



ANNUAL REPORT

for the financial year
2006 / 2007





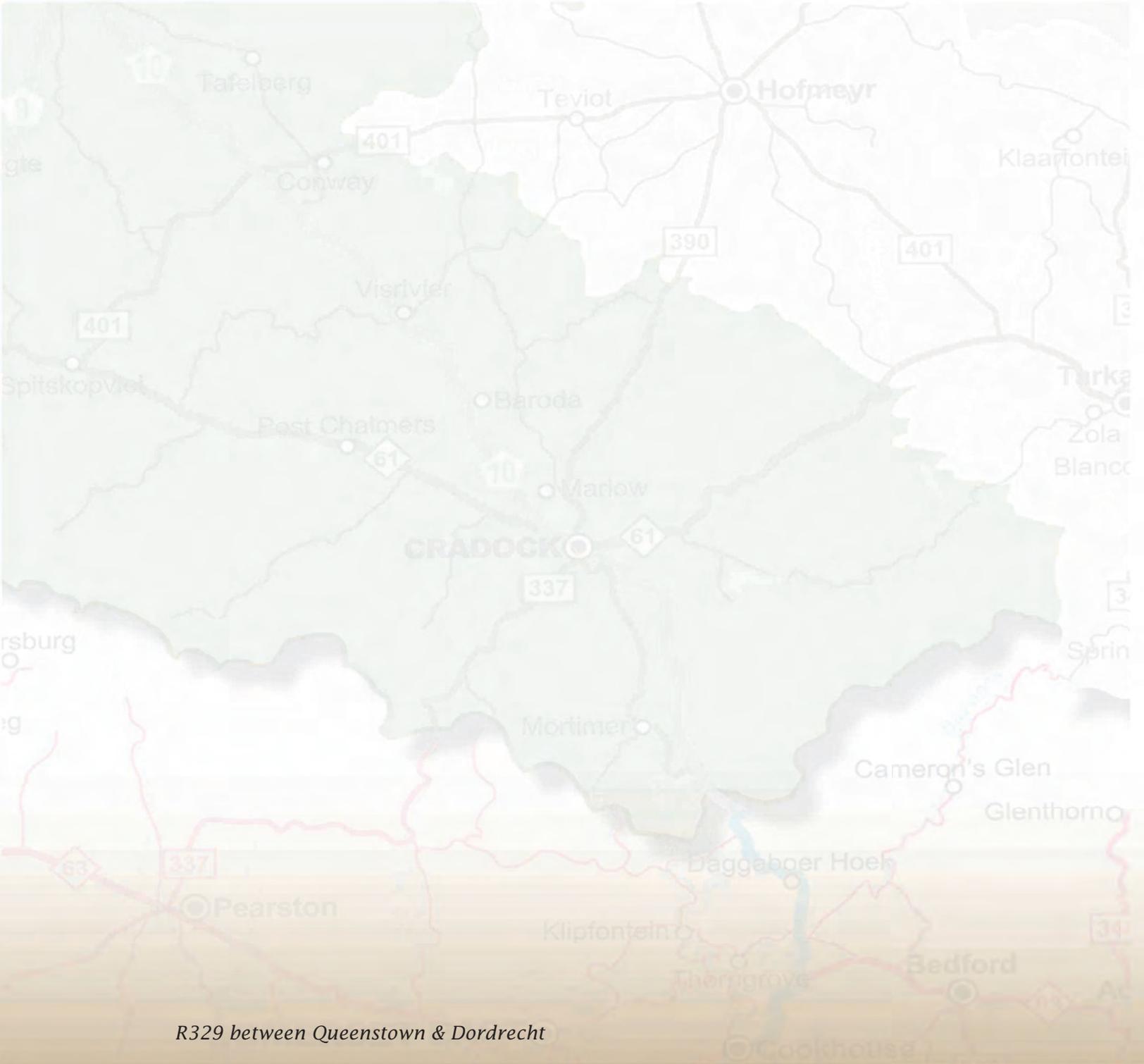
Annual Report
FOR THE FINANCIAL YEAR
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ACRONYMS USED IN THIS REPORT

AG	- Auditor General	LAC	- Local AIDS Council
CHDM	- Chris Hani District Municipality	LAN	- Local Area Network
DAC	- District AIDS Council	LED	- Local Economic Development
DBSA	- Development Bank of Southern Africa	LLF	- Local Labour Forum
DFID	- Department for International Development	LM	- Local Municipality
DM	- District Municipality	M & E	- Monitoring and Evaluation
DPLG	- Department of Provincial and Local Government	MFMA	- Municipal Finance Management Act (56 of 2003)
DRP	- Disaster Recovery Plan	MHS	- Municipal Health Services
DWAF	- Department of Water Affairs and Forestry	MIG	- Municipal Infrastructure Grant
ECAC	- Eastern Cape AIDS Council	MSP	- Municipal Support Program
ECDMA	- Eastern Cape District Management Area	PDR	- Project Definition Report
ECESCOC	- Eastern Cape Emergency Services Coordinating Committee	PHC	- Primary Health Care
EHP	- Environmental Health Programme	PMS	- Performance Management System
EPWP	- Expanded Public Works Programme	PMU	- Project Management Unit
FHP	- Food Handling Premises	RSC	- Regional Services Council
GAMAP	- Generally Accepted Municipal Accounting Practice	SALGA	- South African Local Government Association
GDS	- Growth and Development Summit	SAN	- Storage Area Network
GRAP	- Generally Recognised Accounting Practices	SCM	- Supply Chain Management
ICT	- Information Communication Technology	SDBIP	- Service Delivery and Budget Implementation Plan
ICTSC	- Information Communication Technology Steering Committee	SHE	- Safety, Health and Environment
IDP	- Integrated Development Plan	SMME	- Small, Medium and Micro Enterprise
IMFO	- Institute for Municipal Finance Officers	STI	- Sexually Transmitted Infection
IMST	- Information Management Systems Technology	UFH	- University of Fort Hare
ISDR	- International Strategy for Disaster Risk Reduction	WAD	- World AIDS Day
ISDRP	- Integrated and Sustainable Rural Development Programme	WAN	- Wide Area Network
ITIL	- Information Technology Information Library	WMPF	- Website Management Procedures Framework
IWMP	- Integrated Waste Management Plan	WSA	- Water Services Authority
KPA	- Key Performance Area	WSDP	- Water Services Development Plan

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CHAPTER 1

Introduction and Overview



INTRODUCTION & OVERVIEW





Executive Mayor, Councillor Mafuza Sigabi

1.1 FOREWORD

by Executive Mayor Mr M Sigabi

I am honoured to table the annual report for the 2006/2007 financial year for the Chris Hanu District Municipality (CHDM). This has been a very significant period for us as we all pulled together to attain a common goal and realise the developmental objectives of our communities and effect change for the better to the lives of our communities.

The year under review necessitated that we address fundamental questions which include:

- ✦ What are we going to do differently to improve on the quality of the standard of living of our communities?
- ✦ How do we strengthen the economy of this area for the benefit of the poor?
- ✦ How do we address discontent in a manner that strengthens and constitutes Batho Pele principles?
- ✦ How do we improve stakeholder relationships for better service delivery?
- ✦ How should we seek to improve the health status of our communities?

An account of genuine responses to these questions is provided in this report.

The District Municipality (DM) hosted a Growth and Development Summit (GDS) to find ways to stimulate growth and development in the area. It is the recommendations of this collective that will assist us in steering the District towards an economically viable region. The local economic growth of the region has been enhanced by the likelihood of the opening of a coal mine at Indwe in the Emalahleni Local Municipality (LM).

We have, through various stakeholder gatherings, been in constant contact with the communities we serve to ascertain whether we are still on track with the delivery of services. Significant feedback has been received through unmediated communication we engaged in with our stakeholders – the izimbizo as well as print and electronic media. This definitely assisted us to identify and improve where we needed to.



INTRODUCTION & OVERVIEW

The Development Bank of Southern Africa (DBSA) commissioned the deployment of an engineer through the Siyenza Manje Programme to support the DM and LMs in eradicating infrastructural backlogs. The success of this programme is evident in the manner in which the DM spent on its Municipal Infrastructure Grant (MIG) funding, a major service delivery fuelling grant.

The taking over of the water services function by the DM had its challenges. This transition necessitated added responsibilities, including the absorption of staff formerly employed by the Department of Water Affairs and Forestry (DWAF).

We have a constitutional mandate to support in every respect the LMs which fall under our area of jurisdiction. This we are doing through shared services on risk management and the initiation of a research project by the University of Fort Hare (UFH) on the Municipal Support Programme (MSP).

The challenges we encountered in relation to the devolution of the Municipal Health Services have been enormous. With an action plan designed to overcome these, we saw the process through.

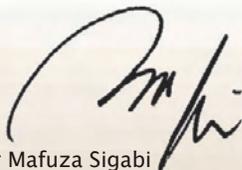
The Chris Hani District Municipality also took the lead in opening a newly constructed Disaster Management Centre, a first of its kind in the province. The existence of the centre is meant to ensure proper co-ordination of all disaster management activities.

With the statistics reflecting about 33.2% HIV and AIDS prevalence in the DM, and being the third highest in the Eastern Cape, we deemed it necessary to prioritise and intensify the fight against this scourge. We embarked on two major campaigns at Inkwanca and Sakhisizwe LMs, where households were visited.

The main objective is to take the education and prevention messages to each household, to assist communities to also prioritise the fight against HIV and AIDS.

Both projects allowed us access to worthwhile information that will enable us to plan and mainstream HIV and AIDS and also improve our intergovernmental relations for an integrated approach to sustainable development.

I thank Councillors, the Municipal Manager, managers and staff across all departments for their tireless efforts and commitment in uplifting the Chris Hani District Municipality community. Thanks to the community of CHDM for believing that we can be agents of change.



Mr Mafuza Sigabi

EXECUTIVE MAYOR

MAYORAL COMMITTEE



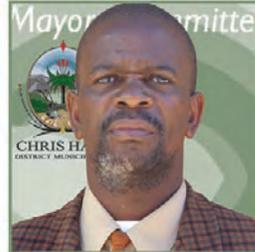
Cllr Mafuza Sigabi
EXECUTIVE MAYOR



Cllr Nonceba Pasha
SPEAKER



Cllr Lindiwe Gunuza
HEALTH & COMMUNITY SERVICES



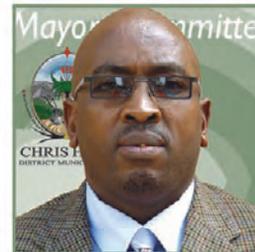
Cllr Ray Xuma
CORPORATE SERVICES



Cllr Mxolisi Koyo
INT. PLANNING & ECONOMIC DEV.



Cllr Nonkosi Mvana
ENGINEERING SERVICES



Cllr Ray Shweni
BUDGET & TREASURY

DEPARTMENT HEADS



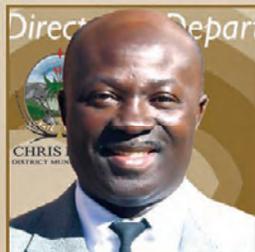
Mr Mpilo Mbambisa
MUNICIPAL MANAGER



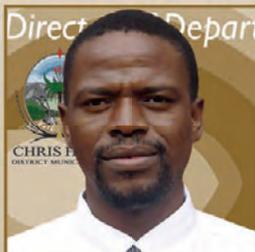
Ms Nokuthula Mgjijima : Director
HEALTH & COMMUNITY SERVICES



Mr Ivan Sondlo : Director
CORPORATE SERVICES



Mr Danso Agyemang : Director
INTEGRATED PLANNING
& ECONOMIC DEVELOPMENT



Mr Makaya Dungu : Director
ENGINEERING SERVICES



Mr Johannes Voster : Director
BUDGET & TREASURY

KAROO

UKHAHLAMBA



Sakhisizwe

Engcobo

Emalahleni

Intsika Yethu

Lukanji

Inkwanca

Tsolwana

Inxuba Yethemba

AMATHOLE

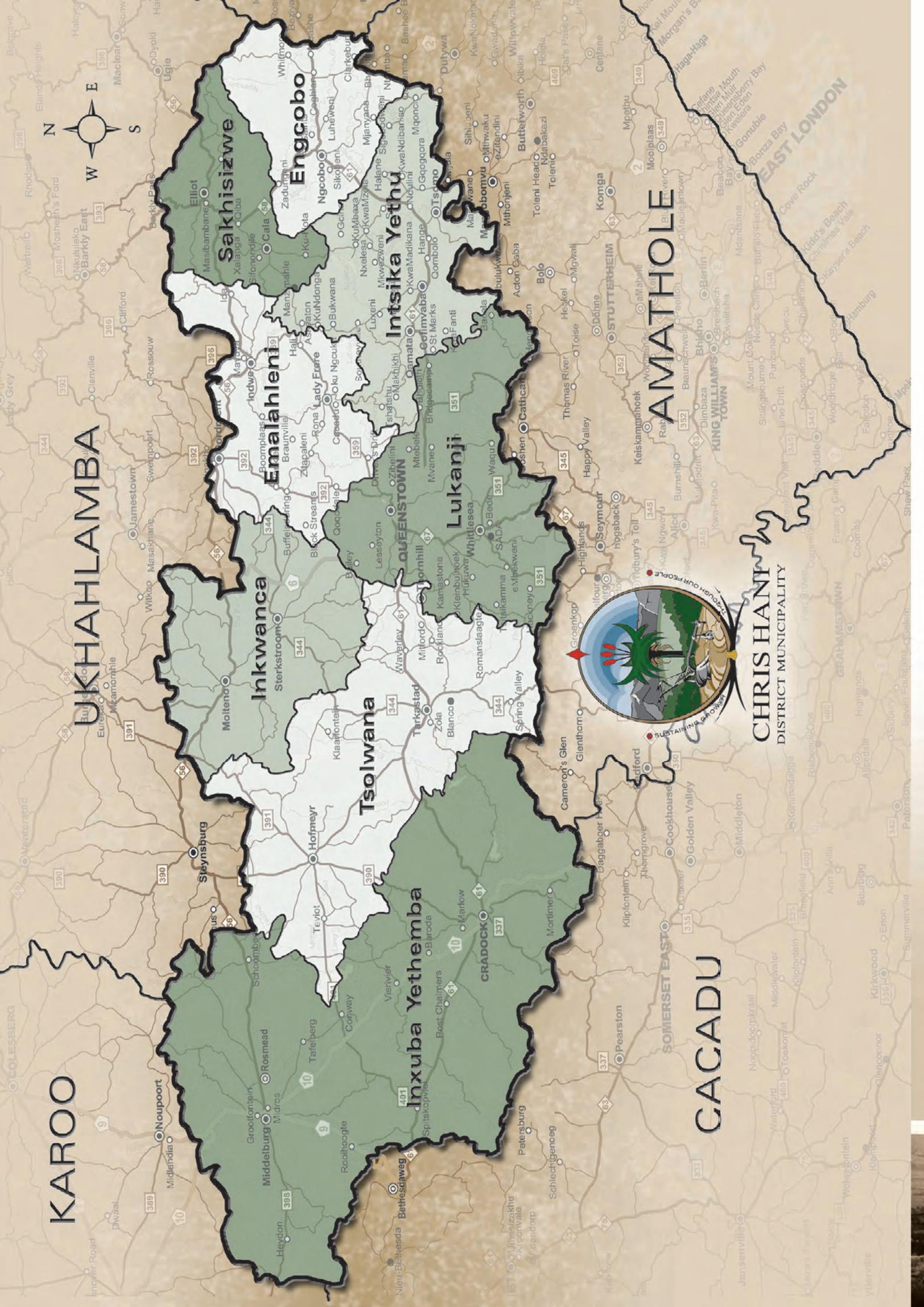


CHRIS HANI
DISTRICT MUNICIPALITY

CACADU

SOMERSET EAST

EAST LONDON



1.2 EXECUTIVE SUMMARY

The Chris Hani District Municipality (CHDM) was established by a notice in terms of Section 12 of the Municipal Systems Act, 32 of 2000. It is a democratically elected Category C municipality, comprising proportionally representative councillors and nominated councillors from eight category B municipalities under its jurisdiction.

The Council forms part of the local sphere of government, closely located to the people. The CHDM exercises its duties and functions through its constituent municipalities. These local municipalities (LMs) are:

- Inxuba Yethemba LM – EC 131
- Tsolwana LM – EC 132
- Inkwanca LM – EC 133
- Lukhanji LM – 134
- Intsika Yethu LM – EC 135
- Emalahleni LM – EC 136
- Ngcobo LM – EC 137
- Sakhisizwe LM – EC 138 and
- Mountain Zebra – ECDMA 13

Since the municipal demarcation prior to the last local government elections in December 2000, the CHDM covers an area of 37 294 square kilometres.

CHDM has a total population of 822 778 according to Census 2001.



Shaw Park
Papierston
Summerville



INTRODUCTION & OVERVIEW

Vision

A well-capacitated municipality, characterised by a good quality of life and a vibrant, self-sufficient economy driven by skilled communities living in a safe and healthy environment.

Mission

To provide affordable quality services, alleviate poverty and facilitate social and economic development of the area through integrated development planning, co-operative governance, skills development and the sustainable utilisation of resources.

Values

- Respect and Diversity
- Achievement and Commitment
- Transparency, Integrity and Honesty
- Ubuntu
- Enjoyment
- Teamwork

Guiding Principles

A number of guiding principles are formulated and framed by national and provincial policy and legislation. CHDM's Integrated Development Plan (IDP) Representative Forum adopted the following principles:

- ↳ Focus on the previously disadvantaged rural and urban areas;
- ↳ Prioritise the primary economic sector through local economic development;
- ↳ Provide faster access to basic services;
- ↳ Provide skills, especially for women, youth and the disabled;
- ↳ Provide physical infrastructure;
- ↳ Ensure sustainability of projects;
- ↳ Link IDPs with the Performance Management System (PMS);
- ↳ Build capacity; and
- ↳ Develop Monitoring and Evaluation (M&E) mechanisms to control IDP-related activities.





Mr Mpilo Mbambisa Municipal Manager

1.3 OVERVIEW

by the Municipal Manager

Introduction

The year under review has been quite a challenging one with lots of activities that have taken place.

We hosted the Deputy President's Imbizo in October 2006. During the same month we opened our Disaster Risk Management Centre. In November 2006 we were the first DM to host a municipal Growth and Development Summit (GDS). Our concept document was used by the Department of Provincial and Local Government (DPLG) as a framework for other summits in the country. Early in 2007 we hosted the Nodal Champions and we were invited to Parliament during the months of April and June 2007 to make presentations on various aspects of service delivery. The Municipal Manager was nominated to join a local government study tour to France during May 2007.

All the above-mentioned events and processes were a success and required a lot of preparation.

The following sections highlight challenges experienced as well as successes under the five key areas of the Local Government Strategic Agenda.

Municipal Transformation and Institutional Development

The recruitment and retention of staff continues to be a challenge. During this financial year we lost a number of key managers – Chief Disaster Manager, Senior Internal Auditor, Supply Chain Manager, Project Management Unit (PMU) Manager, Project Manager etc. Some of these posts had to be re-advertised because of the scarcity of skills. On the positive side most of these posts were filled by internal staff although this opened up other gaps.

The incomplete job evaluation process caused some staff to leave for similar posts in other municipalities. A number of staff members underwent training to improve their skills in the workplace. Some members of the Mayoral Committee and the Municipal Manager were successfully nominated for a Municipal Executive Leadership Training programme that was funded through SALGA and which started in March 2007.

The DM has bought land next to the N6 to build new offices that will accommodate all Directorates of the municipality.



INTRODUCTION & OVERVIEW

Service Delivery and Infrastructure

A number of water and sanitation projects were implemented through the Municipal Infrastructure Grant (MIG). Our MIG allocation was spent by March 2007. The backlog in the provision of water and sanitation continues to be a challenge and the target for bucket eradication by December 2007 was unlikely to be met. Dilapidated infrastructure in towns is a major challenge as there is no dedicated funding to address this. The transfer of DWAF staff to the DM was finalised. Negotiations with the Amatola Water Board as a Water Services Provider in Emalahleni, Ngcobo, Intsika Yethu and Sakhisizwe LMs were started. A three year Service Level Agreement was concluded with the provincial Department of Roads and Transport for the re-gravelling and maintenance of roads in Inxuba Yethemba LM. The devolution of Municipal Health Services without the necessary funding resulted in agreements not being signed. The provincialisation of primary health care was still under discussion at the end of the financial year. The liquidation of some contractors resulted in delays in service delivery.

Local Economic Development

Council decided to strengthen the management of irrigation schemes by appointing scheme managers, a finance officer and an administrator, in partnership with the provincial Department of Agriculture. A process towards the development of a Regional Local Economic Development Strategy was initiated and should be completed in 2008. The Nguni project was initiated in partnership with the University of Fort Hare (UFH) as part of the livestock development programme. Various initiatives were implemented towards the support of Small, Medium and Micro Enterprises (SMMEs). The implementation of the GDS commitments by various stakeholders aimed to improve the economy of our district. The Thina Sinakho initiative resulted in LED Advisors being placed in the DM to give support to municipalities and assist them in preparing proposals for submission to the Local Government Support Fund, Local Competitiveness Fund and the Financial Innovation Fund.

Financial Viability

The DM continues to provide financial support to some LMs. Revenue collection is a challenge to most LMs as they operate water services at a loss resulting in the DM having to pay the deficit. The roll-out of the e-Venus accounting system continued to some LMs. The DM received an 'adverse opinion' from the Auditor-General, mainly due to the exemptions by National Treasury that were not properly aligned to the annual financial statements. A shared service on internal audit and audit committees was initiated with all LMs.

Governance and Community Participation

The implementation of the Intergovernmental Relations Framework Act was started although there was continued poor attendance of meetings even though the Clusters were established. An intranet was introduced internally which improved access to information within the institution.

Various programmes have been communicated to our communities through izimbizo, newsletters, radio talk-shows, launches etc. Road-shows for the IDP and Budget processes were held in all LMs. Radio talk-shows for all directorates were held with Umhlobo Wenene, sharing information and giving an opportunity to the public to ask questions. A door-to-door campaign was held at Emalahleni LM as part of the HIV and AIDS week.



CONCLUSION

The year was busy with lots of activities and challenges. A concerted effort is required to improve the audit opinion and we need expertise to assist us in this area.

Although there are still challenges, a lot of successful programmes have been implemented. This is due to the stable political environment that exists in our institution. Sincere thanks go to our political leadership for their guidance through the year and the commitment of our staff to improving the lives of our communities. I would like to thank the Heads of Department and management for their support through this financial year.

Thanks to you all.



Mpilo Mbambisa





OFFICE OF THE MUNICIPAL MANAGER

15 Bells Road
Queenstown
5320

Tel.: 045 808 4600

Fax: 045 838 1556

chdmmanager@chrishanidm.gov.za

www.chrishanidm.co.za

