women's Caucus | <ul style="list-style-type: none"> • Working towards profile building of women's councilors for effective capacity building. • Ensure gender mainstreaming and equity within municipal processes. • Re-affirm and strengthen partnership and networks that support women in local government and other spheres of government and civic society. • Act as an advisory and consultative body for all women councilors raising and representing their interests within Municipal Council structures. |
| 5. Public Participation Committee | <ul style="list-style-type: none"> • To encourage active involvement of communities and community organizations in the affairs of the municipality; • To ensure the consideration, monitoring and tracking of petitions lodged to the municipality; • To ensure that timeous feedback is given to Petitioners; • To ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; Public Participation Strategy and communication strategy are in place |
| 6. Training & Equity Committee | The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998) |
| 7. Whippery Committee | To discuss and process matters relating to political management of the institution |
| 8. Local Labour Forum | The purpose of the committee is to strengthen the working relations between the employer and the employee |

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| 9. Audit Committee | The purpose of the committee is to function in line with section 166 of the Municipal Finance Management Act 56 of 2003 |
| 10. Risk Committee | The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998) |
| 11. IGR Forum | The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998) |
| 12. IDP, Budget & PMS Technical Steering Committee | The purpose of the committee to provide technical support towards assisting the Mayoral Committee in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998) |
| 13. IDP, Budget & PMS Steering Committee | The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998) |
| 14. IDP, Budget & PMS Rep Forum | The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998) |

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | |
|---------------------------------|--|
| Directorate | Director/Manager (State title and name) |
| Office of the Municipal Manager | Mxolelanisi Manxiwa), Ncebakazi Kolwane (started in August 2017), Anele Mtyhida, Sisa Baliso |
| Developmental Planning | Lithalobom Qunta: Kayaletu Majavu |
| Infrastructure Services | Chuma Lusanda Makonza, Thulani Masangwana |
| Corporate Services | Nonzwakazi Hanise, Siyamthanda Mashologu |
| Financial Services | Vuyo Jam Jam, Ndoda Zibi |
| Community Services | Lungisa Bongo, Isaac Xolile Siguye |

APPENDIX D: FUNCTIONS OF MUNICIPALITY/ ENTITY

Powers and Functions

The table below gives a list of our assigned powers and functions and also provides an analysis of our levels of capacity or gaps for undertaking our constitutional and legal mandate.

| Functions of Mphashe | Definition | Capacity to perform |
|--|---|---------------------|
| Air pollution | The control and monitoring of air pollution that adversely affects human health or well-being or the ecosystems useful to mankind, now or in future. | No |
| Beaches and Amusement facilities | The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government. | Yes |
| Billboards and display of advertisements in public places | Manage, facilitate and collect rentals from all billboards within the jurisdiction of Mphashe Local Municipality. | Yes |
| Building regulations | Development of by-laws, enforcement of by-laws, approval of building plans according to National Building Regulations | Yes |
| Cemeteries, funeral parlours and crematoria | The establishment conduct and control of facilities for the purpose of disposing of human and animal remains. | Yes |
| Child care facilities | Facilities for early childhood care and development which fall outside the competence of national and provincial government | Yes |
| Cleansing | The cleaning of public streets, roads and other public spaces either manually or mechanically | Yes |

| | | |
|---|---|-----|
| Control of public nuisance | The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community | Yes |
| Control of undertakings that sell liquor to the public | The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as far as such control and regulation are not covered by provincial legislation | Yes |
| Disaster | Responsible for the co-ordination of Disaster Management | Yes |
| Facilities for the accommodation, care and burial of animals | The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration requirements and/or compliance with any environmental health standards and regulations | Yes |
| Fencing and fences | The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads | No |
| Firefighting Services | Provision of firefighting services and resources | No |
| Housing | Facilitation of the Housing development, with key focus on beneficiary identification, town planning matters, building plans and stakeholder engagement | Yes |
| Licensing of dogs | The control over the number and health status of dogs through a licensing mechanism. | No |

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|---------------------------------------|---|-----|
| Local sport facilities | The provision, management and/or control of any sport facility within the municipal area. | Yes |
| Local Tourism | Tourism development and promotion | Yes |
| Markets | The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc. | No |
| Municipal abattoirs | The establishment conduct and/or control of facilities for the slaughtering of livestock. | No |
| Municipal Airports | Provision and management of facilities | No |
| Municipal Health Services | Water quality monitoring, food control, waste management, health surveillance of premises, surveillance and prevention of communicable diseases, vector control, environmental pollution control and disposal of the dead | No |
| Municipal parks and recreation | The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and include playgrounds but exclude sport facilities. | Yes |
| Municipal Planning | The compilation and implementation of and Integrated Development Plan in terms of the Systems Act. | Yes |
| Municipal Public Transport | Provision of services and infrastructure and regulation of the passenger transport services | No |
| Municipal Public Works | Provision of community facilities other than schools and clinics | Yes |

| | | |
|-----------------------------|--|-----|
| Municipal Roads | The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, for purposes of a local municipality, includes a street in build-up areas. | Yes |
| Pontoons and ferries | Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matter related thereto, and matters falling within the competence of national and provincial governments | Yes |
| Pounds | The provision, management and control of any area /facility set aside by the municipality for the securing of any animal or object confiscated by the municipality | Yes |
| Public Places | The management, maintenance and control of any land or facility owned by the municipality for public use | Yes |
| Storm water | The management of systems to deal with storm water in built-up areas | Yes |
| Street lighting | The provision and maintenance of lighting for the illuminating of streets | Yes |
| Street trading | The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve | Yes |
| Trading regulations | The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation | Yes |

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| Traffic and parking | The management and regulation of traffic and parking within the area of the municipality including but not limited to, the control over operating speed of vehicles on municipal roads. | Yes |
|----------------------------|---|-----|

APPENDIX E: WARD REPORTING

| Functionality of Ward Committees | | | | | |
|----------------------------------|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of monthly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public ward meetings held during year |
| Ward 1 | Ward Councillor P. Rulumeni Joseph Nolvuyoyi, Jonga Nomadiya, Mniki Nomfusi, Wunguza Khululwa, Mabhele Luleka Margaret, Makwe Babalwa Ntombokuqala, Gqagqa Phindiwe, Kwatsha Donyiswa, Nama Bulelwa Albertina, Nkwali Lindokuhle Tandsizwe. | Yes | 0 | 0 | 0 |
| ward 2 | Ward Councillor VN Kwedinana Mfihlo Nomkhawuleli, Zekani Princess Nositi, Mdayidayi Nolivo, Ntlabati Nozuko, Jaza Sindiswa, Tutu Ntombifikile Victoria, Saki Mzikayise, Thobile Mathole, Mabi Zanele, Nolusapho Maphini . | Yes | 0 | 1 | 0 |
| ward 3 | W/Councillor N Sangqu Nkohla Nomfezeko, Ncise Nomapelo Lucia, Mgushelo Yonela, Nobhalisa Nondumiso, Jamela Nomawetu, Ndzandzeka Noludwe, | yes | 0 | 1 | 0 |

| | | | | | |
|--------|---|-----|---|---|---|
| | Roji Thabisa, Madlelana Ntombizodwa, Rafu Fundiswa, Zamatyala Nothusile. | | | | |
| ward 4 | Ward Councillor S. Kalityi Jingxeni Tsolwana, Pandle Khethiswa, Gxotani Zukisa, Zwemu Akhona, Nonkwali Gcwanini Joseph, Saba Funeka, Ngcangca Nozukile, Xhelitole Nozuko, Potelwa Mayenzeke, Mfanyana Thobeka. | yes | 2 | 1 | 0 |
| ward 5 | Ward Councillor NO Sogayise Damba Sifanele, Dayimani Bambelela, Majaca Nontobeko, Potelwa Mbongeni Maxwell, Somyala Mbulelo, Sikweyiya Nqaba, Mathebula Surprise Erickson, Gaqa Ziphilele, Cefa Andiswa, Mngambi Nzondelelo . | yes | 0 | 1 | 0 |
| ward 6 | Ward Councillor P.Mamba Ngcana Novangeli, Glen Nokwakha, Pamla Nomalady, Mangxola Semcelile, Nkunzi Sibusiso, Zatu Bukelwa, Mtshotshisa Matemba, Ndinayo Khanyisani, Ncapayi Princess Vatiswa, Mkhono Nsixi Hendrick. | yes | 3 | 1 | 0 |
| ward 7 | Ward Councillor N. Nqwena Dilayi Andiswa, Ndinisa Ndumiso, Jevu Nomfundo Veronica, Siyo Nolukholo, Bhidi Xolisa, Mkrokrelwa Nobesuthu, Ngcwembe Mthandazo, Sigqibo Lesley, Nokele No-Second Domakosi Princess, Joseph Phelandaba. | yes | 0 | 1 | 0 |

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|---------|---|-----|---|---|---|
| ward 8 | Ward Councillor S. Mwahla. Ngxoko Nowineti, Mavubengwana Calvin Tyhopho, Sigidi Siziwe, Magcweka Siphakaphaka, Mlenzana Mthwesi, Dyubele Vuyelwa, Nonkwenkwe Zola, Ndabakanyise Nothayimile, Menziwa Siyabulela, Sigidi Mputumi. | Yes | 0 | 1 | 0 |
| ward 9 | Ward Councillor B Jamnda Matomane Tandiwe, Sigwayi Kungeka, Dangazele Gamalakhe Monwabisi, Mbeki Czarina Nolitha, Mdletye Ntombizanele, Mnci Nokwandisa, Papa Nolita, Ntamo Akhona, Finca Ngeniswa, Zoleka Bongiwe | Yes | 0 | 0 | 0 |
| ward 10 | Ward Councillor LM Soshankane. Coki Ntombiyakhe, Mbawu Nomakwayi, Jembula Lejina, Rwayi Siyabulela, Nama Bukiwe, Sixinti Nzame William, Bomela Nomzi, Malgas Thandekile, Mlenga Madodandile, Malashe Mandisa, | Yes | 0 | 1 | 0 |
| ward 11 | Ward Councillor N E Mbane, Ntantiso Nombulelo Beauty, Ngolothi Nonyusile, Mngesi Sydney Sibongile, Krishe Nolubapho Neliswa, Delani Mlungisi, Toto Bantubonke, Mjiwu Anelisa, Sityata Nokhanyiso Florence, Nkomonye Bongiwe Rita, Debese Elliot Nogcoloza. | Yes | 0 | 1 | 0 |

| | | | | | |
|---------|--|-----|---|---|---|
| ward 12 | Ward Councillor M Peter Nzanzeka Sicelo, Mpuku Thandeka, Nkebese Ntomboxolo, Hagile Sheilla Nomzamo, Landu Fuziwe, Kebetu Ngxobololo Herman, Ngenelwa Nokonwaba, Letese Lindiwe, Fani Princess Nondwe, Mpuku Thandeka , | Yes | 0 | 1 | 0 |
| ward 13 | Ward Councillor P. Bhungu Mlauli Ntobeko Wesley, Paji Wellington Gwanqana, Mswelanto William, Funda Ncedo, Zingweyi Phumza, Dwakasa Ondela Ophelia, Mgushelo Sihle, Yayo Nonezile, Mvuyo Nondaliso, Mntuwonke Nowethu . | yes | 0 | 0 | 0 |
| ward 14 | Ward Councillor T Tshika Masiko Jeep, Gwada Zibekile, Qotyana Mzwabantu, Dase Nobuhle Emerentia, Mtshazi Nomalizo, Malgas Thokozile Sylvia, Cilo Mongezi, Mafenuka Mtobeli, Mpozolo Nontsasa, Mhlonyane Nomendu Margaret, | yes | 0 | 1 | 0 |
| ward 15 | Ward Councillor S. Mantshingilane Ntongana Mfundisi, Damaneti Xolile, Faniso Mntunaye, Nqabeni Weleshe Victor, Joko Lumanyano, Blayi Nomsobo, Gongqo Mzawupheli, Nonkatha Lindeka, Mdabuka Siyabulela, Maphi Dan, | Yes | 0 | 1 | 0 |

| | | | | | |
|---------|--|-----|---|---|---|
| ward 16 | Ward Councillor W. Namba Bomvu Nomvelwano, Isaacs Bradley Leonard, Dlandlu Nomfundo, Patience Nophathile, Dingekaya Tembeka, Bhungeni Lindiwe, Mkhohliswa Sikhinci, Ngwenya Welcome, Thwethwa Nosakhele, Nomphe Neliswa, Mandlakapheli Siwowo, | yes | 0 | 1 | 0 |
| ward 17 | Ward Councillor P. Makeleni Lolonga Phindile, Nameko Nomachule, Nzutha Thobeka, Manqaku Dumisani, Nqiningalo Velavela, Nkalweni Wiseman Sibongile, Hlonti Mzuzile, Mgxabayi Nolesini Xoliswa, Mgcineni Nomboniso, Mdyobe Liziwe . | yes | 0 | 1 | 0 |
| ward 18 | Ward Councillor L. Mahobe Gwebityala Sikhosana, Loliwe Nomanelisi, Balindlela Nothemba, Balikulu Nobongile, Qaratana Nqozana, Zunguzane Albert Qumra, Mahlangu Mxolisi, Funda Nkosinathi, Xingile Noposile, Tsengwa Mkanyisi Ayanda. | yes | 0 | 1 | 0 |
| ward 19 | Ward Councillor S.D.Sicengu Tongwana Monwabisi, Somgidi Yandisa, Matyala Juda, Mkhefu Mbuyiseli, Sonwabo Mercy Sibundwana, Mtshiswa Buziwe, Banjwa Nosipo, Mbangasini Ntsikelelo, Nyalivani Thembile, Mziwembila Patiswa , | Yes | 0 | 1 | 0 |
| ward 20 | Ward Councillor T.S.Sitwayi Majambe Sindiswa, Nokholekile Makhwezi Nosiviwe, Fuku Mbukeli, Mthi Xoliswa, Ncatsha Xolelwa, | yes | 0 | 1 | 0 |

| | | | | | |
|---------|---|-----|---|---|---|
| | Mabhenu Nyameka, Sunduza Mlulam,I Mdanda Dumisani, Xamba Sidima, Xelinto Bhoswana. | | | | |
| ward 21 | Ward Councillor: S. Mrobo Gobeni Sixolile, Macamba Mengezi, Ndlova Ndawoyethu, Ngqengqa Catherine Nomaka, Sotyatya Labourman Sobantu, Genuka Nomatshaka, Xubuzane Nolusano, Thole Gladman Malungelo, Jama Dreyu Sibongile, Nothobile.Mirriam. Solontsi | yes | 0 | 1 | 0 |
| ward 22 | Ward Councillor: S Ndinisa Ndesi Bulelwa Elsie, Delihlazo Zizo, Mpotya Zibonele, Nkohla Noziphiwo, Yoli Nonkqubela, Ntunja Khayaletu, Sidlanga Nompilo, Mthini Nompotisho Beauty, Nani Thandile, Sondaka Thelma , | yes | 1 | 1 | 0 |
| ward 23 | W/Councillor L. Mantshiyose Xam. Marasi, Nkope Nontimela, Ntlomelwana Vuyiswa, Zweni Ntomboxolo Christina, Nake Nonikile, Maranjana No-Olert Noluthando, Meje Ntombokuqala, Mngqenge Mandla, Mfama Cikizwa, Lwangu Siphokazi. | Yes | 0 | 1 | 0 |
| ward 24 | W/Councillor V. Matiwane Dlongwana Nozuko Viginia, Xala Nowezile Theodorah, Vunguvungu Nopakamisa, Nduku Buyiswa, Mkiva Nonceba, Kalimashe Nozinzile, Rachel Qatu Gwebu, Siqabu Siyabonga, Ndlebe Nomsa, Solontsi Nomsa . | Yes | 0 | 1 | 0 |

| | | | | | |
|---------|---|-----|---|---|---|
| Ward 25 | W/Councillor N. Magatya Zitho Khenneth, Kasa Noludwe, Ngobo Akhona Raymond, Ngwaca Notwocent Patricia, Xapa Mnyamezeli, Mnwana Zimkhitha, Mkiva Xolile, Hlam Thandisizwe, Nombewu Zalisile, Mbiko Nonyameko Patience. | Yes | 0 | 1 | 0 |
| ward 26 | W/Councillor N.B Sirunu- Ntanga Balindaba Mpumelelo Joker, Genyane Wilson, Mxhanywa Thembinkosi, Velaphi Steven, Nyathela Ntombizanele, Rangayi Nomabelu Pamela, Mhlabeni Nomasimpiwe, Genukile Neli, Lentaka Sandiswa, Mzwembila Phatiswa. | Yes | 0 | 1 | 0 |
| ward 27 | W/Councillor N N Mboxela Mgedle Nothemba, Gobi Jona Nomthandazo, Matu Kwedinana, Qunta Tamella, Lwazi, Daka, Mqinyana Nonkosiko, Qavane Skoki, Ncuthushe Nomabelu Florence, Ngcuthushe Florence, Ludidi Maxhoba. | Yes | 0 | 1 | 0 |
| ward 28 | W/Councillor N.A.Tyali Nowewuse Lindile, Msaro Phumzile, Manyube Zodwa, Ndlelani Liziwe, Jayi-Jayi Noluthando, Kheyizana Lindelwa, Gquthani Notheko Thotywe, Makhwenkwe Zibele, Mendwana Kwayiyo, Maputuma Nowebile. | yes | 0 | 1 | 0 |

| | | | | | |
|---------|--|-----|---|---|---|
| ward 29 | W/Councillor S. Dlova Sinani Busisiwe, Mayiji Philile, Majaza Vuyokazi, Somatika Orianda Nolundi, Bekameva Ntombizilungile, Nqulwana Nofanelekile, Mtyida Thembinkosi, Ndevu William Mziwonke, Ncumeza Pilisa, Ntloko Tryphina Nosango . | yes | 0 | 1 | 0 |
| ward 30 | W/Councillor P P Kondile Mzikabawo. Amon. Mhaga, Patience. Nosiselo. Dyonas, Pokopiya Nolwando Victoria, Vululwandle Wiliam, Denisi Nondleko, Booi Lennox Zenzile, Mnukwa Nomazizi, Xola Ntombekaya Lillian, Sgobongo Zoleka Vivian, Mvandala Bongani . | Yes | 0 | 1 | 0 |
| ward 31 | W/ Councillor N. Ncethani Makapela Mziwetemba Donald, Ludonga Lindela, Zolwana Monwabisi, Maqwelana Nomzamo, Sikiti Noxolo, Mhlanga Nokwakha, Majola Eric Phindile, Jojwana Chwayita, Tutu Nosipho, Tshayisa Mcoseleli | Yes | 0 | 1 | 0 |
| War 32 | W/Councillor C. Genyane Dikilokhwe Laledle Mbhofithi Thethani Jwara Nontuthuzelo Ndayenjani Nokubonga Siloko Nozukile Mente Nosakhele Mabhovana Thandiwe Qhijana Ntombizandile Toyiya Lungile Nogingxa Nosakhele | Yes | 0 | 0 | 0 |

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

APPENDIX F: WARD INFORMATION

Ward title: Ward Name Number

| Capital Projects : Seven Largest in year 0 | | | | |
|--|---------------------------|-----------------|------------------|-------------|
| No | Project Name and Details | Start Date | End Date | Total Value |
| 1 | Road Surfacing Dutywa | 26 February 15 | 02 February 2017 | |
| 2 | Road Surfacing Elliotdale | 26 February 15 | 17 November 2016 | |
| 3 | Ndalatha- xora mouth | 16 March 16 | | |
| 4 | Talimofu access road | 18 February 16 | | |
| 5 | Nonkqubela access road | 22 March 16 | 02 February 2017 | |
| 6 | Pewula access road | 16 March 16 | | |
| 7 | Dutywa Community Hall | 12 October 2016 | 06 June 2017 | |

| BASIC SERVICES PROVISION | | | |
|---|--|------------------------|-------------|
| DETAILS | WATER | SANITATION | ELECTRICITY |
| Households with minimum service delivery | ADM | ADM | 43694 |
| Households without minimum service delivery | ADM | ADM | 16430 |
| Total House holds | | | 60124 |
| TOP FOUR SERVICE DELIVERY PRIORITIES PER WARD | | | |
| NO | Priority Name and Details | Progress During Year 0 | |
| 1 | Municipal Roads Constructed | 154km | |
| 2 | Municipal Roads Maintained | 691.2km | |
| 3 | Electrification (Grid Connections) | 2661 Connections | |
| 4 | Electrification (Non Grid Connections) | 3000 Connections | |
| 5 | Community Services infrastructure | 4 community Halls | |

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

| Resolution Number | Item | Resolution | Audit Commit meeting date | Comments |
|-------------------|--|---|--------------------------------|--|
| | | | | |
| 01 | Performance information(N on-financial) | Management should amend and adjust their targets to accommodate all those milestones that were not achieved in the previous quarters due unforeseen circumstances. This is referred to infrastructure projects. Council resolution should also be granted for those amendments. | 24 th of April 2017 | <p>This will be confirmed in the first quarter of 2017/2018 financial year</p> <p>This has been since resolved. All the targets were amended as such during December/January 2017. The amended targets were implemented during January 2018</p> |
| 02 | Performance information(financial) | Management should ensure that budget of the municipality is not over or under-spent. There should be alignment between the targets as covered in the approved SDBIP and their budget as per the approved budget document, | 24 th of April 2017 | <p>This will be confirmed after finalization of the annual performance information both on finance activities and non-finance activities by the municipality.</p> <p>In consideration of the annual budget for financial year 2017/2018, there budget of the municipality is not under or overspent.</p> |
| 02 | Port-folio of evidence: Performance information | All HOD should develop a credible port-folio of evidence files for the performance information. This should be aligned with the new Auditor's general methodology when auditing performance information | 24 th of April 2017 | This has been implemented |

| | | | | |
|-----------|---|---|--------------------------------|--|
| 04 | mSCOA implementation | Management should ensure that during the migration of data, internal audit is involved | 24 th of April 2017 | Done |
| 05 | SAP-(mSCOA) | Management should re-consider another system compared with the current SAP system for mSCOA compliance due to its price | 18 th October 2016 | SAP has been substituted by SAGE evolution |
| 06 | Internal audit reports(Internal controls) | Management should strengthen their internal controls by also developing the procedure manual. As per internal audit reports, high risk areas where management need to consider the procedure manual and updating of the policies were: Fleet management; revenue management and Leave management | 18 th October 2016 | Procedure manuals for entire departments were developed and are in place. New policies were developed and old policies were reviewed. All the new developed and reviewed policies were presented in a council policy workshop |
| 07 | Internal audit budget and staff | Internal audit unit should be strengthen by appointing additional staff | 15 th July 2016 | Reviewed organogram with the submission of one senior internal auditor has been submitted and approved by the council for implementation. The implementation of the above resolution was not implemented due to budgetary issues. Interim arrangement was to appoint the panel of services providers to assist and bridge the skills gap was considered as |

| | | | | |
|--|--|--|--|---|
| | | | | an alternative. Three panel of service providers was appointed during February/ March 2018 as a co-sourcing method. The appointment is for a period of three years. |
|--|--|--|--|---|

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

NOT APPLICABLE

APPENDIX I –MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

NOT APPLICABLE

APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST

Disclosure by Councilors

| | |
|-------------|------|
| MJ JAFTA | None |
| SD KALITYI | Yes |
| B SISWANA | Yes |
| B JAMNDA | Yes |
| XO WILLIE | None |
| M PETER | Yes |
| T TSHIKA | Yes |
| M MBOMVU | Yes |
| T MAFANYA | None |
| N MAGATYA | None |
| NN NDLODAKA | None |
| M TETYANA | None |
| M TAKANI | Yes |

| | |
|------------------|------|
| XP BALENI | Yes |
| X TYODANA | None |
| MM MCOTSHO | Yes |
| N NCETANI | Yes |
| NM MLANDU | Yes |
| S NDINISA | Yes |
| P RULUMENI | Yes |
| V MATIWANE | Yes |
| KD MSINDWANA | Yes |
| ST SITWAYI | Yes |
| MK MAKAPELA | None |
| S MWAHLA | Yes |
| NB SIRUNU NTANGA | Yes |
| SC LIVI | Yes |
| B MAJAVU | None |
| L MATITI | Yes |
| SN JANDA | Yes |
| NT TAFENI | None |

| | |
|------------------|------|
| N TYELINGANYE | Yes |
| S MANTSHINGILANE | Yes |
| S MDIKINDA | Yes |
| NM MKHEDAMO | Yes |
| M TSHAKA | Yes |
| PP KONDILE | Yes |
| C GENYANE | Yes |
| N GANDA | Yes |
| P BUNGU | Yes |
| M SIBINGIBINGI | Yes |
| M BHELE | None |
| L MAHOBE | Yes |
| SD SICENGU | Yes |
| NE MBANE | Yes |
| P MAMBA | Yes |
| NO SOGAYISE | Yes |
| W NAMBA | Yes |
| N MAHLATHI | None |

| | |
|---------------|-----------------|
| S DLOVA | Yes (Deceased) |
| LL SANGQU | Yes |
| NN NGOMTHI | Yes |
| L MANTSHIYOSE | Yes |
| N NKOMONYE | Yes |
| N NQWENA | Yes |
| WM SOLONTSI | None |
| S MROBO | Yes |
| VN KWEDINANA | Yes |
| LM SOSHANKANE | Yes |
| NN MBOXELA | Yes |
| N NYALAMBISA | None |
| NA TYALI | Yes |
| P MAKELENI | Yes |

| | | |
|----|------------------|-----|
| | OFFICIALS | |
| 64 | SV POSWA | Yes |
| 65 | M NAKO | Yes |
| 66 | X SIKOBI | Yes |

| | | |
|----|--------------|-----|
| 67 | NY MQOQI | Yes |
| 68 | MP NINI | Yes |
| 69 | CB MQINGWANA | Yes |
| 70 | M MTONGANA | Yes |

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

ANNEXURE K1: REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote | | | | | | |
|--|----------------|-----------------|-----------------|----------------|-----------------|--------------------|
| R' 000 | | | | | | |
| Vote Description | Year -1 | Current: Year 0 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Executive & Council- Vote 1 | 0 | 11 047 000 | 11 047 000 | 11 047 000 | 0% | 0% |
| Finance & Admin - Vote 2 | 181 706 | 234 942 | 241 374 | 227 257 | 3% | 6% |
| Planning & Development - Vote 3 | 890 | 815 | 477 | 212 | 3% | 6% |
| Community & Social services - Vote 4 | 1 683 326 | 1 393 352 | 566 101 | 1 024 176 | 26% | -81% |
| Housing - Vote 5 | 586 516 | 473 187 | 473 187 | 492 534 | -4% | -4% |
| Public safety - Vote 6 | 0 | 0 | 0 | 0 | 0% | 0% |
| Environmental management - Vote 7 | 1 487 794 | 2 439 694 | 3 439 694 | 3 709 820 | -52% | -8% |
| Solid waste- Vote 8 | 350 000 | 0 | 0 | 0 | 0% | 0% |
| Waste water management - Vote 9 | 1 024 394 | 807 560 | 807 560 | -43 217 | 105% | 105% |
| Roads transport - Vote 10 | 190 450 | 86 537 | 86 537 | 86 394 | 0% | 0% |
| Electricity - Vote 11 | 53 640 000 | 117 385 | 117 385 | | | |
| Other - Vote 12 | | 000 | 000 | 84 621 492 | 28% | 28% |
| Example 13 - Vote 13 | | | | | | |
| Example 14 - Vote 14 | | | | | | |
| Example 15 - Vote 15 | | | | | | |
| Total Revenue by Vote | 240 669 | 368 575 | 375 180 | 328 195 | 0.11 | 0.13 |

ANNEXURE K2: 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 | 358 | 844 | 844 | 587 | -13% | -13% |
| Property rates - penalties & collection charges | — | — | — | — | 0% | 0% |
| Service Charges - electricity revenue | — | — | — | — | 0% | 0% |
| Service Charges - water revenue | — | — | — | — | 0% | 0% |
| Service Charges - sanitation revenue | — | — | — | — | 0% | 0% |
| Service Charges - refuse revenue | 797 | 771 | 771 | 921 | -19% | -19% |
| Service Charges – other | — | — | — | — | 0% | 0% |
| Rentals of facilities and equipment | 773 | 757 | 170 | 028 | -36% | 12% |
| Interest earned - external investments | 022 | 000 | 500 | 604 | -15% | -2% |
| Interest earned - outstanding debtors | — | — | — | — | 0% | 0% |
| Dividends received | — | — | — | — | 0% | 0% |
| Fines | 627 | 919 | 461 | 373 | 59% | 19% |
| Licences and permits | 550 | 673 | 673 | 791 | 53% | 53% |
| Agency services | — | — | — | — | 0% | 0% |
| Transfers recognised - operational | 824 | 325 | 348 | 243 | -1% | 1% |
| Other revenue | 121 | 735 | 735 | 642 | 19% | 72% |
| Gains on disposal of PPE | 373 | 100 | 100 | — | 100% | 100% |
| Environmental Protection | — | — | — | — | 0% | 0% |
| Total Revenue (excluding capital transfers and contributions) | 447 | 124 | 602 | 188 | 0.48% | 10.81% |

ANNEXURE L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

| Conditional Grants: excluding MIG | | | | | | |
|---|---------------------------|---------------------------|---------------------------|-----------|-----------------------|--|
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjustments Budget | |
| | | | | | | |
| Neighbourhood Development Partnership Grant | | | | | | |
| Public Transport Infrastructure and Systems Grant | | | | | | |
| Equitable Share | 220 782 000.00 | 209 735 000.00 | 193 756 000.00 | 12% | 8% | Unspent MIG in 2014/15 was withheld and deducted from Equitable Share |
| Municipal Systems Improvement Grant | 934 000.00 | 934 000.00 | 934000 | 0% | 0% | Improvement of Systems |
| Other Specify: | | | | 0% | 0% | |
| Finance Management Grant | 1 600 000.00 | 1 600 000.00 | 1600000 | 0% | 0% | Capacity Building for Finance Officials and appointment of Interns |
| EPWP Incentive | 1 153 000.00 | 1 153 000.00 | 1153000 | 0% | 0% | Capacity Building and employment growth |
| Libraries | 300 000.00 | 300 000.00 | 300000 | 0% | 0% | Library operations |
| Electrification | 2 000 000.00 | 3 000 000.00 | 3000000 | 0% | 0% | Electrification of municipal wards |
| Total | 226 769 000.00 | 216 722 000.00 | 200 743 000.00 | 4% | 7% | |

APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/ RENEWAL PROGRAMMES

Not Applicable

APPENDIX N: CAPITAL PROGRAMM BY PROJECT YEAR 0

Not Applicable

| |
|---|
| APPENDIX O: CAPITAL PROGRAMM BY PROJECT BY WARD YEAR 0 |
|---|

| Capital Programme by Project by Ward: Year 0 | | |
|--|-----------------------|---------------------------------------|
| Capital Project | Ward(s) affected | R' 000 Works completed (Yes/No) |
| Water | | |
| "Project A" | | |
| "Project B" | | |
| | | |
| Sanitation/Sewerage | | |
| | | |
| | | |
| Electricity | 22 | Yes |
| | 23 | Yes |
| | 27 | Yes |
| | 29 | Yes |
| | 14 | Yes |
| Housing | | |
| Destitute housing | 2,3,4,5,6,7,8,9,10,32 | Yes |
| Destitute housing | | Yes |
| Refuse removal | Wards All | Yes |
| | | |
| Stormwater | 14 | Yes |
| | 09 | Yes |
| | 01 | Yes |
| | 03 | Yes |
| | 15 | Yes |
| | 04 | Yes |

| | | |
|-----------------------------------|-----------|-----|
| | 13 | Yes |
| Economic development | | |
| Sports, Arts & Culture | 1 | No |
| | 13 | No |
| | 25 | No |
| | 4 | Yes |
| | 29 | Yes |
| | 21 | Yes |
| Environment | | |
| | | |
| | | |
| Health | | |
| | | |
| | | |
| | | |
| Safety and Security | All Wards | Yes |
| | | |
| ICT and Other | | |
| | | |
| | | |
| TO | | |

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not Applicable

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.

| Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis) | | |
|--|-------------------|--------------------|
| Services and Locations | Scale of backlogs | Impact of backlogs |
| Clinics: | | |
| None | | |
| Housing: | | |

| | | |
|--------------------------------------|------------------------------|---|
| Low Cost Houses in Willowvale | 90 houses | Unhappiness and crime associated with unfinished houses |
| Elliotdale rectification | 292 houses | |
| Licensing and Testing Centre: | | |
| Dutywa | 1 | Loss of revenue by the municipality. |
| Reservoirs | | |
| None | | |
| Schools (Primary and High): | | |
| None | | |
| Sports Fields: | | |
| Willowvale | 1 (Still under construction) | Delayed youth development |

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

None

APPENDIX S: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS IN THE ANNUAL REPORT

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

Chapter: Organisational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

| | Indicator name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|---|--|---|--|--|---------------------|
| 1 | Vacancy rate for all approved and budgeted posts; | 284 | 273 | 96% | |
| 2 | Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers) | 7 | 6 | 85% | |
| 3 | Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY | 7 | 7 | 100% | |
| 4 | Percentage of Managers in Technical Services with a professional qualification | 2 | 2 | 100% | |
| 5 | Level of PMS effectiveness in the DM – (DM to report) | | | | |

| | Indicator name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|----|---|--|--|--|---------------------|
| 6 | Level of effectiveness of PMS in the LM – (LM to report) | The Municipality does have the Performance Management Framework in the financial year. After the consultation process the municipal council adopted the PMS framework in July 2017. The performance agreements were signed by all section 56 managers. The municipality implemented the PMS framework and the PMS reports were done for the year as prescribed by the legislation. | | | |
| 7 | Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term | 275 | 275 | 100% | |
| 8 | Percentage of councillors who attended a skill development training within the current 5 year term | 75 | 74 | 98,6% | |
| 9 | Percentage of staff complement with disability | 5 | 1 | 20% | |
| 10 | Percentage of female employees | 275 | 129 | 46,9% | |

| | Indicator name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|----|---|---|--|--|---------------------|
| 11 | Percentage of employees that are aged 35 or younger | 275 | 123 | 44.7% | |
| 12 | Adoption and implementation of HRD Plan including WSP | 30 April 2017 | WSP 30 April 2017 | 100% | |

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in water services

| | 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 | Not a WSA nor WSP | | | | |
| 2 | Percentage of indigent households with access to | Not a WSA nor WSP | | | | |

| | | | | | | |
|---|--|-------------------|--|--|--|--|
| | free basic potable water | | | | | |
| 3 | Percentage of clinics with access to potable water | Not a WSA nor WSP | | | | |
| 4 | Percentage of schools with access to potable water | Not a WSA nor WSP | | | | |
| 5 | Percentage of households in formal settlements using buckets | Not a WSA nor WSP | | | | |

Annual performance as per key performance indicators in Electricity 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 | 60124 | 15463 | 560 | 967 | 173% |

| | | | | | | |
|---|--|-------|---|------|------|------|
| | electricity services | | | | | |
| 2 | Percentage of indigent households with access to basic electricity services | | | | | |
| 3 | Percentage of indigent households with access to free alternative energy sources | 60124 | 0 | 1000 | 3531 | 353% |

Annual performance as per 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 | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|--|-------------------------------------|---|-------------------------------|---|
| 1 | Percentage of households with access to sanitation services | Not a WSA nor WSP | | | | |
| 2 | Percentage of indigent households with access to free basic sanitation services | Not a WSA nor WSP | | | | |

| | 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 |
|---|--|---|--|--|--------------------------------------|--|
| 3 | Percentage of clinics with access to sanitation services | Not a WSA nor WSP | | | | |
| 4 | Percentage of schools with access to sanitation services | Not a WSA nor WSP | | | | |

Annual performance as per key performance indicators in road maintenance 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 without access to gravel or graded roads | Total road network 1879.80 km | 418.8km | 300km | 315.1 km | 105% |
| 2 | Percentage of road infrastructure requiring upgrade | 15 km | 1864.8 | 0km | 0km | 100% |
| 3 | Percentage of planned | 30km | 1080km | 30km | 184km | 100% |

| | | | | | | |
|---|--|--|--|--|--|--|
| | new road infrastructure actually constructed | | | | | |
| 4 | Percentage of capital budget reserved for road upgrading and maintenance effectively used. | | | | | |

Annual performance as per key performance indicators in waste management 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 refuse removal services | 60124 | 60124 | 60124 | 60124 | 100% |
| 2 | Existence of waste management plan | IWMP was reviewed in the 2016/17 financial year. | | | | |

Annual performance as per key performance indicators in housing and town planning 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 living in informal settlements | 910 | None | None | None | 0% |
| 2 | Percentage of informal settlements that have been provided with basic services | 910 | None | None | None | 0% |
| 3 | Percentage of households in formal housing that conforms to the minimum building standards for residential houses | Not known | N/A | N/A | | 0% |
| 4 | Existence of an effective indigent policy | The municipality is in the process of updating the Indigent Register. | | | | |
| 5 | Existence of an approved SDF | 2016 / 2017 approved reviewed SDF | | | | |
| 6 | Existence of Land Use Management System (LUMS) | Zoning Plans, Transkei Town Planning Scheme and SPLUMA currently in use. | | | | |

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

| | Indicator name | Target set for the year | Achievement level during the year (absolute figure) | Achievement percentage during the year |
|---|--|-------------------------|---|--|
| 1 | Existence of LED unit | None | N/A | N/A |
| 2 | Percentage of LED Budget spent on LED related activities. | R5.5m | R4.7m | 85% |
| 3 | Existence of LED strategy | Yes | | |
| 4 | Number of LED stakeholder forum meetings held | 3 | 3 | 100% |
| 5 | Plans to stimulate second economy | Yes | Yes | 50% |
| 6 | Percentage of SMME that have benefited from a SMME support program | 35 | 35 SMMEs | 100% |
| 7 | Number of job opportunities created through EPWP | 1540 | 1540 | 100% |
| 8 | Number of job opportunities created through PPP | None | 55 | 100% |

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

| | Indicator name | Target set for the year R(000) | Achievement level during the year R(000) | Achievement percentage during the year |
|---|--|---|--|--|
| 1 | Percentage expenditure of capital budget | 38% | R 121 256 718 | 53% |
| | | Target set for the year (35%) R(000) | Achievement level during the year R(000) | Achievement percentage during the year vs the operational budget |
| 2 | Salary budget as a percentage of the total operational budget | 46% | R 103 474 974 | 34% |
| | | Target set for the year (20% or less) R(000) | Achievement level during the year R(000) | Achievement percentage during the year vs the actual revenue |
| 3 | Trade creditors as a percentage of total actual revenue | 2% | R 7 001 817 | 3% |
| | | Target set for the year (80% and more) R(000) | Achievement level during the year R(000) | Achievement percentage during the year |
| 4 | Total municipal own revenue as a percentage of the total actual budget | 23% | R 27 381 100 | 8% |

| | | Target set for the year R(000) | Achievement level during the year R(000) | Achievement percentage during the year |
|----|---|--------------------------------|--|--|
| 5 | Rate of municipal consumer debt reduction | 100% | R 8 420 772 | 41% |
| 6 | Percentage of MIG budget appropriately spent | 100% | 100% | 100% |
| 7 | Percentage of MSIG budget appropriately spent | 100% | 100% | 100% |
| 8 | AG Audit opinion | Unqualified Opinion | Unqualified Opinion | Unqualified Opinion |
| 9 | Functionality of the Audit Committee | Effective | Effective | Effective |
| 10 | Submission of AFS after the end of financial year | 31 August 2017 | 31 August 2017 | 31 August 2017 |

Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

| 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 | 100% | 100% | 100% |
| 2 | % of ward committees that are functional | 95% | 95% | 95% |
| 3 | Existence of an effective system to monitor CDWs | The Municipality does not have the effective system to monitor the CDW as they are not directly reporting to the municipality, however there are sessions that are | | |

| No | Indicator name | Target set for the year | Achievement level during the year (absolute figure) | Achievement percentage during the year |
|----|--|--|---|--|
| | | being held on a quarterly basis between the CDW, Ward Committees, Ward Councillors and COGTA public participation unit. This engagement session is trying to assist the municipality in bridging the gap between the municipality functioning and CDW reporting. | | |
| 4 | Existence of an IGR strategy | The municipality developed an IGR Framework that was adopted by Council in 2016 that is fully implemented and used as the Terms of Reference for the IGR Forum. | | |
| 5 | Effective of IGR structural meetings | The IGR structural meetings are effective. The municipality included all the scheduled dates of the IGR in the calendar of events of the municipality which was adopted by Council in May 2016. The sector departments are invited on time and some departments are consistently present in the meetings. The municipality also developed clusters aligned to the 5 KPAs which are reporting directly to the full IGR. However, there are still departments who are constantly not present, this has been uplifted to the District IGR and DIMAFO. | | |
| 6 | Existence of an effective communication strategy | The municipality does have the communication strategy which was used in the financial year of 2015/2016. The reviewed communication strategy was drafted in March and presented in the Council workshop held in June 2016. The municipality is intending to review the communication strategy on a yearly basis. | | |
| 7 | Number of mayoral imbizos conducted | 32 wards | 3 (in all 3 units, all 32 wards participated) | 100% |
| 8 | Existence of a fraud prevention mechanism | <p>The municipality has developed a fraud prevention plan in the financial year under review.</p> <p>Risk Management committee is in place, and is chaired by the independent person.</p> | | |