

ANNUAL REPORT



**NKONKOB E
MUNICIPALITY**

Chapter 1

CONTENTS

CONTENTS.....	2
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	5
COMPONENT A: MAYOR’S FOREWORD	5
COMPONENT B: EXECUTIVE SUMMARY	7
1.1. MUNICIPAL MANAGER’S OVERVIEW	7
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	10
1.3. SERVICE DELIVERY OVERVIEW	13
1.4. FINANCIAL HEALTH OVERVIEW	16
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW	17
1.6. AUDITOR GENERAL REPORT	18
1.7. STATUTORY ANNUAL REPORT PROCESS	18
CHAPTER 2 – GOVERNANCE	19
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	19
2.1 POLITICAL GOVERNANCE	19
2.2 ADMINISTRATIVE GOVERNANCE	23
2.3 INTERGOVERNMENTAL RELATIONS	26
2.4 PUBLIC MEETINGS.....	28
2.5 IDP PARTICIPATION AND ALIGNMENT	29
2.6 RISK MANAGEMENT	29
2.7 ANTI-CORRUPTION AND FRAUD.....	31
2.8 SUPPLY CHAIN MANAGEMENT	33
2.9 BY-LAWS.....	34
2.10 WEBSITES	34
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	34
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I).....	35
3.1 ELECTRICITY	37
3.2 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	38
3.3 HOUSING	41
3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT	43

Chapter 1

3.5 ROADS.....	44
3.6 PLANNING.....	46
3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .	47
3.8 CEMETORIES AND CREMATORIIUMS	51
3.9 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	52
3.10 FIRE.....	53
3.11 SPORT AND RECREATION.....	55
3.12 EXECUTIVE AND COUNCIL.....	56
3.13 FINANCIAL SERVICES.....	57
3.14 HUMAN RESOURCE SERVICES.....	59
3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	59
3.16 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	61
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	62
(PERFORMANCE REPORT PART II).....	62
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	62
4.2 POLICIES.....	63
4.3 INJURIES, SICKNESS AND SUSPENSIONS	64
4.4 PERFORMANCE REWARDS.....	65
4.5 SKILLS DEVELOPMENT AND TRAINING.....	66
4.6 EMPLOYEE EXPENDITURE.....	68
CHAPTER 5 – FINANCIAL PERFORMANCE	70
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	70
5.2 GRANTS	70
5.3 ASSET MANAGEMENT	71
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	72
5.5 CAPITAL EXPENDITURE	77
5.6 SOURCES OF FINANCE	78
5.7 CASH FLOW	79
5.8 BORROWING AND INVESTMENTS.....	79
5.9 PUBLIC PRIVATE PARTNERSHIPS	79
5.10 SUPPLY CHAIN MANAGEMENT	79
5.11 GRAP COMPLIANCE	80

Chapter 1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	81
6.1 AUDITOR GENERAL REPORT YEAR 0	81
GLOSSARY	83
APPENDICES	85
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	85
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES.....	86
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	87
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	88
APPENDIX E – WARD REPORTING.....	89
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0	95
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	97
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	98
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	100
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	100
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	102
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	103
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	Error!
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VOLUME II: ANNUAL FINANCIAL STATEMENTS	104

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

It is great pleasure to present the 2013/14 Annual Report for Nkonkobe Local Municipality. Nkonkobe Local Municipality continues to demonstrate a tireless commitment to making a difference in the lives of ordinary people within in its area of jurisdiction and [to] also maintain this institutions reputation for excellence, effectiveness and efficiency.

It is always a daunting task to provide complete account on the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the general public deserves its rightful place at the pinnacle or apex of the `accountability chain`.

In presenting this Annual Report, the municipality sets out the performance highlights and financial management for the 2013/14 financial year. Furthermore, this report is the culmination of the implementation of the Councils adopted Integrated Development Plan, Budget, and Service Delivery and Budget Implementation Plan. In essence, this report is an account of Nkonkobe Municipality’s achievements in the year under review, and as with any rigorous instrument it also assists in identifying our successes and shortcomings. This report is therefore intended to attest to the collective efforts of the administrative and political arms of the municipality to progressively address the expectations of our communities.

The format and content of this Annual Report is largely prescribed by section 46 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). The above legislation compels the municipality to prepare an Annual Report for each financial year and the Mayor to table such a report in Council within seven months after the end of each financial year.

It will of course remain true for some time to come that the challenges of poverty, underdevelopment and the historical legacy of neglect will remain with us beyond the term of office of any elected political office-bearer. This clearly qualifies the fact that `development is not an event but a process` which requires multiple resources and effective leadership.

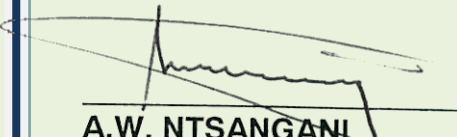
On partnerships and agreements, we recognise the need to foster partnership across all spheres of government, also with institutions of higher learning within our municipal area, and also to nurture our partnership with our stakeholders and communities so as to remain relevant and accessible to our stakeholders. The work we are doing to transform the municipality spatially and economically also requires commitment to the citizens of Nkonkobe, that they are not inert observers or passive recipients

Chapter 1

of government services but rather active partners in shaping future of the municipal area.

In conclusion, there's no doubt that this will be a useful document for Councillors, Staff, Stakeholders, and more importantly, community at large, as we strive to continuously improve our services to the people of Nkonkobe.

As the executive committee, we remain committed to working with, the whole Council and the municipal administration in realising our vision and making it a practical reality. We are indeed positive that Nkonkobe Municipality's future holds the promise of a better managed and financial viable institution which delivers excellent services to the communities. Trusting that every reader who studies this report from a balanced and fair perspective will concur with this impression.



A.W. NTSANGANI
MAYOR

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This annual report is regulated by section 46, of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) – as amended, and section 121 of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

Section 46 (1) of the Local Government: Municipal Systems Act dictates that “A municipality must prepare for each financial year a performance report reflecting –

- The performance of the municipality and of each external service provider during the financial year;
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- Measure taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Local Government: Municipal Finance Management Act (MFMA) 2003 (Act 56 of 2003)”

Section 121 of the MFMA states that:

(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

(2) The purpose of annual report is-

- To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- To promote accountability to the local community for the decisions made throughout the year by the municipality and municipal entity.

Chapter 1

Subsections (3) and (4) continue to prescribe the contents of the annual reports for both the municipality and municipal entities. During the oversight process, to which the draft and final Annual Report will be subjected, compliance with these legislative requirements will be analysed.

Nkonkobe Local Municipality is a Category B municipality and its powers and functions are assigned to it in terms of section 155 and 156 of the Constitution of the Republic of South Africa, 1996, and of the local government matters referred to in Parts B of Schedules 4 and 5. Chapter 3 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), and its Regulations, also describe the powers and functions of municipalities. The executive and legislative authority of a municipality is described, as well as, the development and implementation of by-laws to give effect to its policies and to support its strategies.

The municipality has continued to maintain the effective operation of the following areas:

- the 2013/14 IDP and budget implementation processes was adopted within the prescribed timelines,
- the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional programmes and strategies,
- performance agreements were also developed, signed and approved by Mayor as required by the Municipal Planning and Performance Regulations, 2006,
- quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager.
- The Audit Committee and Audit Performance Committee functioned optimally in the year.
- The municipal entity is finding its feet, and it is functioning quite efficiently with a number of projects in the pipeline *i.e.* Regeneration of Alice CBD, Middledrift Block yard and Mechanisation Unit.

The roads rehabilitation and upgrades continues to form the backbone of infrastructural revitalisation. Some work in the current financial year has been done, both in urban and rural strip. We are however mindful that in spite of our determination, factors beyond our control continues to frustrate our efforts to ensure a decent road network system to all in our communities. In Electrical Engineering, we had the following projects during the year under review:

Chapter 1

- Installation of the new High Mast lights in Hill side:
- Installation of the new High Mast lights in New Town:
- Installation of new transformers in Bhofolo Township: R 2.5 Million.
- Development of an Electricity Maintenance Plan by Stemele Bosch Consulting Engineers: R 200,000.00
- Purchasing and Supply of Standby Generators for all Municipal offices: R2.5 Million.
- Installation of smart metering system to monitor the consumption of electricity in Municipal supply area.

A solid institutional platform has been built on which to enhance service delivery priorities. As a municipality, we have improved the level of public participation in municipal governance, and we continue to strive to improve our customer service delivery standards.

Lastly, I would like to sincerely express gratitude to His Worship (Mayor A. Ntsangani), and his Executive Committee and other Councillors for their visionary leadership they have provided to Council in the past year. I would also like to extend words of appreciation to Senior Management Team who has led their departments in a manner which ensures that we realise our mission of Nkonkobe Municipality. Sincere regards to our major stakeholders, ward committees and members of the community who, as envisaged by our Constitution, continue to play their role in the affairs of our municipality.

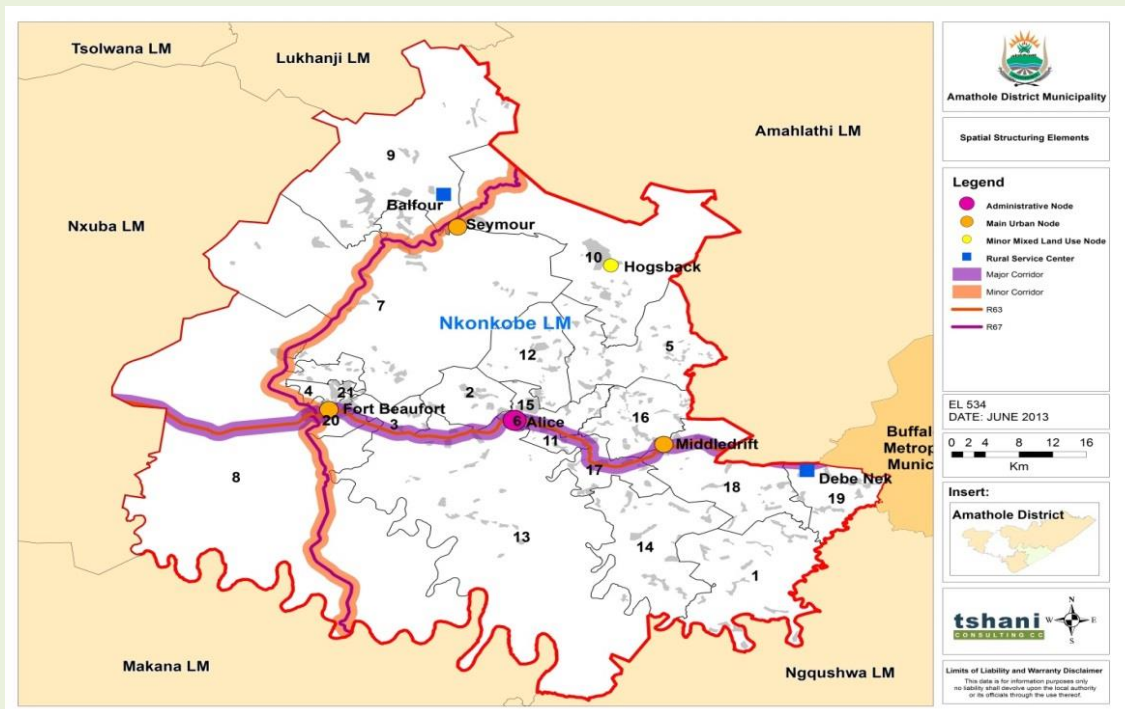


K. C. MANELLI
MUNICIPAL MANAGER

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Nkonkobe Municipality was established in 2000 and is made of now disestablished Transitional Local Councils of Alice, Middledrift, Fort Beaufort, Hogsback and Seymour/Balfour. Alice is a legislative seat and Fort Beaufort is the administrative seat, the latter is situated about 140km North West of East London on the R63 and is approximately 200km North East of Port Elizabeth. The municipality is the second largest local municipality covering 3 725 km², and constituting 16% of the surface area of the Amatole District Municipality. Nkonkobe municipality is a countryside municipality that sits on the foot of the ever imposing and majestic mountain range of the Winterberg (Intaba ze Nkonkobe). The municipal head-offices are located in Fort Beaufort (as already indicated above) and the council meetings and other standing committee meetings are convened at Alice. The municipality has the following administrative – Middledrift, Hogsback, Alice, and Seymour.



The Nkonkobe Municipality is situated along the southern slopes of the Winterberg Mountain range and escarpment, and is within the greater Amathole District Municipality in the Province of the Eastern Cape. The municipal area covers approximately 3 725 km², with major towns being Alice, Fort Beaufort and Middledrift. Smaller settlements include Hogsback, Seymour, Balfour, Blinkwater and Debenek.

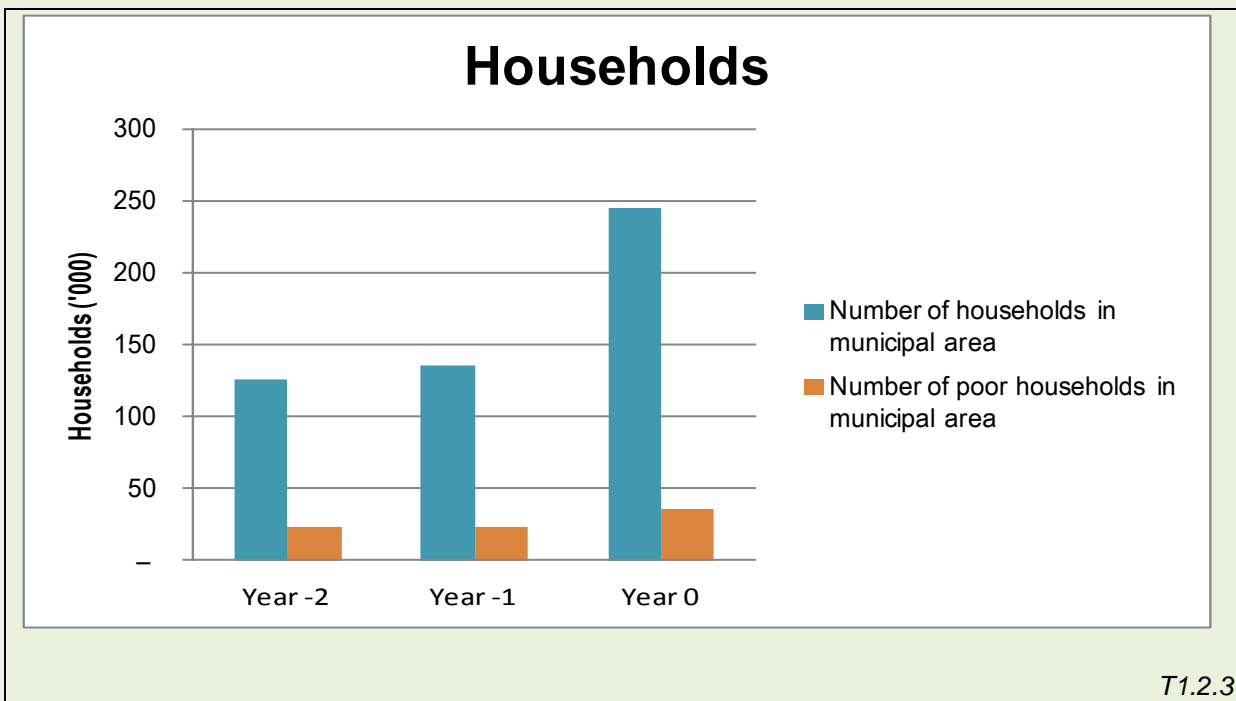
Chapter 1

Main access corridors are the R63 from King Williams Town through Alice and Fort Beaufort towards Adelaide and Bedford and the R67 from Grahamstown through Fort Beaufort, Blinkwater, Seymour towards Queenstown. Nkonkobe is comprised of 21 wards with a population of approximately 127 115 of which the majority (72%) resides in rural villages and farms. Urbanisation is concentrated in Alice and Fort Beaufort. The municipal area includes parts of the former Ciskei homeland and Cape Provincial Administration (CPA) areas, which means that it has a history of land expropriation and disposition in many parts due to the consolidation of land to create Ciskei in the 1960s. A distinct land tenure and land use system prevails with two distinctly different systems in the former Ciskei homeland and Cape Province areas.

Nkonkobe is a rural municipality and the economy is largely driven by the agricultural sector, which includes citrus, forestry and crop production. The citrus industry is one of the municipality's largest employers. Forest plantations and timber processing are also undertaken in the area. Nkonkobe Local Municipality is well-known for its rich heritage and culture. The historic education institutions of Healdtown, Lovedale College, Victoria Hospital and the University of Fort Hare – are important heritage sites in Nkonkobe but as yet are underutilised as tourism or cultural sites. The tourism sector remains largely unsupported and underexploited in a municipality with iconic natural resources in the form of the Amathole Mountains and national significant heritage sites. Some of the major challenges facing Nkonkobe LM include infrastructure challenges and high levels of unemployment and poverty.

Population Details									
Age	2011/ 2012			2012/ 2013			2013/ 2014		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	6891	6720	13611	6843	6673	13516	6795	6627	13422
Age: 5 - 9	6329	6143	12472	6285	6100	12385	6241	6058	12299
Age: 10 - 19	12252	10795	23047	12167	10720	22886	12082	10645	22727
Age: 20 - 29	11121	10646	21767	11043	10572	21615	10966	10498	21464
Age: 30 - 39	6578	7075	13653	6532	7026	13558	6487	6977	13463
Age: 40 - 49	6201	7776	13977	6158	7722	13880	6115	7668	13783
Age: 50 - 59	5355	6915	12270	5318	6867	12184	5281	6819	12099
Age: 60 - 69	3567	4795	8362	3542	4762	8304	3517	4728	8246
Age: 70+	2840	5118	7958	2820	5082	7902	2801	5047	7847

Chapter 1

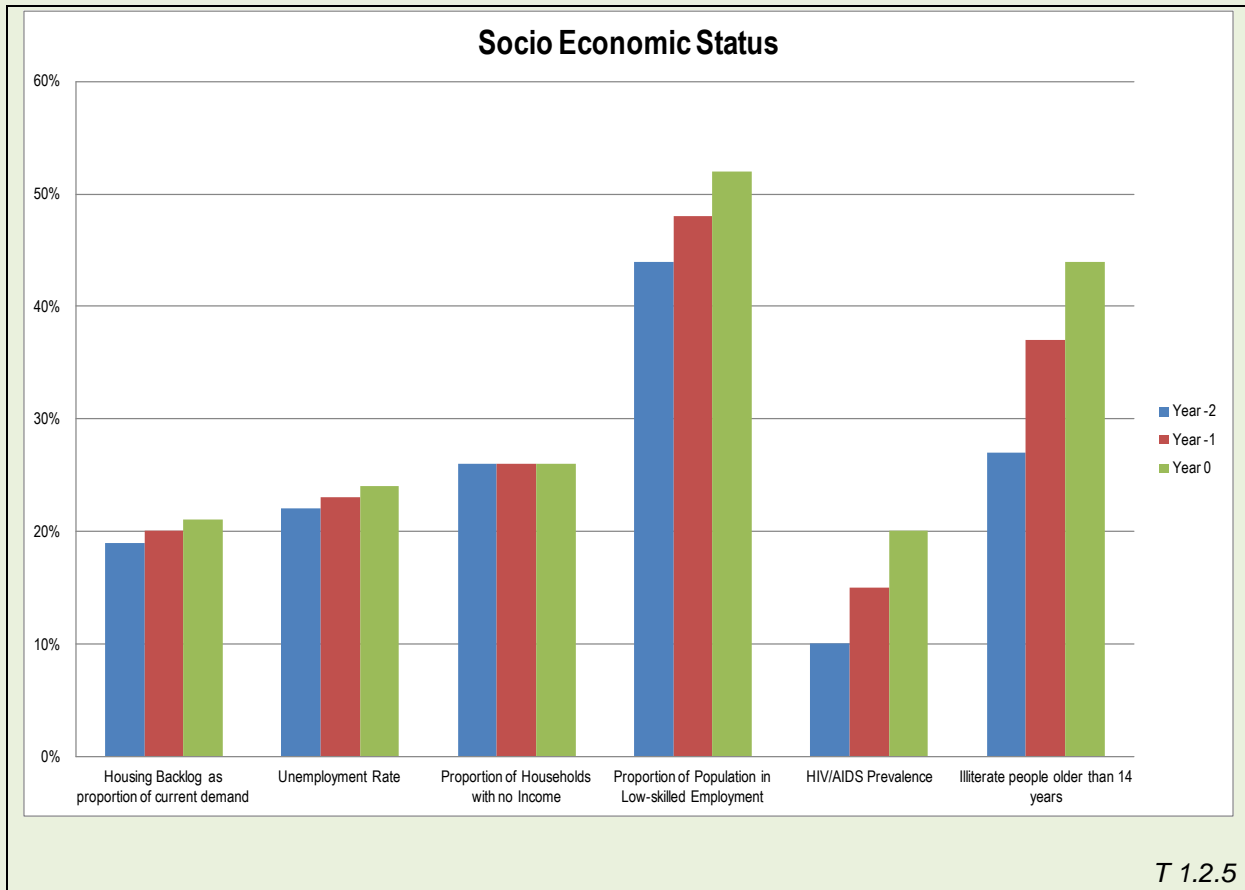


Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2013/ 14	21%	47%	19%	91%	20%	12%

Overview of Neighbourhoods within Nkonkobe Local Municipality		
Settlement Type	Households	Population
Administrative Areas		
Alice	13435	47788
Fort Beaufort	9192	32797
Seymour/ Balfour	4243	15798
Middledrift	7071	25756
Hogsback	1414	4976
Total	35355	127115

Natural Resources	
Major Natural Resource	Relevance to Community
Fresh Water Systems	Marriculture and Aquaculture
Biodiversity and Natural Forest	Land based projects and environmental projects
National Heritage Sites	recreation and tourism, research, education and cultural values

Chapter 1



1.3. SERVICE DELIVERY OVERVIEW

In terms of the powers and functions that are granted to municipalities in terms of Schedule 4 and 5 (part A and B) of the Constitution of the Republic of South Africa, Nkonkobe Local Municipality performs the following functions as embedded in the Constitution:

- Road Traffic Regulations;
- Vehicle Licensing;
- Municipal planning;
- Local tourism;
- Stormwater management systems;
- Abattoirs;
- Cemeteries;
- Cleansing;
- Municipal Roads;

Chapter 1

- Electricity;
- Municipal Parks and Recreations;
- Street Lighting;
- Public Spaces; and
- Refuse removal, refuse dumps and solid waste *etc.*

Basic Service Delivery and Infrastructure development is one of the cornerstones for development and service delivery, as such, the municipality has invested in infrastructural development and to ensure that basic services are accessible by everyone within the municipal area. Although, water and sanitation is a function of the district municipality, Nkonkobe municipality is responsible for Electricity (in Fort Beaufort), Roads and Stormwater management, and waste management. Also the municipality has made strides by increasing access to basic services considerably over the past 10 years.

Achievements:

1. The household's waste which is removed on a weekly basis is at 24.8% of households which represents an increase of 2%.

2. Approximately 72.6% of the surfaced road network allows for the conventional maintenance functions to be conducted in the effective and cost efficient manner. The maintenance function required to approximately 27.5%, which is the backlog, constitutes the balance of the road network, will require more costly maintenance treatment than that would be normally applied to a road that was good in "good or fair" condition. This becomes a capital project, which again starts the life cycle pattern.

3. The percentage of households using electricity for lighting is 100% in Nkonkobe area of supply but this figure is expected to be reversed due to expected development of new houses in Nkonkobe area of supply. The implementation of the Integrated National Electrification Programme through the provision of capital subsidies to electricity distributors (Eskom and Municipalities) as well as non-grid service providers licensed by the National Electricity Regulator of South Africa, in order to address the electrification of occupied residential dwellings that are situated in rural and urban areas in the

Chapter 1

furtherance of electrification in historically under supplied areas with emphasis, “backlog with a rural backlogs”, such as the 300 connections to be completed in the Dorishoek and Philipton project.

However, challenges relate to the following:

- Poor performance by some of the Professional Service Providers (PSP)
- A large number of projects being done in-House with remitted resources.
- Land issues during implementation of Infrastructure projects.
- Delays caused by ESKOM in connecting complete schemes.

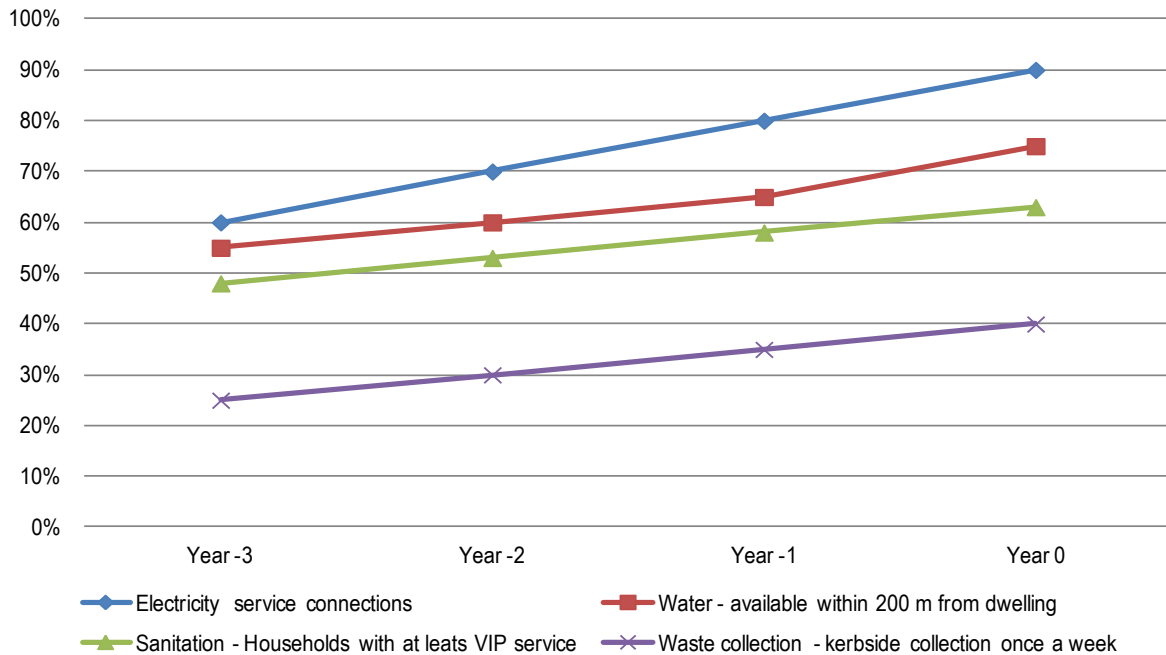
COMMENT ON ACCESS TO BASIC SERVICES:

The existing MV lines were constructed approximately 60 years ago and have exceeded its expected useful life span by 15 years, the malfunctioning of certain elements and the electrical equipment such as poles, surge arrestors, auto-reclosers, and the conductors are causing unreasonable downtime and loss of income. The replacement of ageing and unsafe switchgear at the substations and mini-sub is critical condition and needs to be addressed urgently.

It is further believed that the current status of the MV network of the Municipality contains a huge safety risk for the local communities, for not attention to the identified problems may result in tragic outcomes and result inconsistent supply of electricity to consumers.

Chapter 1

Proportion of households with access to basic services



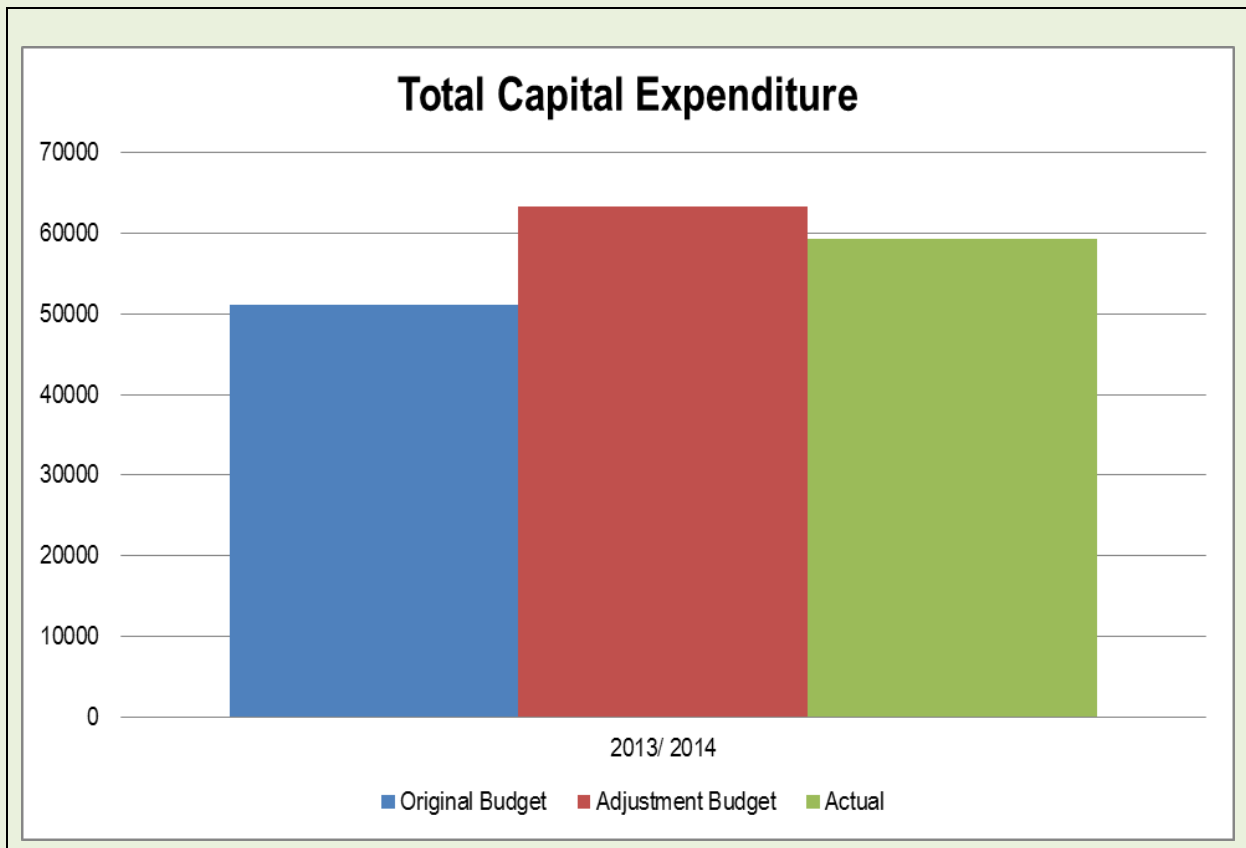
1.4. FINANCIAL HEALTH OVERVIEW

Financial Overview: Year 0				
				R' 000
Details	Original budget	Adjustment Budget		Actual
Income:				
Grants	127025	133470		133592
Taxes, Levies and tariffs	26670	30577		38065
Other	58932	68887		44617
Sub Total	212627	232934		216274
Less: Expenditure	196034	205433		241257
Net Total*	16593	27501		-24983

Operating Ratios	
Detail	%
Employee Cost	34%
Repairs & Maintenance	3%
Finance Charges & Impairment	12%

Total Capital Expenditure: Year 2013/ 2014	
Detail	R'000
Original Budget	51 065
Adjustment Budget	63390
Actual	59240

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

Expenditure increased by 28% when compared to the prior year. Spending on capital budget was 96% compared to the budget, with 100% spending on MIG.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Organisational development entails engrossing the human capital of the municipality through skills development, occupational health and safety, sound employee relations and employee wellness issues. Development of skills is thus a compliance matter in terms of the Skills Development Act which requires employers to budget, plan for (through Workplace Skills Plan) and train employees in sector related skills. Municipalities implement training through assistance from LGSETA funding for local government scarce and critical skills. In ensuring health, safety and general wellbeing of employees, the Council provides personal protective clothing for employees performing jobs that require such. Furthermore, the municipality has an employee wellness programme to help employees with varying problems to cope

Chapter 1

with their difficult circumstances so that they do not have an impact on the performance levels of employees and in turn the municipality.

1.6. AUDITOR GENERAL REPORT

Nkonkobe Local Municipality received an qualified audit opinion from the Auditor-General. It is the third year in a row that the municipality has no regressed nor ascended to an unqualified audit opinion. However, and audit action plan is in place, and there is regular monitoring of this plan by management, Executive Committee, Audit Committee and Municipal Public Accounts Committee and Council – and this process will ensure that the municipality gravitates into a better audit opinion.

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

Chapter 2

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

One of the key principles of good governance is the establishment of ethical leadership within an institution. In a municipal setting this translates into:

- The need to clearly define the roles and responsibilities of the leadership and individual leaders in a municipality;
- The embedding within the leadership of an ethical cultural base on the vision and values of the institution and constitutional principles, both to guide and to measure against, the actions of leaders; and
- The entrenchment of the principle of holding leaders accountable for their actions

2.1 POLITICAL GOVERNANCE

The principalship of Nkonkobe Municipality lies with Council, which operates a number of committees. Nkonkobe Local Municipality has a collective executive system which allows for the exercise of executive authority through an executive committee in which the executive leadership of the municipality is collectively vested. The Committees listed below are established in terms of Sections 79 and 80 of Local Government Municipal Structures Act (Act no 117 of 1998). Listed below are the committees that assist Council in carrying out its Political responsibilities:

1. Executive Committee
2. Rules Committee
3. Remuneration Committee
4. Audit Committee and Performance Audit Committee
5. Advisory Committee
6. Municipal Public Accounts Committee
7. Womens Caucus
8. Whips Committee

Oversight Committees

- Audit Committee;
- Audit Performance Committee; and

- Municipal Public Accounts Committee

Standing Committees:

The Municipality has five (5) Section 80 committees referred to as Standing Committees which are chaired by portfolio heads who also serve as executive committee members which is chaired by the Mayor. The main function of the standing committees is to consider matters relevant to their departments and make recommendations to the Executive Committee and to Council. Furthermore, they exercise oversight role over the performance of their departments. In accordance with this provision the municipality has established the following Standing Committees:

- Engineering Services;
- Corporate Services;
- Strategic Planning and Local Economic Development;
- Budget & Treasury; and
- Sports, Arts and Culture.



Mayor: A.W Ntsangani



Chief Whip: L.S Ngwentle



Speaker: N.P Mlamla



Portfolio Head
Strategic Planning
& LED: Cllr M.E
Mgengo



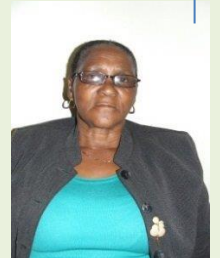
Portfolio Head
Engineering Services:
Cllr. L Sinyongo



Portfolio Head: Finance
Cllr. S.P Matyila



Portfolio Head
Corporate Services:
Cllr. M Makeleni



Portfolio Head
Sports, Recreation
Arts & Culture:
Cllr. Gora

Councillors:

Nkonkobe Local Municipality had 41 Councillors during the period under review with 20 of them being Proportional representative Councillors and the remainder are Ward Councillors. The Council adopted a schedule of meetings which provided for meetings of council to be held four times a year, except where circumstances require the convening of a special meeting of council.

The council consists of **41** councillors of which the composition is as follows:

- **35** AFRICAN NATIONAL CONGRESS COUNCILLORS
- **02** CONGRESS OF THE PEOPLE COUNCILLORS
- **02** DEMOCRATIC ALLIANCE COUNCILLORS
- **01** PAN AFRICAN CONGRESS COUNCILLOR
- **01** INDEPENDENT COUNCILLOR

Lastly the Council also received a Government gazette appointing 6 traditional leaders to participate in the municipality in line with the provisions of section 83 of the Local Government Municipal Structures Act 1998 (Act 117 of 1998) as amended, read with the Traditional Leadership and Governance Framework Act 2003 (Act 13 of 2003). The traditional leaders participate in all the committees of Council except the Executive Committee.

Political Decision-Taking

Standing Committees sit monthly to discuss issues pertaining to their respective departments and make recommendations to Executive Committee. Executive Committee meeting is then convened to discuss reports and recommendations submitted by Portfolio Heads and agree on the matters to be referred to Council.

Troika, which consists of Speaker, Chief Whip and Mayor, convenes a meeting prior to the sitting of each Council meeting to discuss all issues to be tabled in the Council. The Municipal Manager also attends the Troika meetings to provide guidance and advice. Council sits quarterly and makes decisions on all matters pertaining to community development and service delivery. Council resolutions are taken on the basis of reports and recommendations made by the Committees.

Reports submitted in Council are classified into

- Reports for noting and for information- these are reports on matters in which the Mayors or the Accounting Officer has taken a decision in line with his legislated and or delegated functions.
- Reports for approval- These are reports on matters that may not be delegated as stipulated in section 160(2) of the Constitution of the Republic of South Africa, 1996.

2.2 ADMINISTRATIVE GOVERNANCE

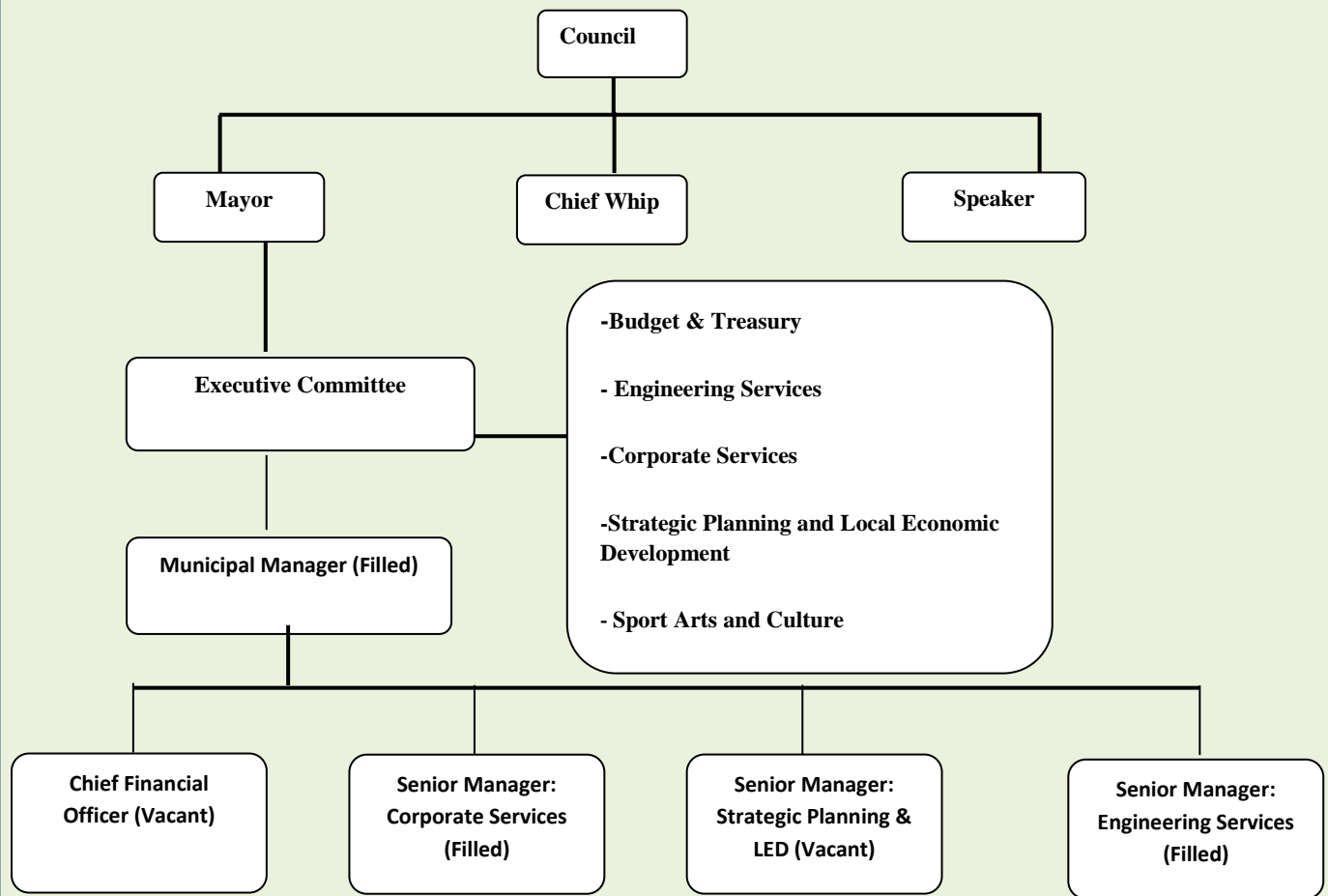
The Municipal Manager is the head of administration and is the accounting officer as described under section 55 of the Municipal Systems Act 2000 (Act 32 of 2000) as amended. As the head of administration the Municipal Manager is charged with specific responsibilities. Functions of the Municipal Manager include:

- The management of the Municipality;
- The rendering of Nkonkobe Municipality's administrative Services to the Municipality;
- The rendering of Financial Services to the Municipality;
- The rendering of Corporate Services to the Municipality;
- The rendering of Engineering Services;
- The rendering of support to the Office of the Mayor.
- The rendering of support to the Office of the Speaker

Of the functions identified five (5) departments were established to perform the functions, these being:

- Municipal Manager's Office
- Department of Corporate Services
- Budget and Treasury Office
- Department of Strategic Planning and Local Economic Development; and
- Department of Engineering Services

Illustration of the Institutional Structure of Nkonkobe Municipality is as follows:



TOP ADMINISTRATIVE STRUCTURE

TIER 1

MUNICIPAL MANAGER

Mr Khanyile. C Maneli



ACTING SENIOR MANAGER: Strategic Planning & LED

Mr Lusanda Menze



SENIOR MANAGER: Corporate Services

Mrs Ncumisa. K Fololo



SENIOR MANAGER: Engineering Services

Mr Zwelethemba. H Nkosinkulu



ACTING SENIOR MANAGER: Chief Financial Officer

Mr Ntabethemba Nokwe



CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Section 41 of the Constitution of the Republic of South Africa states that, structures have to be established to coordinate Intergovernmental Relations within and across the spheres of government. In view of the above, the three instrumental pieces of legislations governing operations of local government, namely, Municipal Finance Management Act 2003 (Act 56 of 2003), Municipal Systems Act 2000 (Act 32 of 2000) and Municipal Systems Act 1998 (Act 117 of 1998) provide for legal co-operation governance to take course, and also emphasising the monitoring and supporting role that the national and provincial government should play in the affairs of local government.

At a local level, Nkonkobe Municipality is at the forefront of policy direction and provides sector departments, civil society and various stakeholders with the opportunity to exercise interaction, co-operation and communication guided by the IGR Framework Act to vertically and horizontally plan and work closely with one another in order to realise integrated service delivery; avoiding unnecessary and wasteful duplication or jurisdictional contests.

The municipality's role is to enhance integrated development and to consider various priority programs and projects in the area, and further partner with other organs of state, civil society and business sector.

Developmental projects would include the following:

- Local Economic Development
- Special Programmes
- Sports Development

2.3 INTERGOVERNMENTAL RELATIONS

National Intergovernmental Structures

It is difficult to measure the participation of Nkonkobe Local Municipality in the national IGR structures because of the way they are structured. Both in the Presidents Coordinating Council and the Minmeccs, representation of local government is by design of South African Local Government Association (SALGA), the organisations that represent local government. Therefore it is clear that there is no direct participation by the municipality in these structures.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipal manager seats in the provincial structure called the Ministers and Members of Executive Council meeting (MuNIMEC). This is where all Ministers, MECs, Municipal Managers, Mayors and Heads of Departments sit.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality established has one entity, known as, Nkonkobe Economic Development Agency (NEDA). The Agency was established in 2002, with the sole purpose of transforming the local economy, and also focuses more on catalytic projects, whilst the LED Unit of the municipality drive small impact projects. The municipality and its entity enjoy a solid rapport and the agency does report to the municipality in line with the prescribed timelines. NEDA, strides towards achieving economic development and unlocking opportunities in Agriculture value chains as evidently presented through its projects, namely:

- Mechanisation Unit
- Nkonkobe Block yard; and
- Alice Regeneration, to name but a few.

DISTRICT INTERGOVERNMENTAL STRUCTURES

There is a district communicator's forum which convenes on a quarterly basis. This forum looks at the integration of government programmes at a district and local level, messaging and media packaging, media bulk buying and key messengers. Furthermore, there is also an IGR structure at district level, where the municipality is represented by the Municipal Manager and Communication Manager as the IGR practitioner of the institution.

The benefits for the municipality (from both these structures) include synergy in program planning, media exposure and publicity received from the Amathole District Municipality newsletter, which is distributed in all seven local municipalities in the Amathole region. Another benefit is in the alignment of strategies with government priorities at national, provincial and at district level. Apart from the two

structures, there is also District Planning and Coordinating Forum which focuses on aligning the IDP of local municipality to that of the District Municipality and monitors adherence of municipalities to their process plans, as well as, District Framework Plans. Nkonkobe Local Municipality plays a pivotal role in these forums together with other municipalities within the district.

2.4 PUBLIC MEETINGS

The municipality consistently engages the community on a number of forums, wherein municipal planning programmes are being conceptualised. All these meetings are accessible to all members of the public and they do engage the political office bearers of the municipality. Example of these meetings is: IDP/Budget Representative Forums, IDP/Budget Roadshow, Annual Report Roadshow, and Environmental Waste Management Campaigns and during ward committee meetings (to name but a few). Some of these meetings are convened on quarterly basis, and they do contribute in ensuring that there is a constant interaction between community members and their elected leaders. During the year under review, all the meetings were held successfully, and community inputs were taken into consideration during the municipal planning programmes.

WARD COMMITTEES

Municipal Structures Act No.117 of 1998 provides for ward committees to be set up with the primary function to be a formal communication channel between the community and municipal council. Nkonkobe municipality has ward committees in each ward with 10 members in each and totalling to 210 ward committee members in the Nkonkobe jurisdiction. They act as advisory committees which make recommendations on matters affecting their wards. Ward Committee are always invited to participate in municipal activities during the development and review of the IDP, Budget and the Annual Report review as required in terms of the Municipal Systems Act No. 32 of 2000 as amended.

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
IDP Representative Forum	2013/06/08	41	32	120	Yes	
IDP Representative Forum	2013/08/11	41	32	152	Yes	
IDP Representative Forum	28/02/2014	41	32	98	Yes	

IDP Representative Forum	2014/02/05	41	32	124	Yes	
Annual Report Road show	26/02/2014	41	-29	130	Yes	Presentation of the draft annual report
Annual Report Road show	27/02/2014	41	28	120	Yes	Presentation of the draft annual report
Annual Report Road show	2014/04/03	41	28	115	Yes	Presentation of the draft annual report

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

All the public meetings that were held during the year under review were successful. These meetings allowed council of Nkonkobe Local Municipality to interact with the various communities and this also serve as a platform for Council to receive feedback from the community of the services that are rendered by the municipality.

2.5 IDP PARTICIPATION AND ALIGNMENT

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

2.6 RISK MANAGEMENT

Risk management is set up as a continuous, disciplined process of problem identification and resolution, this mechanism supplement strategic planning mechanism and operations. This includes; organization, planning and budgeting, and cost control. Unanticipated events that will negatively impact on the achievement of set goals will be diminished because emphasis will now be on proactive rather than reactive management tool. Sections 62 (1) (c) (i) and 95(c) (i) of the MFMA 56 of 2003 requires the Accounting Officer of the municipality to ensure that the municipality and its municipal entity has and maintains an effective, efficient and transparent system of risk management. Risk Management Policy adopted by council provides principles rather than prescriptive approaches that elucidate standards, models and practices proven to support and sustain effective risk management.

Risk Response generally includes:

- Avoidance by eliminating a specific threat, usually by eliminating the root cause.
- Mitigation by reducing the expected monetary value of a risk event by reducing the probability of occurrence.
- Acceptance by accepting the consequences of the risk. This is often accomplished by developing a contingency plan to execute should the risk event occur.

List of High risk areas

Risk factor	Root cause	Risk owner
Electricity losses	Ailing infrastructure	Senior Manager: Engineering
Non completion of Capital projects	Adverse cash flow implication Lack of feasibility studies	Senior Manager: Engineering
Non-compliance: Landfill licenses	Inadequate operational plans Lack of waste management audits	Senior Manager: Engineering
Inadequate packaging and marketing of municipal products	Lack of vertical integration and coordination between departments	Senior Manager: Corporate Services
Ineffective financial management	Poor debtors collection Stagnant data cleansing	Chief Financial Officer

Risk management is done to provide a rational basis for strategic decision making and to plan adequately and to align and allocate resources effectively. Additionally, continuous risk management ensures that high priority risks are aggressively managed and that all risks are cost-effectively managed throughout the financial year reported. In terms of the International Standards for the Professional Practice of Internal Audit, determining whether risk management processes are effective is a judgment resulting from the Internal Auditor's assessment that:

- Institutional objectives support and align with the Institution's mission;
- significant risks are identified and assessed;
- risk responses are appropriate to limit risk to an acceptable level;

Internal audit also plays a role of facilitating the risk management process in advising and conducting risk management awareness workshops quarterly. Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the

operational routines and it is without fail that an enabling environment should be established by the Accounting Officer in collaboration with management, in order to ensure risk management is embedded in the daily operations and the organization thrives.

Challenges

- Risk management committee not functional
- Integration of risk management processes with strategic planning and operations
- Lack of monitoring of implementation of risk mitigating strategies

Remedial action

- Approval of Risk management strategy with Terms of Reference of Fraud and risk management committee
- Risk Management objectives and risk mitigating actions be expressed in the IDP, these should cut across cross functional departments and be reported through in year monitoring reports.
- Risk Management Committee to report on a quarterly basis to the Audit Committee which will subsequently advice council of high risk areas and their risk appetite.

2.7 ANTI-CORRUPTION AND FRAUD

The purpose of the Municipal Finance Management Act 2003 (Act 56 of 2003) is to secure sound and sustainable management of the financial affairs of *inter alia* municipalities in the local sphere of government. Chapter 11 of the Act provides for a supply chain management system. The Regulations require any SCM to provide measures for the combatting of abuse and corruption in the supply chain management system.¹⁹ Amongst other things, the supply chain management policy must enable accounting officers to check the Treasury's database prior to awarding any contract to ensure that no bidder is prohibited from doing business with the public sector; as well as enable the accounting officer to reject the bid of any bidders who have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act 12 of 2004.

Municipal Systems Act 2000 (Act 32 of 2000), section 83 (c) requires service providers to be chosen through a process which minimizes the possibility of fraud and corruption. Nkonkobe Municipality conducts risk assessments on regular basis and prepares a risk management strategy, which includes a fraud prevention plan in order to be used to direct internal audit efforts. The strategy is clearly

communicated to all employees to ensure that risk management is incorporated into the language and culture of the department and its municipal entity. Fraud risk management is a process that is adopted by the Institution, in putting mechanisms in place, to manage Institution's vulnerability to fraud. Such mechanisms are designed to prevent, deter and detect fraud.

Oversight

Fraud Risk Management Committee

This committee integrates fraud related activities and risk management mechanisms in order to ensure a preventative and proactive approach are taken in dealing with a risk prone environment. The Fraud Risk Policy approved by council with the Terms of Reference of the committee but implementation and its functionality has been stifled by a lack of a risk incline environment. As part of the Enterprise Risk Management (ERM), it is the responsibility of the Accounting Officer / Authority to establish structures to address the threat of fraud. Fraud prevention is placed under the oversight of Fraud Risk Management Committee (FRMC) which reports to the Audit Committee (AC) on risk management matters. The Fraud Risk Management policy encompasses strategies for fraud, namely:

- Prevention;
- Detection;
- Investigation; and
- Resolution

These strategies can be used depending on the materiality and significance of the matter. An assessment is conducted by the FRMC looking at the sovereignty both qualitatively and quantitatively. The committee is composed of Honourable Mayor, Accounting Officer, Legal Services, Internal Audit and Senior Management.

Challenges

- Lack of functionality of the Fraud Risk Management Committee;
- Lack of Fraud Risk inclined municipal culture;
- Lack of whistleblowing mechanism;
- Lack of proactive Fraud Risk mechanisms.

Remedial action

- Fraud preventative tools be aligned to the operations and culture of the municipality and its municipal entity
- Developing a whistle blowing policy which will be integrated in the Communication Strategy of the municipality

2.8 SUPPLY CHAIN MANAGEMENT

Supply Chain Management Policy includes one of the primary objectives namely Acquisition Management which is meant to fulfil the demand determined by the Demand Management phase of the Supply Chain Management which also includes the needs in the IDP. Acquisition Management refers to a process of establishing: what will be acquired, when, how and from where it will be acquired, how much is required and at what price, as well as contracting with the supplier.

Practice Note (SCM-03 of 2006) for Bid Committee Members requires that Accounting Officers should appoint bid Committees to develop specifications, evaluate and adjudicate bids. Procedures to be followed and a Code of Conduct are made available to be signed by all members of Bid Committees. SCM policy, processes and procedures are established within the parameters of SCM prescripts approved by the Nkonkobe Municipal council. The three committees involved in the bidding process are:-

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

The municipality has been able to spend 100% of its MIG funds relating to service delivery because of functional bid committees.

Challenges

A challenge that remains is the sourcing of a reliable, reputable supplier database that will cater to the needs of SCM unit and Auditor General requirements. Steps have been undertaken to research and entertain presentations for a suitable system that will also match the budgetary constraints currently facing the municipality.

2.9 BY-LAWS

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) section 11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. There were no by-laws considered during the year under review, although, reviewal and development of by-laws was one of the indicators for the year under review. This was then deferred for 2014/15 financial year. Public consultations are conducted on by-laws.

2.10 WEBSITES

The municipality has a functional website that is actively operational. It displays an echo of Nkonkobe with its vibrant colours of heritage, hope and growth. The outlay of this website demonstrates the legislative information, publications and announcements, activities, planned programmes and institutional achievements. This enables the community to be enlightened about the municipality's programmes.

Accessibility of the website has improved from its initial state. The community can access to lodge complaints through a contact card; these complaints are then directed to the relevant office for prompt response. A link is created for access to Nkonkobe Economic Development agency's website which expresses the agency's engagement in Local Economic Development. Nkonkobe website can be accessed everywhere, by anyone at any time. Conversely, the municipality is faced with numerous challenges, one being inconsistent uploading of valid and accurate information on the municipal website. Section 75(1) of the Municipal Finance Management Act is not fully complied with as key documentation is not readily available on the website.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

During the year under review, there were no official public surveys done on services that are provided by the municipality. However, during the community engagement meetings, imbizo's etc. the public are granted the permission to comment on services that are rendered by the municipality. These meetings

are used as platforms to deduce community satisfaction on services provided and also as a way of measuring the impact of the services offered by the municipality.

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

INTRODUCTION

Water Provision

The function of water provision resides with Amathole District Municipality. The Nkonkobe Local Municipality can therefore not account on this item.

Waste Water

The function of waste water provision resides with Amathole District Municipality. The Nkonkobe Local Municipality can therefore not account on this item.

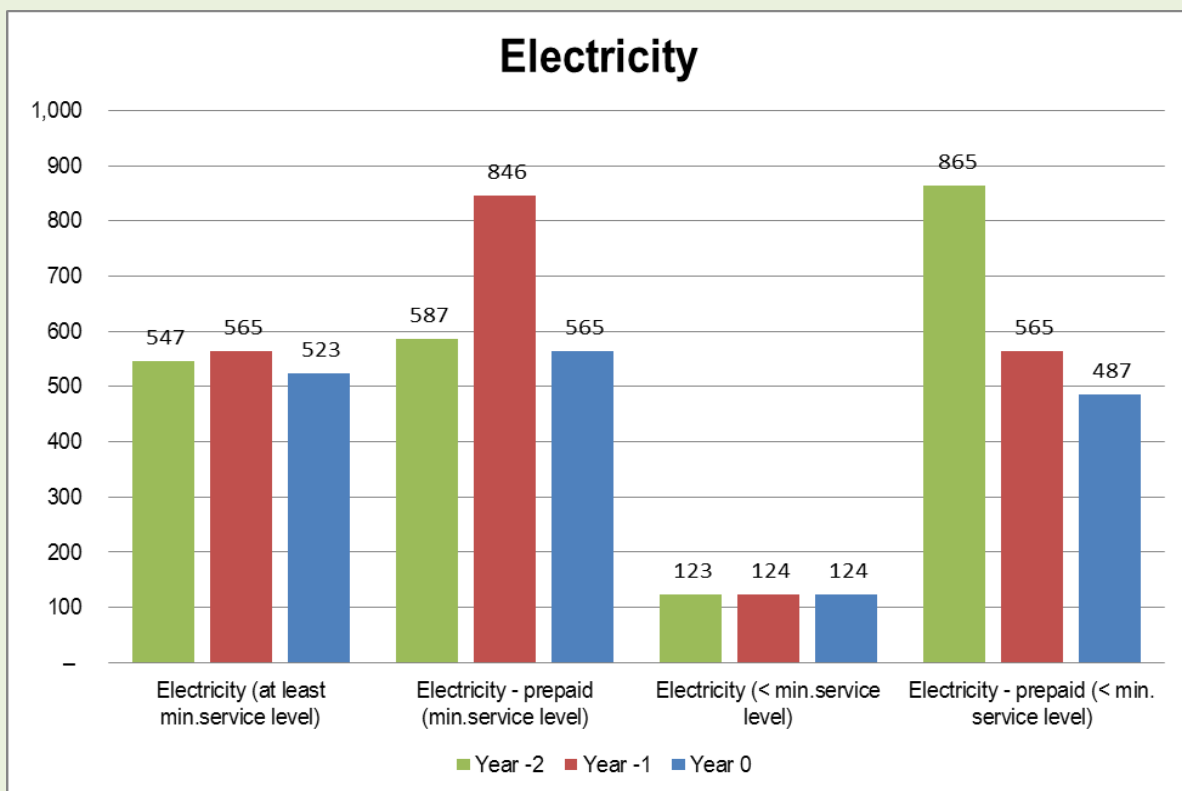
3.1 ELECTRICITY

The Nkonkobe Municipality primarily supplies electricity to Fort Beaufort Town, Hillside, Newtown and Bhofolo Township. The only supplier of electricity to the Nkonkobe Municipality is ESKOM. It is the aim of the municipality to supply good reliable and uninterrupted power supply to the consumers. The electricity supply is according to the National Electricity Regulator's guidelines, policies and Act for both low and high level electricity services to all the consumers. To briefly summarize this section, the Municipalities country wide are governed by a national standard for low and high level access to electricity, as well as, the quality of the electricity supply applied in the Electricity Supply Industry. These standards are set out in the NRS 048-1:1996/047-2:1996/047-3:1996 (Quality of Supply) and NRS 047:1996 (Quality of Service) and NRS 047-1:1999/047-1:1999 (Quality of Service). Unfortunately the volume of these documents is excessive to be included in this report, (6 booklets in all), but can be viewed at the Electricity section offices. It is thus according to these standards that the department gauges the reporting that is done and the standards, goals and targets that are annually set.

There has been some headway made since the last report, but, the municipality is not out of the predicament. The issue of staff is still a problem, together with the lack of skills and experience in certain

fields of expertise. A huge problem faced by the Electricity Section, is, the fact that it does not have suitably equipped vehicles, e.g. LDV's (ladder rack, canopy and country box) with which to perform its day to day tasks. There is a dire need for a Crane truck for the lifting of Transformers, Mini-sub, planting of poles and erecting structures for the pole mounted transformers, and in the light of the current Munic 1 feeder upgrade project. The finished product, will require a vehicle that can reach a height of 14 meters for maintenance and repairs to the new line. The loss of revenue due to network losses and illegal bypasses. The municipality has in the past experienced a number of illegal connections. However, these transgressions are currently being dealt with. Some of the projects in the year under review are as follow:

- Installation of new High Mast lights in Hill side:
- Installation new High Mast lights in New Town:
- Installation of new transformers in Bhofolo Township: R 2.5 Million.
- Development of an Electricity Maintenance Plan by Stemele Bosch Consulting Engineers: R 200,000.00
- Purchasing and Supply of Standby Generators for all Municipal offices: R2.5 Million.
- Installation of smart metering system to monitor the consumption of electricity in Municipal supply area.



Electricity Service Delivery Levels		Households
Description	Y2013/2014	
	Actual No.	
Energy: (above minimum level)		
Electricity (at least min.service level)	523	
Electricity - prepaid (min.service level)	565	
<i>Minimum Service Level and Above sub-total</i>	1,088	
<i>Minimum Service Level and Above Percentage</i>	62.1%	
Energy: (below minimum level)		
Electricity (< min.service level)	124	
Electricity - prepaid (< min. service level)	487	
Other energy sources	54	
<i>Below Minimum Service Level sub-total</i>	664	
<i>Below Minimum Service Level Percentage</i>	37.9%	
Total number of households	1,753	

Households - Electricity Service Delivery Levels below the minimum				Households
Description	Year 2013/2014			
	Original Budget	Adjusted Budget	Actual	
	No.	No.	No.	
Formal Settlements				
Total households	35355.00	35355.00	21150.00	
Households below minimum service level	6496.00	6496.00	-	
Proportion of households below minimum service level	18%	18%	0%	
Informal Settlements				
Total households	200.00	200.00	200.00	
Households ts below minimum service level	70.00	70.00	0.00	
Proportion of households ts below minimum service level	35%	35%	0%	

Capital Expenditure Year 2013/2014: Electricity Services						R' 000
Capital Projects	2013/ 2014					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	12750000	0	6200447	51%		
Installation of 17 High Mast in Hillside, New Town and Bhofolo.	4150000.00	0	562000.00	86%	4150000.00	
Electrification of Mpofu villages	3600000.00	0	2000000.00	44%	3600000.00	
EEDSM	5000000.00	0	3638447.20	27%	5000000.00	

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

All ervens in our area have access to electricity for prepaid and conventional electricity. Poor households that qualify for free basic electricity are registered on Indigent register system and they are required to collect their 50kwh tokens from the registered vendors within the Municipal area. There were relatively occasional outages caused by very old and obsolete MV & LV networks and trees protruding through our networks lines. The municipality has been identified under the hot spot municipalities for the upgrade of electricity supply infrastructure and remedial measures to Notified Maximum Demand which we are currently exceeding and get hefty penalties from Eskom. Lastly, the municipality has applied for funding intervention to the Department of Energy for Energy Efficiency Demand Side Management (EEDSM) energy efficient technologies to try and arrest the energy crisis within the area of supply, the funding was received for 3 outer years and there are interventions in a form of energy efficient street lights, installation of building lights, energy efficient air conditioners and installation of Solar Water Heaters.

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

Waste management is one of the primary functions of the municipality. Nkonkobe Local Municipality facilitates the reduction, reuse and disposal of waste. Furthermore, the municipality operates the following solid waste management sites:

- Hogsback – not permitted (not operational)
- Seymour – permitted (not operational)
- Fort Beaufort – permitted for closure (operational illegally)
- Fort Beaufort refuse transfer station – permitted (partly operational)
- Alice – permitted (operational)
- Middeldrift – permitted (operational)

Processes for the construction of Seymour and Hogsback refuse transfer stations are underway and are at the stages of conducting Environmental Impact Assessment (EIA). Moreover, the sites have no

supervisors; however recruitment processes are underway to ensure that these sites with permits are beefed with the necessary human personnel and also to comply with the conditions of the permit. Access control to the sites is still a challenge, although, it is envisaged that with the appointment of the necessary staff in the sites this will be managed effectively and the recording of the vehicles that enter the site and type of refuse carried will also be strictly monitored and recorded.

Waste management service is rendered in the semi urban areas of Fort Beaufort; Alice; Middeldrift; Seymour and Hogsback and is classified as follows:

- Urban residential refuse collection
- Trade/business refuse collection
- Central business district (CBD) street cleaning
- Garden refuse removal
- Removal of illegal dumping
- Environmental/ waste awareness activities
- Development of related sector plans (IWMP)

URBAN RESIDENTIAL REFUSE COLLECTION

Black bag/bins kerbside collection is done once per week. Four refuse bags are distributed by the Municipality to households per month. Refuse in business premises is collected as per agreement which is based on the volumes of refuse generated. Only a few number of business premises have proper refuse storage facilities.

GARDEN REFUSE REMOVAL

Garden refuse is collected upon request by individual households and charged accordingly.

REMOVAL OF ILLEGAL DUMPING

There is a huge challenge with illegal dumping more especially in residential areas. There are a few illegal dumping sites cleared in Newtown and Bhofolo location, and “no dumping signs” were mounted as an attempt to curb illegal dumping; two refuse drops – off points were constructed in Newtown. The institution also introduced a concept of waste management cooperatives which has been piloted in Newtown and Golf Course area in Alice.

ENVIRONMENTAL/WASTE AWARENESS ACTIVITIES

Among other awareness activities conducted by the municipality are cleaning campaigns. Two cleaning campaigns were conducted in collaboration with government departments such as Correctional Services; Education; Health; Agriculture; Social Development; Transport; Public Works; Environmental Affairs, as well as, Amathole District Municipality at Cape College and Bhofolo location.

DEVELOPMENT OF INTEGRATED WASTE MANAGEMENT PLAN (IWMP)

In terms of the National Environmental Management: Waste Act; 2008 all municipalities must develop their Integrated Waste Management Plan (IWMP). The Municipality is in the process of having its IWMP developed; processes are underway.

The major challenges in Waste Management Services are the following:

- Waste disposal sites operating without permits;
- Non enforcement of waste disposal by-laws; and
- No Integrated Waste Management Plan (IWMP).

Waste Disposal Service Delivery Levels	
Description	Households
	Year 2013/2014
	Actual No.
Solid Waste Removal: (Minimum level)	
Removed at least once a week	6871.00
<i>Minimum Service Level and Above sub-total</i>	
<i>Minimum Service Level and Above percentage</i>	
Solid Waste Removal: (Below minimum level)	
Removed less frequently than once a week	1.00
Using communal refuse dump	131.00
Using own refuse dump	20031.00
Other rubbish disposal	–
No rubbish disposal	719.00
<i>Below Minimum Service Level sub-total</i>	
<i>Below Minimum Service Level percentage</i>	
Total number of households	28

Households - Solid Waste Service Delivery Levels below the minimum			
Description	Year 2013/2014		
	Original Budget	Adjusted Budget	Actual
	No.	No.	No.
Formal Settlements			
Total households	35173.00	35173.00	35173.00
Households below minimum service level	9134.00	9134.00	0.00
Proportion of households below minimum service level	26%	26%	0%
Informal Settlements			
Total households	182.00	182.00	182.00
Households ts below minimum service level	182.00	182.00	-
Proportion of households ts below minimum service level	100%	100%	0%

Capital Expenditure Year 2013/2014 : Waste Management and Environment Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22246644	0	723767	97%	
Seymour Transfer station	1123322	0	723767	55%	1123322
Hogsback Transfer station	1123322	0	0	100%	1123322
Closure and rehabilitation of landfill site in Fort Beaufort	10000000	0	0	100%	10000000
Land rehabilitation in Middeldrift	10000000	0	0	100%	10000000

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The waste management section continued to remove the refuse from the various areas according to the work schedule. Council has approved the construction of 3 transfer stations in three Towns namely: Hogsback, Seymour, and Fort Beaufort to improve waste collection methods. During the year under review, the Department of Environmental Affairs funded a project which focuses on rehabilitation and closure of Fort Beaufort Illegal Waste Site for an amount of R10million.

3.3 HOUSING

The Constitution of the Republic of South Africa embeds the right of everyone to have access to adequate housing and makes it incumbent upon the State to take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right. In response

to this constitutional imperative, Government has in terms of the Housing Act 1997 (Act 107 of 1997) introduced a variety of programmes which provide the poor households access to adequate housing. The Nkonkobe Municipality ensures that residents have access to houses when the Department of Human Settlements approved planned housing developments in the council area. The council initiates, plans, co-ordinates and facilitates the development in consideration of housing code for Provincial and National. The municipality has housing projects funded by the provincial Department of Human Settlements; these are completely new projects, whilst others focus on rectification of houses that were built.

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 2013/2014	35355	18413	52.1%

Capital Expenditure Year 2013/2014 : Housing Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	221549272	0	26211000	88%	
Seymour 232	14015678	0	800000	94%	14015678
Bhofolo 300	16990219	0	0	100%	16990219
Alice 283	14860827	0	411000	97%	14860827
Hillside 638	63516848	0	0	100%	63516848
Newtown 662	70065700	0	0	100%	70065700
Seymour 465	10000000	0	0	100%	10000000
Mount Pleasant	22100000	0	25000000	-13%	25000000
Middledrift 311	10000000	0	0	100%	10000000

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

A housing Sector Plan was adopted and approved by Council is in place and is currently under review, with the assistance of the Department of Human Settlements. The Department of Human Settlements has committed money for the infrastructural development of 1146 sites within the municipal area. The construction of services to will commence during 2015 and will be completed in December 2016. Planning is also underway for the development of community residential units in Alice, Middledrift and Fort Beaufort which is a joint venture between private developers and the municipality. Also the planning

and finance model have been finalized for the construction of two Shopping malls in Middledrift and Alice.

3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality is having a responsibility to ensure that all indigent households within Nkonkobe jurisdiction have access to free basic services (FBS). The adopted indigent policy, whose aim is to alleviate poverty in disadvantaged communities by providing free basic electricity (of at least 50 kWh per month), and [the] solid waste management (100% subsidy to indigent households), was useful and necessary for the successful implementation of the programme. The consistent application of the indigent policy has enabled the municipality to provide free basic service to 100% of the registered indigent households in its indigent register.

With regards to electricity, there were 14877 beneficiaries receiving free basic electricity, equivalent to a rand amount of R6 234 003. A closer look at the municipal provision of solid waste management shows that 5656 consumers benefited from this service. The equivalent rand amount of this service is R2 173 639.

Conversely, Alternative energy (paraffin), there were 1133 households that benefitted with an equivalent rand value of R 534 452. The indigent support policy embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from the state of being indigent.

Free Basic Services To Low Income Households						
	Number of households					
	Total	Households earning less than R1,100 per month				
		Free Basic Electricity			Free Basic Refuse	
		Total	Access	%	Access	%
2013/ 2014	35 355	20 533	14 877	72%	5 656	28%

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The indigent support policy is intended to provide poor households on-going access to a minimum, nationally specified level of service. The municipality has ensured that it has met this mandate/objective by developing a policy that allowed and ensured that low income earners within Nkonkobe jurisdiction are subsidized by the municipality for their basic services in order to ensure that they equally benefit in municipal basic services. Qualifying households received 50 kWh of electricity per month and 100% subsidy for solid waste and refuse. Alternative energy was also provided in areas where the low income earners but do not have electrification. The combined gross income of all occupants or dependents in a single household which receives services from the municipality may not exceed the threshold income of two state pensions per month

3.5 ROADS

The role of the Municipality is to provide appropriate, cost effective and affordable roads, storm-water drainage; transport infrastructure and public transport services in order to improve the quality of life of the communities. The main role players are the Municipality; Department of Roads and Public works, as well as, SANRAL. The Department of Roads and Public works and SANRAL are responsible for the construction and maintenance of National, Provincial road network whereas the municipality is responsible for the access roads leading to villages and those in urban areas.

All households have access to either gravel or surfaced roads. The gravel roads are maintained according to the work schedule of the Department Infrastructure and Technical services and also immediately after rainstorms. The surfaced roads are maintained from the operating maintenance budget. The quality and standards of our roads are in poor condition.

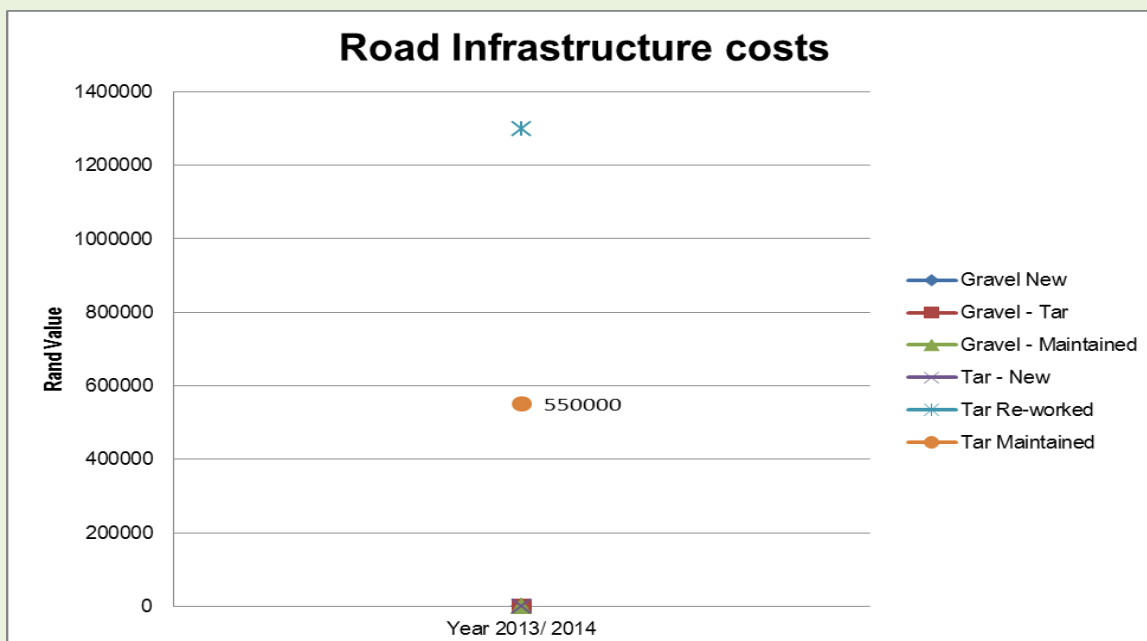
The surfacing of all remaining strategic routes and roads of significance in rural areas. Due to a thin revenue base the Municipality is unable to address the backlog. Financial assistance is needed from the MIG funding to address the backlog. The estimate cost to address the backlog for gravel roads is R 725,657.94m, allocated in multiyear regravelling projects. The estimated cost to address the ageing roads infrastructure and new upgrades is R 512,827,736m allocated in multiyear projects. Regarding the storm-water backlog, increased MIG is required. The estimated cost to address the backlog fully is R 45

000 000. Funding is also required for resealing of our roads on regular basis. The estimated amount is R 15 000 000m. More attention needs be done to the condition of rural roads by the Department of Public Works as well SANRAL for national routes passing through Nkonkobe Local Municipality. Lastly funding is required for the development and implementation of an Integrated Transport plan together with a road maintenance plan for Nkonkobe Municipality.

Gravel Road Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year 2013/2014	1,712	3	0	160

Tarred Road Infrastructure					
	Kilometers				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year 2013/ 2014	0	0	0	0	5

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year 2013/ 2014	R3 600 000	0	R480 000	0	1300000	550000



Capital Expenditure Year 0: Road Services					
					R2 832 906
Capital Projects	Year 2013/ 2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2832906	0	2832906	0%	
Mqanda/ Mxumbu Access Road	2832906.00	0	2832906.00	0.00%	2832906.00

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

All the roads that fall under the jurisdiction of the municipality are being attended to by the Technical Unit according to their work schedule. The surfaced roads are repaired and cleaned after heavy rainfalls including storm-water channels. Furthermore, the municipality has invested in the development of a roads maintenance plan with the sole purpose of providing the municipality with a broad overview of the maintenance strategy and how this is accommodated within the allocated budget. Road maintenance is essential in order to preserve the road in its originally constructed condition. Improper maintenance may result in rapid deterioration of the road structure and ultimate collapse to a point requiring total reconstruction. Therefore taking the above into account to perform “normal” routine maintenance in Nkonkobe Municipal area, all roads to be brought up to well or better category. The cost to eliminate the backlog is estimated at R 48 515 469.

3.6 PLANNING

It should be noted that, depending on the legislation used for an application, a local municipality may, under the current spatial planning legislation, either have full responsibility to process and adjudicate an application or would only be required to render comment and provide recommendation to a provincial – level decision making body. For the year under review, land development applications were made by the district municipality on request of the municipality. These related to subdivision (1), subdivision and rezoning (1) and township (1).

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					

7 - 9		1	1	0	0%
10 - 12					
13 - 15		1	1	0	0%
16 - 18					
19 - 20		1	1	0	0%
Total					

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	2013/ 2014				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	4405000	1884735	5376972	18%	
LED projects	1 050 000	1184114	2 234 114.0	53%	3 418 228.00
CBP's	1 155 000	700621	1 855 621.06	38%	2 556 242.12
Fencing of farms	1 000 000	0	428 977.3	-133%	-571 022.72
Tractors with implements	1 200 000	0	858 260.0	-40%	-341 740.0

3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Nkonkobe Local Economic Strategy has identified four key pillars, among the four pillars; Tourism is listed as the second pillar on the strategy. Tourism focuses on the following targets, to develop social history and heritage. To strengthen tourism marketing in Nkonkobe working in partnership with the Nkonkobe Local Tourism Organisation. To explore hunting, game farming, eco-tourism and promote adventure tourism in Nkonkobe. To leverage off existing and potential tourism products in Nkonkobe.

The tourism unit has developed [and also promoted] tourism products to stimulate the local economy and [also] with a view of creating employment opportunities. The municipality has partnered with the Department of National Tourism in a project to rehabilitate and renovate the Fort Fordyce Nature Reserves and Mpofu Game Reserves which employed 110 local people for a period of two years to participate on the project. The tourism unit has been supporting technical and financially the Christmas in July Tourism Event in Hogsback in order to profile and promote the adventure tourism in Nkonkobe. The event temporarily employed 35 local people to work during the event.

The Tourism Unit has been coordinating the Cultural Week Event every year on the month of September in order to celebrate, promote and create awareness about the Heritage and Tourism in Nkonkobe. The

event plays a major role in terms of using the local SMME's to participate on the event and to stimulate the local economic development in Nkonkobe.

One of the roles of the tourism unit is to develop tourism products in Nkonkobe in order to package and promote tourism in the area in way to profile Nkonkobe as a leading tourism destination in Amathole District Municipality.

Sector	Jobs
	Year 2013/2014
	No.
Agric, forestry and fishing	33
Mining and quarrying	-
Manufacturing	16
Wholesale and retail trade	-
Finance, property, etc.	-
Govt, community and social services	-
Infrastructure services	-
Total	49

COMMENT ON LOCAL JOB OPPORTUNITIES:

The Strategic Planning and Local Economic Development Department is endeavouring on the comprehensive assessment of Local Economic Development (LED) initiatives in order to develop a model that will enhance the LED progress. The current focus of the sector ensures that different business sectors obtain suitable skills and legal status, form linkages between businesses and funding agencies and finally ensure that the branding and marketing development of businesses is achieved through partnering with development agencies and other relevant stakeholders. The recently conducted informal traders baseline clearly indicated that there is a huge opportunity of growth in terms of both business development and job creation, currently 89% (178 local people) and 11% (21 people) of people are involved in this sector with the annual growth turnover of R1 686 000 from various business intervention. These businesses are mostly operated by senior citizens with the view to complement their government grants.

The Municipal LED and CBP funding, much as it is focusing in uplifting the standard of living in the respective communities of Nkonkobe has also created both temporal and permanent employment in all

the initiatives undertaken. During 2013/2014 FY the LED and CBP funding has created 104 job opportunities for local people. These were created through community member's participation in construction of required structures and fencing of dams and grazing land.

The Municipality intends to improve the level economic development by ensuring that the local businesses receive full support and participate in decision making that will yield empowerment due to small businesses, entrepreneurs and micro farmers. The Municipality also will focus on empowering the local businesses on the advanced BBB-EE new approaches for effective local development and support relevant to businesses

Jobs Created during 2013/ 2014 Year 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)				
2013/ 2014	85			
Fencing of Grazing Land	28			Appointment letters
Fencing of Dam	14			Appointment letters
Nomzamo Cleaning Grounds & Gardens	43	36	7	Appointment letters
Nomzamo Cleaning Services	20	20	20	Appointment letters

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2011/ 2012	4	176
2012/ 2013	8	172
2013/ 2014	8	166

Employees: Local Economic Development Services				
Job Level	Year 0			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	8	2	6	75%
4 - 6	9	2	7	78%
7 - 9	3	3	1	33%
10 - 12	14	12	2	14%
13 - 15	2	2	2	100%
16 - 18	0	0	0	0%
19 - 20				0%
Total	36	21	18	50%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE

OVERALL:

Nkonkobe Local municipality has among its Service Delivery components, a Local Economic Development (LED) Unit which is attached to Strategic Planning and Local Economic Development Department. Its mandate is to strengthen the local economic development of Nkonkobe Local Municipality. In 2012 Council adopted an LED strategy which has four strategic pillars that brings strong guiding channels for effective development of the local economy. These pillars are strategic pillar number 1 (Agriculture) and 4 (Wholesales and Business sector).

To catalyse and strengthen the developmental initiatives, the unit has endeavoured to focus on the existing programmes based in both the rural and urban areas within Nkonkobe Local Municipalities. The unit has focused on 4 priority areas to support the local programmes; these are LED projects, Community Based Projects (CBP), fencing of grazing and crop fields and support with tractors and implements. For period under review an amount of R 1 050 000 was allocated for support of LED projects, these are projects that cluster projects (e.g. Fort Beaufort, Alice, Middledrift and Seymour Balfour). The support system varies from capacity building programmes, support with material and equipment and other project related needs. From the substantial amount allocated the need for this activity was dire due to the vastness of the area, therefore the view to adjust the budget was raised, supported and approved. An amount of R 1184114.0 was approved during the budget adjustment with the view of covering up for outstanding LED initiatives. The total project budget for period under review is set at R2 234 114.0 with the positive variance of +53%. The +53% variance resulted from the outstanding LED projects of 2012/2013 FY. An amount of R1 155 000 was allocated for CPB projects.

The CBP projects are ward based projects that come as a result of community members. For period under review a total of **R 1 855 621.06** was used for CBP projects, the difference from the original budget came as a result of budget adjustment of R700 621.1 which reflects the +38% variance. The adjustment came as results of 2012/2013 outstanding CBP projects. Nkonkobe as a rural Municipality comprises of livestock and crop farms. The quality of fencing has led to the negative impact towards

effective development and sustainability of these farms. The major challenges vary from stray animals that destroy the crops and also contribute towards road accidents'. To remedy the situation the Municipality embarked on a quest to assist the local and upcoming farmers by fencing the farms and grazing fields with the view of minimising accidents, stock theft and enhancement of desired crop quantities. For period under review an amount of R 1000 000 was allocated for fencing of farms and grazing fields, However only the amount of R 428 977.3 resulting to -133% variance caused by underspent amount of R571 022.72. The under - spending emanated from the delayed provision of services by appointed service providers, this led to the termination of contracts. The lack of individual people in the respective areas within Nkonkobe and the high tariffs charged by those who have has impacted negatively towards cultivation, ploughing and ripping of fields. To address this matter the Municipality felt a need to purchase the tractors that can be hired out to the communities at a reasonable rate. For period under review the municipality allocated an amount of R1 200 000, this amount was not used resulting to 100% under-spending.

3.8 CEMETORIES AND CREMATORIUMS

Nkonkobe municipality currently has a total of seven cemeteries that are located in urban areas which are being maintained by the municipality. Four is at Fort Beaufort (two Bhofolo townships; one in town and one in Newtown); there is one cemetery in Alice; Middledrift; Hogsback as well as Seymour. Dubu and Zwide cemeteries are about 99% full. Middledrift and Hogsback are about 85% full to capacity as such the municipality is in the process of identifying new places for the establishment of new cemeteries. Application to Department of Environmental Affairs to have Seymour cemetery extended has been objected due to close proximity to the dam. A process of establishing new cemeteries in Seymour and Fort Beaufort is unfolding.

The municipality also has a programme of fencing rural cemeteries which are identified by ward councillors in consultation with members of the community in their respective wards in each financial year. The fencing is labour intensive; thus contractual workers are taken from the communities and trained on fencing (transfer of skill).

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

In order to keep the cemeteries in a clean condition a maintenance plan will be in place and will be implemented in the next financial year. The maintenance plan will include the cutting of grass and the cleaning of these sites on weekly basis .To ensure that the graves are provided in time or as requested certain days will have to be allocated for the digging of graves. The cutting of grass at some grave sites will be done by EPWP workers with the assistance of municipal workers. Also fencing and routine maintenance of these graves is done in-house and is proving to be beneficial to the municipality.

3.9 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The municipality has an established Special Programmes Unit (SPU) under the office of the Mayor. However, in terms of reporting lines, this unit reports to the Senior Manager: Strategic Planning and Local Economic Development. The core focus of the unit is the implementation of youth, disabled, women, elderly and children programmes and projects. The Special Programmes Unit (SPU) facilitates the integration and mainstreaming of the designated groups into the development of the Municipality by:

- Creating the necessary/conduce environment both internal and external through establishment of structures that will promote participation of youth, Woman, Disabled, Children, Elderly and HIV/AIDS infected individuals in our local Municipality.
- Developing Policies, strategies and plans for the above groups for integration, mainstreaming, and alignment of such policies, plan and strategies into the sector plans of the Local Municipality.
- Maintaining a mutual relationship between stakeholders in an endeavour to share experiences, align programmes and plans harness resources for better implementation of policies, strategies and plans

Below is the list of special project and programmes that the municipality during the period under review:

- Partnership with NGO's
- Miss Nkonkobe beauty pageant
- Youth Build (NYDA)

- Women Empowerment
- Older Persons Service Centre's
- HIV/AIDS Programmes/Campaigns

Relations and Partnerships established

SPU has strong partnership/relationship with NGO's such as Love Life, Indyebo Community Development Forum (alignment of programmes with SPU and financial assistance), Footprints of Hope (computer lab/school for young people around the area of Nkonkobe), Fort Beaufort Children & Orphanage Service Centre (Capacity Building and Financial Assistance) and Eluthandweni Rehabilitation Centre (financial assistance)

Another key and successful project was Youth Build; this was a programme involving Nkonkobe Local Municipality, National Youth Development Agency (NYDA) and Eastern Cape Department of Human Settlements – which conducted Youth Build training. The purpose of the youth build was to provide youth with Nkonkobe Local Municipal Area with a workplace-based learning opportunities and hands-on, practical experience, with a particular focus on construction opportunities. Target group, unemployed young people between the ages of 18-35 and 60% women and 40% men. There were a number of youth in Nkonkobe who go the necessary training on this project and will be utilised even in some of the municipal infrastructural projects.

3.10 FIRE

Nkonkobe Municipal Fire and Rescue Unit as a first responder to incidents is dedicated to protecting and serving the entire community with a commitment to professionalism and performance excellence. The municipality contributes to prevention of human life from fire and other hazards, advance public safety through fire prevention, investigation and educational programmes.

The core functions of the unit are the following:

- Fire suppression: deliver fire & rescue services to all Nkonkobe residents,
- Fire prevention: Improve quality of life through pro-active services, including education, Inspection and awareness campaigns,

- Fire administration: provide leadership and visionary and direction for the Nkonkobe Fire & Rescue Services.

The average turnout varies between day and night. During the day, turnout is 3 minutes from the time of the call, depending on the location of the call. It varies from 10 minutes to 45 minutes on tarred road, taking more than an hour to rural areas. Night time turnout takes between 20 minutes to 30 minutes due to response from home.

Employees: Fire Services				
Job Level	2013/ 2014			
Fire Fighters	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	%
Chief Fire Officer	1	1	0	0%
Other Fire Officers				
0 - 3				
4 - 6				
7 - 9	6	1	5	83%
10 - 12	1	0	1	100%
13 - 15				
16 - 18				
19 - 20				
Total	8	2	6	75%

PERFORMANCE IMPROVEMENT:

- Staff was appointed during 2014,
- More staff to be appointed,
- Two engines used to cover Nkonkobe area,

Service data as follows:

- Total number of calls attended for the financial year 2013/2014 152
- Total fires 117
- Average turnout time urban in less 3min arriving in 45 min the latest,
- Average turnout time rural in less 3min arriving in 60 min in some areas, due to tarain, and distance to be covered,
- 6 permanent fire fighters and 1 seconded,

- Two appliances used,
- No appliance off the road.

3.11 SPORT AND RECREATION

Sport may be defined as an activity that requires a significant level of physical involvement and in which participants engage in either a structured or unstructured environment, for the purpose of declaring a winner, though not solely so; or purely for relaxation, personal satisfaction, physical health, emotional growth and development. **Recreation** on the other hand, is a guided process of voluntary participation in any activity which contributes to the improvement of general health, well-being and the skills of both the individual and society.

The Municipality's key stakeholder in the development of Sport and Recreation is the Nkonkobe Sports Council (NSC). Nkonkobe Sports Council provides technical support to the Municipality to facilitate and development of sport in our Communities. [Furthermore] The Municipality assists the NSC in developing structured sporting codes in communities by having an operational plan that includes administration workshops, coaching and umpiring clinics in order to have a high standard of competitions in the area.

Sports Programmes

1. Nkonkobe Mayors Cup

Nkonkobe Municipality provides financial support to Sporting federations at town level and in individual participation through the Nkonkobe Mayors Cup. Codes participating at town level are Boxing; Cricket, Netball, Rugby, Hockey & Football and individual participation codes are Horse Racing & Ajmk,./athletics (10km race). The financial support comes in the form of prize money after the tournament finals and is intended to assist the Associations in doing administrative duties. The Department of Sport, Recreation, Arts and Culture (Amathole District) assist by selecting players to be part of the Amathole Mayors Cup tournament. It also affords an opportunity to athletes to be scouted by academies and other Federations for their development. The host area for the tournament rotates annual amongst the Administrative towns of Nkonkobe and a legacy is left in order to improve the quality of sport in that area. This legacy is in the form of levelling sports fields and having proper goal posts installed for codes identified by the LOC and also guided by budget availability.

2. Wards Championships

Nkonkobe Municipality provides financial support to affiliated clubs in the Nkonkobe area through the Nkonkobe Wards Championship tournament. Participating codes are Netball, Football and Rugby. In efforts of having more clubs within our Municipality we involve the Councillors to assist in motivating the local clubs to become affiliates of local Federations in order for them to be part of the tournament. The financial support comes in the form of vouchers in order for the clubs to purchase equipment needs for their clubs. The Federations do selection of players that would participate in the Nkonkobe Mayors Cup.

3. Nkonkobe National Heritage Rugby Tournament

Nkonkobe Municipality Provides financial support to the custodians of the tournament who are the Victoria East Rugby Union and University of Fort Hare Rugby Club to develop rugby at local level and also at national level. The tournament accommodates for 13 local clubs falling within the Nkonkobe Municipal boundaries and 7 premier league status clubs from other parts of the country. From all these tournaments a key component of scouting and identifying talent from the athletes is always accommodated by inviting the relevant academies and Federations at District level.

Employees: Sport and Recreation				
2013/ 2014				
Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9				
10 - 12	2	2	0	0%
13 - 15				
16 - 18				
19 - 20				
Total	2	2	0	0%

3.12 EXECUTIVE AND COUNCIL

The collective leadership is established in terms of chapter 4 of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998) – (Internal Structures and Functionaries). In Part 1, deals with the establishment of the executive committees. Nkonkobe Local Municipality has collective executive

systems which allows for the exercise of executive authority through an executive committee in which the executive leadership of the municipality is collectively vested.

The Municipal Council is established in terms of section 157 (1) of the Constitution of the Republic of South Africa 1996 and Section 22 (1) of the Local Government: Municipal Structures Act 1998. This section stipulates that a local council consists of councillors elected in accordance with schedule 1, by voters on the municipal segment of the national common voters roll to proportionally represent parties and by voters represented in the wards to directly represent their wards. It is composed of the Speaker of Council who presides at meetings of the council and must ensure that council meets at least quarterly, the Chief Whip who is appointed by council and has to ensure that councillors attend to their duties and account to their constituencies and gives political management of council meetings and councillors elected in terms of schedule 1.

Employees: The Executive and Council				
Job Level	2013/ 2014			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9	6	5	1	17%
10 - 12				
13 - 15	1	1	0	0%
16 - 18				
19 - 20				
Total	7	6	1	14%

3.13 FINANCIAL SERVICES

Department of Finance is the hub of the municipality as it creates an enabling environment for the municipality to render services to the community. The key highlights for financial services department during the period under review as follows:

- Having managed to raise accurate accounts and deliver them to consumers with a reasonable period of time
- s71 ports were submitted monthly to National Treasury by not later than the 10th working day
- Compiled and submitted AFS to AG by 31 August 2014
- Developed and maintained a GRAP compliant asset register

- Managed to raise revenue and manage the cashflow of the municipality so as to keep the municipality afloat and in a position to render services to the community of Nkonkobe Municipality.

Debt Recovery			
R' 000			
Details of the types of account raised and recovered	Year 0		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
Property Rates	35,299,594.00	28,099,636.40	80%
Electricity - B	273,727.00	311,760.44	114%
Electricity - C	28,009,498.00	12,066,261.08	43%
Refuse	9,440,372.00	3,127,002.59	33%
Other			-

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

Employees: Financial Services				
Job Level	Year 0			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	
4 - 6				
7 - 9	22	13	9	41%
10 - 12	10	7	3	30%
13 - 15				
16 - 18	5	5	0	0%
19 - 20	1	1	0	0%
Total	38	26	12	32%

Debt management and revenue collection is one of the core functions of the municipality that plays a pivotal role and both these functions enable the municipality to render basic services to the communities. Although the municipality is a rural municipality it has continually strived to be self-sufficient through generating its own revenue in order to fund its activities and debt management and collection is one of the strides that was undertaken to collect revenue.

The municipality has managed to collect 80% of the revenue it had billed through property rates, 114% for basic electricity. Collection for electricity consumption stands at 43% and one of the attributing factors is ageing in the electricity infrastructure and high number of tampering. Refuse collection yielded a return of 33%.

In the midst of these achievements, we are still mindful of the external challenges that restricted us from reaching far greater heights than we have and these problems are affecting the ability of our debtors to settle their accounts within one financial year, especially our key debtors such as the Government departments *i.e.* Department of Roads and public Works. Another attributing factor to the low collection in service charges is the areas whose supply of electricity is not under Nkonkobe municipality, as it is hard to implement controls (electricity cut-off) to probe payment for services rendered and for property rates.

3.14 HUMAN RESOURCE SERVICES

Nkonkobe Local Municipality has a huge challenge in retaining staff in general. This can be attributed to the fact that the labour market in which we operate and most other factors such as the inability of the organisation to introduce relevant incentive schemes that will contribute positively to staff retention. Provision for the filling of vacancies is done annually, and the biggest challenge in filling vacancies relates to financial constraints.

Employees: Human Resource Services				
2013/ 2014				
Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9	1	0	1	0%
10 - 12	6	6	0	0%
13 - 15				
16 - 18	1	1	0	0%
19 - 20				
Total	8	7	1	13%

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT unit is responsible for carrying out in an effective manner the following functions:

- Planning
- Network
- Data

- Security
- Support

ICT contributes in development of the business objectives; customize software to meet the needs of the various departments in Nkonkobe Local Municipality. ICT is also there to assist in increasing flexibility and responsiveness. Another major function is to develop and operate a network to support effective communication and collaboration. Tools are developed to collect, store, and monitor, secure and distribute data to employees who need access to information.

As per the ISO standards the municipality must have a datacentre with restricted access to store all the data. A server room was constructed with new servers installed with enough capacity to store all data and accessible to everyone relevant to a particular application requested. A backup system is in place to protect the users from losing their data and is monitored timeously.

All satellite offices are linked to the main site for connectivity via a Telkom VPN link and they can access the internet and email with ease. Also a website has been developed and information is being uploaded. An ICT strategy was developed and has been adopted, making it easy to govern the ICT unit.

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					
4 - 6					
7 - 9					
10 - 12	1	2	1	1	50%
13 - 15					
16 - 18	0	1	0	1	100%
19 - 20					
Total	1	3	1	2	67%

3.16 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Employees: Property; Legal; Risk Management; and Procurement Services				
Job Level	Year 0			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3				
4 - 6				
7 - 9	7	6	1	14%
10 - 12	3	2	1	33%
13 - 15	3	2	1	67%
16 - 18	2	2	0	100%
19 - 20				
Total	15	12	3	20%

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	2013/ 2014			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Electricity	15	16	13	3	19%
Waste Management	61	86	60	26	30%
Housing	3	7	2	5	71%
Roads	17	23	17	6	26%
Transport	13	13	12	1	8%
Local Economic Development	9	11	8	3	27%
Planning (Strategic & Regulatory)	2	3	2	1	33%
Local Economic Development	9	11	8	3	27%
Community & Social Services	18	30	21	9	30%
Environmental Protection	1	4	1	3	75%
Security and Safety	32	66	47	19	29%
Sport and Recreation	1	2	2	0	0%
Totals	181	216	193	79	37%

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	3	2	66.67
Other S57 Managers (Finance posts)	1	1	100.00
Peace officers	20	2	10.00
Fire fighters	6	1	16.67
Senior management: Levels 13-15 (excluding Finance Posts)	19	3	15.79
Senior management: Levels 13-15 (Finance posts)	6	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	49	13	26.53
Highly skilled supervision: levels 9-12 (Finance posts)	5	0	0.00
Total	111	23	20.72

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2013/ 2014	38	28	74%

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			
2	Attraction and Retention	100%		5-Dec-12
3	Code of Conduct for employees	100%		
4	Delegations, Authorisation & Responsibility	100%		28-Jan-13
5	Disciplinary Code and Procedures	100%		SALGBC Guidelines
6	Essential Services			
7	Employee Assistance / Wellness	100%		5-Dec-12
8	Employment Equity	100%		
9	Exit Management	100%		1-Jul-11
10	Grievance Procedures	100%		SALGBC Guidelines
11	HIV/Aids	100%		SALGBC Guidelines
12	Human Resource and Development			
13	Information Technology	100%		28-Jan-13
14	Job Evaluation			
15	Leave	100%		5-Dec-12
16	Occupational Health and Safety	100%		5-Dec-12
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%		As per Basic Conditions of Services
21	Organisational Rights	100%		SALGBC Guidelines
22	Payroll Deductions	100%		
23	Performance Management and Development	100%		29-Mar-11
24	Recruitment, Selection and Appointments	100%		5-Dec-12
25	Remuneration Scales and Allowances	100%		
26	Resettlement			SALGBC Schedule
27	Sexual Harassment			
28	Skills Development	100%		29-Mar-11
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Travel & Subsistence Policy	100%		5-Dec-12

Chapter 4

34	Demotion & Transfer Policy	100%		5-Dec-12
35	Cellular Phone Policy	100%		5-Dec-12
36	Fleet Management Policy	100%		5-Dec-12
37	Induction Policy	100%		5-Dec-12
33	Other:			

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	13467	90%	10	179	47.42	30
Skilled (Levels 3-5)	3425			43	12.06	
Highly skilled production (levels 6-8)	2604			36	9.17	
Highly skilled supervision (levels 9-12)	1554	95%	2	22	5.47	31
Senior management (Levels 13-15)						
MM and S57	132			4	0.46	
Total	21182	93%	12	284	74.58	61

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 Finalized	Date Finalized
Revenue Manager	Fraud & gross negligence	18-Oct-12	The employee was dismissed after a disciplinary hearing found her guilty. The matter has been referred to labour court by the employee after the dismissal was confirmed by the SALGBC.	The internal process was finalized on 13 March 2013.
Cashier	Fraud & Gross negligence	18/10/2012	The employee was dismissed after a disciplinary hearing found her guilty. now after the dismissal was set The matter is at the Labour Court aside by the SALGBC in June 2014.	12-Mar-13
Security Guard	Misrepresentation by signing attendance and go home without performing any duties		Suspension without pay for 10 days.	10-Jul-13
Security Guard	Disloyalty: Refusal to give evidence on behalf of the employer		Final written Warning	
Traffic Maiden	Threatening fellow employee and putting lives of fellow employees in danger.		Final Written Warning	24-Sep-13
Natis Clerk	Embezzlement of funds		Dismissal and the matter is dormant	22-Jul-13
Natis Clerk	Embezzlement of funds		Dismissal and the matter is closed and the employer has been reimbursed an amount of R144824.90 from the pension fund	9-Oct-13
Snr Natis Clerk	Lack of supervision		Final Written warning	30-Jul-13
Security guard	Dress code & failure to perform duties diligently.		Written Warning	14-Aug-13

Chapter 4

Driver	Vehicle damage		Final Written warning	31-Jul-13
Artisan	Exceeded speed limit		Written Warning	30-Jul-13
Driver	Exceeded speed limit		Written Warning	30-Jul-13
Driver	Exceeded speed limit		Written Warning	30-Jul-13
Messenger	Consumption of intoxicating substances on duty.		Written Warning and EAP Referral	16-Oct-13
Artisan	Sexual harassment		Final Written Warning	12-Sep-13

4.4 PERFORMANCE REWARDS

There were no performance rewards given to employees during the period under review.

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

		Skills Matrix												
Management level	Gender	Employee s in post as at 30 June 2013/ 2014	Number of skilled employees required and actual as at 30 June 2014											
			Learnership			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year 2012/ 2013	Actual: End of Year 2013/ 2014	Year 2013/ 2014 Target	Actual: End of Year 2012/ 2013	Actual: End of Year 2013/ 2014	Year 2013/ 2014 Target	Actual: End of Year 2012/ 2013	Actual: End of Year 2013/ 2014	Year 2013/ 2014 Target	Actual: End of Year 2012/ 2013	Actual : End of Year 2013/ 2014
MM and s57	Female	1								1	1		1	1
	Male	2		1	1								1	1
Councilors', senior officials and managers	Female	31	5	3	8	7	7	5	2	7	10	12		
	Male	32	3	3	6	9	9	10	2	12	13	14		
Technicians and associate professionals*	Female					13	13							
	Male					14	14							
Professionals	Female	41				19								
	Male	72				45								
Sub total	Female	73												
	Male	106												
Total		179	8	9	15	64	43	43	15	5	20	23	28	2

*Registered with professional Associate Body e.g CA (SA)

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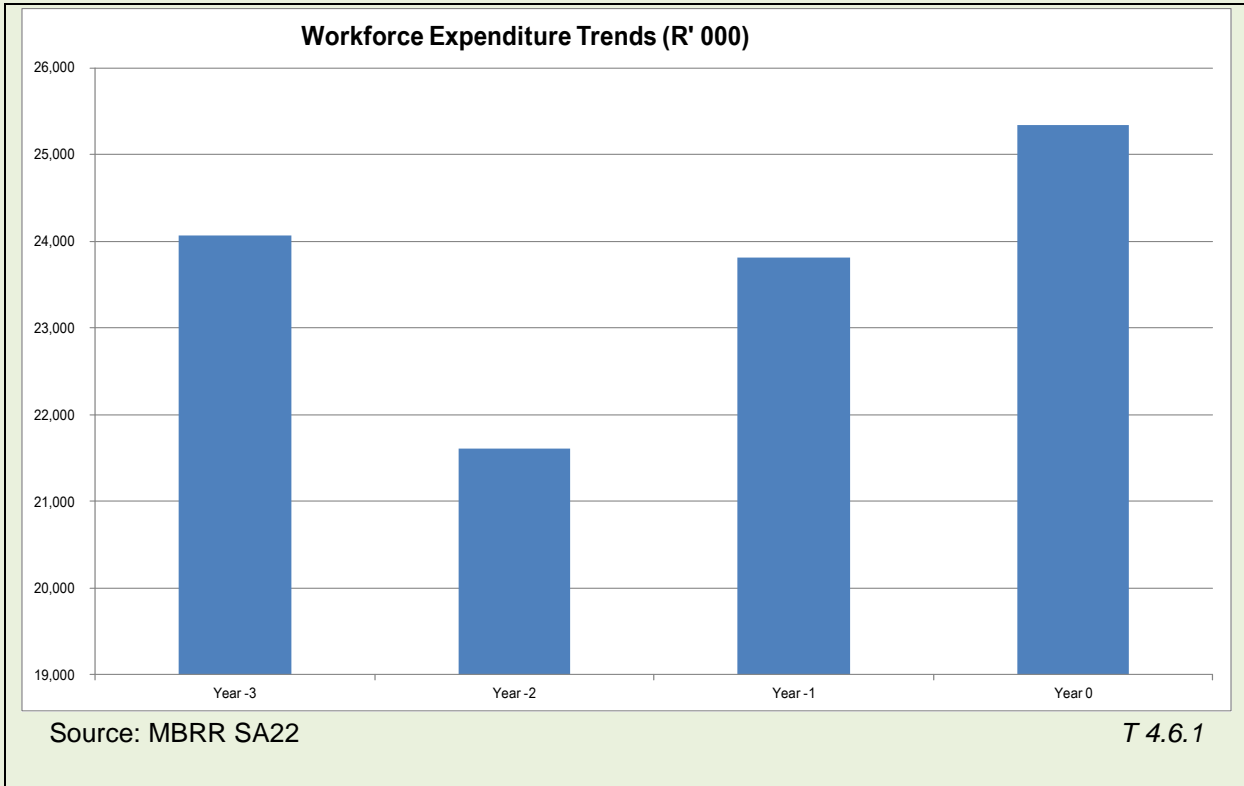
Financial Competency Development: Progress Report*				
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Consolidated	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	0	0	1	0
Senior managers	1	1	3	1
Any other financial officials	3	3	0	3
Supply Chain Management Officials				
Heads of supply chain management units	1	1	0	1
TOTAL	6	6	5	6

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnership		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	1	1 200 000					14720		14720
	Male	2	1 200 000	42118				23390		65508
Legislators, senior officials and managers	Female	31	1 200 000	210590		18972				229562
	Male	32	1 200 000	126354		15058		356878		498290
Professionals	Female	41	1 200 000			100581				100581
	Male	72	1 200 000							
Technicians and associate professionals	Female		1 200 000							
	Male		1 200 000							
Clerks	Female	44	1 200 000			10078				10078
	Male	13	1 200 000			78900				78900
Service and sales workers	Female	53	1 200 000							
	Male	48	1 200 000							
Plant and machine operators and assemblers	Female	1	1 200 000							
	Male	26	1 200 000			27625				27625
Elementary occupations	Female	90	1 200 000							
	Male	80	1 200 000			29729				29729
Sub total	Female	170	1 200 000	210590		129631		14720		354941
	Male	167	1 200 000	168472		93958		380268		642698
Total		337	0	379062	0	223589	0	394988		997639
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

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

There is effective implementation of training plans and the variance between actual and budgeted expenditure was caused by some cancellation of payments. The level of expenditure will increase in future years.

4.6 EMPLOYEE EXPENDITURE



Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	11
	Male	18
Skilled (Levels 3-5)	Female	25
	Male	68
Highly skilled production (Levels 6-8)	Female	28
	Male	44
Highly skilled supervision (Levels 9-12)	Female	24
	Male	36
Senior management (Levels 13-16)	Female	10
	Male	9
MM and S 57	Female	
	Male	
Total		273

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
UNSKILLED	73	TG2- TG4	TG3 - TG5	INTERNAL SALARY INCREASES
SEMI SKILLED	138	TG5 -TG9	TG6 - TG10	INTERNAL SALARY INCREASES
SKILLED	47	TG10 -TG14	TG11- TG15	INTERNAL SALARY INCREASES
MANAGEMENT	15	TG15 -TG19	TG16 -TG20	INTERNAL SALARY INCREASES

CHAPTER 5 – FINANCIAL PERFORMANCE

Finance department is divide into 4 sub sections namely, revenue, expenditure, supply chain and assets. In the year under review, the municipality's revenue collected increased by 16% as compared to the previous financial year. The biggest portion of the increase is due to debt collection strategies that were put in place.

The municipality engaged services of outside service provider to a limited extent when compared to prior years. Most projects were implemented using in-house resources. Consultants were only used where the municipality did not have the required expertise on the project.

The five most expensive consultancy arrangements entered into were as follows;

PROJECT NAME	AMOUNT PAID
Construction of council chamber	R 16 635 742.75
Electrification of rural areas	R 1 503 939.02
Implementation of energy efficiency and demand side management programme	R 3 024 398.80
Consulting services for construction of council chamber	R 2 705 088.27
Construction of Middledrift chicken abattoir	R 979 671.36

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Refer to Annual Financial Statements as annexed

5.2 GRANTS

Grant Performance							R' 000
Description	Year -1	Year 0		Year 0 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:		97 878	97 878	97 878			
Equitable share		94 338	94 338	94 338			
Municipal Systems Improvement		890	890	890			
Department of Water Affairs		-	-	-			
Levy replacement		-	-	-			
Other transfers/grants [insert description]		2 650	2 650	2 650			

Provincial Government:		2 880	9 599	13 280		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation				801		
Other transfers/grants [insert description]						
Other: EPWP		2 180		2 180		
Other: INEP		-	3 600	3 600		
Other: EDDMS		-	5 999	5 999		
Other: ECDLGTA		700		700		
District Municipality:		-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	-	100 758	107 477	111 158	0	

5.3 ASSET MANAGEMENT

Asset management refers to all activities and process carried out during the cycle of acquisition or construction, maintenance, renewal or refurbishment and disposal of all resources consumed during the provision of services by the municipality to the communities or customers. These resources are consumed on the basis that there is future economic benefit derived from their consumption or their utilisation results in economic benefit for the municipality.

The municipality implemented a full GRAP compliance assets register in 2011-2012 financial year. An asset management policy was designed and is in the implementation stage. In the meantime, the municipality is making use of the Asset Management Framework that was issued by National Treasury in 2008. The municipality maintains two assets registers, namely movable asset register and immovable asset register. The municipality compiles movable asset register on its own, and uses service providers to compile immovable asset register. The asset management division consists of an asset clerk, asset management officer and the chief accountant. The division is not fully capacitated as yet, as there are still vacant posts with the section. The asset management staff attended asset trainings within the year under review, including GRAP updates.

Capital assets are classified as follow:

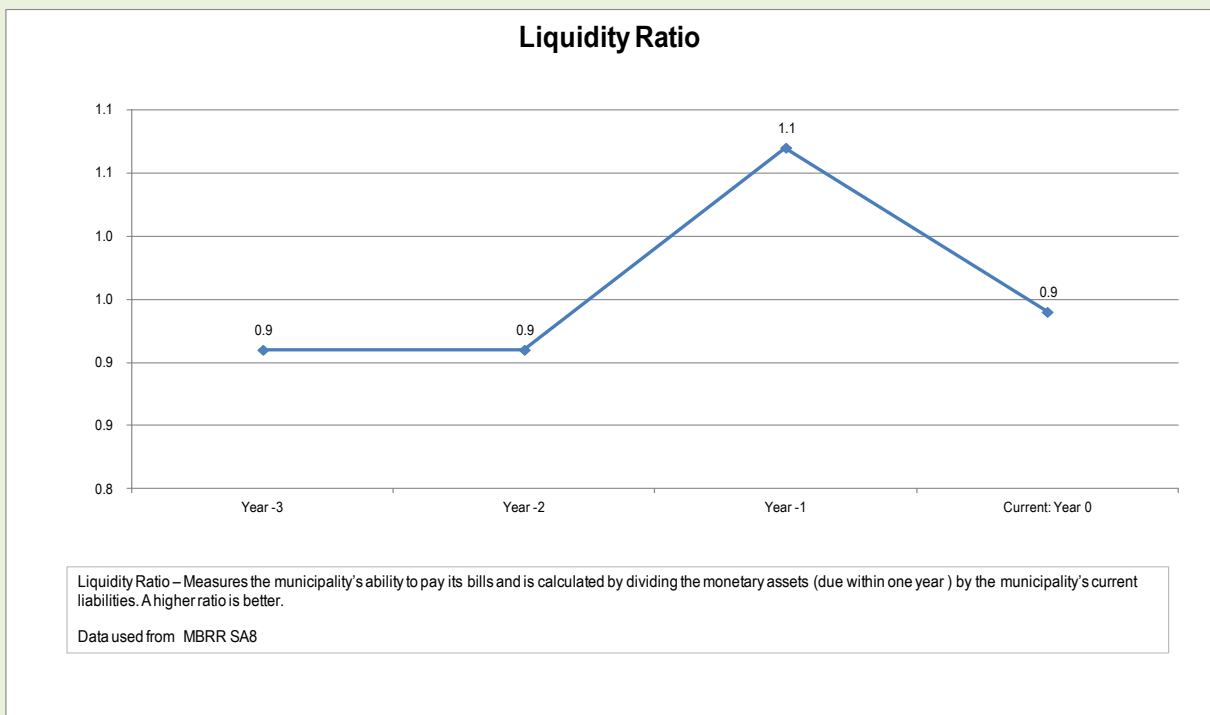
- Property plant and equipment

- Land and Buildings
- Infrastructure Assets
- Heritage Assets

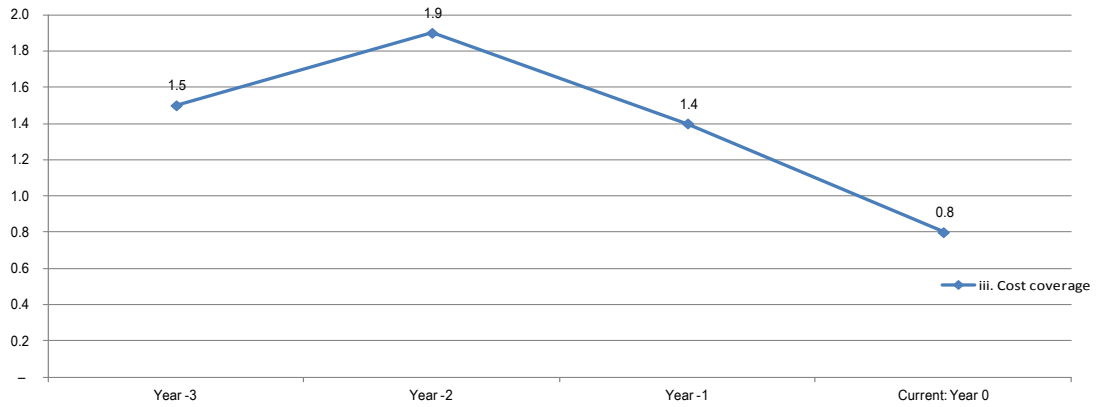
Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	6800	6950	7923	-17%

Repairs and maintenance in the year under review was 3% of total expenditure. The actual amount spent was 17% more than the budget. Explanation for variance is on Appendix B of the Annual Financial Statements.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



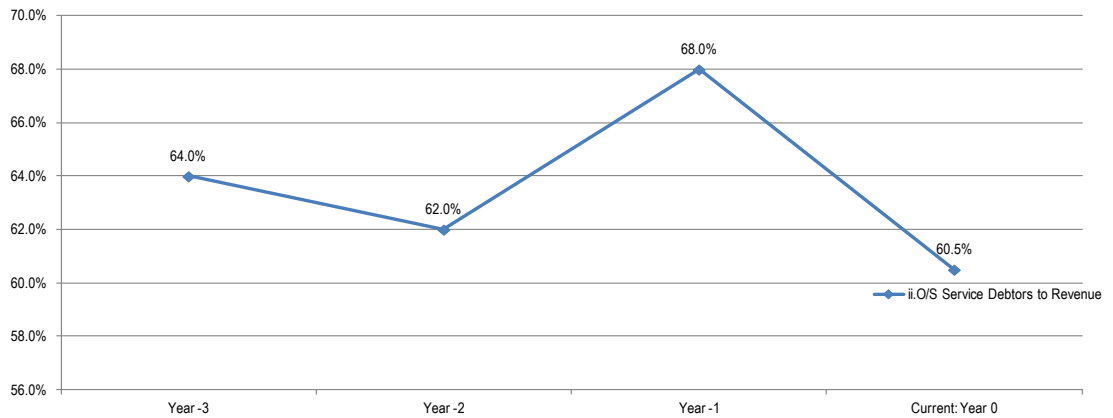
Cost Coverage



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

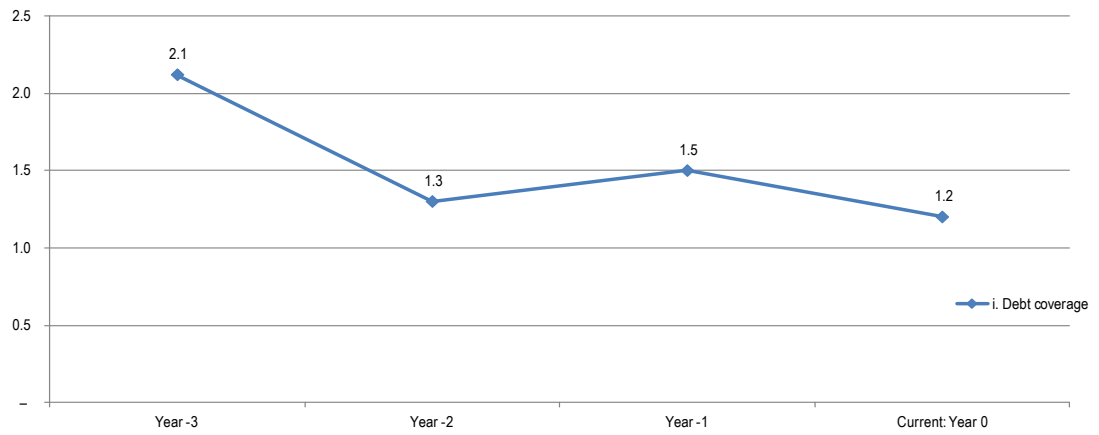
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

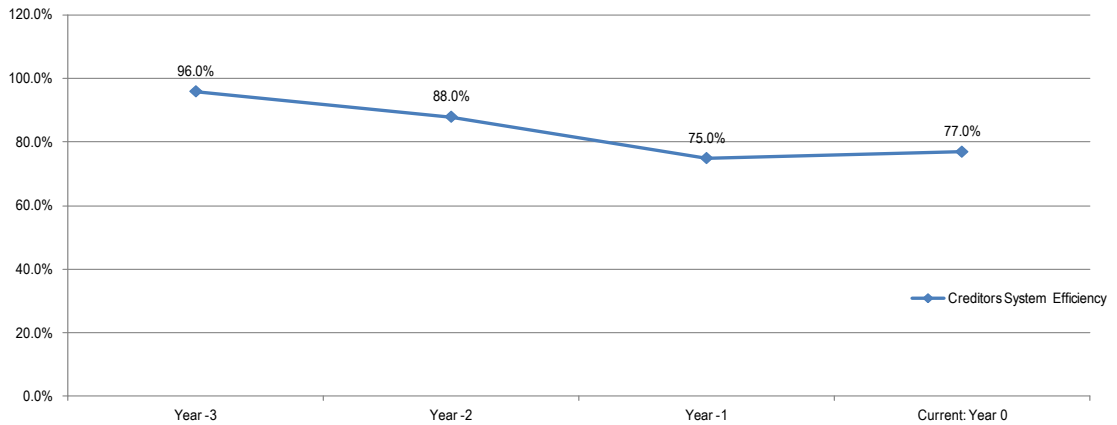
Debt Coverage



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

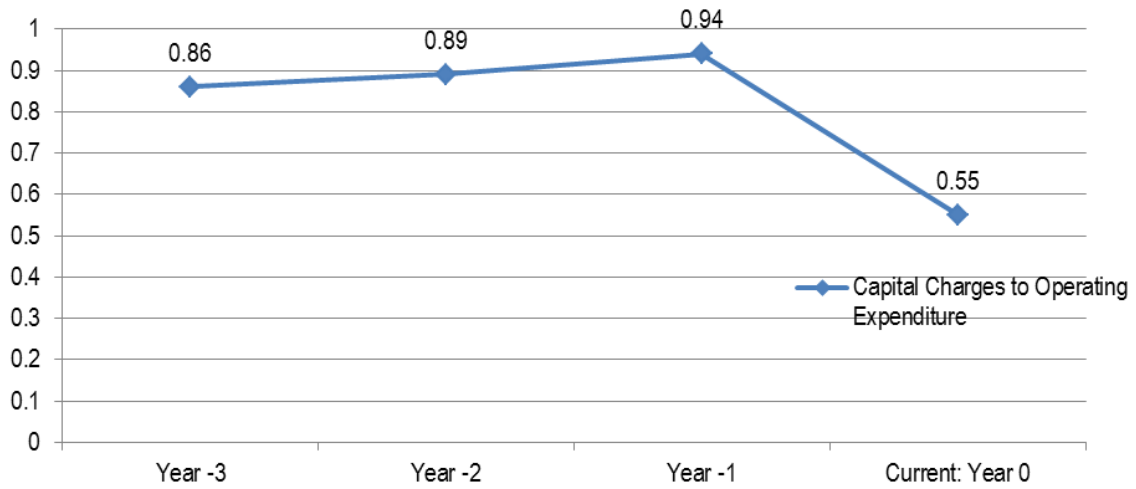
Creditors System Efficiency



Creditor System Efficiency– The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Capital Charges to Operating Expenditure

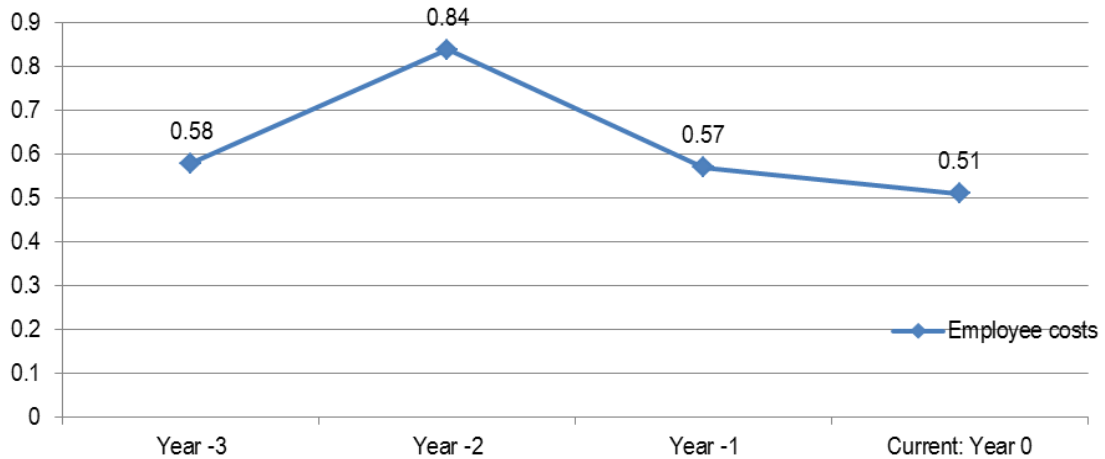


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

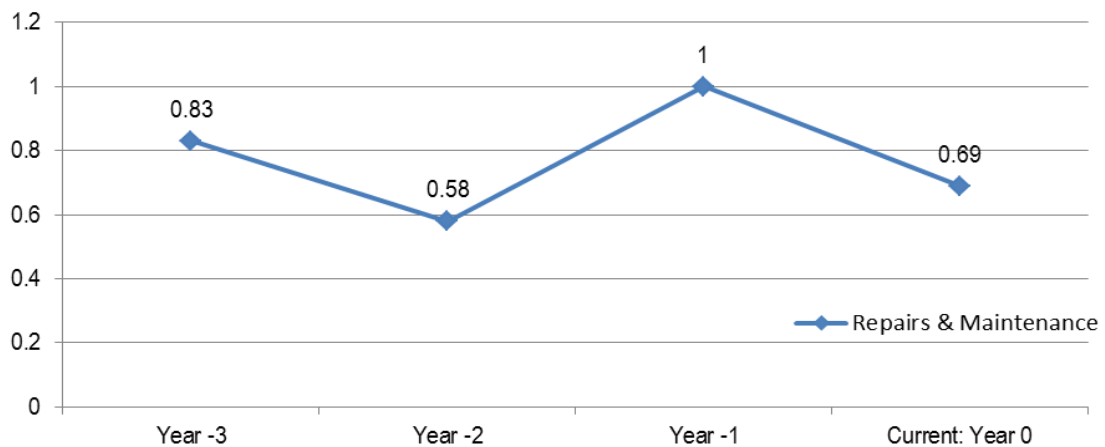


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

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

5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity ratio: Current: Assets/Current Liabilities. The ratio's result is 1:0.7 which is lower than the norm. The municipality is working towards achieving a 1:1 ratio.

Cost Coverage Ratio: Expenditure/Current Assets. The ratio's result is 1: 4.15 the formula's results show that expenses are five (4) times higher than the current assets as at year end. What has been evident throughout the year was that the municipality was over committed but managed to pay most of its liabilities.

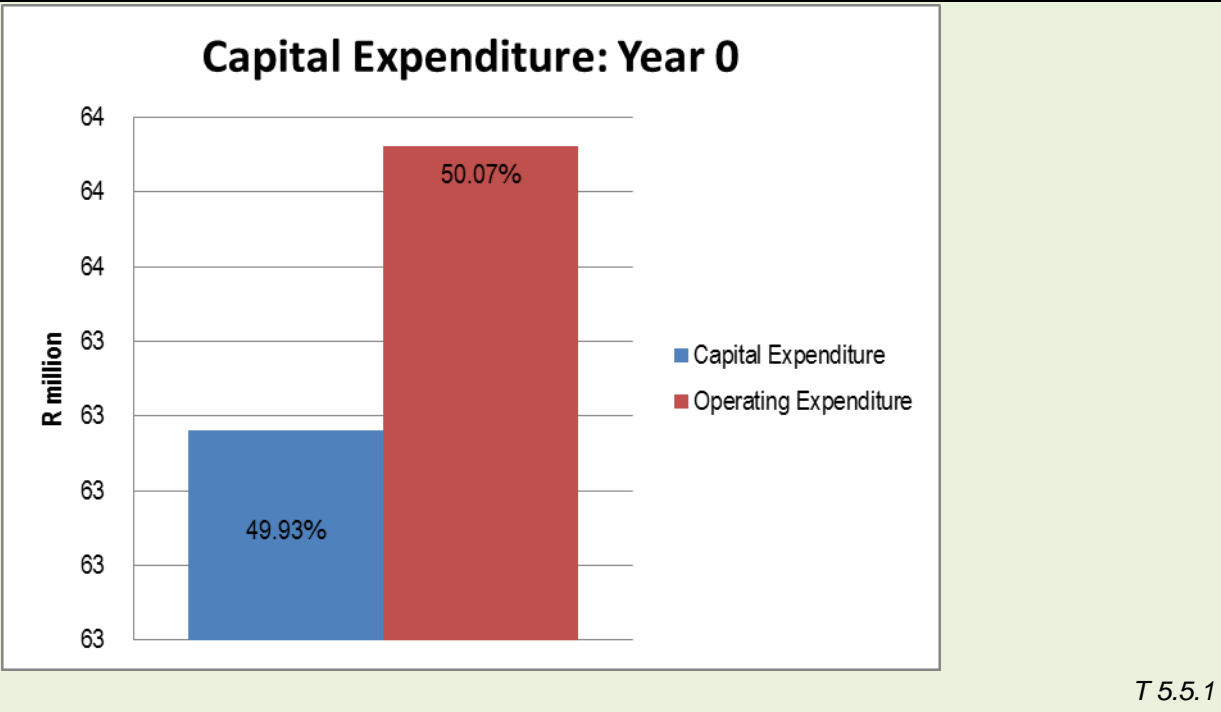
Debt Coverage: Total Service Revenue/Total Service Debt: The ratio's result is 1: 0.47 which shows that revenue collected is more than bills. The reason revenue collected is more than billed is due to the fact that debtors pay late. This result in revenue collected in 2013/2014 including revenue that relates to debtors that were billed before 2013/2014.

Capital charges to operating expenditure: Interest paid/operating expenditure: The result of the formula is 0.16%. This shows that of the expenditure incurred, only 0.16% relates to interest.

Employee Cost: Employee/ (Total revenue-Capital Revenue): The result of the formula is 0.52, which is interpreted as having expenditure on employee costs that is more than operating revenue by 52%.

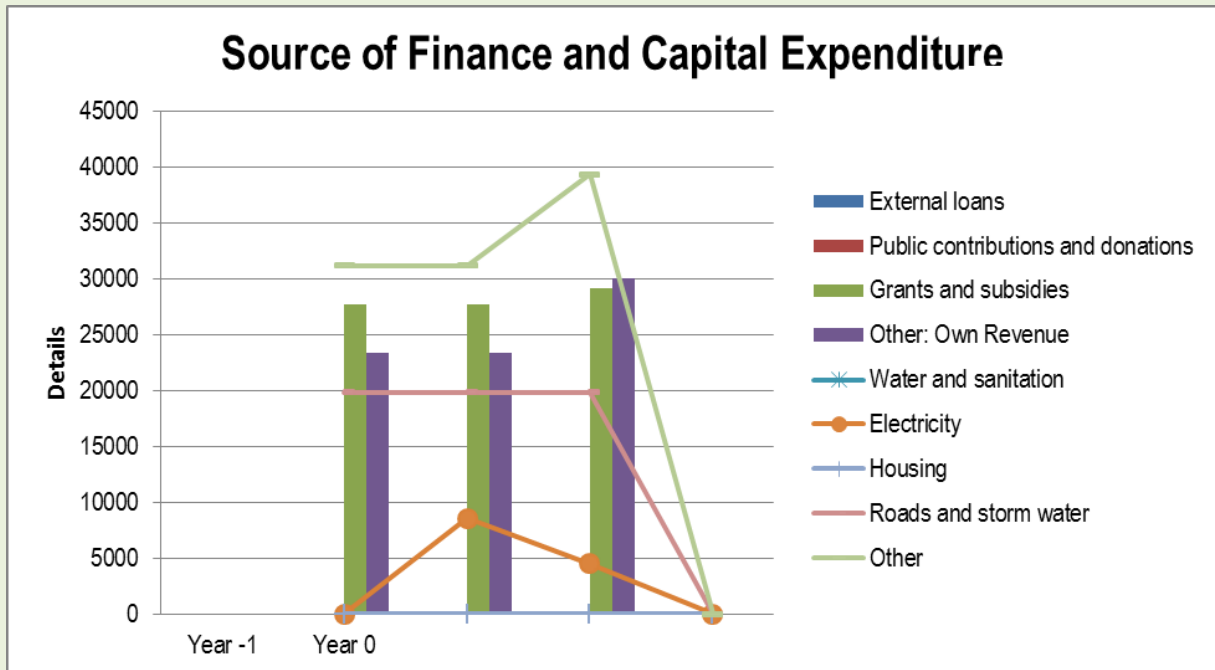
Repairs and Maintenance: Repairs and Maintenance/ Operating expenditure: The result of the formula is 3% which means that the municipality has spent 3% of its operating expenditure on repairs and maintenance.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0 R' 000							
Details		Year -1	Year 0		Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
		Actual	Original Budget (OB)	Adjustment Budget			
Source of finance							
	External loans		0	0	0	0.00%	0.00%
	Public contributions and donations		0	0	0	0.00%	0.00%
	Grants and subsidies		27 690	27690	29 147	0.00%	5.26%
	Other: Own Revenue		23 376	23376	30 093	0.00%	28.73%
Total		0	51066	51066	59240	0.00%	34.00%
<i>Percentage of finance</i>							
	External loans						
	Public contributions and donations						
	Grants and subsidies		54.2%	54.2%	49.2%	#DIV/0!	15.5%
	Other		45.8%	45.8%	50.8%	#DIV/0!	84.5%
Capital expenditure							
	Water and sanitation						
	Electricity		0	8600	4528	#DIV/0!	#DIV/0!
	Housing		0	0	0	#DIV/0!	#DIV/0!
	Roads and storm water		19885	19885	19885	0.00%	0.00%
	Other		31181	31181	39355	0.00%	26.21%
Total		0	51066	59666	63768	#DIV/0!	#DIV/0!
<i>Percentage of expenditure</i>							
	Water and sanitation		0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Electricity		0.0%	14.4%	7.1%	#DIV/0!	#DIV/0!
	Housing		0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Roads and storm water		38.9%	33.3%	31.2%	#DIV/0!	#DIV/0!
	Other		61.1%	52.3%	61.7%	#DIV/0!	#DIV/0!



5.7 CASH FLOW

Cash flows from operating activities were positive. Cash flows from investing activities comprises of acquisitions of PPE which includes infrastructure assets, movable assets and plant. Cash flows from financing activities comprises of payments made on plant that was acquired on hire purchase and machinery leases. The cash flow status of the municipality at year end was not sound. The municipality was over committed in the year under review. The municipality has put corrective measures in place to ensure that cash outflows match the inflows and that the municipality is not over committed.

5.8 BORROWING AND INVESTMENTS

The municipality had no borrowings and no investments during the period under review.

5.9 PUBLIC PRIVATE PARTNERSHIPS

There were no public, private partnerships during the year under review.

5.10 SUPPLY CHAIN MANAGEMENT

The municipality has an approved Supply Chain Management Policy in place as per the directive of the SCM Regulations 2005. Procurement is made according the different thresholds enshrined in the SCM

Regulations. One of the cornerstones of the successful implementation of Supply Chain Management is the establishment of well-functioning bid structures.

The following is required from bid committee members:

- Every member must sign a “Declaration of Interest” document provided by the Accounting Officer”
- All members should be cleared at the level of “confidential”; and or
- Declare their financial interest annually to the accounting officer.

Two officials have obtained the MFMA minimum competency qualifications. Three more officials are currently being up-skilled in terms of MFMA minimum competency qualification.

5.11 GRAP COMPLIANCE

The municipality adopted all effective GRAP standards as outlined in the Annual Financial Statements (AFS). The last GRAP standards which brought in major changes to the face of the AFS were GRAP 17 on Property Plant and Equipment which was adopted in 2010/2011. The other adopted GRAP standards have had no major impact on the AFS. The Annual Financial Statements of the municipality have been declared as complying with GRAP standards. Matters raised under the qualification paragraph of the audit report were did not affect GRAP compliance.

GLOSSARY

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

The accounting officer of the municipality is responsible for the preparation and fair representation of the annual financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 2003 (Act 56 of 2003) and for internal controls that management deems necessary to enable the annual financial statements to be prepared free from material misstatements whether due to fraud or error.

In view of the about the Constitution of the Republic of South Africa 1996, s188 and section 4 of the Public Audit Act 2004 (Act 25 of 2004) states that the functions of the Auditor General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. Moreover, the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) states that the results of performance measurement must also be audited annually by the Auditor General.

Auditor General issued a qualified opinion. This has been the case for the past 3 financial years. The municipality is committed to improving the opinion and has compiled an audit turnaround strategy with time frames and tasks allocated to specific individuals to ensure implementation. The project is championed by the CFO and regular feedback meetings are held to assess progress.

6.1 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
Submitted Financial Statements not prepared in all material aspects in accordance with section 122 of the MFMA	
Expenditure in contravention of section 15 of the MFMA	
No effective system of internal controls for debtors in place as required by section 62(2)f of the MFMA	
Interest not charged on accounts in arrears as required by the section 62(2)g of the MFMA	
Creditors not paid within 30 days of receipt as required by section 65(2)E of the MFMA	
reasonable steps not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure as required by section 62(1)d of the MFMA	

GLOSSARY

Awards made in contravention of section 112 of the MFMA and SCM regulation 44	
No investigation conducted to determine if anyone is responsible for unauthorised, irregular, fruitless and wasteful expenditure as required by section 32(2)(a)ii of the MFMA	
An effective system of internal controls for assets not in place as required by section 63(2)c of the MFMA	
An effective system of internal controls for liabilities not in place as required by section 63(2)c of the MFMA	
Long term debt incurred without approval of municipal council as required by section 42(2)a of the MFMA	
Key Performance indicators not set out in the IDP as required by section 41(1)a of the municipal systems act,	
Measurable Performance targets not set out in the IDP as required by section 41(1)b of the municipal systems act,	
Performance management system and its controls were not adequate as required by the as required by section 38 of the municipal systems act and MPPMR 7	
The audit committee was not constituted in the manner required section 166(4)a of the MFMA	
The performance audit committee did not submit audit report on review of performance management systems as required by MPPMR 14(4)(a)(iii)	
Internal Audit unit did not function as required by section 165 (2) of the MFMA	
An Acting CFO was appointed for more than 3 months without the approval of a member of the executive council of local government which is in contravention of the sections 54A(2A) and 56(1)c of the MSA	

GLOSSARY

GLOSSARY

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

GLOSSARY

	timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS 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

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
AW Ntsangani	FT	Chairperson EXCO	PR	100%	
L Sinyongo	FT	Portfolio Head: Engineering	PR	100%	0%
SP Matyila	FT	Portfolio Head: Finance	PR	99%	1%
NV Gora	FT	Portfolio Head: Sport, Arts & Culture/Women Caucus	PR	100%	
MJ Makeleni	FT	Portfolio Head: Corporate Services	Ward 4	100%	
ME Mgengo	FT	Portfolio Head: Strategic Planning	Ward 16	100%	0%
MB Kata	FT	Chairperson: MPAC	Ward 1	100%	0%
M Ncume	PT	MPAC	PR	100%	0%
E Bantam	PT	MPAC	Ward 8	100%	0%
H Xelewa	PT	MPAC	Ward 18	100%	0%
N Mbalo	PT	MPAC	PR	100%	0%
XV Mamase	PT	MPAC	PR	100%	0%
B Malawu	PT	MPAC/Women Caucus	PR	100%	0%
NP Mlamla	FT	Speaker/Chairperson: Women Caucus	Ward 9	98%	2%
SL Ngwentle	FT	Chief Whip	PR	98%	2%
S Macakela	PT	Corporate Services	PR	100%	0%
N Rulashe	PT	Corporate Services	Ward 15	100%	0%
T Ngaye	PT	Corporate Services	Ward 11	97%	3%
AA Booysen	PT	Corporate Services	PR	100%	0%
TP Mjo	PT	Corporate Services	Ward 13	100%	0%
N Zibonda	PT	Corporate Services/Women Caucus	PR	100%	0%
T Dwanya	PT	Strategic Planning & LED	PR	100%	0%
MO Rawana	PT	Strategic Planning & LED	Ward 14	100%	0%
S Kley	PT	Strategic Planning & LED	PR	100%	0%
K Baliso	PT	Strategic Planning & LED	PR	100%	0%
A Stofile	PT	Finance	Ward 21	99%	1%
RA Kganedi	PT	Finance	Ward 6	100%	0%

Contents

X Dyantyi	PT	Finance	PR	100%	0%
J Kanie	PT	Finance/Women Caucus	PR	100%	0%
N Sango-Blackie	PT	Finance	Ward 3	100%	0%
MDM Nyenyeku	PT	Engineering	PR	100%	0%
M Nyangintaka	PT	Engineering	Ward 5	100%	0%
V Ndevu	PT	Engineering/Women Caucus	Ward 12	100%	0%
LZ Papu	PT	Engineering	Ward 20	100%	0%
T Matu	PT	Engineering/Women Caucus	Ward 7	100%	0%
Z Mpendu	PT	Sport, Recreation, Arts & Culture	PR	100%	0%
P Sixolo	PT	Sport, Recreation, Arts & Culture	Ward 10	100%	0%
SA Penu	PT	Sport, Recreation, Arts & Culture	PR	98%	2%
C Guzi	PT	Sport, Recreation, Arts & Culture	Ward 2	100%	0%
CN Daniels	FT	Finance	Ward 17	100%	0%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
ENGINEERING STANDING COMMITTEE	To provide political guidance on Service Delivery and recommend to EXCO and Council thereof
FINANCE STANDING COMMITTEE	To provide political guidance on fiscal and financial matters of the institution and recommend to EXCO and Council thereof
SPORT, ARTS & CULTURE STANDING COMMITTEE	To assist the Mayor in providing political guidance in community development through Sport and Heritage/ cultural promotions
STRATEGIC PLANNING & LED	To assist the Mayor in providing political guidance on Municipal Strategic and compliance matters and identification of social and economic needs of the Municipality
CORPORATE SERVICES STANDING COMMITTEE	To assist the executive committee on formulating policies/ legislation pertaining to the functions of Corporate Service Department and to ensure the provision of efficient, economical and effective administration of the Municipality
WOMEN CAUCUS	To lobby Council for the development and implementation of gender programmes as well as to promote women participation in the IDP/Budget processes
PERFORMANCE AUDIT COMMITTEE	To evaluate effectiveness of PMS
AUDIT COMMITTEE	To evaluate entire control of the Municipality
WHIP'S COMMITTEE	To ensure good governance and political accountability of Councillors as well as to ensure that all parties are proportionally represented in various committees of Council
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	To ensure Council fulfils its oversight function.

Contents

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Engineering Services	Mr Z.H Nkosinkulu
Corporate Services	Mrs N.K Fololo
Budget and Treasury Office	Mr N Nokwe (Acting)
Strategic Planning and Local Economic Development	Mr L Menze (Acting)

Contents

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	Yes	No
Electricity and gas reticulation		
Fire fighting services	Yes	No
Local tourism	Yes	Yes
Municipal airports	No	No
Municipal planning	Yes	Yes
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No

Contents

Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	Yes
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	Yes	Yes
Local amenities	Yes	Yes
Local sport facilities	Yes	Yes
Markets	Yes	Yes
Municipal abattoirs	Yes	Yes
Municipal parks and recreation	Yes	Yes
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	Yes
Street lighting	Yes	No
Traffic and parking	Yes	No

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 monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr MB Kata	Yes			3
	Mangiwa Nomakhwezi				
	Mpashu Zandisile				
	Tyesha Noluvuyo				
	Matyala Ayanda				
	Mani Vusumzi				
	Qgamane Chumani				
	Khongo Zukiswa				

Contents

	Ntabeni Nontombane M						
	Monakali Tembikile M						
	Ngqushu Xoliswa M						
Ward 2	Cllr N Guzi	Yes			1		
	Mabuda Zandile						
	Ndzube Mkhululi						
	Mxotwa Nokwanda						
	Gulwa Nolubabalo						
	Gqokoma Zolani						
	Bane AP						
	Mdingi Nontsikelelo						
	Gaga Thembisa C.						
	Stemele Pumeza S.						
	Socenywa Phakamile						
	Ward 3	Cllr N Sango Blackie	Yes				3
		Nonkosazana A Nohaba					
Nondumiso M Mathondolo							
Zatu Ncumisa C							
George Bulelwa Y							
Njenje Athenkosi							
Ncomtsa Msikeleli L							
Quma Tozama							
Nohamba Sindiswa							
Ngwana Cebo							
Ward 4	Cllr M Makeleni	Yes			3		
	Seti Ndyebo						
	Ntlokwana Nkosemntu D						
	Booi Thandiswa						
	Mbayiya Babalwa L						
	Nkwalase Xolani						
	Dayile Abongile						
	Nguye Makwedina C						
	Tshona Viwe						
	Ndayi Luvuyo						
Ward 5	Cllr M Nyangintaka	Yes			2		
	Tabalaza Mphumezi						
	Gwaza Ntombenkosi						
	Zondeka Masibulele						
	Patu Tozama						
	Mkwateni Nomvulo						

Contents

	Maxhela Buyiswa T				
	Njadayi Nomonde H				
	Ngalo Nompikiso M				
	Mpete Portia T				
	Sipango Vuyani				
Ward 6	Cllr RA Kganedi	Yes			1
	Makhasi Clive				
	Mokitimi Mapule				
	Botha Desmond				
	Ian Summerton				
	Christina Bantom				
	Radasi P Eric				
	Nkomana Monalisa				
	Tshona Zandile				
	Nomatshayina Nombengu				
Ward 7	Cllr T Matu	Yes			3
	Tukani Mzwabantu				
	Tyingwa Zamuxolo				
	Mothlabane Yolisa				
	Qhalo Bonani				
	Smith Donovan				
	Payi Nandipha				
	Qeqe Buyiswa				
	Mbanjwa Nosipho				
	Mbilane Nontombana				
Ward 8	Cllr E Bantam	Yes			4
	Twalo Nomvuyiselo				
	Billy Joseph				
	Vityolo Neliswa F				
	Zani Vuyile Q				
	Malunga Nokuphumla M				
	Mgwangqa Ntombekhaya				
	Mbombela Nomfundo				
	Loliwe Ntombise A				
	Bangani Thozama				
Menze-Mtshofeli Thobeka					
Ward 9	Cllr NP Mlamla	Yes			3
	Ndziweni Ntomboxolo				
	Zanazo Zola				
	Buwa Ndileka				

Contents

	Mntuphantsi Luthando				
	Kilani Anele				
	Keps Akha				
	Makinana Stanley M				
	Yeko Zanyiwe F				
	Badi Bongani				
Ward 10	Cllr P Sixolo	Yes			2
	Sokupa Sisanda				
	Makalima Francis				
	Jack Simphiwe				
	Mbane Monwabisi				
	Mana Monde				
	Xubuzana Luzuko				
	Bavuma Bongani				
	Currie Xhantlomzi				
Ward 11	Cllr T Ngaye	Yes			1
	Jekwa Sipho				
	Songayi Siyabulela M				
	Tinga Livingstone M				
	Nanto Ntombizanele				
	Singe Phakama M				
Ward 12	Cllr V Ndevu	Yes			3
	Luka Haward				
	Mkhwayimba Selinah				
	Lubisi Mhlangabezi W				
	Ngeju Thotyelwa				
	Madondile Khinzeka				
	Mji Thembisa				
	Runeli Yoliswa				
	Sigonyela Mphumezi				
	Selem Nongetheni S				
Madyongolo Alton L					
Ward 13	Cllr T Mjo	Yes			4
	Goxani Luthando				
	Jali Melikhaya				
	Gidi Thabo				
	Mbewu Similo W				
	Dinginto Siziwe F				
Ketye Mncedisi V					

Contents

	Dalaba Veronica						
	Msutu Nozuko C						
	Mjo Thobeka P						
	Sapula Yoliswa						
Ward 14	Cllr MO Rawana	Yes			2		
	Joko Bongwe						
	Ngcumbe Xolani A						
	Gope Andiswa						
	Myali Nomakhosazana						
	Tshona Zingisile						
	Nggozi Akhona						
	Phike Nonkosi S						
	Jafta Bongani						
	Patani Phumla						
	Beleni Zukile						
	Ward 15	Cllr N Rulashe	Yes				1
		Nogqala Nozipho C					
Dick Mantombi S							
Ntanta Nozicelo							
Ndayi Dineka							
Ndzoyi India							
Myoli Xoliswa							
Ngudle Joyce N							
Jikela Lundi							
Helisi Mabhuti							
Nyamanda Sandiswa							
Ward 16	Cllr ME Mgengo	Yes			4		
	Nzuzo Monwabisi						
	Gqangeni Xolisile						
	Labase Charles T						
	Masiko Rhoda						
	Demo Nokwandisa						
	Makubeni Nomvuyo						
	Ngabaza Hamilton B						
	Mtima Babalwa E						
	Xayimpi Nontle						
	Dyanti Mbuzo R						
Ward 17	Cllr CN Daniels	Yes			3		
	Skiti Nomkhitha						
	Mjacu Fundeka						

Contents

	Kanti Pheliswa P						
	Mguqulwa Lukhanyo A						
	Diyo Nozipho C						
	Xape Nkosana C						
	Bonisani Phethe						
	Makisi Cynthia						
	Ndita Mzukisi						
Ward 18	Cllr H Xelelwa	Yes			2		
	Myosana Thembela						
	Jongidiza Anele						
	Belukwana Mthunzi						
	Mayekiso Headman						
	Tede Zandisile						
	Melane Tamsanqa						
	Jumba Neziswa M						
	Mtshaza Weziwe						
	Tyiko Nozipho						
	Ngwabane Linda						
	Ward 19	Cllr M Matshaya	Yes				2
		Metuse Nombuyiselo A					
		Pantsi Liziwe F					
Simetu Nontsikelelo O							
Nyikana Ntombizandile							
Ngalo M							
Ngxwashula Nomeracy							
Mkwemnte/Kuse Mgcina							
Jende Monwabisi							
Ward 20	Cllr LZ Papu	Yes			3		
	Bunzi Nomvuzo V						
	Keeditse Nthabiseng J						
	Booyen Sindile A						
	Mweli Mlulami						
	Mgoqi Thenjiwe						
	Mqayi Nomfundo						
	Matu Mawonga P						
	Langa Chumani						
News Bukelwa							
Ward 21	Cllr A Stofile	Yes			3		
	Qhina Asanda						
	Makinana Phulma						

Contents

	Yantolo Funeka E				
	Mana Ayanda				
	Manayo Faniswa D				
	Manda Xoliswa				
	Stofile Mbuyizeli				
	Rafa Thembakazi				
	Baba Ntombekhaya				
	Mangweni Vuyiswa				

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Contents

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Lamani Financial Services	Provision of set of construction machinery equipment on hire purchase.	24/01/2014	24/01/2017	Mr Nkosinkulu	37 941 397.92
Sizanane Consulting	Procurement of a private property valuers	17/10/2013	17/10/2018	Mr Britz	3 534 438.60
Thunzi Consulting (Pty)Ltd	Sourcing of funds for the development and implementation of energy efficiency and demand side management programme.	20/06/2013	20/06/2017	Mr Nkosinkulu	4 968 165.74
Izingodla Engineering(Pty)Ltd	Sourcing of funds for the development and implementation of energy efficiency and demand side management programme.	31/05/2013	31/05/2017	Mr Nkosinkulu	692 953.71

VOLUME II

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	AW Ntsangani	Nil
Exco	SP Matyila	Nil
	N Gora	Nil
	ME Mgengo	Nil
	MJ Makeleni	Nil
	L Sinyongo	Nil
Councillor		
Speaker (ward 9)	NP Mlamla	Nil
Chief Whip	SL Ngwentle	Nil
	S Kley	Nil
	MC Nyangintaka	Nil
	CN Mbalo	Nil
	ZM Mpendu	Nil
	X Dyantyi	Nil
	AA Booysen	Nil
	N Sango Blackie	Nil
	M Matshaya (passed away)	
	NV Gora	Nil
	M Kata	Nil
	T Mjo	Nil
	A Stofile	Nil
	H Xelelwa	Nil
	XV Mamase	Nil
	T Matu	Nil
	MDM Nyenyeku	Nil
	T Ngaye	Nil
	M Ncume	Nil
	E Bantam	Elten's Agric
	T Dwanya	Nil
	CN Daniels	Nil
	RA Kganedi	Cartage Truck
	V Ndevu	Nil
	C Guzi	Nil
	SW Macakels	Nil
	SA Penu	Nil
	ZL Papu	Nil

Contents

	P Sixolo	Dlokwayi General Dealer
	J Kanie	Nil
	D Gysman (passed away)	
	B Malawu	Nil
	N Rulashe	Nil
	MO Rawana	Nil
Municipal Manager	KC Maneli	Nil
Chief Financial Officer	N Nokwe (Acting)	Nil
Other S57 Officials	ZH Nkosinkulu	Cawa General Trading
	NK Fololo	Nil
	L Menze (Acting)	Nil
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
T J		

Contents

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: 2013/ 2014			2013/ 2014 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Assessment Rates		-24 470 000	-28 152 133	-35 299 594	31%	20%
Basic Electricity		-120 000	-250 000	-437 239	73%	43%
Consumption Charges - Electricity		-20 721 875	-20 000 000	-15 808 444	-31%	-27%
Connection Fee - Electricity		-51 700	-51 700	-30 837	-68%	-68%
Consumption Charges - Water						
Refusal Removal		-7 692 975	-7 000 000	-9 431 534	18%	26%
Sale of Electricity - Prepaid		-10 000 000	-14 486 197	-11 958 337	16%	-21%
Rental of Halls		-162 303	-162 303	-143 897	-13%	-13%
Rental - Lease		-100 000	-100 000	-1 510	-6523%	-6523%
Rental of Municipal Houses		-130 404	-130 404	-21 890	-496%	-496%
Rental - Site				-120 455	-	-
Billboard Rentals		-126 000	-126 000		#DIV/0!	#DIV/0!
Rental - Plant/Tools				-154	-	-
Interest on Bank Account		-500 000	-500 000		#DIV/0!	#DIV/0!
Interest on Investment		-1 500 000	-1 500 000	-590 406	-154%	-154%
Interest - Arrear Debtors		-5 000 000	-5 000 000	-936 503	-434%	-434%
Interest - Assessment Rates		-2 100 000	-3 100 000	-2 455 940	14%	-26%
Interest - Service Charges		-2 100 000	-2 500 000	-10 111	-20670%	-24626%
Fines		-300 000	-300 000	-196 955	-52%	-52%
Learners and Drivers Testing		-2 200 000	-2 425 000	-2 765 651	20%	12%
Any Other - MSIG Grant		-890 000	-890 000	-890 000	0%	0%
Equitable Share (Operating)		-94 338 000	-94 338 000	-94 338 000	0%	0%
Finance Management Grant		-1 650 000	-1 650 000	-1 650 000	0%	0%
Subsidies		-1 000 000	-9 625 000	-5 387 189	81%	-79%
Any Other - MSIG Grant		-29 147 000	-29 147 000	-29 147 000	0%	0%
Bad Debts Recovered		-4 000 000	-3 000 000		#DIV/0!	#DIV/0!
Building Plans		-115 500	-110 000	-40 185	-187%	-174%
Burial & Cemetery		-61 500	-50 000	-29 910	-106%	-67%
Commission Received		-126 000	-100 000	-107 687	-17%	7%
Deposits Tender		-105 000	-105 000	-56 535	-86%	-86%

Contents

EPWP		-2 180 000	-2 180 000	-2 180 000	0%	0%
Insurance Fee		-260 000	-20 000	-6 648	-3811%	-201%
Med Aid Contribution paid by Pensioners		-305 000	-305 000	-31 861	-857%	-857%
Print/ Stationery/Fax/Photostats				-18 021	-	-
Revenue Plant Unit		-100 000	-4 200 000	-7 566	-1222%	-55411%
Skills Development Levy Returns		-500 000	-500 000	-62 673	-698%	-698%
Sundry Revenue		-500 000	-900 000	-2 160 765	77%	58%
Surplus Cash				-20	-	-
Valuation Certificates		-73 500	-30 000	-14 003	-425%	-114%
Grants Received - ADM				-450	100%	100%
VAT Income				-87 158	100%	100%
Discount Received				150 252	100%	100%
Total Revenue by Vote	-	(212 627)	(232 934)	(216 275)	#DIV/0!	#DIV/0!

Contents

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance Nkonkobe Local Municipality						
Description	R '000					
	2012/ 2013	2013/ 2014			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates - penalties & collection charges	19 393	24 470	28 152	35 299	31%	20%
Service Charges - electricity revenue	29 667	30 885	34 788	28 226	-9%	-23%
Service Charges - water revenue	-	-	-	-	0%	0%
Service Charges - sanitation revenue	-	-	-	-	0%	0%
Service Charges - refuse revenue	8 886	7 693	7 000	9 440	19%	26%
Service Charges - other	-	-	-	-	0%	0%
Rental of Facilities and equipment	264	519	519	288	-80%	-80%
Interest earned - external investments	900	2 000	2 000	590	-239%	-239%
Interest earned - outstanding debtors	1 817	920	10 600	3 403	73%	-211%
Dividend received	-	-	-	-	0%	0%
Fines	113	300	300	197	-52%	-52%
Licences and permits	-	-	-	-	0%	0%
Agency services	-	2 200	2 425	-	0%	0%
Transfer recognised - operational	-	100 058	108 683	-	0%	0%
Other revenue	1 398	18 365	25 164	2 474	-642%	-917%
Gains on disposal of PPE	-	-	-	-	0%	0%
Environmental Protection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	62	187	220	80	-134.51%	-174.82%

Contents

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

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
Nkonkobe Economic Development Agency	Municipal Entity	None	1371	
Ngumbela Cricket Development	Support of an NGO	Outlined on the MoU	200	
Indigent Subsidy (Free Basic Service)	Free Basic Electricity	None	8942	
Total			10513	

Contents

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.