

ILEMBE DISTRICT MUNICIPALITY



ILEMBE UMASIPALA WESIFUNDA  
KING SHAKA

**2016/2017**

**DRAFT ANNUAL REPORT  
FOR  
ILEMBE DISTRICT MUNICIPALITY  
JULY 2016 – JUNE 2017**

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### 1.1 OVERVIEW BY HIS WORSHIP THE MAYOR

On behalf of the iLembe District Municipality, I hereby present this Annual Report for the financial Year 2016/2017. This report will outline our performance on the targets we set for ourselves over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the District. The mandate of iLembe District Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, chapter 7, Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003.

The only uniqueness we have is the different legitimate expectations of our citizenry. Our specific mandate is drawn from the road shows we embark upon in drafting our Integrated Development Plan, which is our guiding document in our performance. Our resolve is based on servicing our communities wherever they live.

Public participation remains an important pillar of our democracy. As stipulated in the legislative framework governing local government, the municipality has undertaken various initiatives to ensure an informed and active citizenry. The ward committee system in the district is fully functional, although our system of reporting still needs refinement.

We continue to hold *izimbizo* sessions with members of the community twice a year. The sessions afford Council opportunity to engage directly with the public on issues of service delivery, including the development of the budget. In addition, sectorial meetings with formations representing the youth, women, the elderly and the disabled are held in the course of doing the business of the municipality. In view of the interdependence of all spheres of government, we continue to participate in various platforms to promote Inter-Governmental relations at national, provincial and district levels.

Everyone directly linked to this Municipal Council, thus all councilors and staff members worked diligently during the past financial year to achieve the above mentioned vision of our municipality, also contributed towards us achieving our 3<sup>rd</sup> consecutive clean audit. The commitment from all councilors and members of the Executive Committee and employees cannot be disputed if you look at all the achievements and I want to thank each and every one of them. To maintain this high standards of services that the institution is accustomed to, took a lot of effort and hard work from everybody.



The 3<sup>rd</sup> Clean Audit attained in the 2016/2017 financial year was a culmination of prudent financial management, good governance in our business processes and ensuring that all reporting was credible, accurate and reliable. The pursuit of, and maintenance of the clean audit status in the years going forward is a key priority and all efforts are engineered towards the provision of services within the mandate of local government legislation.

It is important that we as politicians focus our energies on the mandates we have from our respective political parties. Our differences should only be an indication of a strong democratic state, not an impediment to deliver services to our people.

Together we have done much to improve the material conditions of the majority of people living within our jurisdiction, but much more remains to be done. I would like to thank the political leadership for their commitment. We also enjoy a relationship of respect and courtesy with our administrative management, for which we are grateful. Together we will continue to make iLembe District Municipality the preferred space to live in, to work and to play.

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**CLLR. SS GUMEDE**  
**HIS MUNICIPAL MANAGER**

## 1.2 EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER

The Annual Report for the 2016/2017 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. In particular, MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General at the same time as the Annual Financial Statements in August each year.

This report records the performance and progress made by the iLembe District Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review. The 2016/2017 financial year saw us enjoy a string of successes from an administrative perspective.

Leading a municipality which continues to receive awards for its outstanding efforts in bringing service delivery to the community it serves is truly a fulfilling task. The municipality continues to demonstrate that when there is determination from both the political administration and the municipal officials great strides can be made towards a clean administration which is achieving set targets as per the service delivery plan and spending on the capital budget.

The Municipality has also taken strides in ensuring that it enhanced its reporting structures further with regards to performance management and this has seen the Municipality improve on achievement of its set targets on its Service Delivery Budget Implementation Plan.

The Municipality also continues to align its reporting processes and has ensured there is consistency from the first phase of planning i.e. development of Integrated Development Plan (IDP) to when we report on our final performance for the year in the Annual Report.

Risk Management has been another area the Municipal administration has improved on and the Risk Management Committee guides the development and implementation of risk management processes.

Our relationship with the four local municipalities in the district has always been strong and with the Shared Services concept planning, we have been able to add capacity to our

struggling local municipalities. This is also evident in the integration of our IDP's and a concerted effort to align the service delivery mechanisms of the local municipalities with that of the district.

As an administration we might continue to hear about the shortcomings of our Municipality and we are determined to continue seeking means to address the serious concern areas of service delivery being our ageing infrastructure network and pit latrines that need dislodging to name a few. Even with such challenges the Municipality has continued to take the necessary strides of an organisation listening to the most critical voice that drives it, our community.

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**MR. NG KUMALO**  
**ACTING MUNICIPAL MANAGER**

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### MUNICIPAL VISION

*“By 2030 iLembe District Municipality will be a sustainable people-centred economic hub providing excellent services and quality of life”*

#### 1.3.1 ILEMBE DISTRICT MUNICIPALITY’S 5 YEAR STRATEGIC PLAN ALIGNED TO THE NATIONAL KPAS AND PGDS

Section 25 of the Municipal Systems Act states that each municipal Council must, after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. Considering this, iLembe District embarked on a process to review and refine its plans in the context of changing needs and new developments.

The iLembe Strategic Planning session took place on 24 - 27 October 2016, to reflect on the challenges, performance and progress of development initiatives of the previous term of office, consolidate implementation plans for projects, programmes and pave the way for crafting the new five year, 2017-2022 Integrated Development Plan (IDP) with its newly elected Council.

The table below illustrates iLembe’s 5 Year strategic objectives aligned to the 14 National outcomes, PGDS and iLembe’s DGDP, as follows:

KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT				
IDP REF.	NATIONAL OUTCOME	PGDS GOALS	ILEMBE DGDP PRIORITY	5 YEAR STRATEGIC OBJECTIVE
MTI01	4: Decent Employment Through Inclusive	1: Inclusive Economic	Effective Governance,	To establish an efficient and productive administration
MTI02	Economic Growth	Growth	Policy and Social	To ensure a sustainable and healthy environment
MTI03	5: A Skilled And Capable Workforce To	2: Human	Partnerships	To provide and maintain an effective Document Management System
MTI04	Support An Inclusive Growth	Resource Development		To ensure effective governance through regular Council meetings
MTI05	9: Responsive, Accountable, Effective			To provide legal advice and ensure resolution of legal matters against and/or on behalf of the municipality
MTI06	And Efficient Local Government			To provide an innovative, effective and efficient Information and Communication Technology service.

#### KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED) & PLANNING

IDP REF.	NATIONAL OUTCOME	PGDS GOALS	ILEMBE DGDP PRIORITY	5 YEAR STRATEGIC OBJECTIVE
LED01	4: Decent employment through inclusive economic growth	1: Inclusive economic growth	A diverse and growing economy, promote social well-being	To improve co-ordination of LED in the District
LED02				To upscale Agriculture development in the district
LED03	6: An efficient, competitive and responsive economic infrastructure network	3: Human & Community Development		To capitalize on tourism potential of the District
LED04				To increase Manufacturing output within the district.
LED05		5: Spatial Equity		To ensure job creation
LED06	7: Vibrant, equitable and sustainable rural communities and food security for all			To create an ICT platform available to everyone
LED07		6: Environmental Sustainability		To facilitate co-ordinated planning and development

#### KPA 3: BASIC SERVICE DELIVERY

IDP REF.	NATIONAL OUTCOME	PGDS GOALS	ILEMBE DGDP PRIORITY	5 YEAR STRATEGIC OBJECTIVE
BS01	8: Sustainable human settlements and improved quality of household life	1: Inclusive economic growth	Equity of access	To ensure access to potable water for domestic consumption and support local economic development
BS02			A liveable region	To ensure access to basic sanitation for domestic purposes and support local economic development
BS03	9: Responsive accountable, effective and efficient local government system	4: Strategic Infrastructure		Monitor Siza Water concession contract
BS04				Create job opportunities through Infrastructure Project

#### KPA 4: FINANCIAL VIABILITY & MANAGEMENT

IDP REF.	NATIONAL OUTCOME	PGDS GOALS	ILEMBE DGDP PRIORITY	5 YEAR STRATEGIC OBJECTIVE
FV01	9: Responsive accountable, effective and efficient local government system	7: Governance and Policy	Effective governance, policy and social partnerships	To ensure sound revenue management
FV02				To ensure sound budgeting and compliance principles
FV03				To ensure sound expenditure management
FV04				To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework



FV05	To maintain a clean audit opinion
FV06	To ensure sound and effective asset management

**KPA 5: GOOD GOVERNANCE & PUBLIC PARTICIPATION**

IDP REF.	NATIONAL OUTCOMES	PGDS GOALS	ILEMBE DGDP PRIORITY	5 YEAR STRATEGIC OBJECTIVE
GP01	<i>9: Responsive accountable, effective and efficient local government system</i>	<i>7: Governance and Policy</i>	Promote social well-being, effective governance, policy and social partnerships & a liveable region	To strengthen partnership with various stakeholders through communicating municipal business
GP02	<i>12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship</i>	<i>3: Human and Community Development</i>		To promote accountability and deepen democracy through capacitating the community to participate and support municipal business.
GP03				To ensure prevention and mitigation against disasters
GP04				To improve the quality of life within the district
GP05				To preserve our History and heritage
GP06				Compliance and good Governance
GP07				To provide independent, objective assurance and consulting services designed to add value and improve the municipality's operations.
GP08				To implement and maintain compliant, effective and efficient enterprise risk management systems and processes.
GP09				To improve the quality of life within the district
GP010				To ensure effective Organisational Performance Management
GP011				To ensure that the entity administration is governed by the sound and effective values and principles as outlined in the constitution of South Africa

**TABLE 1: STRATEGIC OBJECTIVES**

### 1.3.2 GOVERNMENT PRIORITIES

This section of the IDP seeks to highlight some of the international, national and provincial goals and priorities that the District is guided by and where it is relevant, what programmes respond to the different mandates brought forward.

#### a) SUSTAINABLE DEVELOPMENT GOALS (SDG)

At an International level, the Sustainable Development Goals are one of the many United Nations initiatives that guide constituencies on what standards to strive for in terms of people's needs, the environment and other important factors. They serve as a successor to the Millenium Development Goals. They include 17 goals and 169 targets that capture the global aspirations for sustainable development. The municipality's IDP is to some extent aligned with these goals that were adopted in September 2015. The National Development Plan and the Provincial Growth and Development Strategy, to which the iLembe IDP is aligned, have devised interventions that respond to the 17 goals. The new Council has developed this new five year IDP that include strategies on how the municipality will be contributing to each of the Sustainable Development Goals between 2017 and 2022. Chapters 3 and 6, contains strategies and projects that link to the SDGs as they appear in the figure below:

## SUSTAINABLE DEVELOPMENT GOALS



FIGURE 1: SUSTAINABLE DEVELOPMENT GOALS

SDGS	IDM RESPONSE
SDG 1: End poverty in all its forms everywhere	<ul style="list-style-type: none"> <li>• SMME Support programmes by Enterprise iLembe; and</li> <li>• Operation Sukuma Sakhe interventions.</li> </ul>
SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<p>Various agricultural projects implemented by Enterprise iLembe, including:</p> <ul style="list-style-type: none"> <li>• Small holdings farmer support;</li> <li>• National Schools Nutrition Programme; and</li> <li>• Hydroponic Tunnel projects.</li> </ul>
SDG 3: Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> <li>• Projects and programmes from the department of health included in Chapter 8; and the municipality is implementing various sporting programmes aimed at youth, senior citizens and people with disabilities.</li> </ul>
SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>• Projects and programmes from the department of Education included in Chapter 8 of the IDP.;</li> <li>• Implementation of the municipality's Workplace Skills Plan; and</li> <li>• Implementation of the municipal Bursary Policy.</li> </ul>
SDG 5: Achieve gender equality and empower all women and girls	<p>The municipality is implementing various gender equality programmes to empower women, such as;</p> <ul style="list-style-type: none"> <li>• Implementation of the Municipal Equity Plan;</li> <li>• Take a Girl Child to Work Day initiative;</li> <li>• Teenage Pregnancy Awareness Campaigns; and</li> <li>• Women's Parliament.</li> </ul>
SDG 6: Ensure availability and sustainable management of water and sanitation for all	<p>The municipality is implementing various water infrastructure projects to ensure availability of water, these are included in Chapter 6 of the IDP.</p>
SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> <li>• Eskom projects under Chapter 7 of the IDP.</li> </ul>
SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>• Enterprise iLembe programmes.</li> </ul>
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<p>The municipality is implementing various water infrastructure projects to ensure availability of water, these are included in Chapter 6 of the IDP.</p>
SDG 10: Reduce inequality within and among countries	N/A

**SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

The municipality, through water and sanitation infrastructure projects is facilitating the establishment of sustainable human settlements.

**SDG 12: Ensure sustainable consumption and production patterns**

- The municipality is currently piloting a Recycling programme; and
- Development of an Integrated Waste Management Plan.

**SDG 13: Take urgent action to combat climate change and its impacts**

The municipality will be developing a Climate Change Response Strategy.

**SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

The two coastal Local Municipalities, KwaDukuza and Mandeni, have developed Coastal Management Plans.

**SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

The municipality has concluded a Wetland assessment and the draft action plan is included as part of this IDP.

**SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

The municipality has various measures in place such as the:

- Anti-Fraud and Corruption Policy and Strategy;
- A functional external audit committee;
- A functional risk management committee; etc.

**SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.**

The municipality has partnered with various international organisations, including SECO (Switzerland) and ICLEI on economic development and environmental management programmes, respectively.

## TABLE 2: ILEMBE'S RESPONSE TO SDG'S

### b) THE STATE OF THE NATION ADDRESS

The State of the Nation Address (SONA) is an opportunity for the President of the republic to take stock of the country's domestic and foreign situation and to chart a common direction that should be taken to enhance our effort to achieve a better life for all.

The President's 9 Point Plan for the economy was quite comprehensive and covered all the major challenges facing South African economy, emanating from the plan the 9 priorities were:

PRIORITIES	IDM RESPONSE
Resolving the energy challenge, particularly in Eskom.	Energy efficiency programmes for Municipal infrastructure.
Revitalising the Agricultural value chain;	Implementation of the Agri-parks programme and various other agricultural initiatives by Enterprise iLembe.
Beneficiation through adding value to mineral resources;	Relevant National department.
More effective implementation of higher impact industrial policy action plan;	Relevant National/Provincial department.
Encouraging private sector investment;	Investment promotion and facilitation by iLembe District Municipality and Enterprise iLembe.
Moderating work place conflict;	Managed through the Local Labour Forum.
Unlocking the potential of SMMEs, cooperatives, townships and rural enterprises;	Various programmes by Enterprise iLembe.
Operation Phakisa – to grow the ocean economy	The municipality, in partnership with DEA and Public Works, is working to identify priority projects within the coastline.

**TABLE 3: ILEMBE'S RESPONSE TO SONA**

**c) MEDIUM TERM STRATEGIC FRAMEWORK**

MTSF OUTCOMES	IDM RESPONSE
1. Improve the quality of basic education	Department of Education
2. A long and healthy life for all South Africans	Projects and programmes from the department of health included in Chapter 8; and the municipality is implementing various sporting programmes aimed at youth, senior citizens and people with disabilities.
3. All people in South Africa are and feel safe	South African Police Service
4. Decent employment through inclusive economic growth	Department of Economic Development; Department of Trade and Industry; and Enterprise iLembe.
5. A skilled and capable workforce to support an inclusive growth	Projects and programmes from the department of Education included in Chapter 8 of the IDP.;



6. An efficient, competitive and responsive economic infrastructure network	Implementation of the municipality's Workplace Skills Plan; and Implementation of the municipal Bursary Policy. Projects and programmes by Eskom under Chapter 8 of the IDP.; and Water and Sanitation Projects by the municipality under Chapter 6 of the IDP.
7. Vibrant, equitable and sustainable rural communities with food security for all	Various agricultural projects implemented by Enterprise ILembe, including: Small holdings farmer support; National Schools Nutrition Programme; and Hydroponic Tunnel projects.
8. Sustainable human settlements and improved quality of household life	The municipality, through water and sanitation infrastructure projects is facilitating the establishment of sustainable human settlements.
9. A responsive and accountable, effective and efficient local government system	The Implementation plan contained in Chapter 6 of the IDP.
10. Environmental assets and natural resources that is well protected and continually enhanced	The Municipality has concluded the following Environmental plans: The Environmental Management Framework; Wetland Assessment Report; and Coastal Management Programmes (Mandeni and KwaDukuza).
11. Create a better South Africa and contribute to a better and safer Africa and World	All Government Departments.
12. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship.	Governance projects included in Chapter 3 and 6 of the IDP.
13. Inclusive and responsive social system	Special projects that are included in Chapter 3 of the IDP.
14. Transforming and unifying the country	iLembe is implementing a number of programmes that foster social cohesion and nation-building, these include: SALGA Games; Golden Games; and Cultural Celebrations (uMkhosi weLembe, Eid, Diwali, etc.)

**TABLE 4: ILEMBE'S RESPONSE TO THE 14 NATIONAL OUTCOMES**

#### d) BACK-TO-BASICS APPROACH

##### “SERVING OUR COMMUNITIES BETTER!!”

The B2B programme outlines governments' plan of action to ensure a focused and strengthened local government by getting the basics right and together with other spheres of government, providing basic services efficiently and effectively and in a caring manner. The main goal is to improve the functioning of municipalities to better serve communities by getting the basics right.

Government has enforced a back-to-basics approach for the country's 278 municipalities. The back-to-basics approach want to sure that robots work, making sure that potholes are filled, water is delivered, refuse is collected, electricity is supplied, refuse and waste management takes place in the right kind of way. Systems to allow national and provincial governments to monitor the performance of municipalities and ensure they respond to crises quicker would be put in place.

These key performance areas for the Back-to-Basics Approach are premised on the five pillars as follows:



FIGURE 2: PILLARS OF BACK TO BASICS

The key performance indicators are assessed under each pillar on a quarterly basis. The programme is measured on an assessment that is main questions, scored and supplementary questions considered and the support plan that is implementation on progress. A 60/40 principle will be applied in terms of scoring. The final results will be categorised as functional, challenged and requiring intervention. The understanding of the categorisation is as follows:

#### Functional

A good municipality with a score above 70%

- Political stability, functional structures and health admin interface.
- Responsive to service needs & infrastructure well maintained.
- Institutional continuity, clear policy, delegation frameworks in place.

- High collection rate, 7% on maintenance, CAPEX spent and clean audits.
- Community satisfaction, regular engagements and feedback.

## Challenges

A municipality is at risk with a score between 51% to 69%.

- Signs of political instability, excessive interference in admin or SCM.
- Slow responses to service failures, escalating utility losses or theft.
- Some critical positions not filled, some managers not qualified.
- Low collection rates, CAPEX not spent, declining audit opinions.
- Growing community protests, lack of feedback mechanisms.

## Requiring intervention

A municipality with a score below 50%.

- High degree of instability, fraud and corruption, committees don't meet.
- Collapse in service delivery, outages, asset theft, and poor maintenance.
- Incompetent managers, many vacancies, no delegations.
- Chronic underspending, high debtors, no accountability, disclaimers
- Community dissatisfaction, high number of community protests.

It is against this background that the Ministry of Cooperative Governance and Traditional Affairs has pursued the *Back to Basics Approach* to address challenges faced by local government, strengthening municipalities, instilling a sense of urgency towards improving citizens' lives.

The table below illustrates the latest B2B status for iLembe family of municipalities.

MUNICIPALITY	DCOG Sept 2014	IMPROVED / REGRESSED / UNCHANGED			
		KZN COGTA June 2015	KZN COGTA March 2016	KZN COGTA June 2016	KZN COGTA Sept 2016
<b>iLembe DM</b>	Functional	Functional	Challenged	Challenged	Functional
<b>KwaDukuza LM</b>	Functional	Challenged	Requiring Intervention	Challenged	Functional
<b>Mandeni</b>	Challenged	Challenged	Requiring Intervention	Functional	Challenged
<b>Maphumulo</b>	Functional	Challenged	Requiring Intervention	Challenged	Requiring Intervention



KZN PGDP GOAL	ILEMBE DISTRICT GOAL
Inclusive Economic Growth	A diverse and growing economy
Human resource development	Promote social well-being
Human and community development	
Strategic infrastructure	Provide equitable access
Spatial equity	A liveable region
Environmental sustainability	Living in harmony with nature
Governance and policy	Effective Governance, Policy and Social Partnerships

**TABLE 6: DGDP OBJECTIVES**

As evident from the table above, essentially the aim of the DGDP is to ensure synchronization between the District goals and objectives and Provincial goals and objectives. The District goals are an informant to the strategic interventions/projects proposed in the DGDP. These interventions are key to the municipality's ability to achieve its vision.

In the process of compiling the DGDP, the iLembe family hosted the District Growth and Development Summit. This was a multi-sectorial engagement to devise strategies and projects that would encourage economic growth in iLembe. The resolutions of the summit have been incorporated into the strategic objectives of the DGDP.

Due to the long term nature of this plan (2030 vision aligned to PGDS) it was essential that the interventions were expressed with short, medium, and long term horizons i.e. short term 2016-2020, Medium term 2021-2025, and Long term 2026-2030. A comprehensive copy of the DGDP is contained in the municipality website.

## 1.4 ILEMBE DISTRICT MUNICIPALITY PROFILE

The iLembe District Municipality (DC29) lies on the east coast of KwaZulu-Natal, between eThekweni Metro in the south and King Cetshwayo District in the North. To the west, iLembe is bordered by two Districts; uMgungundlovu and uMzinyathi. At 3 260km<sup>2</sup>, this is the smallest of the 10 KZN District Municipalities with a total population of approximately 657,612 people (Statics SA Community Survey 2016). I Lembe District is constituted by four Local Municipalities; Mandeni, KwaDukuza, Ndwedwe and Maphumulo. See map 1 for an Overview of the iLembe Region.

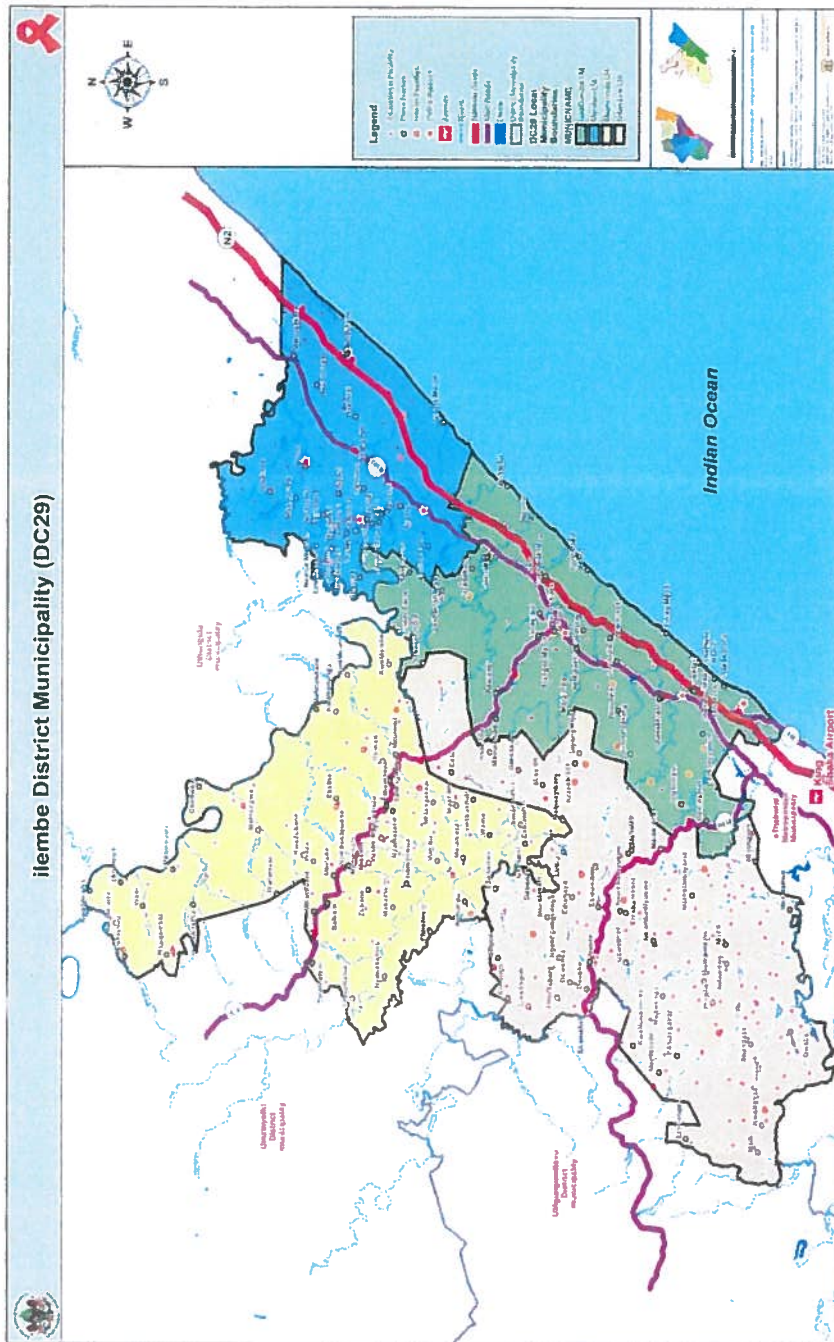


iLembe is located between two of Africa's busiest ports, Durban and Richards Bay, on the primary economic development corridor in the province, and is therefore well positioned not only to local, but also international markets, the King Shaka International Airport and the Dube Trade Port, just a few kilometres from the southern border of iLembe, have amplified what was already a prime investment destination. The District is made up of 45 TA areas where settlement is controlled by Traditional Authorities according to a traditional land tenure system. These TA areas cover approximately 63% of the total area of iLembe; where the Ingonyama Trust own the majority of the land within the municipality of Maphumulo, the lower reaches of Ndwedwe (69%) and coastal and inland reaches of Mandeni (49%).

The northern areas of Ndwedwe, the central corridor of Mandeni and KwaDukuza Municipality are the commercial farming hubs of the District. The commercial farming areas of KwaDukuza, Mandeni and Ndwedwe (31% of the iLembe District) are mainly under privately owned sugar cane. Areas of urbanisation in the District comprise of KwaDukuza/Stanger, Mandeni, the Dolphin Coast and Nkwazi Land uses within these areas are typically urban mixed uses with high levels of infrastructural and service development and an adequate provision of social facilities and services to support the resident populations. Industrial development is concentrated in KwaDukuza, IsiThebe and Darnall, most notably the Gledhow and Darnall sugar milling operations at Stanger and the Sappi Paper mills at Mandeni.

Informal settlements with limited facilities or infrastructural services occur on the periphery of the developed areas and within the towns of iLembe. Village centres such as Maphumulo and Ndwedwe in the west, Nyoni and Mbizimbelwa in the north, comprise of commercial and service development in the rural areas. They largely exist in association with a magistrate's court, clinic, pension pay point, health, education and welfare office or similar state service. Wholesale commercial activities have expanded and these villages have emerged as supply centres and transportation hubs to the remote rural areas of iLembe.

Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions. The District has been proactive in developing Enterprise iLembe, a broad based institution aimed at facilitating local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.



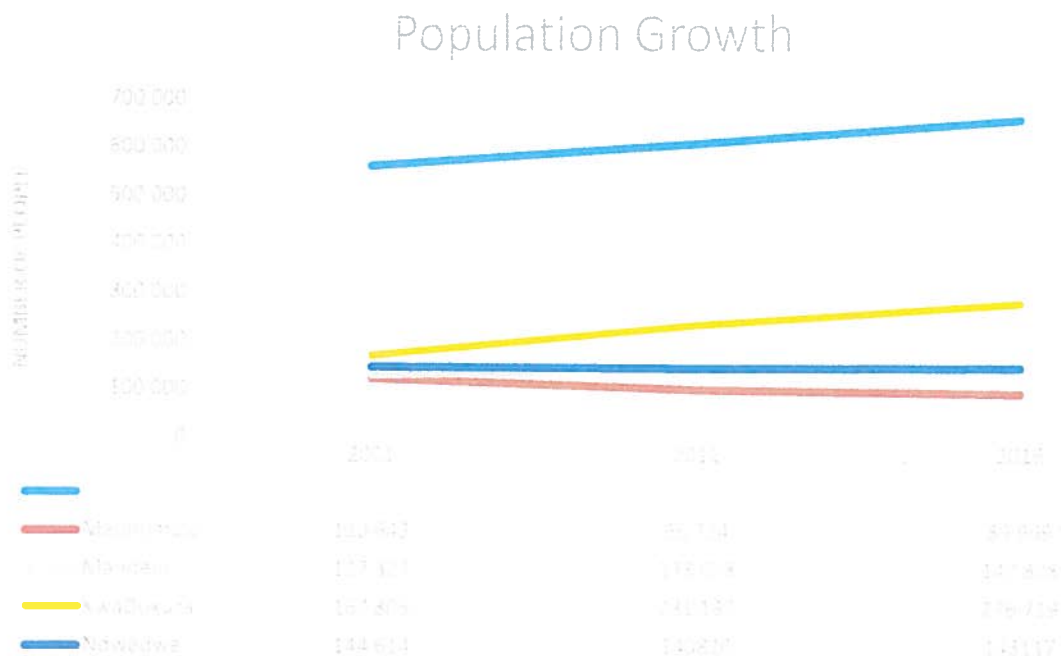
**MAP 1: OVERVIEW OF THE ILEMBE REGION**

**DEMOGRAPHIC CHARACTERISTICS**

The Statistics SA Census data for 2001 and 2011 and the results of the 2016 Community Survey have been used for the demographic and the economic information in this section.

### a) POPULATION AND HOUSEHOLD PROFILES

The recent Community Survey (2016) results show that the population in iLembe District has grown to 657,612 people and has been growing at 1.7% per annum from 2011 to 2016, this is shown in the graph and tables below. Unlike in the previous comparison of 2001 and 2011 results, where both rural municipalities of the district (Maphumulo and Ndwedwe) were seen to have a decrease in population, Ndwedwe is now experiencing an increase but Maphumulo remains on a downward trajectory as portrayed below. Table 3 further depicts how the rate of population growth has increased per annum in three of the four local municipalities of iLembe, the overall growth rate having increased from 0.8% per annum to 1.7% per annum.



GRAPH 1: POPULATION GROWTH 2001 TO 2016

STATISTICS SA CENSUS 2001, 2011 & COMMUNITY SURVEY 2016

Municipality	Population Growth (% p.a. 2001-2011)	Population growth (% p.a. 2011-2016)
iLembe District Municipality	0.80	1.7%
Maphumulo Local Municipality	-2.21	-7%
Mandeni	0.81	1.4%
KwaDukuza	3.20	3.9%
Ndwedwe	-0.27	0.3%

TABLE 7: POPULATION GROWTH COMPARISON

According to the Community Survey 2016, the number of households within iLembe District has risen to 191,369 from 157,692 in 2011 and is now growing at 4.3% per annum. Households in KwaDukuza have grown at a fairly high rate of 6.0% per annum; despite a further decline in the population, Maphumulo Local Municipality's number of households has risen slightly. One could speculate that the decline in population but with an apparent increase in number of households may be due to further decrease in the average size of households. As per the Community Survey 2016, the average household size has decreased from 3.8 to 3.4 and the percentage of female headed households has risen from 45.8% to 47.1% which is above the national average of 41%.

Municipality	Number (2016)	Household Growth (%) p.a.) (2016)	Average Size (2016)	Female Headed (%) (2016)	Child Headed (2011)	
					Number	%
iLembe	191,369	4.3%	3.4	47.1	614	0.4%
Maphumulo	20,524	0.6%	4.4	61.6	115	0.6%
Mandeni	45,678	3.9%	3.2	51.1	167	0.4%
KwaDukuza	91,284	6.0%	3.0	39.1	113	0.2%
Ndwedwe	33,883	3.2%	4.2	54.6	218	0.7%

**TABLE 8: HOUSEHOLD STATISTICS**

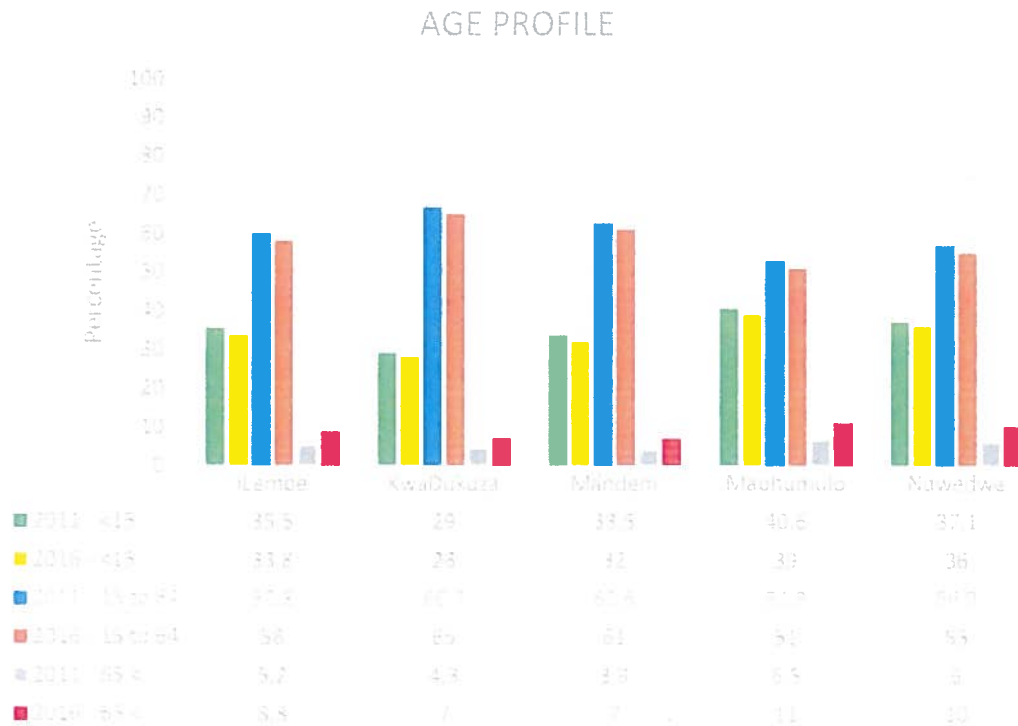
*STATISTICS SA CENSUS, 2011 & COMMUNITY SURVEY, 2016*

It is noted that the above population and household statistics fluctuations are implications of the socio-economic conditions prevalent in the different localities of iLembe. Further analyses the status quo of the economies of the different local municipalities, levels of poverty, employment/unemployment and also gives a view on what has been done to stimulate growth, especially in the field of LED.

#### **b) AGE PROFILES**

The graph below provides an indication of the age distribution within the district as recorded in 2011, compared with the results of the 2016 Community Survey. Within iLembe, 35,5 % of the population is under the age of 15, KwaDukuza has the lowest percentage 29% and Maphumulo has the highest percentage of the population under 15 years at 40%. Throughout the district, it seems that all age groups under 65 years have decreased in percentage whilst the percentage of the age group of 65+ has risen. Compared to the other Local Municipalities of the district, KwaDukuza has the highest percentage of the working class age group at 66,7% whilst Maphumulo has the lowest at 52,9%. The majority of people within the District are of

working age, however the available employment opportunities are not adequate to absorb this high number- this will be further elaborated upon in the employment profile.



**GRAPH 2: AGE PROFILE**

*STATISTICS SA CENSUS, 2011 AND COMMUNITY SURVEY 2016*

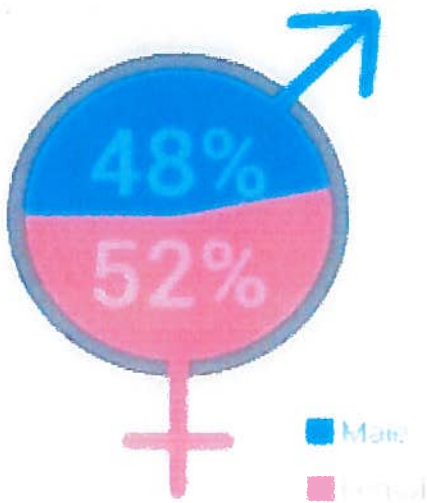
Across the local municipalities, there has been a decrease in the number of children (under age of 15) and in considering the above graph in a holistic manner, it is apparent that iLembe has an ageing population. According to the Gale Group Inc., 2003, a society is considered old when the number of people over 65 exceeds 8 to 10 %, as it appears above. It is also stated that an aging population is an indication of low fertility rates and a decline in mortality of older people. According to the United Nations, 2015, it is important to plan for increasing numbers of old people in terms of adapting the healthcare systems and pension systems as this is essential to achieving many of the SDGs in terms of achieving poverty eradication, ensuring healthy lives, promoting social protection, etc.

**c) GENDER PROFILES**

The gender profile of the iLembe District population is typical of the trend prevalent throughout other district municipalities in KZN meaning that there is a greater number of females (341,926) residing in the area compared to males (315,686). Although the population has



increased, according to the Community Survey of 2016, the gender ratio remains the same as that of 2011 Census.

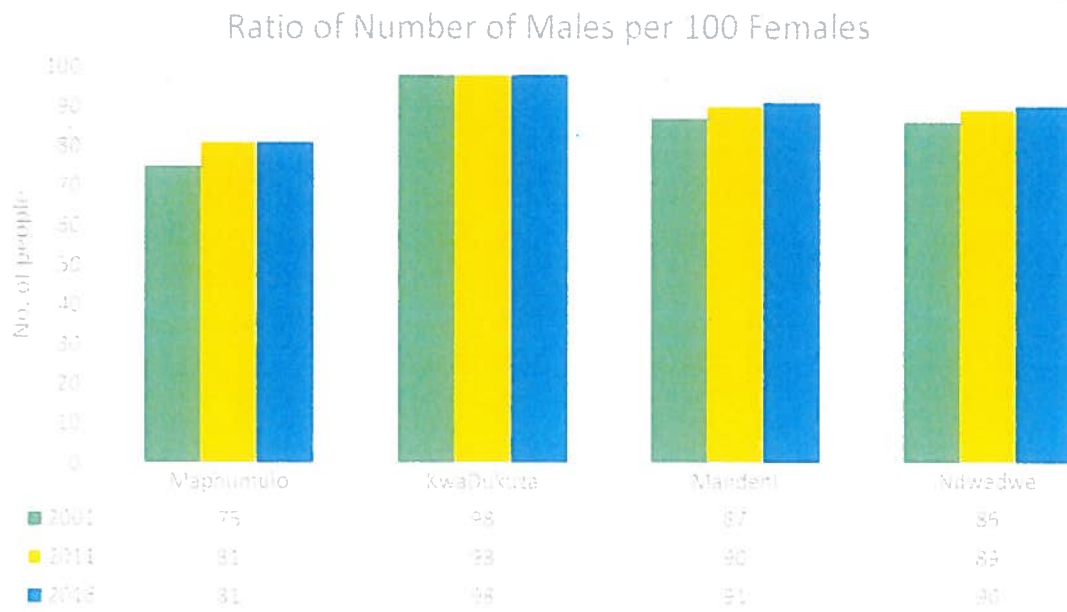


**FIGURE 3: DISTRICT GENDER PROFILE**

*STATISTICS SA CENSUS, 2011 AND COMMUNITY SURVEY, 2016*

**d) SEX RATIO (MALES PER 100 FEMALES)**

The graph below displays the gender distribution of the local populations. In iLembe, for every 100 females there are 92 males. KwaDukuza is the most even at almost an equal split between gender groups, whereas Maphumulo is the most uneven with only 81 males for every 100 females.



**GRAPH 3: ILEMBE GENDER PROFILE**

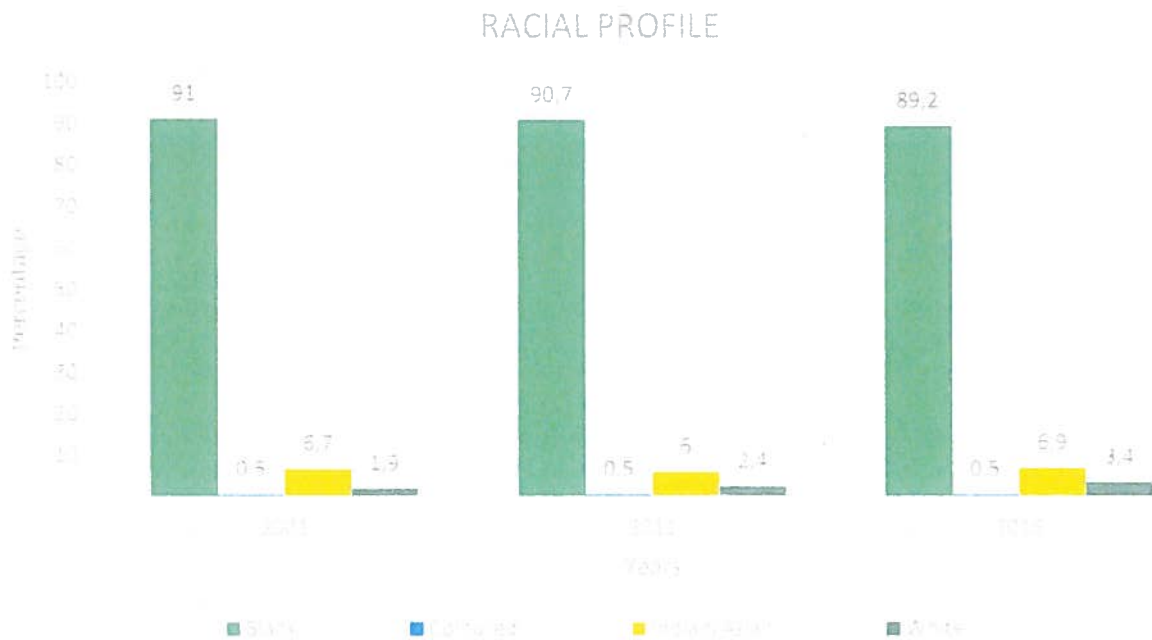
STATISTICS SA CENSUS, 2001, 2011 & 2016

Taking a glance at gender profiles of various municipalities across South Africa, it is evident that the more urban and fast growing municipalities such as eThekweni, City of Johannesburg, uMhlathuze, etc. have an even split in terms of gender, mostly 50 percent male and 50 percent female populations. Taking the forementioned into consideration, it is apparent that KwaDukuza is the most urban and fast growing municipality within iLembe with 98 males to every 100 females followed by Mandeni and Ndwedwe at 91 and 90 males per 100 females, respectively.

Maphumulo seems to be lagging behind in terms of equality in numbers and is showing trends prevalent in rural local municipalities with low economic growth. The social development within iLembe and what has been done, highlights specific ongoing social development programmes for women of all ages. The implementation plan further highlights the plans and projects for the different population groups, specifically gender issues, under Good governance and Public Participation within the objective of improving quality of life within the district.

**e) RACIAL PROFILE**

The graph below displays the split of the population of the district by population group from 2001 to 2016. Within the District, the percentage of Black people has shown a slight decrease as the graph depicts that in 2001 the percentage was 91% and at present it is 89, 2% whilst the percentage of White people is steadily increasing from 1, 9 % in 2001 to 3.4% in 2016. Between 2001 and 2011 the Asian population declined slightly, however between 2011 and 2016, the percentage has shown an increase from 6 to 6.9%. The Coloured population remains constant at 0.5% of the population of iLembe District.



**GRAPH 4: RACIAL PROFILE**

*STATISTICS SA CENSUS, 2001 & 2011 AND COMMUNITY SURVEY 2016*

In considering the graph above, it is apparent that iLembe is dominated by different races of people who subscribe to different customs and beliefs. ILembe as an institution supports cultural events that take place within the District as part of promoting nation building and social cohesion, programmes.

## 1.5. DISTRICT FUNTIONS AND POWERS

The following are the Powers and Function that section 156 of the Constitution (1996) of the Republic of South Africa accords to the ILembe District Municipality:

<b>DISTRICT POWERS &amp; FUNCTIONS (CHAPTER 7, SECTION 156 OF CONSTITUTION)</b>
1. IDP
2. Bulk Water
3. Bulk Sewerage Purification
4. Health Services
5. Tourism
6. Public Works relating to the above
7. Grants-receiving & distributing
8. Impose, Collect taxes &levies
9. Disaster Management
10. Accountability
11. Community participation
12. Financially & Environmentally sustainable service delivery
13. Equitable Access to Municipal Services
14. Local Development
15. Gender Equity
16. Safe and Healthy Environment
17. Performance Management Systems
18. Incremental Improvement
19. Responsible Financial Management

The 2016/2017 Annual Report is therefore aimed at presenting to Council, the community and other agencies the performance of the municipality in the above-mentioned powers and functions.

### 2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

The ILembe District Municipality's council operates under the collective executive system. In terms of section 42 of the Local Government: Municipal Structures Act, 1998 the Council has established an Executive Committee consisting of five (5) Councillors. The Council has also established the following Portfolio Committees to assist the Executive Committee:-

- Economic Development and Planning Portfolio Committee
- Amenities, Safety and Security Portfolio Committee
- Infrastructure and Technical Portfolio Committee
- Finance Portfolio Committee
- Local Public Administration and Labour Relations Portfolio Committee

Each of these committees is established in terms of the section 80 of the municipal structures Act to assist the executive committee. These committees deliberate on matters that fall within the specific terms of references of that particular committee and make recommendations to the Executive committee for an approval or where necessary for endorsement by the executive committee for final approval by the full council.

There are delegations in place for the operations of the executive committee with the exception of the power's provided to council in terms of Section 160(2) of the constitution of the republic of South Africa, 1996. The District Executive Committee can only make recommendation for approval of such matters.

To assist in performing the oversight role, the ILembe District Municipality has also appointed the following committees:

- i. Audit Committee in accordance with the Municipal Finance Management Act 56, of 2003 section 166, and operates within the terms of the Audit Committee Charter, which outlines its modus operandi. The Audit Committee charter is approved by the Council of ILembe District Municipality.
- ii. A Municipal Public Accounts Committee. The Committee consists of six (6) Councillors of the Municipality, who are not members of the Executive Committee. The Chairperson of the Committee is appointed by the Council. The functions of the Committee include the examination of the annual report of the Council and the development of the annual



oversight report based on the annual report. The annual oversight report is published separately from the annual report.

## 2.2 POLITICAL GOVERNANCE



**His Worship The Mayor**  
**Cllr SS Gumede**



**Hon Deputy Mayor**  
**Cllr. MD Shandu**



**Hon. Speaker**  
**Cllr. L. Makhathini**

<b>Name</b>	<b>Gender</b>	<b>Designation</b>	<b>Party Affiliation</b>
Cllr. SS Gumede	Male	Chairperson	ANC
Cllr. Shandu	Female	Deputy Mayor	ANC
Cllr. Sandeep	Male	Member	ANC
Cllr. Maphumulo	Male	Member	ANC
Cllr Gopaul	Male	Member	DA
Cllr. Baardman	Male	Member	IFP
Cllr LR Makhathini	Male	Ex officio	ANC

## COUNCILLORS

The ILembe District municipality comprised of a total of 32 Councillors of which nineteen (19) were ward nominated Councillors and the other thirteen (13) are Proportionally Representative (PR) Councillors. Council continues to operate on an Executive Committee System. In respect of the PR Councillors, there were eight (8) males and five (5) female Councillors. The gender composition on the ward Councillors is seven (7) females and twelve (12) males. Overall there were twelve (12) female Councillors and 20 male Councillors.

Financial Performance Year 0: The Executive and Council R'000					
Details	Year -1 (2015/2016)	Year 0 (2016/2017)		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
<b>Total Operational Revenue</b>	(534,027)	(589,782)	(584,507)	(550,415)	94%
Expenditure:					
Employees	174,328	178,075	183,526	185,750	101%
Councillors Remuneration	9,714	11,043	11,043	8,021	73%
Repairs and Maintenance	15,220	41,228	51,281	32,142	63%
Other	481,510	349,255	338,531	382,458	113%
<b>Total Operational Expenditure</b>	680,772	579,601	584,381	608,371	104%
<b>Net Operational Expenditure</b>	146,745	(10,181)	(126)	57,956	

Political Parties were represented as follows in the iLembe District Municipality Council: -

PARTY	PR SEATS	NOMINATED COUNCILLORS	TOTAL
African National Congress	9	13	22
Inkatha Freedom Party	2	4	6
Democratic Alliance	1	2	3
National Freedom Party	0	0	0
Economic Freedom Party	1	0	1
<b>TOTAL</b>			<b>32</b>

## ILEMBE DISTRICT MUNICIPALITY COUNCILLORS

### PROPORTIONAL REPRESENTATION LISTS

#### AFRICAN NATIONAL CONGRESS

NO	SURNAME	NAMES	GENDER
1	Gumede	Siduduzo Siegsried	M
2	Shandu	Monitha Dolly	F
3	Makhathini	Lucky Regionald	M
4	Mhlongo	Maureen Zola	F
5	Ntuli	Sibongile Florence	F
6	Khumalo	Catherine Tholakele	M
7	Mpofu	Makhosini Desmond	F
8	Maphumulo	Musawenkosi Aubrey	M
9	Oudhram	Sandeep	M

#### INKATHA FREEDOM PARTY

NO	SURNAME	NAMES	GENDER
1.	Nene	Ntombenhle Cythia	F
2	Ntuli	Musawenkosi Simeon	M

#### DEMOCRATIC ALLIANCE

NO	SURNAME	NAMES	GENDER
1	Gopaul	Andrew	M

#### ECONOMIC FREEDOM PARTY

NO	SURNAME	NAMES	GENDER
1	Vilakazi	Innocent Ndumiso	M

### NOMINATED COUNCILLORS: KWADUKUZA MUNICIPALITY

#### AFRICAN NATIONAL CONGRESS

NO	SURNAME	NAMES	GENDER
1	Ngidi	Muzi Emmanuel	M

2	Dube	Innocent Phumelele	F
3.	Singh	Radwaath	M
4.	Mhlongo	Mavis Sdudla	F
5.	Van Whye	James Gabangani	M

#### INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1	Baardman	Aubrey Mtolo	M

#### DEMOCRATIC ALLIANCE

NO.	SURNAME	NAMES	GENDER
1.	Singh	Madhum S	M
2.	Hubner	Malcolm William	M

#### NOMINATED COUNCILLORS: NDWEDWE MUNICIPALITY

##### AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1.	Goba	Philemon Sboniso	M
2.	Shezi	Mamazane Veronica	F
3.	Zondi	Silindile	F

#### INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Jali	TS	M

#### NOMINATED COUNCILLORS: MAPHUMULO MUNICIPALITY

##### AFRICAN NATIONAL CONGRESS

NO	SURNAME	NAMES	GENDER
1.	Ngcobo	Happiness Nonhlanhla	F
2.	Hlongwa	Nkanyiso Brigtmann	M

## INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Ngidi	Msawenkosi Lindokuhle	M

## NOMINATED COUNCILLORS: MANDENI MUNICIPALITY

### AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1.	Gwala	Andile Mazwi	M
2.	Mhlongo	Malindi Virginia	F
3.	Zungu	Gloria Nompumelelo	F

## INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Sithole	David Mthokozisi	M

## TYPE OF COMMITTEE AND NUMBER OF MEMBERS

COMMITTEE	NUMBER OF COUNCILLORS	NUMBER OF VACANCIES
Executive committee	07	Nil
Finance Portfolio Committee	07	Nil
Economic Development and Planning Portfolio Committee	07	Nil
Local Public Administration and Labour Relations Committee	07	Nil
Infrastructure & Technical Portfolio Committee	07	Nil
Youth Sub Committee	05	Nil
Gender Sub Committee	06	Nil
MPAC	06	Nil
Local Labour Forum	05	Nil
Rules Committee	06	Nil



## EXECUTIVE COMMITTEE

No	Surname and name	Gender	Designation	Party Affiliation
1.	Cllr. SS Gumede	Male	Chairman	ANC
2.	Cllr. Shandu	Female	Deputy Mayor	ANC
3.	Cllr. Sandeep	Male	Member	ANC
4.	Cllr. Maphumulo	Male	Member	ANC
5.	Cllr Gopaul	Male	Member	DA
6.	Cllr. Baardman	Male	Member	IFP
7.	Cllr LR Makhathini	Male	Ex officio	ANC

## COMMITTEE ALLOCATIONS

No	Committee	Councillors
1	<b>Finance Portfolio Committee</b>	
	Cllr S. Oudhram	Chairperson
	Cllr PS Goba	
	Cllr HN Ngcobo	
	Cllr TC Kumalo	
	Cllr ML Ngidi	
	Cllr MW Hubner	
	INKOSI MW Qwabe	
2.	<b>Economic Development and Planning Portfolio Committee</b>	
	Cllr MD Shandu	Chairperson
	Cllr ME Ngidi	
	Cllr MV Shezi	
	Cllr GN Zungu	
	Cllr MS Singh	
	Cllr MS Ntuli	
	INKOSI Gumede	
3.	<b>Local Public Administration and Labour Relations Committee</b>	
	Cllr MA Maphumulo	Chairperson
	Cllr R Singh	
	Cllr ZM Mhlongo	
	Cllr SF Ntuli	
	Cllr TS Jali	
	Cllr MS Singh	

	INKOSI S Khumalo	
4.	<b>Infrastructure &amp; Technical Portfolio Committee</b>	
	Cllr SS Gumede	Chairperson
	Cllr MV Mhlongo	
	Cllr S Zondi	
	Cllr JG Van Whye	
	Cllr D Sithole	
	Cllr MS Singh	
	INKOSI NA Bhengu	

## SUB COMMITTEES

No	Sub Committee	Councillors
1.	<b>YOUTH SUB COMMITTEE</b>	
	Cllr ME Ngidi	Chairperson
	Cllr MV Shezi	
	Cllr SF Ntuli	
	Cllr AM Gwala	
	Cllr TS Jali	
2.	<b>GENDER SUB COMMITTEE</b>	
	Cllr GN Zungu	Chairperson
	Cllr NB Hlongwa	
	Cllr S Zondi	
	Cllr JG Van Whye	
	Cllr NC Nene	
	Cllr MW Hubner	
3.	<b>MUNICIPAL PUBLIC ACCOUNTS</b>	
	Cllr MD Mpofu	Chairperson
	Cllr AM Gwala	
	Cllr MS Mhlongo	
	Cllr NB Hlongwa	
	Cllr ML Ngidi	
	Cllr WM Hubner	
4.	<b>LOCAL LABOUR FORUM</b>	
	Cllr MA Maphumulo (Chairperson)	
	Cllr R Singh	
	Cllr MD Mpofu	
	Cllr NC Nene	

	Cllr WM Hubner	
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RULES COMMITTEE	
1.	Cllr HN Ngcobo (Chairperson)
2.	Cllr MS Mhlongo
3.	Cllr PS Goba
4.	Cllr IP Dube
5.	Cllr MS Ntuli
6.	Cllr MW Hubner

## COMMITTEES BY NAME AND PURPOSE

The following information reflects the difference committees of Council and their respective purpose and functions:

### THE POWERS DESCRIBED HEREUNDER ARE DELEGATED TO EXCO

- performs the functions of an Executive Committee set out in the Local Government : Municipal Structures Act, 1998;
- takes such action as may be necessary to ensure compliance by the Council with all legislation relating to or affecting local government, including, but not limited to:-
  - The Local Government : Municipal Demarcation Act, 1998
  - The Local Government : Municipal Systems Act, 2000
  - The Promotion of Access to Information Act, 2000
  - The Municipal Finance Management Act, 2003
- exercises all Powers of the Council which may be delegated by the Council in terms of the Constitution or any other law and which has not been delegated or assigned to any Municipal Functionary or municipal employee or is not deemed to be so delegated or assigned in terms of any law;
- considers and determines any particular matter or issue or any matter of policy referred to the Committee by the Municipal Manager;
- takes any necessary or incidental decisions for the management or administration of any resolution of the Council.

## Delegations to the Rules Committee

- Developing Rules of Order and amendments thereto for recommendation to ExCo.
- Summoning any councilor or official to appear before the committee to assist it in the performance of its functions
- Conducting disciplinary enquiries into Councillor transgressions referred to the Committee by the Speaker or MM, and making recommendations in respect thereof
- Investigating and making findings on any alleged breach of the Code of Conduct for Councilors, and making suitable recommendations including suitable sanctions in terms of Item 14.2 of such Code
- Making written representations to the MEC for Local Government pertaining to an appeal to the MEC by a councillor who has been warned, reprimanded or fined in terms of item 14 (2) (a), (b) or (c) of the Code of Conduct for Councillors

## Delegations to the Finance Portfolio Committee

- Ensuring compliance with the provisions of MFMA
- Investigating processes and procedures for the implementation of services relating to matters referred to in number 5
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 5
- Ensuring stakeholder participation in matters referred to in number 5
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
  - Audit;
  - Budget Monitoring;
  - Credit Control Monitoring;
  - Expenditure Monitoring;
  - Imposition and collection of taxes, levies and duties related to the functions of the Municipality;
  - Income Monitoring;
  - Indigent Support Programme Monitoring;
  - Receipt, allocation and, if applicable, the distribution of grants made to the District Municipality;
  - Supply Chain Management Policy oversight;
  - Financial Regulations;

- Borrowing;
- Fixed assets; and
- Cash and Investment
- Reviewing of CFO's Monthly Financial Reports

#### **Delegation to the Infrastructure and Technical Portfolio Committee**

- Investigating processes and procedures for the implementation of services relating to matters referred to in L 4.
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
- Ensuring stakeholder participation in matters referred to in number 4
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
  - Bulk Supply of Electricity;\*
  - Domestic waste-water and sewage disposal systems;
  - Municipal Fleet Management;
  - Municipal Buildings;
  - Municipal public works relating to the functions of the Municipality;
  - Municipal Roads which form a part of the road transport system for the area of the District as a whole:
  - Potable water supply systems;
  - Regulation of passenger transport services;
  - Solid Waste Disposal Sites serving more than one local municipality in the District;
- Although this is a statutory function of the District Municipality, the function has not yet been assigned to the Municipality.

#### **Delegation to the Economic Development and Planning Portfolio Committee**

- Investigating processes and procedures for the implementation of services relating to matters referred to in M 4.
- Promotion of local tourism for the area of the District; and
- Promotion of social and economic development, including:
  - Agriculture;
  - Industrial Development
  - Job creation;



- Social Empowerment;
  - Town Planning;
  - Cultural Upliftment; and
  - Poverty Alleviation.
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
  - Ensuring stakeholder participation in matters referred to in number 4
  - Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
    - Abattoirs serving a major proportion of the municipalities in the District;
    - Fresh produce markets serving a major proportion of the municipalities in the District;
    - Integrated Development Planning for the District;
    - Municipal airports serving the area of the District as a whole;
    - Promotion of a safe and healthy environment, including:-
      - Conservation;
      - Environmental Planning;

#### **Delegation to the Local Public Administration and Labour Relations Portfolio Committee**

- Investigating processes and procedures for the implementation of services relating to matters referred to in number 4
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
- Ensuring stakeholder participation in matters referred to in number 4
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
  - Human Resource Development;
  - Labour Relations; and
  - Local Public Administration.

## 2.3 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

According to the MFMA 60(b): The Municipal Manager of iLembe District Municipality is the accounting officer of the municipality for the purposes of this Act and provides guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality, namely Enterprise iLembe.

The iLembe District Municipality has a well-established organizational structures and systems in place. The structure that was in place as at 30 June 2016 was appropriate for the developmental local government mandate assigned to the District Municipality in terms of the Municipal Structures Act, 1998. With this in mind, the Municipality's organisational structure provides for four Directorates that are managed by the Municipal Manager. The District Municipality has four Directorates with senior management per directorate, which are:

Mr. G. Khumalo	- Acting Municipal Manager
Mr. T. Shezi	- Acting Chief Finance Officer Department of Finance
Mr. K. Mthonjeni	- Senior Manager: Department of Technical Services
Mr. G. Khumalo	- Senior Manager: Department of Corporate Services
Ms MZ Nqala	- Acting Senior Manager: Department of Community Services

### 2.4 DISTRICT INTERGOVERNMENTAL RELATIONS STRUCTURES

There are various Provincial Intergovernmental fora in which the District Mayor sits and represents the District family of Municipalities. There is a Premier's Coordinating Forum which constitutes of MECs, the Mayors, Heads of Departments as well as the Municipal Managers that is chaired by the Provincial Premier. This Forum meets on a quarterly basis and has a sub-structure chaired by the MEC COGTA called the MUNIMEC which is constituted by the all the KZN Mayors Municipal Managers, Heads of Departments as well as the SALGA representative. This sub-structure meets quarterly prior the meeting of the Premiers Coordinating Forum.

There is also a Provincial SALGA structure for all IGR Practitioners and Managers, this structure focuses on strengthening relations as well as the coordination IGR functions within Municipalities. iLembe District Municipality has been engaging with the EThekweni Metro regarding the establishment of the Liberation Heritage Route for EThekweni Metro and iLembe

district Family of Municipalities. These Municipalities have had one successful meeting with clear resolutions that are at implementation planning stage as well as draft Terms of Reference.

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

At the District level, the District Intergovernmental Forum plays a monitoring and oversight role over the family of municipalities. The forum constituted by the Mayors of the District family, the Municipal Managers and chairpersons of technical sub-fora; meets quarterly to discuss issues of mutual interests, explore possible areas of joint ventures as well as monitor progress on compliance issues such as Auditor General related queries, compliance with all finance related legislations and financial management including revenue generation, quality of services delivered to the communities, Municipal Capacitation and so forth.

All Municipalities are represented to ensure that all resolutions taken are implemented respectively. Furthermore the District plays a coordinating role at the request of the Local Municipalities to source assistance and interventions to mitigate challenges experienced by Local Municipalities.

Municipal functioning, challenges and best practices are discussed at technical sub-fora and escalated to the Technical Support Forum which is made up of Municipal Managers and the Chairpersons of technical sub-fora. Once the Technical Support Forum has discussed the reports from the sub-fora a consolidated report with recommendations and/or resolutions is then escalated to the District Intergovernmental Forum for further consideration.

## DISTRICT INTERGOVERNMENTAL STRUCTURES

There are eleven (14) IGR structures in the District as illustrated in the table below. These structures are made up of relevant stakeholders from all three spheres of government, government agencies, private entities and Amakhosi.

NO	NAME OF THE FORUM	MEETING FREQUENCY	CHAIRPERSON	FUNCTIONAL
1	DIF - DISTRICT INTERGOVERNMENTAL FORUM (MAYORS')	Quarterly	District Mayor	Functional

2	TSF-TECHNICAL SUPPORT FORUM (MMS')	Monthly	Municipal Manager of ILembe District Municipality	Functional
3	DAFF-DISTRICT AREA FINANCIAL FORUM (CFOs) A subcommittee to deal with the issues of Asset Management in the District was established under the DAFF in 2015/2016 A sub-committee to deal with SCM in the District was established in 2016/2017 under the DAFF	Quarterly	Municipal Manager of Ndwedwe local Municipality	Moderately Functional
4	DISTRICT GOVERNMENT IT OFFICERS COMMITTEE (DGITOC)	Quarterly	Municipal Manager of ILembe District Municipality	Functional
5	DISASTER MANAGEMENT ADVISORY FORUM (DMAC)	Quarterly	Municipal Manager of KwaDukuza Local Municipality	Functional
6	PERFORMANCE MANAGEMENT SYSTEM FORUM (PMSF)	Quarterly	Municipal Manager of iLembe District Municipality	Functional
7	LOCAL ECONOMIC DEVELOPMENT FORUM (LEDF)	Bi-Monthly	Municipal Manager of Mandeni Local Municipality	Moderately functional
8	DISTRICT COMMUNICATORS FORUM (DCF)	Monthly	Municipal Manager of Ndwedwe Local Municipality	Functional

9	PLANNING AND DEVELOPMENT FORUM (PDF)	Monthly	Municipal Manager of Mandeni Local Municipality	Functional
10	INFRASTRUCTURE FORUM (IF)	Monthly	Municipal Manager of KwaDukuza Local Municipality	Non-functional
11	CORPORATE SERVICES FORUM	Quarterly	Municipal Manager of Maphumulo Local Municipality	Functional
12	SPEAKERS' FORUM	Quarterly	District Speaker	Functional
13	INTERNAL AUDITORS FORUM	Quarterly	Municipal Manager of Maphumulo Local Municipality	Moderately Functional
14	RISK MANAGEMENT FORUM	Quarterly	Municipal Manager of iLembe District Municipality	Functional

## 2.5 ENSURING GOOD GOVERNANCE

### Enterprise Risk Management (ERM)

#### Introduction

Enterprise Risk Management (ERM) forms a critical part of iLembe District Municipality strategic management. It is the process whereby the iLembe District Municipality both methodically and intuitively addresses the risks attached to the strategic objectives and activities of the Municipality. The goal is to ensure the achievement of strategic objectives as well as the sustained benefit within each activity and across the portfolio of activities. ERM is therefore recognised as an integral part of sound organisational management and is being



promoted internationally and in South Africa as good practice applicable to the public and private sectors.

### **Objectives of Enterprise Risk Management**

The purpose of Enterprise Risk Management at iLembe District Municipality is to, among others provide the following:

- Advance the development and implementation of modern management practices and to support innovation through the iLembe District Municipality.
- Contribute in building a risk smart workforce and environment that allows for innovation and responsible risk taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- Provide a comprehensive approach to better integrate risk management into strategic decision making.
- To provide guidance to Accounting Officer, Executives Authorities, Management and staff when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the content of the district.

### **Risk Governance**

#### **(a) Risk Management Committee**

The District Municipality has a Risk Management Committee which is made up of senior management and the independent Chairperson. The RMC operates within a risk charter approved by the Executive Committee.

The Risk Management Committee is responsible for independent oversight and appropriate advice on the risk management process, mitigation of key risk exposure and the emerging risks that may have an impact on the District Municipality. The Committee's role is to guide the development and implementation of Risk Management programme as well as to review and monitor Enterprise Risk management (ERM) process and outputs regularly.

## **(b) Reporting and Communication**

- Five (5) RMC meetings were held in the year 2016/17;
- The Risk Management Committee Chairperson reports to EXCO bi-annually on the progress in the implementation of Risk Management in the municipality;
- Four (4) quarterly reports were submitted to Audit Committee. Top strategic risks including strategic fraud risks were reported quarterly to EXCO. Meanwhile the top strategic, operational, ICT and fraud risks were reported to appropriate Portfolio Committees;
- EXCO approved the Risk Management Implementation Plan for 2016/17. This plan was implemented and monitored on a quarterly basis; and
- 95% of the activities on Risk Management Implementation plan was achieved.

## **Key Performance Highlights for 2016/17**

- Council approval of the following documents:
  - Risk Management Strategy, Policy and Framework,
  - Anti-Fraud and Corruption Strategy & Policy;
  - Loss Prevention and Management Policy; and
  - Business Continuity Plan.
- Risk Management awareness workshops with Management, Risk Champions and Councillors;
- Declarations of interest signed by Councillors, Senior Managers and Middle Managers and all SCM Officials;
- Compiled a risk register with 96 risks (Strategic 18 and Operational 42 ICT 9, Fraud Risks 27) through Annual Risk Assessment workshops with management;
- Compliance monitoring and reporting in terms of the Laws and Regulation applicable to local government;
- Insurance Claims monitoring and reporting;

- Developed the Corporate Culture Programme for rollout in 2017/18 financial period;
- Establishment of Enterprise Risk Management forum for iLembe District;
- Establishment of the Ethics Committee for Councillors;
- 95% of the activities on Risk Management Implementation plan was achieved.
- Overall achievement of implementation of action plans for 2016/17 was 75%.

### The Top 5 Risks Facing the Municipality in 2016/17

#### Strategic Risks:

- Technical Services: Scarce raw water sources.
- Human Resources: Unemployment of Youth within the District.
- Strategy: Inappropriate Corporate culture.
- Human Resources: Inability to attract and retain skilled staff.
- Human Resource: Inability to monitor performance and reward exceptional performance for non-S56 employees.

#### Operational Risks.

- Water Services: Periodic interruptions in supplying water and sanitation services to the community.
- Infrastructure: Water losses
- Business Support: Inadequacy in providing assurance on effectiveness of Internal Control.
- Financial Management: Inadequate controls over billing administration
- Infrastructure: Outbreak of water borne diseases to the community.

#### Fraud Risks:

- Theft of goods from stores.
- Employees claiming overtime that has not been worked or inflating overtime hours worked.
- Theft of Municipal assets by both the municipal officials and external persons.

- Fleet vehicles used for personal use by municipal employees.
- Understanding of the water readings by the meter readers.

#### ICT Risks:

- IT: Ineffective implementation of Biometric System.
- IT: Failure to manage an effective and efficient co-ordination of IT continuity in the event of disruption.
- IT: Inadequate protection of information Technology equipment.

#### Key Areas of focus for 2017/18:

Below is the highlight of some of the key focus areas for 2017/18.

- Monitoring operational plans to enhance revenue within the district;
- Monitor plans to mitigate the risk of inadequate water sources;
- Monitor implementation of the Corporate Culture programme;
- Report progress on implementation of action plans to Risk Management Committee, Portfolio Committees, EXCO and Audit Committee;

#### Challenges and Mitigations to improve.

- Inadequate Risk awareness

While awareness campaigns takes place in the form of workshops risk management is still perceived as bureaucratic exercise hence unable to yield visible results at operations.

##### **Mitigation:**

Embedding risk management in the existing business processes to make risk management self-sustaining overtime.

- Instilling Accountability and Encouraging Action:

##### **Mitigation:**

Mapping the risk to Portfolio Committees and encouraging portfolio hearings against the treatment plans.

Allocating resources to the highest priority risks.

- Complex risk management approach to treatment, monitoring and reporting.

**Mitigation:**

External risks: Contingency planning and Business Continuity Plan.

Strategic: focus on key risk indicators and trends.

Operational: focus on internal controls and establishing procedures and alignment to internal audit through combined assurance.

**Outstanding Matters**

- Formal establishment of Ethics Committee for Councillors and launch.
- Launch and rollout for the Corporate Culture.
- Fraud awareness campaigns.

## 2.6 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an integral part of local democracy and participatory local governance and that the involvement of communities and community organisations in the matters of local government is one of the objects of local government.

### COMMUNICATION, PUBLIC PARTICIPATION AND RELATED FORUMS

The following are the public participation and communication structures and mechanism that exists within the iLembe District Municipality:

#### SPEAKERS' FORUM

The Forum consists of:

- a. the Speaker of iLembe District Municipality;
- b. the Speakers of all Local Municipalities

The chairperson of the Forum is the iLembe District Municipality Speaker. In his absence the meeting elects a pro-term Chairperson of the same position. Official responsible for public participation also attend the Speakers Forum.

## Objectives of forum

The main objective of the Forum is to promote and facilitate intergovernmental relations, cooperative government and share cultures of initiatives between the iLembe District Municipality and the Local Municipalities, including:-

- a. to seek unity of purpose and co-ordination of effort around the programmes championed in the office of the Speaker in the broader District;
- b. to serve as a main structure of the District Wide Ward Committee Forum; and
- c. to ensure effective and efficient coordinated Community / Public Participation within the District.

The Forum meets quarterly and additional or special meetings are called when and as the need may arise by the Chairperson or as per request by any member of the Forum through the Chairperson. The Speaker's forum is functioning and various sector departments and stakeholders are invited at these meeting to provide detailed information on programme that will impact public participation in the district.

All the wards within the iLembe District Municipalities have elected wards committees. They have all been inducted and have been provided with training to capacitate them to be able to facilitate service delivery issues in their areas. The ward committees in the district are largely functional with the support they receive from local municipalities and the district municipality. However, there are challenges that are being experienced by the local municipalities as they engage with the ward committee:

- Some ward committee members drop out because they receive better jobs elsewhere which leave a vacuum in the committees. The process of replacing them sometimes delay;
- Some members are demotivated because they feel that the remuneration that they receive from the municipalities is too little as compared to the amount of work that they are engaged with. The iLembe District Municipality provides travel costs if they are invited to districts meetings.

The iLembe District Municipality is not responsible for the ward committees but gets to access the ward committees through the local municipalities. The ward committee form part of the IDP Representative Forum and they are engaged during the planning and facilitation meetings.



Nature and purpose of the meeting	Date of event	Number of participating Municipal Councillors	Number of Participating Administrators	Number of Community Members attending	Issue addressed (Yes/No)
iLembe Council inauguration	25 August 2016	46	18	56	Yes
IDP Budget and PMS	23 October 2016	12	8	72	Yes
IDP Budget and PMS	20 October 2016	18	5	168	Yes
IDP Budget and PMS	19 October 2016	9	9	229	Yes
IDP Budget and PMS	19 October 2016	13	9	135	Yes
IDP Budget and PMS	18 October 2016	11	6	324	Yes
IDP Budget and PMS	18 October 2016	10	12	213	Yes
IDP Budget and PMS	10 November 2016	15	7	36	Yes
IDP Budget and PMS	8 November 2016	17	6	108	Yes
IDP Budget and PMS	8 December 2016	13	6	46	Yes
IDP Budget and PMS	7 December 2016	12	5	467	Yes
IDP Budget and PMS	6 December 2016	7	10	220	Yes

IDP Budget and PMS	5 December 2016	11	8	70	Yes
IDP Budget and PMS	25 April 2017	14	11	100	Yes
IDP Budget and PMS	25 April 2017	11	9	196	Yes
Sanitation Program stakeholders consultation Meeting	11 April 2017	7	6	14	Yes
IDP Budget and PMS	3 May 2017	11	12	218	Yes
IDP Budget and PMS	23 May 2017	9	7	239	Yes
IDP Budget and PMS	17 May 2017	10	9	162	Yes
IDP Budget and PMS	11 May 2017	12	12	140	Yes
IDP Budget and PMS	11 May 2017	15	12	198	Yes
IDP Budget and PMS	09 May 2017	17	11	140	Yes
IDP Budget and PMS	09 May 2017	21	14	569	Yes
IDP Budget and PMS	05 May 2017	13	9	72	Yes
IDP Budget and PMS	03 May 2017	11	9	225	Yes
IDP Budget and PMS Ratepayers and Farmers Association	03 May 2017	6	5	42	Yes

## **DISTRICT COMMUNICATORS' FORUM (DCF)**

Government communication is a strategic and planned process that is aimed at ensuring effective dialogue between government and the communities. The constitution of the Republic of South Africa, 1996, contains a number of sections which set the tone for local government communications. These include, Sections 152(1) e; Section 160(7); Section 126(3); Municipal Systems Act, 2000; Promotion of Access to Information, 2000 and the Intergovernmental Relations Framework Act, 2005.

Communications has a role of creating messages that harmonise the political and the administrative arms of government. Communication is a strategic function that ensures the public receives information about municipal policies, programmes and services.

The District Communicator's Forum provides a platform for communicators within the district municipality to plan and identify communication opportunities across the sphere of government through substantive discussions and joint planning to fulfil the government's commitment to accelerate service delivery to ensure a better life for all.

## **COMPOSITION AND MEMBERSHIP**

The membership of DCF is open to all government communicators operating within the district.

This includes:

- District Communications Manager – Chairperson of the Forum
- Communicators from the local municipalities
- Communicators or representatives of the sector departments with the ILembe District Municipalities
- COGTA
- GCIS
- Office of the KZN Premier

## **STRATEGIC OBJECTIVES OF THE DCF**

The objectives of the DCF are as follows:

- To foster a more positive communication environment among a family of municipalities, sector departments and relevant stakeholders within the district municipality;
- To foster integrated communication;

- To ensure a coherent and effective interaction between the District Municipality and its targeted audience;
- To ensure that citizens of the district participate in the decision making processes;
- To ensure and promote the development of coordinated, integrated and sustainable programme of communications in the district;
- To ensure maximum administrative and operational effectiveness and efficiency of all communication programmes in the district; and
- To support the political leadership across the family of municipalities in its pursuit to deliver basic services and development.

In relation to the communications and imparting the municipal information to the public, the Communication Sub-directorate in the iLembe District Municipality manages the flow of communication from/ to the organization, media and broader communities. It is also responsible for attending to the information needs with respect to the Web site of the Municipality, checking and approving the insertion of news items, articles and photographs. Legislated information in terms of Section 75 of the MFMA is also placed in the municipal website and updated as stipulated in the MFMA. This includes the following information:-

- that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
- performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
- all supply chain management contracts above a prescribed value;
- public-private partnership agreements referred to in section 120 of the MFMA;
- The annual and adjustments budgets and all budget-related documents and all budget-related policies;
- all service delivery agreements;
- all long-term borrowing contracts;
- an information statement containing a list of assets over a prescribed value
- contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
- the annual report;
- All quarterly reports tabled in the council in terms of section 52(d); and other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

## **OTHER STRUCTURES THAT ARE UTILISED TO ENHANCE / IMPROVE COMMUNICATION AND PUBLIC PARTICIPATION**

## **COMMUNITY DEVELOPMENT WORKERS (CDWs)**

The iLembe District Municipality has total of 76 wards and not all these wards have CDWs. This is a challenge because a large number of wards are not benefiting from the services that are provided by the CDWs especially when it comes to household profiling and identification of urgent service delivery cases under the auspices of Operation Sukuma Sakhe as well as cascading of information to the people. Another challenge is that the CDWs are not available to provide support to the municipalities because of other commitments that they have from COGTA.

## **TRADITIONAL LEADERSHIP**

The iLembe District Municipality has a total of 35 Amakhosi. The new District Traditional House was reinstated in June 2012, and is currently led by Inkosi V.T. Ngcobo who is also the Deputy Chair of the provincial house of traditional leadership in KwaZulu Natal. There is a healthy working relationship between the Local Traditional House and the iLembe District Municipality. Amakhosi are invited in community activities that are happening in their areas and district activities that will have impact in service delivery in their areas. These activities include IDP Public Participation meetings, conferences and seminars, to mention a few. Presentations on matters of Council are also periodically made at the seating of the iLembe District Traditional Council and tribal Councils on request.

As at June 2016, Section 81 of the Municipal Structures Act was being fully implemented and Amakhosi serving in the various Councils are fully integrated in terms of portfolio committee allocation.

## **WARD COMMITTEES**

Ward committees are an important structure that can be used to enhance public participation and community involvement in the affairs of the municipality. Formal ward committees have been established in in all the family of municipalities in the iLembe District. It is evident that there is a strong willingness by municipalities to encourage public participation. Led by the KZN Department of Cooperative Governance and Traditional Affairs, the year 2015/2016 saw an increased focus on capacitation of ward committees in terms of their roles and tools that need to be used to assess and report on ward functionality. Ward Committees are therefore accessed through Local Municipalities and the success of the IDP, Introduction of Intelligent

metres and the disaster ward based risk assessments projects in 2015/2016 was due to the cooperation of the ward committees led by ward councillors.

## IDP PARTICIPATION AND ALIGNMENT

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

## 2.7 YOUTH EMPOWERMENT AND DEVELOPMENT PROGRAMMES SPORTS AND RECREATION, AND ARTS AND CULTURE

MONTH	ACTIVITY	TARGET	PROGRESS
July 2016	KZN Girls Leadership Camp Programme	10 students from disadvantages schools were selected to attend camp	KZN Girls Leadership Camp prepares ambitious teenagers for long-term success. Camp was hosted at Mtubatuba Mid Makkar from 10th-16th July
	New Venture Creation Programme Training	30 young people, who still participate to the programme	Training programme that seek to equip up and coming business owners with business skills. The programme will be completed in December 2016. Even though the challenges are taking place to this programme, it is still running at Auditorium once a month.



August 2016	Awesome ILembe call out	Programme target is 20 young artist per local Municipality	Awesome ILembe International Arts Festival has partnered with Onexus Music Business Solutions and ILembe District Municipality to offer musicians in the ILembe region a two-week music business programme. Training venue will be Luthuli Museum. Successful applications will be notified by the 14 <sup>th</sup> September 2016.
	Dance Competition	More than 86 young people attended Dance competition at Mandeni Community Hall	Transport for participants was provided by ILembe District Municipality. Most dancers transported from KwaDukuza to Mandeni on the 06 <sup>th</sup> August 2016
	Umkhosi Wezintombi Zakwahlongwa	Young Women's from KwaMaphumulo area attended Event	ILembe District provided transport to assist the programme to be successful. Transport started transporting young people on the 12-13 August 2016. Event was on the 13 August 2016.
	Siyaya Emhlangeni Event	More than 2000 young maidens attended programme	Siyaya Emhlangeni, was hosted by ILembe on the 27 August 2016 in KwaDukuza Sport and Recreation Ground attended by more than 2 000 maidens, was to bid farewell to maidens preparing to participate the annual Zulu Reed Dance on the 9-11 September 2016.

	National Construction Week	80 Learners from Shekembula, Mbuyiselo and Banguni High School	This intervention set a platform for young learners to experience a wide range of exciting opportunities currently available in the built environment and construction industry. Event was hosted by Banguni High School. Event was hosted at Community Hall in ward 25 on the 31 August 2016
September 2016	UMkhosi Womhlanga	Every September month, young Zulu maidens take part in a colourful cultural festival, the Royal Reed Dance festival - or Umkhosi woMhlanga	The Reed dance is a colourful and cultural celebration that promotes respect for young women, and preserves the custom of keeping girls as virgins until marriage
	Ubuhle Bamasiko Heritage Day	More than 300 young people attended at Chief Albert Luthuli Hall at Groutville	Ubuhle Bamasiko Inclusive Art and Culture is a youth group based in KwaDukuza Groutville, led by Mr Mbuyisa.
	Dance ILembe Team	ILembe dance team attended competition in uMlazi Township, in Durban on the 24 September 2016	ILembe Dance team use district visits to prepare for SALGA games to be hosted Ugu District.
OCTOBER 2016	KZN Future Stars Coaching Clinics	AmaZulu Community Trust was formed in 2009 to focus on the upliftment of communities in South Africa using the power of football.	AmaZulu Community Trust Hosted coaching clinics on the 5 October 2016 at KwaDukuza Stanger High, all ten participating school coaches and ILembe SAFA Region

			youth development coaches attended the program.
Ubhle Bamasiko Youth Group	Ubhle Bamasiko Inclusive Art and Culture (PTY) LTD is is cast that compromise of the youth from different corners of ILembe District Municipality	Ubhle Bamasiko attended Music Competition in Claremont and Durban CBD on the 16 October 2016. Transport was provided by ILembe District.	
ILembe Cricket Team	ILembe Cricket Union is participating in a provincial structure and play home and away games.	ILembe District Municipality provided transport for participants. Most players transported from KwaDukuza to Durban on 2, 9 and 16 October 2016.	
KZN Future Stars	The KZN Future Stars is a collaborative initiative endorsed by KZN Department of Sport & Recreation which has been running from the beginning of the year through social life skills and football training program.the program target is under 12 football players	ILembe District Hosted Under 12 KZN Future Stars Tournament on the 21 October 2016 at KwaDukuza, Stanger High School. Dawnview Primary Win the tournament against Shakaskraal Primary School.	
ILembe District Inter-Municipality Games	The Inter-Municipality Games annual tournament was held on 16 October 2016 at various venues around KwaDukuza with a few events in Mandeni.	ILembe District will participate to SALGA KZN DSR games at Ugu District on 8-12 December 2016. Players were selected at iLembe District Inter-Municipality Games.	



		peace, social cohesion and youth development, especially in South Africa's rural areas.	
<b>JANUARY 2017</b>	ILembe Cricket Team	ILembe Cricket Union is participating in a provincial structure and play home and away games.	ILembe District Municipality provided transport for participants. Most players transported from KwaDukuza to Durban on 16 / 29 January 2017.
	Ubuhle Bamasiko Youth Group	Ubuhle Bamasiko Inclusive Art and Culture (PTY) LTD is is cast that compromise of the youth from different corners of ILembe District Municipality	Ubuhle Bamasiko invited youth from Ndwedwe for rehearsal.
	ILembe Netball Team	Ilembe Netball Team requested transport to attend the Netball Super League Games	Transport schedule has been received from I Lembe Netball Federation.
	Public Works Learnership	Introduction of Business Administration Learnership target young people under the age of 35 years. There will be a monthly stipend of R1500.	Contract has been signed by applicants. We waiting updates from service provider Makhophila.

<b>MARCH 2017</b>	Department of Art and Culture Skinner Camp	7 ILembe artist selected by department of art and culture from Mandeni, KwaDukuza and Ndwedwe attended Music Seminar Session	It was a three day Music Session programme started on the 27-29 March 2017.
	KZN Unemployed Graduate programme	Business Start-Up Coaching Programme for young people between the ages of 17-35 years with qualification in commerce.	Programme is a four months program started in march 2017.at the end of the programme ten (10) new Youth Enterprises including Ethekwini Metro and Umgungundlovu District will be assistant to get funding from the Department of Economic Development
	ILembe Cricket Team	ILembe Cricket Union is participating in a provincial structure and play home and away games.	Transport schedule has been received from ILembe Netball Federation.team was transported to Manzimtonti on the 26 <sup>th</sup> March 2017.
	Community Empowerment Program in ward 1 Ndwedwe	Programme targeted young people of Ward 1 Ntubeni area under Ndwedwe Local Municipality	More than 500 young people attended the programme. Presentations were done by Government Departments and Non-Profit organisation.



<b>APRIL 2017</b>	Ilembe Career Exhibitions	This initiative is targeting learners at grade 11 and 12 levels, Institutions of Higher Learning, Government Department and the Private Sector. It's an annual programme	Career Exhibition schedule were as follows 18 April- Maphumulo 19 April- Stanger Auditorium 20 April – Sibusisiwe Hall 21 April – John Makhathini
	Ubuhle Bamasiko inclusive art and Culture	Ubuhle bamasiko was invited by Stezie Mhlanzi Music and Arts Development Organization (based at Matubatuba) in partnership with Matubatuba Local Municipality	Youth from Ndwedwe Entola-KwaThayela participated to this program in partnership with ubuhle bamasiko
	Golf Dundee Tournament	Golf game was organised by Dunpro at Dundee Country Club on the 09 April 2017	Transport request was received from Golf Manager : Mr Siyabonga Mthembu
	Netball Tournament Games	Tournament is called Netball Super League all District Netball Team participate. Request for transport has been approved to assist Netball Team	Netball Super League schedule has been received from Ilembe Netball Federation for transport plan
<b>MAY 2017</b>	<b>CHILD PROTRCTION AWARNESS CAMPAIGN</b>	National Child Protection Week (CPW)	Ilembe visited 28 Schools around Ilembe and 13154



	<p>Ilembe District Anti-Drug &amp; Substance Abuse Dialogue with the Youth</p> <p>Ubuntu Initiative Program</p>	<p>The aim of the event was respond to some of the youth addicted to drugs, who came forward seeking help.</p> <p>Health promotion project focusing on men. The primary focus was on health services.</p>	<p>A group of 20 young people were given a platform to share their experience and the kind of help they needed.</p> <p>People of KwaMaphulo especially men were given free health services on day.</p>
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## 2.8 DISASTER RISK REDUCTION AND MANAGEMENT

### Introduction

The provisions of the Disaster Management Act, prescribes the structures and procedures that are required to be implemented at District and Local Municipal levels of governance. Ilembe District Municipality Disaster Management Centre has the mandate and responsibility to ensure that issues concerning disasters and disaster management are dealt with in an integrated and coordinated approach. The District Disaster Management Centre act as an advisory and consultative body on issues concerning disasters to all organs of state and stakeholders, NGOs, CBOs, private sector as well as communities within the District. It is imperative that the District Disaster Management Centre has the responsibility to build the necessary capacity to implement the provisions of the Act as well as to raise awareness to the communities and individuals regarding the risks which affects the District. The District Disaster Management Centre (DDMC) annual report reflects on the significant milestones achieved in line with the Disaster Management Act.

This report places an emphasis on achievements and challenges experienced while implementing the Disaster Management legislation during the period 1 July 2016 – 30 June

2017. In compliance with the provisions of section 50 of the Disaster Management Act, this report will highlight:

- The DDMC's activities during the period under review;
- The results of the DDMC's monitoring of prevention and mitigation activities;
- Statistics of the Incidents that occurred during the 2016/17 financial year as well as the classification, magnitude, severity and the effects of these incidents;
- Status of Review of the Disaster Management Plan and Framework;
- Particular Challenges that were experienced; and
- Generally in implementing the Disaster Management Act.

### **Status of iLembe Disaster Management Centre**

iLembe District Municipality has a functional District Disaster Management Centre (DDMC) which is established in terms of Disaster Management Act No. 57 of 2002, as amended in 2015. The various institutional measures have been established to ensure compliance with disaster management legislation and policies with the Head of the Centre appointed. The physical and financial resources have been allocated to the Disaster Management Centre. The District Disaster Management Centre has been constituted with the objective to promote an integrated and coordinated system of Disaster Management, with a special emphasis on prevention and mitigation. The establishment of the District Disaster Management Centre also aims to respond rapidly and effectively to all disasters including implementation of post disaster recovery and rehabilitation within the District and its family of municipalities. The District Disaster Management Centre building for iLembe was completed in 2015 and is situated at No 12 Haysom Road – KwaDukuza. It was officially launched by the Honourable MEC Nomusa Dube Ncube on the 6<sup>th</sup> of August 2015. The images in figure 1 depict the Disaster Management Centre.

iLembe District Municipality Disaster Management Centre is operational with a reasonable disaster management personnel to support the Centre. In compliance with the requirements of Enabler 1 of the National Disaster Management Framework, the Disaster Management Centre acts as a conduit and repository for information on disasters and impending disasters at any given stage. The Disaster Management Centre has a Communication System which is being used currently to capture and monitor incidents that gets reported to the District. The Disaster Management Practitioners conducts damage assessments both manually (using assessments forms) and electronically (using Mobile Devices).

Once all incidents are captured electronically, the information is then stored in a Web Portal of the Incident Management System and can be accessed anywhere. The output reports that are generated by the System are being useful as the system is also being explored for other useful features such as document management, GIS Usage and other options relating to disaster management planning tools. The District Communication System is also used to exchange of information between role players and stakeholders, including communities at risk as well as used to facilitate timely dissemination of early warnings.

The District Disaster Management Centre needs to be supported by adequate and appropriately qualified staff to develop, establish, manage and maintain a comprehensive telecommunications system for the municipal disaster risk management Centre. To achieve this, iLembe District Municipality has a communication system situated at the Centre with the aim to:

- Facilitate the exchange of information between role players and stakeholders, including communities at risk;
- Facilitate timely dissemination of early warnings;
- Facilitate public awareness and preparedness;
- Enable timely decision making to ensure rapid and effective response and recovery operations;
- Facilitate integrated and coordinated multi-agency response management;
- Record and track real-time disaster response and recovery operations;
- Establish capacity and capabilities for specialized early warning detection, monitoring of potential hazards and dissemination services;
- Provide for incident monitoring and procedure implementation;
- Provide for real-time information management;
- Mobilize key staff in the event of significant events, disasters or threatening disasters; and
- Establish a call-taking facility for lifeline service problems.

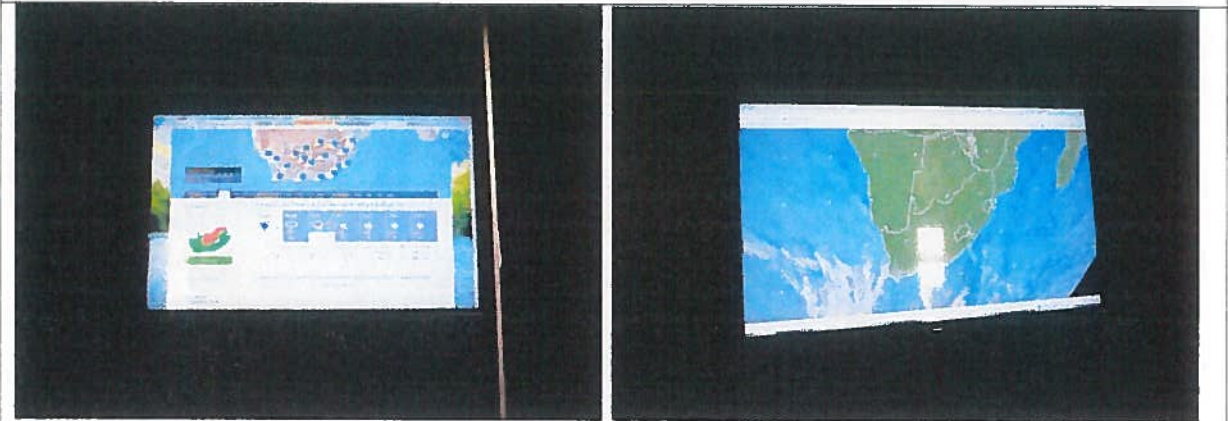


Figure 1: Pictures of the District Disaster Management Centre





**Figure 2: Main Boardroom – Operations Centre with displaying screens. The Operations Centre is used as a Disaster Operations Centre (DOC); Central Communications Centre; and Training, Media and Public Information Centre**



**Figure 3: Communication System being utilized to monitor Early Warnings and Weather Conditions**



**Figure 4: Disaster Management Open Plan Office with the new operating Communication System being utilized to capture, monitor and evaluate incidents.**

## **Status of Inter-Governmental Relations (IGR) Structures**

### **Municipal Disaster Management Inter-Departmental Committee and Political Committees**

The ILembe District Municipality has the responsibility of establishing effective institutional arrangements for the development and approval of integrated disaster risk management matters. To achieve this, the District has established an Economic Development and Planning, Environmental Health and Safety Portfolio Committee, which is an internal portfolio committee that deals with matters relating to Disasters and Disaster Risk Management in the District.

The committee is chaired by the District Deputy Mayor and is fully functional. It meets regularly on a monthly basis or as and when it is necessary. The District has also established the Management Committee (MANCO), this is a senior management committees which meets every two weeks where issues pertaining to disaster management are being discussed on an ongoing basis. All reports to the Portfolio Committees must be discussed and approved at MANCO level before submission to the Portfolio Committee.

### **District Disaster Risk Management Practitioners Meeting**

ILembe District Municipality Disaster Risk Management Practitioners forum has been established and comprises of all four (04) Local Municipalities. The main objective of having practitioners meetings, which are held on monthly basis is to share solutions on certain challenges as well as best practices/experiences, and also to ensure that there is a uniform and integrated approach on disaster management as envisaged by disaster management legislation and policy frameworks. To ensure that the consolidated monthly reports is finalized in time, Disaster Risk Management Practitioners forum meetings are held during the first week of every month and are also utilized to finalize all the monthly reports required internally as well as to Provincial Disaster Management Centre (PDMC).

The District also conducts the Practitioners meetings in a form of a session with all District and local municipalities Practitioners. The sessions are utilized to capacitate all District Practitioners on Disaster Management Targets as set out in the Municipal SDBIP as well as on the status of iLembe District Disaster Management Centre, including the reflection on the overall state of readiness of the Centre to be fully functional. The sessions are also utilized by the District to capacitate all Practitioners in implementation of the Disaster Management Act. For the period 1 July 2016 – 30 June 2017, the District held a Practitioners meeting on the **5<sup>th</sup> of July 2016, 5<sup>th</sup> of August 2016, 5<sup>th</sup> of September 2016, 7<sup>th</sup> of October 2016, 3<sup>rd</sup> of November 2016, 2<sup>nd</sup> of December 2016, 17<sup>th</sup> of January 2017, 14<sup>th</sup> of February 2017, 08<sup>th</sup> of May 2017**

and 09<sup>th</sup> of June 2017. Due to a number of activities and programmes the District could not conduct the meeting during the month of March and April 2017.

### **Municipal Disaster Management Advisory Forum (DMAF)**

The District Disaster Management Advisory Forum (DDMAF) is a fundamental disaster management IGR structure that gives platform for interaction between all relevant role-players and stakeholders responsible for disaster risk management. The DDMAF is functional, with a reasonable attendance by relevant stakeholders; however there is still an absence of a large number of stakeholders who could contribute significantly. The District Disaster Management Advisory Forum is a body in which all role players consult one another and coordinate their actions on matters relating to disaster management within the ILembe District Municipality and meets on quarterly basis or as and when necessary. The DDMAF is a fundamental disaster management IGR structure which provide a mechanism for relevant role players to participate in disaster management issues and provide advice to disaster management stake-holders, with the implementation of the Disaster Management Act.

The participation by the attending stakeholders is also an area of concern, attendance by junior staff of government departments and organizations result in substandard report presentations, hence important decisions and commitment cannot be made. There is a great need for interventions, particularly at the local municipal level to ensure development of the local integrated institutional capacity. A viable option for stakeholder involvement at local municipalities may be the establishment of the Local Disaster Management Advisory Forums. It is crucial to mention that all four local municipalities has established their Advisory Forums. During the period 1 July 2016 – 30 June 2017, the District conducted an Advisory Forum meeting on the **26<sup>th</sup> of August 2016, 30<sup>th</sup> of November 2016, 31<sup>st</sup> of March 2017 and 01<sup>st</sup> of June 2017**. Various stakeholders and role-players attended the forum and participated through presentations and discussions. The District with role-players also unpack some of the common challenges within the family of local municipalities, including recommendations that were taken by the Advisory Forum for the attention of the District Economic Development and Planning, Environmental Health and Safety Portfolio Committee.

### **Status of Disaster Management Capacity at iLembe District**

ILembe District Municipality has established a fully functional District Disaster Management Centre (DDMC), with the Head of the Centre appointed, including disaster management personnel to support the Centre. To ensure an effective implementation of the Disaster Management Act, ILembe District Municipality has also allocated physical and financial

resources to make sure that there is an effective smooth running of the Disaster Management Centre. The DDMC in collaboration with disaster management in all 4 local municipalities collectively strive for the creation, implementation and maintenance of effective, efficient and economic disaster management systems and structures within the iLembe District Municipality.

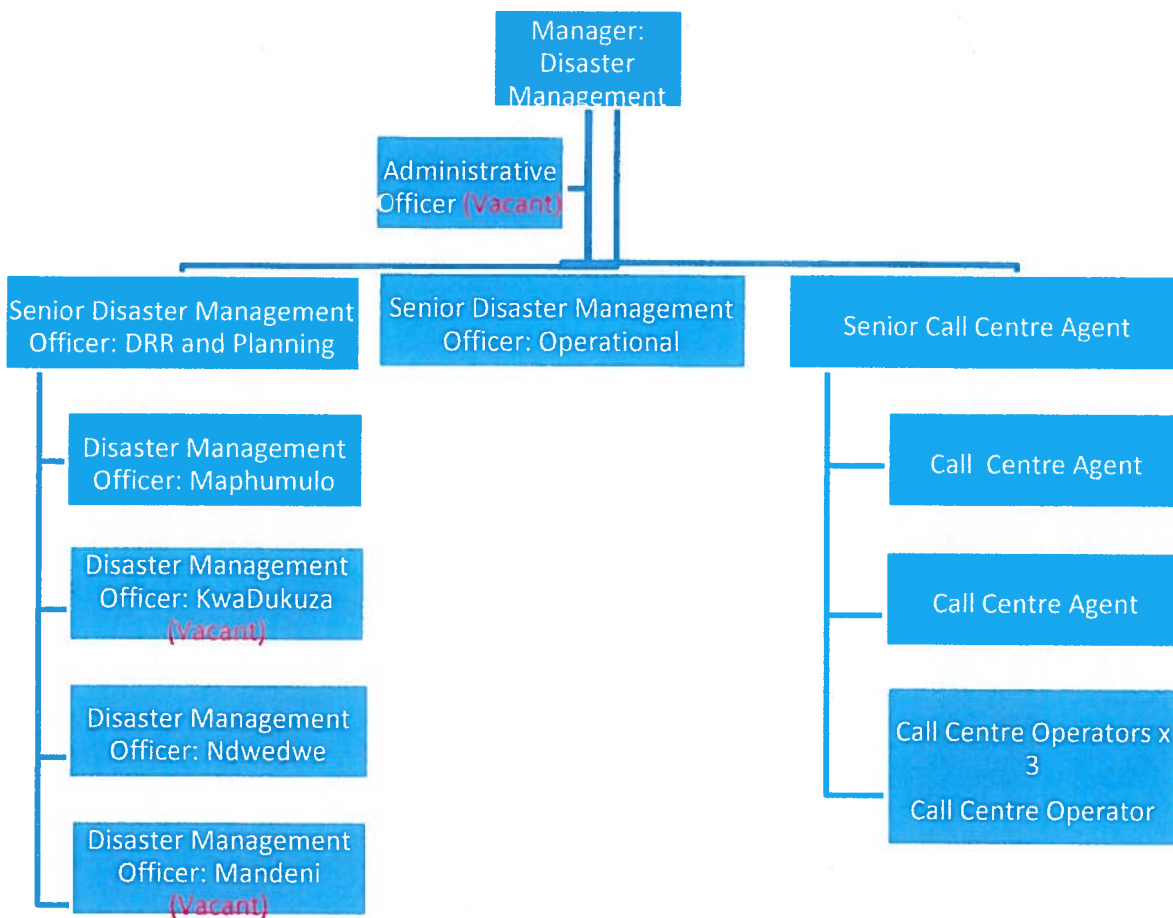
Apart from increasing the number of employees at a District Level as illustrated in figure 5, the District Centre has also forged good relations with all the four local municipalities resulting in the employment of disaster management personnel at all local municipalities. To date KwaDukuza Local Municipality has employed **two (02)** permanent personnel to deal solely with disaster management and **one (01)** temporary intern, Ndwedwe Local Municipality has employed **one (01)** permanent officer and **two (02)** interns whilst Mandeni and Maphumulo Local Municipalities has appointed **one (01)** Officer to concentrate mainly on disaster management issues.

There are established systems and institutional measures that seeks to promote integrated institutional capacity e.g. Inter-Departments committee and District Disaster management Advisory Forum. However more effort is still required to ensure that the District and particularly the Local Municipalities function in a much more desirable and efficient manner towards complying with disaster management legislation.

The good working relationship between the District personnel and all four local municipalities has resulted in establishment of various platforms such as Inter-Departments Committee and District Disaster management Advisory Forum where capacity challenges are discussed and addressed with role players as well as to have the systems and institutional measures that seeks to promote integrated institutional capacity.



**Figure 5: iLembe District Disaster Management Organogram**



**Status of iLembe District Disaster Management Plans / Framework**

**Disaster Management Framework**

The Disaster Management Act identifies the continuum of opportunities to avoid and reduce disaster-related losses through concerted efforts of all spheres of government, civil society and the private sector as well as the need for uniformity of approach amongst the diversity of role players and stakeholders. In compliance with the Section 42 of the Disaster Management Act, which compels each district municipality to establish and implement a disaster management Framework that is aimed at ensuring an integrated and uniform approach to disaster management, iLembe District Disaster Risk Management Policy Framework was developed in 2008, as set out below which is consistent with that of Province and National Government.

The iLembe District Disaster Risk Management Policy Framework is based on the nationally accepted four key performance areas (KPA) each of which is underpinned by three “enablers” that facilitate a consistent approach to the function. I Lembe District Municipality completed a

process of reviewing its Disaster Risk Management Policy Framework during the 2015/16 financial year.

### Disaster Management Plan

The Disaster management plan is crucial for the District since the Municipal Systems Act No. 32 of 2000 requires all municipalities to undertake an integrated development planning process to produce currently relevant Integrated Development Plans (IDPs). The applicable Disaster Management Plan is a core component of the IDP as it is stipulated by Section 26 (g) of the Municipal Systems Act No. 32 of 2000 and furthermore Section 53 (2) (a) of Disaster Management Act stipulate that a disaster management plan for a municipal area must form an integral part of the municipality's IDP. To achieve this, iLembe District Municipality developed its Disaster Management Framework that was developed in 2008 and the Disaster Risk Management Plan in 2009 which was approved by the Council. The District has finalized a process of reviewing its Disaster Management Plan with the assistance of a service provider.

Core to the review of the Plan is a comprehensive Ward Based Risk Assessment Process which has already been conducted in partnership & in consultation with all local municipalities and other stakeholders. The risk assessments process conducted assisted iLembe District and local municipalities to properly understand current hazards, vulnerabilities and capacity capabilities in dealing with identified hazards. The District has finalized the disaster management plan comprehending **all three levels** with the main objective of presenting it to the Management Committee (MANCO), which is a senior management committee and then presented to iLembe District Municipality Economic Development and Planning, Environmental Health and Safety Portfolio Committee for approval. The District has submitted the draft disaster management plan to Provincial Disaster Management Centre (PDMC) for their input. The District disaster management plan has been finalized and all the inputs from the Provincial Disaster Management Plan and stakeholders has been incorporated to the plan.

The District has conducted a workshop with the previous District Councillors with the main objective of keeping all the Councillors abreast of what entails in the disaster management plan. iLembe District Municipality Disaster Management Centre has amended the Annexures attached to the District disaster management plan with the main aim of incorporating the latest information to the plan. Due to the implications of the Disaster Management Amendment Act, 2015 which commenced on 1 May 2016 where it was noted that the implementation has posed significant challenges, particularly at the level of local municipalities. The District initiated a process of incorporating issues that are mentioned in the Disaster Management Amendment

Act 16 of 2015 in last quarter. Issues that the District has started to incorporate in the Disaster Management Plan include:

- Identification and mapping of risks, areas, ecosystems, communities and households that are exposed and vulnerable to physical and human-induced threats.
- Indication of how the District will invest in disaster risk reduction and climate change adaptation, including ecosystem and community based approaches and develop early warning mechanisms and procedures for risks identified in its functional area. The final District Disaster Management Plan includes appropriate disaster risk reduction strategies, including identified projects and programmes. The Disaster Management Plan was then be presented as a formal item for Adoption by Council during the month of June 2017. The Council has approved the District Disaster Management Plan on the **28th of June 2017** and will form part of the Municipal IDP. Thereafter, there will be ongoing monitoring and implementation of the identified strategies, with the Plan to be reviewed regularly (preferably, on an annual basis). To date the disaster management plans of all four Local Municipalities have been adopted by their respective Councils.

#### **Status of readiness to deal with disasters**

iLembe District Municipality is prone to incidents such as heavy rain, lightning, strong winds, fires and hail which can kill and injure people, destroy their homes and damage property. In accordance with the provisions of the Disaster Management Act, iLembe District Disaster Management Centre (DDMC) act as a source and conduit for information on disasters and impending disasters within the District. On an ongoing basis the District Disaster Management Practitioners has been capturing, monitoring and analyzing minor and major incidents on an ongoing basis, as required by disaster management legislation. The District Disaster Management Centre has been proactive in anticipating the types of disasters that may occur, planning ways of preventing or mitigating the major incidents and disasters. In its role of disaster management co-ordination, the District Disaster Management Centre responds to incidents in supporting the four local municipalities at iLembe District i.e. Mandeni, KwaDukuza, Maphumulo and Ndwedwe Local Municipalities.

In line with the provisions of the Disaster Management Act as well as the national and Provincial Disaster Management Frameworks, iLembe District Municipality Disaster Risk Management Practitioners respond, assess and capture incidents as they occur. The early warning system from SAWS were crucial and helpful since the District managed to disseminate the warnings/alerts to the local municipalities practitioners to ensure that the warnings/alerts do reach their local stakeholders, including Ward Councillors, Amakhosi,



Izinduna, for ultimate dissemination to affected communities.. ILembe District also play a meaningful role towards recovery and rehabilitation, by engaging all the relevant line function departments in fulfilling their mandatory roles towards this process.

### **Financial capabilities**

ILembe District Municipality has budgeted for Disaster Risk Reduction during 2016/17 financial year as well as the draft budget submitted to the Council for 2017/18 financial year, and the budget include:

- Emergency Relief.
- Community Awareness Campaigns
- Capacity Building Programmes
- Disaster Management Communication System
- District Advisory Forums meetings
- Disaster Risk Reduction
- Installation of Lightning Conductors
- Temporary Shelter

The District monitors the disaster management budget on an ongoing basis and conducts variances where applicable to ensure the fulfillments of the SDBIP which underpins all Disaster Management KPAs and enablers.

### **Status and results of Disaster Risk Assessments undertaken**

#### **List of Priority Risks (Hazards)**

ILembe District Municipality is prone to a number of natural and men-made hazards, *inter alia*, fires (veld fires and structural fires), heavy rain, lightning, strong wind, drought, road and railway accidents etc. In accordance with the Disaster Management Act No. 57 of 2002 as amended in 2015 and the Disaster Management Framework, it is necessary to conduct a Risk Analysis which will identify and prioritize potential hazards and threats that are likely to occur within the iLembe District Municipality. The vulnerability of communities within the District varies, which mainly depends on socio-economic status as well as the exposure of a particular household or community to a specific hazard. Based on all four local municipalities specific which reflects the hazards threatening the iLembe District, below (table 1) is a list of priority hazards that are affecting the District, with spatio-temporal characteristics of these hazards well known since they have been observed and recorded continuously:

**Table 1: Priority hazards identified at iLembe District Municipality.**

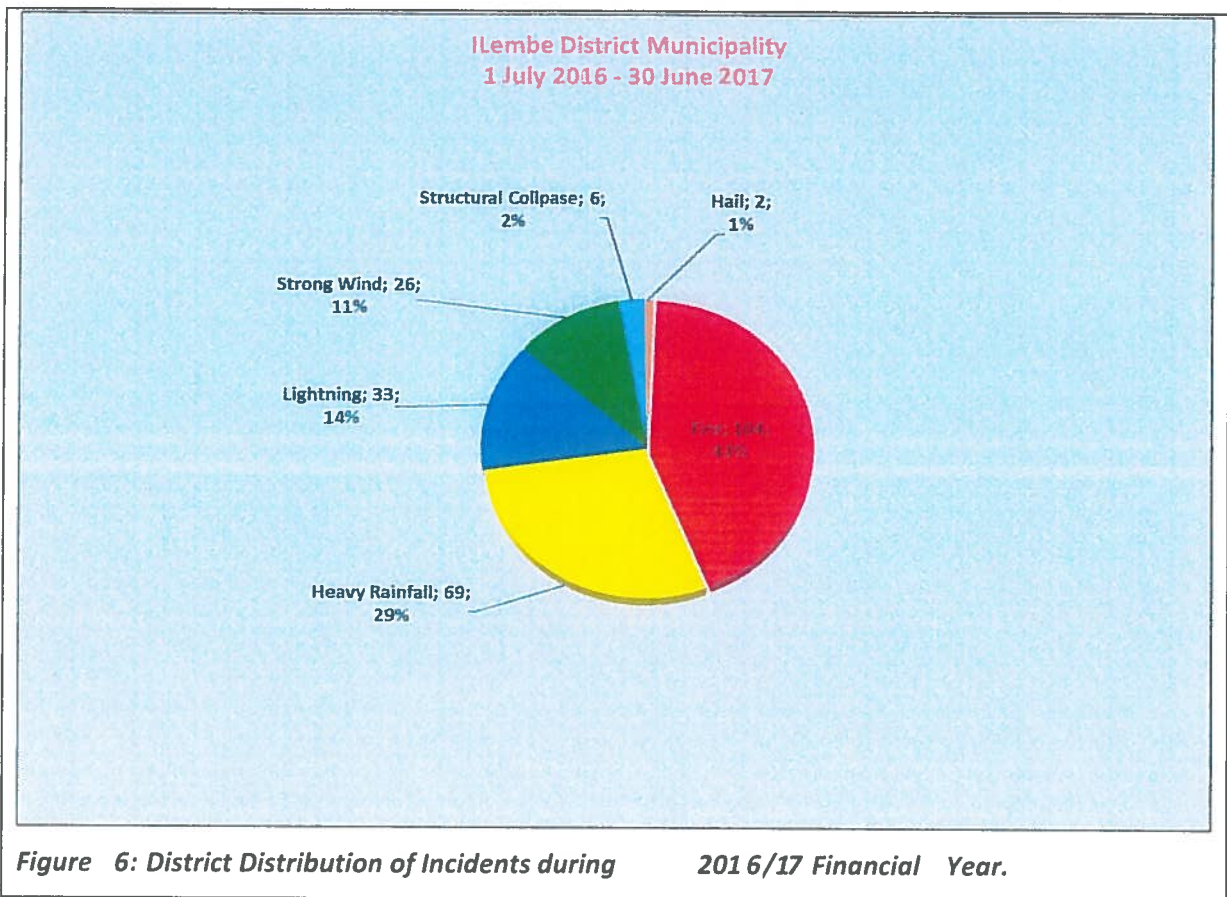
HAZARDS		LOCATION
1.	Severe weather:	
2.	a. Lightning	In all Four Local Municipalities
3.	b. Strong winds	In all Four Local Municipalities
4.	c. Hail	In all Four Local Municipalities
5.	d. Heavy rain	In all Four Local Municipalities
	e. Extreme temperatures	In all Four Local Municipalities
	f. Storm surges	Along the Coast
	Fires (Structural and Veld Fires)	In all Four Local Municipalities
	Drought	In all Four Local Municipalities
	Accidents (MVA)	Mostly on N2, R74, P711, R102 and P459
	Illegal Connection of Electricity	In all Four Local Municipalities

### Incident Statistics

#### Incidents reported during 2016/2017 Financial Year

**Table 2: Number and type of incidents that occurred during the 2016/2017 financial Year (1 July 2016 – 30 June 2017).**

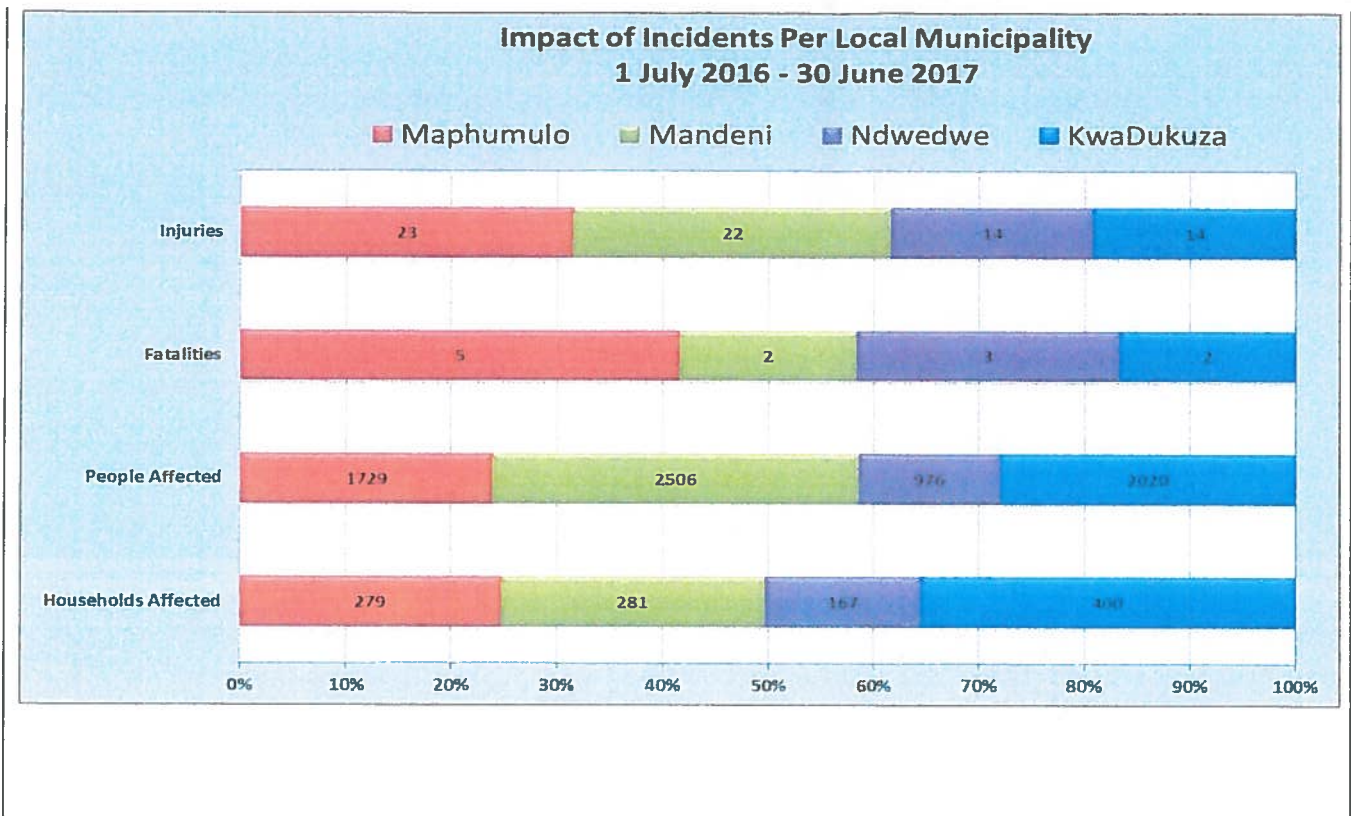
MUNICIPALITY	CAUSE OF AN INCIDENT						TOTAL
	Fire	Heavy Rain	Strong Wind	Lightning	Structural Collapse	Hail	
KwaDukuza	30	26	13	3	6	2	80
Mandeni	32	17	7	2	-	-	58
Maphumulo	28	20	11	16	-	-	75
Ndwedwe	14	6	2	5	-	-	27
<b>iLembe District</b>	<b>104</b>	<b>69</b>	<b>33</b>	<b>26</b>	<b>6</b>	<b>2</b>	<b>240</b>



A total number of **two hundred and forty (240)** incidents were reported during the 2016/2017 financial year at iLembe District Municipality. KwaDukuza Local Municipality reported a highest total number of **eighty (80)** incidents, followed by Maphumulo Local Municipalities who accounted for **seventy five (75)** incidents, then Mandeni Local Municipality who recorded a total number of **fifty eight (58)** incidents, and lastly Ndwedwe Local Municipality who reported the lowest total number of **twenty seven (27)** incidents.

The District noted that fire incidents were dominant during the 2016/2017 financial year. It was noted that most of the fire related incidents were due to negligence since most of the reported fire incidents were due to unattended candles, illegal connection of electricity and gases. The summer season which is known for severe thunderstorms accompanied by strong wind, lightning, hail and heavy rain was also dominant during the 2016/2017 financial year. Structural Collapse incidents were also observed at KwaDukuza Local Municipality during the period under review.



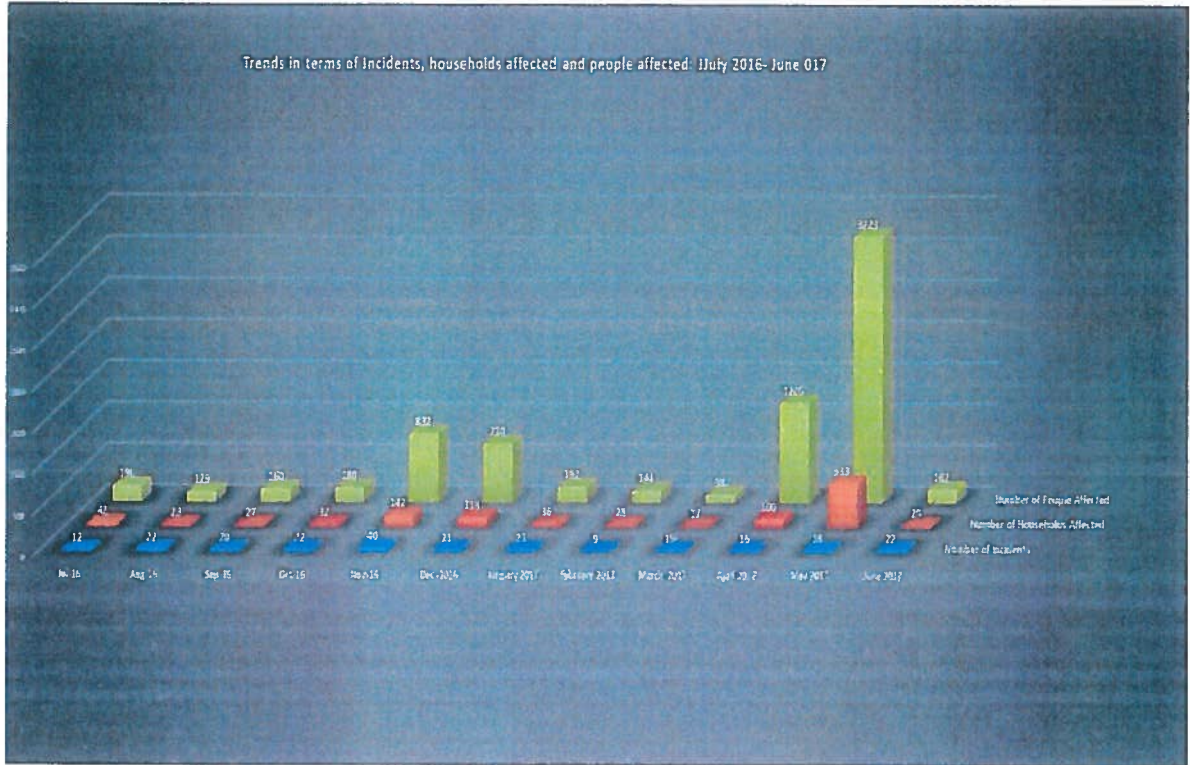


**Figure 7: Impact of incidents that incurred during the 2016/2017 year (1<sup>st</sup> July 2016 – 30<sup>th</sup> June 2017)**

iLembe District Municipality takes note of the fact that the fire incidents were dominant in the 2016/2017 Financial Year where the family of local municipalities experienced a total number of one hundred and four (104) fire related incidents - (43%), followed by a total number of sixty nine (69) heavy rain incidents - (29%), thirty three (33) lightning incidents – (14%), twenty six (26) strong wind incidents - (11%), then six (06) structural collapse incidents - (2%) and lastly two (02) hail incident - (1%).

Figure 7 above illustrate the impact of the incidents per local municipality during the 2016/2017 financial year. Maphumulo Local Municipality was the worst affected municipality where two hundred and seventy nine (279) affected households recorded and one thousand seven hundred and twenty nine (1729) people affected, five (05) fatalities were recorded and twenty three (23) injuries recorded. KwaDukuza Local Municipality was the next on the list where four hundred (400) households affected were recorded two thousand two hundred and twenty (2020) people affected, two (02) fatalities and fourteen (14) injuries reported. Mandeni Local Municipality followed with two hundred and eighty one (281) households affected, two thousand five hundred and six (2506) people affected, and two (02) fatalities and twenty two (22) injuries recorded. Ndwedwe Local Municipality was the least affected area with a total

number of **one hundred and sixty seven (167)** affected households, **nine hundred and seventy six (976)** people affected, **three (03)** fatalities and **fourteen (14)** injuries.



**Figure 8: Trends in occurrence of incidents and impact in terms of Households and People affected: (1 July 2016 – 30 June 2017).**

Figure 8 above indicates the trend in respect of the number of incidents and the impact thereof during 1 July 2016 – 30 June 2017. It is imperative to note that the most reported incidents were during November and December 2016 as well as April and May 2017 months due to “Severe thunderstorms experienced over parts of iLembe District associated with lightning, heavy rainfall, hail and strong damaging winds”

## **Description of projects undertaken**

Promoting a culture of prevention as advocated by the Disaster Management Act, the Provincial Disaster Management Framework of 2010 and the National Disaster Management Framework of 2005 requires creative and innovative approaches to disseminate its message and to make it an integral part of an overall planning process, especially targeting communities in disaster-prone communities. ILembe District Municipality commits itself in conducting ongoing community awareness campaigns and capacity building programmes in line with the targets that are set on the SDBIP. This excludes unplanned community awareness campaigns that are done on an ad-hoc basis, through requests or in certain circumstances where there is an urgent need. The ongoing capacity building programmes and public awareness campaigns undertaken by the iLembe District Municipality are aimed at direct involvement of school children and communities in taking the disaster mitigation message across the vulnerable societies.

An integrated capacity building programmes and public awareness campaigns strategy for iLembe District has been developed and continuously implemented to encourage risk avoidance behaviour by all role players, including all departments as well as various stakeholders such as Traditional Leaders, Councillors, Educators, Learners, Volunteers, Municipal entities etc. Such strategy seeks to promote an informed, alert and self-reliant society capable of playing its part in supporting and co-operating with the District in all aspects of disaster risk reduction. ILembe District Municipality has been involved in long-term initiatives like capacity building through awareness campaigns in all four local municipalities, information dissemination and enhancement of livelihood opportunities of the communities as a cornerstones of dealing with community vulnerabilities. The capacity building programmes and public awareness campaigns conducted by the District in partnership with all four family of local municipalities targets communities, schools, through the media and official, public, tribal councils, professional and community channels.

## **Community Awareness Campaigns**

ILembe District Municipality is prone to a number of natural and man-made hazards incidents which have a huge impact on humans and the environment and requires Disaster Management Centre intervention since they are not always unpredictable. It is in this view that the District has adopted a strategy of increasing awareness about the risk that the District faces as the key objective of iLembe District Municipality. The community awareness campaigns programme that the District has developed on an ongoing basis are in line with the provisions of the Disaster Management Act, the Provincial Disaster Management Framework

of 2010 and the National Disaster Management Framework of 2005. It is crucial that the District pay a particular attention in improving education, training and awareness in all communities, especially those communities which are vulnerable. The community awareness and public education for disaster risk reduction can also empower normal people everywhere within the District to participate in reducing future suffering.

The District public awareness campaigns are primary elements of risk reduction and creates widespread understanding about disaster reduction which are regarded as crucial elements in risk management strategies. ILembe District Municipality has developed an ongoing awareness campaign program which is a vital element in any comprehensive strategy for disaster risk reduction. The public awareness campaigns conducted by the District in partnership with all four family of local municipalities were conducted in communities, schools, through the media and official, public, tribal councils, professional and community channels. There is a responsibility for the District and local municipalities to promote public awareness of hazards and risks on a continuous basis. In order to create a culture of prevention, there needs to be a great degree of public participation and popular understanding by the communities through awareness campaigns.

Below is a table illustrating the awareness campaigns that were conducted by the District from 1 July 2016 to 30 June 2017.

**Table 3: Awareness Campaigns conducted from 1 July 2016 to 30 June 2017**

Municipality	Venue	Description	Date
Maphumulo	Balcome Primary School	The District Disaster Management Centre used the opportunity during a community event to raise fire Awareness as well as highlighting on winter and summer season hazards to community members, sector departments, educators and learners.	19 July 2016



Maphumulo	Maphumulo Council Chamber	ILembe District Municipality utilised the stakeholder's session to raise awareness on drought situation as well as fire as a risk to the communities. The session was also utilised to raise awareness regarding the risk to the voting stations for the upcoming 2016 Local Government Elections.	29 July 2016
KwaDukuza	Thuthukani Old Age Centre	Awareness was in the form of workshop targeting the old age homes and tribal council with the aim of raising awareness on both summer and winter season hazards. The workshops were also utilised to assist the old age centres in developing their disaster management plans.	16 Aug 2016
Ndwedwe	Gcwensa Tribal Court		17 Aug 2016
KwaDukuza	Dorinkop Old Age Centre		25 Aug 2016
KwaDukuza	Disaster Management Centre	The District in partnership with Working on Fire raise awareness to the CDWs, Ward Committee members, tribal council and community leaders focusing on fire prevention and mitigation.	06 Sept 2016
Mandeni	Isikhonyane Tribal Court		07 Sept 2016
Ndwedwe	Gwensa Tribal Court,	The District Disaster Management Centre used the opportunity during a tribal council meeting between traditional leaders and community members to raise awareness on the risk facing the villages, mainly focusing on fire (both structural and veld fires).	14 October 2016

Maphumulo	Mshukangubo Old Age Center,	ILembe District Municipality visited the elderly people and different stakeholders with the main aim of raising awareness focusing on safety actions to prevent and prepare for a potential major incident and or disaster.	25 October 2016
Mandeni	Khulekani Primary School	The District raise an awareness to educators and learners in identifying hazards and risks as well as in order for them to take action with the main aim to build safety and resilience, and reducing future hazard impacts.	10 November 2016
Maphumulo	Sizamimpilo Orphanage	The District targeted the community society, senior citizens and local community members. The awareness was conducted in partnership with Working on Fire with the objective of raising precautionary measures	15 of November 2016
Mandeni	Mandeni Old Age Centre		24 November 2016
KwaDukuza	Shakaskraal Old Age Centre	Focusing on fire incidents as well as safety and survival actions to be taken when major incident or disaster is occurring.	7 December 2016
Maphumulo	Mshukangubo Society	The District targeted the community society, senior citizens and local	13 January 2017

KwaDukuza	KwaShoti Area	community members. The awareness was conducted in partnership with Working on Fire with the objective of raising precautionary measures focusing on fire incidents as well as safety and survival actions to be taken when major The District targeted the community society, senior citizens and local community members. The awareness was conducted in partnership with Working on Fire with the objective of raising precautionary measures focusing on fire incidents as well as safety and survival actions to be taken when major	24 January 2017
Ndwedwe	Intaphuka Primary School	The District raise an awareness to educators and learners in identifying hazards and risks as well as in order for them to take action with the main aim to build safety and resilience, and reducing future hazard impacts.	3 February 2017
Maphumulo	Amaphuphesizwe High School		6 February 2017
Ndwedwe	Nompande Primary School		17 February 2017
KwaDukuza	Ballito Hotel	The District in partnership with the PDMC and local municipalities raise awareness on the disaster management interventions at the District and local municipalities' level.	2 March 2017
Mandeni	Ekuvukeni Primary School	Awareness campaigns were conducted in partnership with the local municipalities, WoF, Umgeni and other stakeholders with the objective of raising awareness on the disaster management interventions at the District and local municipalities as well as water conservation and drought.	15 March 2017
Maphumulo	Inkolovuzane Primary School		28 March 2017

KwaDukuza	KwaDukuza Town Hall	The awareness campaigns was targeting sector departments, and representatives from different early childhood developments with the main aim of raising awareness on winter season hazards.	20 April 2017
Ndwedwe	Nompande Primary School	The awareness campaign was targeting educators and learners as well as community members, focusing on fire prevention during the upcoming fire season.	25 April 2017
Mandeni	Mgandeni Secondary School	The main objective of all three (03) awareness campaigns was to raise precautionary measures during Strong winds, Drought, Fire Awareness, Safety	2 May 2017
	UThukela Secondary School	Usage Of Candles, Gas Stoves and Paraffin Stoves as well as safety measures in generally.	2 May 2017
KwaDukuza	M.L.Sultan Secondary School		11 May 2017
Ndwedwe	Mangangeni Traditional Court	All the awareness campaigns were conducted in partnership with the local municipalities, and other stakeholders.	6 June 2017
	Glendale Sports Field	The main objective of all awareness campaigns was to raise precautionary measures during winter season hazards and risks.	8 June 2017
Mandeni	Sibusiswe Hall		15 June 2017

These Community Awareness Campaigns that were conducted during the period under review were focusing on raising awareness and to take precautions during:

- Households and Veld Fires,
- Usage of Generators, Gas and Paraffin Stoves
- Dry Conditions
- Hot and Humid Conditions
- Heatwaves
- Heavy rainfall,
- Strong Winds,

- Lightning and, Hail.
- Drought

### **Capacity Building Programmes**

The capacity building programme is one of the approach taken by ILembe District Municipality to comply with the provisions of the Disaster Management Act as well as both National and KwaZulu-Natal Provincial Disaster Risk Management Frameworks. These are the training programmes which are crucial in increasing the numbers and competencies of disaster management practitioners, as well as increasing the overall humanitarian skills and knowledge of local disaster management stakeholders and communities. ILembe District Municipality has adopted the approach of working together with different stakeholders in order to aid disaster prone communities to develop the knowledge, human capacity, planning, coordination, and implementation mechanisms that reinforces its disaster management and risk reduction systems.

The capacity building programme within the District promotes a culture of risk avoidance among stakeholders by capacitating role players and communities through integrated disaster risk management education and training. Another important aspect of capacity building programmes is to communicate the policy objectives of Disaster Management Act and other related legislations. Capacity building programme also contribute to the achievement of the overall District goal by increasing staff and organizational capacity to respond quickly, effectively and to high quality and accountability relating to disaster management issues. These programmes are imperative for the District to achieve the requirements of Enabler 2 of the National Disaster Risk Management Framework since such training interventions includes workshops and mass communication with the role-players.

Below is a table illustrating the capacity building programmes that were conducted by the District from 1 July 2016 to 30 June 2017.

**Table 4: Capacity Building Programmes conducted from 1 July 2016 to 30 June 2017.**

MUNICIPALITY	VENUE	DESCRIPTION	DATE
ILembe District Municipality	District Disaster Management Centre	The capacity building program conducted was in the form of a session with the local municipalities Practitioners with the main aim of sharing best disaster risk management practices with all District Disaster Management Practitioners. The session was also utilised to capacitate all District Practitioners with core understanding of the new amendment bill as well as the activities for the new financial year in terms of SDBIP.	22 July 2016
		A session with different stakeholders and disaster management Practitioners. The main objective of the session was to promote a culture of risk avoidance among stakeholders by capacitating role players and District Practitioners through integrated disaster risk management education and training. Another important aspect of conducting such capacity building program was to communicate the policy objectives of Disaster Management Act No. 57 of 2002, as amended in 2015 and other related legislations	26 August 2016

iLembe District Municipality	District Disaster Management Centre	A session with all Practitioners where it was utilised to capacitate all District Practitioners on Disaster Management Targets as set out in the Municipal SDBIP as well as on the status of iLembe District Disaster Management Centre, including the reflection on the overall state of readiness of the Centre to be fully functional. The session was also utilised by the PDMC on compliance with the amendments of the Disaster management Act.	5 September 2016
iLembe District Municipality	District Disaster Management Centre	The capacity building program conducted was in the form of a session with the local municipalities Practitioners with the main aim of sharing best disaster risk management practices with all District Disaster Management Practitioners. The session was also utilised to capacitate all District Practitioners with core understanding of the new amendment bill as well as the activities for the new financial year in terms of SDBIP.	11 October 2016
KwaDukuza	Thuthukani Old Age Centre	The capacity building program was in the form of a workshop aiming to capacitate the role-players and stakeholders regarding their roles and responsibilities during major incidents and disasters as well as developing their plans to deal with the ever increasing number of natural and men-made incidents and/or disasters.	04 November 2016



Maphumulo	Sizamimpilo Orphanage	The session was utilised to mainstream disaster management focusing on the major incidents at institutions such as orphanages and disability areas. The role of Child and Youth Care Givers (CYCs), ECDs and all Care Givers was illustrated during the session in terms of in disaster management activities and programmes within the institutions. The session was also be utilized to capacitate CYCs ECDs and all Care Givers in order for them to exercise a culture of risk avoidance among their communities through integrated disaster risk management education and training.	6 December 2016
Mandeni	Hlomendlini Old Age Centre	The main objective of this capacity building was to develop a sustainable partnerships with different stakeholders and local municipality as well as to link training to twinning programs such as firefighting.	31 January 2017
iLembe District Municipality	Disaster management Centre.	The capacity building program conducted was in the form of a session with the local municipalities Practitioners aiming to share best disaster risk management practices with all District Disaster Management Practitioners. The session was also utilised to capacitate all District Practitioners with core understanding of the District plans and activities.	14 February 2017
Maphumulo	Maphumulo Town Hall	The main aim of the workshop was to capacitate Maphumulo Ward Committee Members workshop to capacitate ward committee members who will be utilized as volunteers during the disaster related issues.	23 February 2017

District	eBandla Hotel	The workshop was targeting the District Ward Councillors and Stakeholders with the objective to capacitate the new Councillors on the requirements stipulated on the principal Disaster Management Act. No. 57 of 2002 and the new amendment Disaster Management Act No. 16 of 2015	3 Marc h 2017
KwaDukuza	Supper Room	A workshop with the Ward Councillors and Ward Committees where the workshop was also utilised to roll-out the volunteer strategy.	14 March 2017
District	Disaster management Centre.	Capacity building targeting various stakeholders and disaster management role-players with the main aim of capacitating structures in developing an implementable disaster management plan	29 March 2017
Mandeni	Ithala Building	The capacity building program was in the form of a session with the disaster management role-players aiming to capacitate role-players focusing on readiness to deal with the ever increasing number of natural and men-made incidents and/or disasters.	12 April 2017
Maphumulo	Maphumulo Council Chamber.	The capacity building program was in the form of a session with disaster management role-players. The main objective of the session was to promote a culture of risk avoidance among communities by capacitating District roleplayers through integrated disaster risk management education and training.	4 May 2017

District	District Disaster Management Centre.	The main aim of the workshop was to communicate the policy objectives of Disaster Management Act No. 57 of 2002, as amended in 2015 and other related legislations as well as to reflect on the challenges and solutions facing the Disaster management Centre.	9 May 2017
District	District Disaster Management Centre.	The main objective of both capacity building programmes was to promote a culture of risk avoidance among communities by capacitating District stakeholders and role-players through integrated disaster risk management education and training. Another objective of both programmes was to communicate the policy objectives of Disaster Management Act and other related legislations	9 June 2017
KwaDukuza			23 June 2017

### Best Practices / Achievements / Successes

There are various best practices taking place throughout the iLembe District Disaster Management Centre. Below is the disaster management best practice activities or successes by iLembe District Municipality:

- The District has partnered with the Provincial Disaster Management Centre (PDMC) in encouraging vulnerable communities to buy lightning conductors.
- The District has also encouraged all local municipalities to budget for disaster management, including budget for disaster risk reduction programmes such as the installation of lightning conductors.
- In the previous financial year, Maphumulo Local Municipality in partnership with PDMC and the District has installed a total number of **eighty six (86)** lightning conductors to vulnerable communities and the District has installed **ten (10)** lightning conductors to support local municipalities.
- Through ongoing capacity building programmes by the District, the Local Municipalities have committed to budget for disaster management, including alignment of the disaster management sector plans into their Integrated Development Plans (IDPs).
- The dedicated District Disaster Management Centre building for iLembe is fully function and is situated at No 12 Haysom Road (Stanger).

- The District turnaround time when responding to reported incidents is highly commendable. This is due to district proper coordination and integration, in partnership with all role-players and stakeholders in the district.
- The District has initiated the process of incorporating issues that are mentioned in the Disaster Management Amendment Act 16 of 2015 as part of reviewing the ILembe District Municipality Disaster Management Plan with the objective of conducting macro disaster risk assessment which provides the foundation towards risk reduction planning based on the identified and prioritized disaster risks and vulnerabilities of the District.
- In fulfilling the requirements of the Safety at Sports and Recreational Events Act, the District is actively involved in all stages leading to minor and major events, in an effort to ensure safety of communities during such events.
- ILembe District Disaster Management Centre is one of the key stakeholders that are involved in all District Climate Change interventions, especially Climate Change Adaptation.

### **Challenges and Concerns**

All challenges are illustrated through the SWOT analysis below. It is also important to note that all the weakness and threats identified are work in progress, as ongoing engagements are currently taking place between the district and local municipalities.

In addition to above SWOT Analysis, some concerns by iLembe District Municipality are listed below:

- Poor attendance by the sector departments/other spheres of government poses a risk of not addressing all consultative activities on issues concerning disasters and disaster management in the District.
- The state of readiness is questionable in local municipalities where there are no budget provisions for disaster management. In instances where such budgets exists, the extent to which they are being utilized for disaster risk reduction must be communicated to all relevant stakeholders.
- In responding to minor and major incidents, there is generally a poor co-ordination (including response time) in the municipalities where there is no dedicated personnel who are employed to deal solely with disaster risk management.

Helpful

Harmful

to achieving the objective

to achieving the objective

Internal origin  
attributes of the system

External origin attributes of the environment

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Good management and leadership.</li> <li>• Good monitoring and evaluation system.</li> <li>• Existence of required and relevant (4X4) suitable for the rural terrain in expertise.</li> <li>• Availability of budget.</li> <li>• Comprehensive District programmes developed.</li> <li>• Good institutional arrangements.</li> <li>• Political buy in established</li> <li>• Integration of disaster risk management issues with other municipal programmes.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Insufficient human resources in the local municipalities</li> <li>• Lack of specialized vehicles</li> <li>• some local municipalities.</li> <li>• Lack or Insufficient of financial and human resources to some of the Local Municipalities.</li> <li>• None existence or outdated disaster risk management plans in some Local Municipalities</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Opportunities</b></li> <li>• Employment of more disaster management personnel.</li> <li>• Securing of political buy-in especially at the Local Municipalities.</li> <li>• Sharing of best disaster management practices with other stakeholders such as local municipalities, PDMC, NDMC, Sector Departments and other institutions.</li> <li>• Development or and review of disaster risk management plans for local municipalities</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lack of comprehensive understanding of disaster risk management amongst other stakeholders.</li> <li>• Lack of cooperation from other sectors.</li> <li>• Climate change impact.</li> <li>• Severe weather events.</li> <li>• Lack of budgeting for disaster management in the Local Municipalities</li> </ul>



## Disaster Management Initiatives

### Events

In complying with the provisions of the Safety at Sports and Recreational Events Act No. 02 of 2010, the District is actively involved in all stages leading to minor and major events, in an effort to ensure safety of communities during such events. The District plays a significant role in event coordination so as to prevent, minimize and mitigate any life threatening conditions associated with an event that may have detrimental/ devastating effect to participants, environment and property. As mandated by Disaster Management Act, iLembe Disaster Management Centre has a fundamental role in terms of conducting risk reduction, mitigation and capacity building programmes. In achieving these goals, iLembe Disaster Management Centre works closely with safety and security stakeholders locally, provincially and nationally to ensure that events conducted within iLembe District Municipality are successful.

During the period under review, the District has been involved in many events *inter alia* Shembe Pilgrimage to Holy Mountain, Umkhosi Welembé, and Events by different departments. The incident management plan has been developed by the Disaster Management Centre which serves to confirm the arrangements within iLembe District Municipality to effectively prevent disasters from occurring and to lessen the impact of those hazards that cannot be avoided. It must be noted that the event incident management plans also focuses on the efforts that can be made to mitigate against any occurrence either in the form of an incident, disaster or any life threatening situation during the course of the event in question. These incident management plan is also based on the systematic approach which is informed by key principles of disaster risk management when planning and managing events of this nature, which is a multi-disciplinary process of planning and implementation of measures aimed at:

- (a) Preventing or reducing the risk of incidents/disasters;
- (b) Mitigating the severity or consequences of incidents/disasters;
- (c) Emergency preparedness and;
- (d) A rapid and effective response to incidents/disasters

### Status of Fire Services

In line with the Disaster Management Act, Section 54 (3): (a) the municipality have a responsibility for coordination and management of disasters and must deal with a local disaster in terms of existing legislation and contingency arrangements if a local state of disaster has not been declared (b) in addition to the above section 55(2) if a local disaster has been declared. Currently, at iLembe District, only KwaDukuza and Mandeni Local Municipalities have establish mechanisms for firefighting capacity. KwaDukuza is performing



the firefighting function in house with two Fire Stations that are located in Ballito and Stanger. Mandeni have outsourced the service to a Service Provider for a period of three years, where there is an expectation of skills transfer once the contract has expired. One of the challenges is that there is no firefighting capacity at Ndwedwe and Maphumulo Local Municipalities. This scenario poses major challenges as there is lack of prompt and effective response to fire incidents at Maphumulo and Ndwedwe Local Municipalities as illustrated in table 5 below.

**Table 5: Status of fire services at iLembe District Municipality**

Municipality	Responsibility	Firefighters	Area km <sup>2</sup>	Capacity (Equipment)
Mandeni LM	Outsourced To The Service Provider	14 x Fire Fighters, 1 x Chief Fire Officer, Volunteers	545 km <sup>2</sup>	1 x Medium Fully Equipped Fire Engine 1 x Rapid Response LDV 4x4 Skid Unit
KwaDukuza LM	KwaDukuza LM	Chief Fire Officer (1), Divisional Officer (1),	735 km <sup>2</sup>	4 Rescue Vehicles 1 Skid Unit 5 Utility Vehicles
Municipality	Responsibility	Firefighters	Area km <sup>2</sup>	Capacity (Equipment)
		Station Officers (2), Leading Firemen (8), Fire Fighters (11), Fire Cadets (24)		

Ndwedwe LM	IDM/KDM	Nil	1093 km <sup>2</sup>	Nil
Maphumulo LM	IDM/KDM	Nil	896 km <sup>2</sup>	Nil
<b>ILEMBE</b>			<b>NIL</b>	

Based on the capacity that is available at Kwa-Dukuza and Mandeni Local Municipalities, it has since been established that even the current firefighting capacity is not adequate to assist during fire incidents, especially in remote and rural communities at iLembe District. Whilst it is commendable that there is dedicated disaster management personnel in all municipalities, understaffing and lack of adequate resources remains a challenge as some municipalities utilise traffic personnel to assist in disaster management issues. ILembe District Municipality is seriously lacking in terms of Firefighting capacity.

The District has begun a process to investigate the possibility to establish its own Fire Fighting Service. The draft conceptual document has been prepared which seeks to introduce the Fire Fighting Service, whilst ensuring that there is strategic integration of Disaster Management, Fire and Emergency & Rescue Services. Such strategic integration will ensure that there is a holistic approach towards establishment of Fire Services, thus ensuring proper coordination and maximization of the impact of the services provided.

One of the main challenges that is facing our District is lack of formal relationships with the neighbouring municipalities in terms of services that are provided. In an effort to formalise and forge such relations with neighbouring municipalities, the District has initiated the process of formalising the Cross-Border relationships with neighbouring municipalities.

### **Climate Change**

Section 24 of the Constitution (Act of 1996) of the Country compels the environment sector to manage environment such that it does not become harmful to the wellbeing of all South African Citizens. Furthermore, chapter 3 of the Constitution provides for the cooperative governance by compelling the different spheres of government to cooperate and consult with one another to ensure cooperative governance. This constitutional perspective supports the principles of integration, participation and cooperation that are fundamental to working towards sustainable development. In responding to the resolutions of the previous Disaster Management and Climate Change workshop as well as the recent Back to Basics with Disaster Management Workshop, the District has established ILembe Environmental

Management Forum (IEMF) to basically, promote coordination and integration of plans and programmes for the benefit of the local people. The main purposes of the ILembe Environmental Management Forum (IEMF) is to facilitate the coordination of environmental management matters and to encourage compliance to the existing legal tools ranging from local, provincial, national and the international context. Such environmental management matters will include:

- Biodiversity and conservation management;
- Coastal management;
- Waste management;
- Climate change;
- Air quality management;
- Green economy;
- Water management;
- Integrated environmental management support;
- Developing the green economy sector;
- Sand mining; and
- Education and awareness.

## **Conclusion**

The report is an indication of the continuous progress of the implementation of the Disaster Management Act as amended in 2015 by iLembe District Municipality. The District Disaster Management Centre has made good progress in establishing disaster management structures such as the Inter-Governmental Relations on Disaster Management and the Disaster Management Advisory Forums and providing advice to disaster management stake-holders, with the implementation of the Disaster Management Act. It has also commenced with its overall monitoring and evaluation role in terms of the Act by developing the necessary monitoring and evaluation of incidents within the District. As part of the implementation of the Disaster Management Volunteer Framework, it must be noted that the District has initiated the process of developing a unit of volunteers with the main aim of emphasizing the importance of community structures in disaster management. The unit of volunteers are imperative to offer support during major incidents and disasters.

### 3.1. PERFORMANCE MANAGEMENT PROCESSES

The Municipal Systems Act (MSA) of 2000, Section 38(a) mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's Performance Management System (PMS) as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders

Performance management is a process which measures the implementation of an organisation's strategy. It provides a mechanism to measure whether targets to meet its strategic objectives that are set by municipalities and its employees are met. The PMS implementation and management process is carried out at iLembe in different phases namely:

Phase 1: Planning

Phase 2: Monitoring and managing performance information

Phase 3: Performance measurement and analysis

Phase 4: Performance review and improvement

Phase 5: Performance report

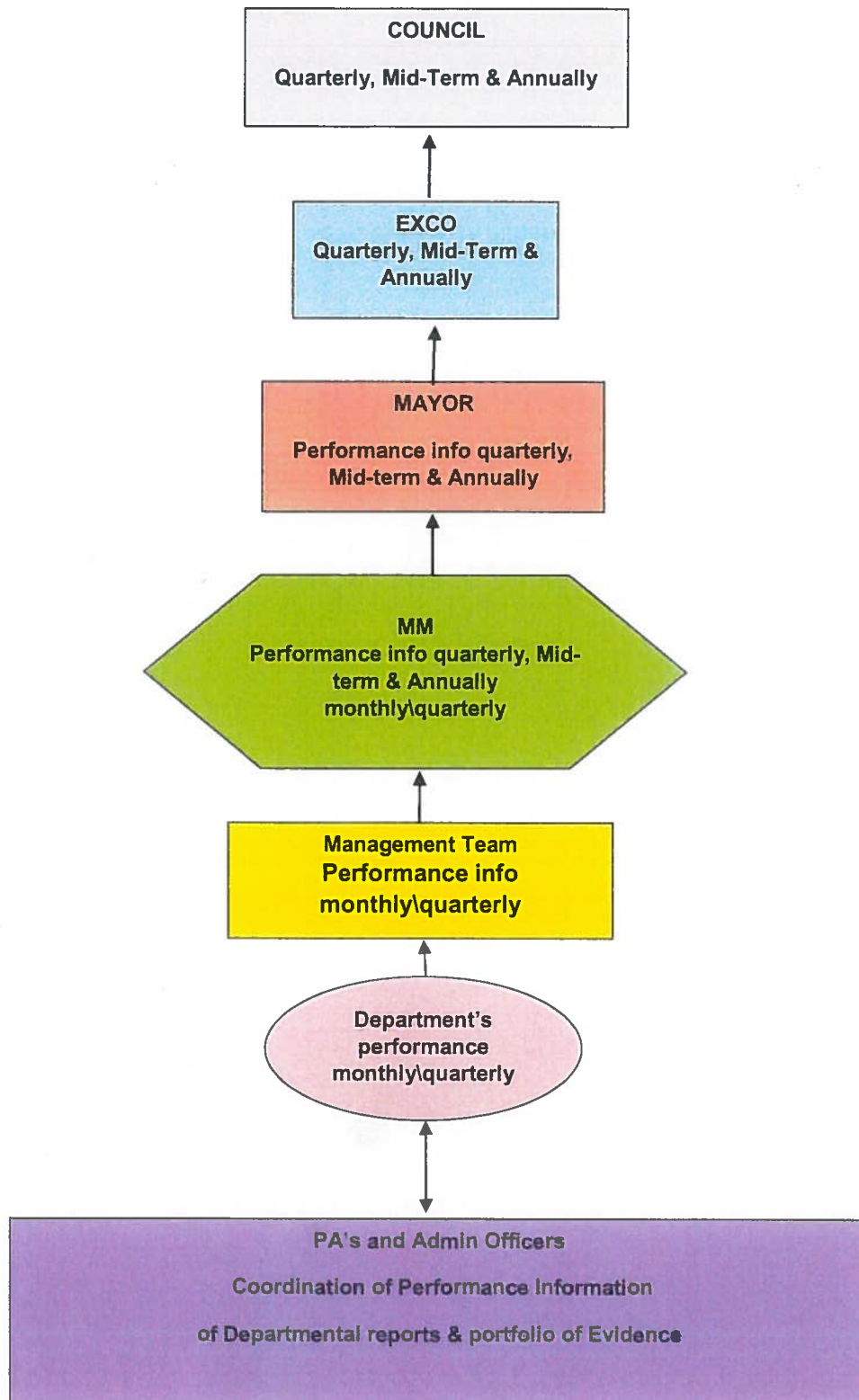
Co-ordination involves the overall responsibility of being the custodian of the district's performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager.

The co-ordination of the implementation phases of performance management is the function of the PMS department who are responsible for the following core activities:

- Co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of the Performance Management Framework and compliance to all performance legislative requirements in respect of the implementation of the PMS;
- Providing regular support and capacity to the different departments in developing departmental scorecards;

- Continuously providing technical support to the Municipal Manager and the senior management team with implementation, assessment, review, monitoring and information management;
- Providing capacity for analysing organisational performance information submitted by Senior Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the annual Section 46 performance report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to relevant stakeholders timeously, for example, quarterly, mid-term and annual performance reports to EXCO, Council, the Auditor-General, MEC of Cooperative Governance and Traditional Affairs (COGTA) and the public (through website; print media notification and copies are made available for viewing at municipal offices).

The performance monitoring flow chart is as follows:



The Municipal Systems Act of 2000, section 46 (2), requires the municipality to compile an Annual Performance Report that forms part of the Annual Report prepared in terms of the Municipal Finance Management Act. This Report therefore focuses on the Organisational Objectives, and the achievements thereof made by the iLembe District Municipality in the 2016/2017 financial year. It also provides feedback on the targets as set out in the approved



Organisational Scorecard as well as the Service Delivery and Budget Implementation Plan used to monitor performance at an operational level.

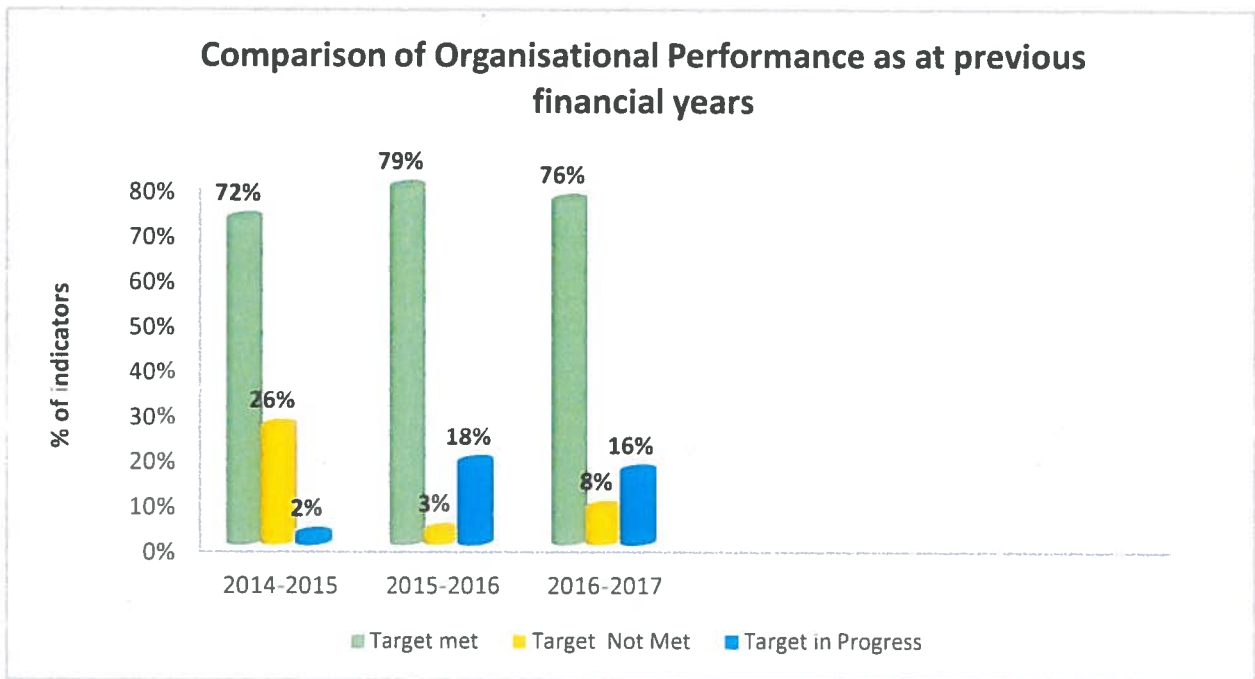
### PERFORMANCE AND SUPPORTING INFORMATION

The monitoring system places responsibility on each department and individual employee to collect relevant data and information to support the monitoring process. Evidence of performance is gathered and presented to substantiate claims of meeting (or not meeting) performance standards. All portfolios are verified against the reported actual, as it confirms the status of targets met and not met.

### 3.2. ORGANISATIONAL PERFORMANCE PER NATIONAL KPA

Organisational Performance compared to previous years:

*Graph: Comparative Target Achievement Information*



FINANCIAL YEARS	TARGET MET %	TARGET NOT MET %	IN PROGRESS %	TOTAL KPI'S
2016/2017	19 (76%)	2 (8%)	4 (16%)	25
2015/2016	26 (79%)	1 (3%)	6 (18%)	33
2014/2015	38 (72%)	14 (26%)	1 (2%)	53



### 3.2.1 INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT

Skills development is implemented to ensure compliance with the human resource policies, to increase the Districts Skills base, to improve the capacity of staff to deliver services and to support the skills and educational development of Councillors that leads to formal qualifications. A sufficient training budget has been allocated that complies with the provisions of the Skills Development Act. ICT at the municipality is maintained at a high level to enable the municipality to achieve its goals and objectives. Organisational performance management is continuously implemented to monitor service delivery

#### PERFORMANCE HIGHLIGHTS

Three appointments were made in terms of the employment equity target groups in the three highest levels of management as per the approved employment equity plan against a target of 2. In terms of prioritised posts, 76% posts were filled. A total of 86% of the training budget was spent on implementing the approved work place skills plan.

#### CHALLENGES

- Due to the new system mSCOA, some of the training payment claims are not yet captured in the new system. Other programmes such as Water Treatment were funded by ESETA therefore resulting in savings of Municipal funds

### 3.2.2. BASIC SERVICE DELIVERY

The core function of the municipality is to ensure sustainable provision of water and sanitation services and improve access to these basic services thereby reducing backlogs. The provision of water must be of excellent quality that will meet or exceed the National Standards. Response time to water and sanitation interruptions is crucial for services reinstated therefore specific timeframes have been set that must be adhered to and monitored for continuous customer service.

*The table below shows the households connected for water and sanitation for the 2016/2017 financial year:*

TOP LEVEL SUMMARY OF 2016/2017 HOUSEHOLD (hh) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER CONNECTED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	2 745	4 084	149%
SANITATION	1 268	893	70%

## PERFORMANCE HIGHLIGHTS

To ensure continuous and sustainable water and sanitation services, the total number of new households with access to water is 4 084 and 893 households with access to sanitation, 759 with Ventilated Improved Pits (VIP) and 134 with waterborne sanitation. The overall achievement against annual target is 149% for water and 70% for sanitation obtained for 2016/2017 financial year.

There are 1 094 households with access to water, that were not targeted for in 2016/2017 due to insufficient water supply at Maphumulo. These connections impacted on the water backlog eradication that decreased by 2.56%, which is an improvement of 1.02% when compared to the previous financial year, 2015/2016.

To provide excellent water quality that meet or exceed national standards and to monitor waste water quality, twelve monthly reports were prepared as of end June 2017 for blue drop and green drop assessment status. As part of the Extended Public Works Programme (EPWP) through water infrastructure and service delivery efforts 1 003 people were employed from all local municipalities within the District.

## CHALLENGES

*In terms of the water projects, Ref Org: 01, the following challenges were experienced:*

- Ngcebo/KwaDukuza water supply - There were delays in obtaining the amended reservoir drawings from the consultant as well as community protests. The Contractor is currently offsite.
- Access to the site was delayed which led to claims of extension of time for some Ngcebo /KwaDukuza and Balcome/KwaSizabantu water supply projects.
- Lower Tugela Bulk Water Supply - The expenditure exceeds budget allocation for the implementation of the Lower Thukela Bulk Water Supply Scheme (LTBWSS) which is funded through the Regional Bulk Infrastructure Grant (RBIG) from the Department of Water and Sanitation (DWS). The initial allocation for the 2016/2017 financial year was R156 million and was later cut back to R140 million. The cut back was factored in the adjustment budget, however at the time the cut back was implemented commitments in terms of expenditure has already been made (on the basis of R156 million) and thereby making it not easy to cut down on certain projects within the LTBWSS

- There was a delay on implementation on the 2.5 ML Mgimbe Reservoir and Embonisweni Pump Station due to land owners refusing to sign agreements, non-payment of crops compensation, unavailability of power and continuous community protests. Although, the project was completed in March 2017 it is not yet tested, as there is no electrical connection, and once the electricity is connected water will then be pumped into the new reservoir and testing can be done.
- Some of the the Lower Thukela projects or off takes (OT) started late due to land issues, environmental issues, designs issues, construction drawings. Further delays, which were encountered in obtaining way leaves from Transnet to cross the railway line are a major challenge.
- Due to the labour disputes and non-payment of labourers by the Contractor, further delays were experienced. Awaiting electrical connection for the pump station. There was additional scope of work (pipeline and pump station) which resulted in revised completion date.
- The pipeline and reservoir are complete and awaiting availability of water for testing from Lower Thukela.
- There have been several stoppages at Sundumbili pipeline due to local Contractors demanding sub-contract work and community protests.
- Ndulinde Water Supply Scheme - is not complete due to poor performance of service provider. The budget has been exceeded due to legal costs for termination account.
- Ndwedwe Town Development project is behind schedule due to various reasons such as community protests; Service Provider designs issues; land issues, etc. The contract was eventually terminated. The termination process of the Contractor is now finalised and the new service provider will complete the outstanding work.

*In terms of the sanitation projects Ref Org: 03, the following challenges were experienced:*

- There was a change in specification from double to one pit toilet which resulted to an increased number of units to be built from 378 hh to 515 hh at Ndwedwe, Mandeni and Maphumulo. However the target was not met due to delays in appointment of the service providers for the project as well as late commencement.

- Groutville WaterBorne Sanitation - A Service Provider has been appointed and currently doing detailed review of scope of work, designs and drawings and a Contractor will be appointed to complete the works.
- Gledhow Sewer Pump Station - The project was managed by the Service Provider and various challenges in the design were identified by the Municipality and the project has been taken over, revisited the design. The project is at stand still. The contract had been terminated due to non-performance and a new Consultant has been appointed to review and update the scope of works, thereafter the new Contractor will be appointed.
- Ageing Infrastructure – New Town/Town view - In terms of AC replacements, the major challenge is working in a built up area with no record drawings. The Contractor has to prove services as he progresses which may results in a lot of variations to the tendered scope of work
- Water conservation/Water Demand Management reports - Ongoing district wide project. Billing issues resulting in inaccuracy of water balances. Intervention meetings between finance and technical to resolve the billing issues

## MEASURES TO IMPROVE PERFORMANCE

- The project period was extended due delays experienced at the beginning of the project and the Contractor is currently trying to source an experienced sub - Contractor to rebuild reservoirs that were failed by the Municipality because of poor quality and finish up remainder of reservoir
- Extension of time has been granted for the projects, which had access issues.
- Practical completion has been achieved on the original scope of work and now completing the additional scope in order to issue completion certificate.
- Extension of time was granted, where access to site was delayed. The municipality requested a turnaround strategy. The Contractor is in the process of sourcing an experienced concrete specialist sub- contractor for reservoirs and pump stations and will continue with pipelines and house connections.
- Sundumbili pipeline - Intervention meetings were held between the District and community structures / municipal structures.

- The termination process for the service provider at Ndulinde Water Supply Scheme has been finalised. New service providers have been appointed to complete the works. In addition, the original budget has been expended and awaiting the approval of additional funding application by DWS.
- Groutville waterborne sanitation – A new Consultant has been appointed and is currently doing detailed review of scope of work, designs and drawings. The Contractor will be appointed to complete the works.

### **3.2.3. SOCIO ECONOMIC DEVELOPMENT AND PLANNING**

Enterprise iLembe continues to facilitate and stimulate economic growth in the District, through National Schools Nutrition Programme, tourism, marketing and promotions which will assist in promoting business retention, expansion and attract new investment and create job opportunities. The Entity also continues to upscale agriculture development within the District, increase manufacturing output, and improve co-ordinations in LED between the District and the local municipalities. In addition, iLembe District is capitalising on tourism potential through marketing and promotions.

#### **PERFORMANCE HIGHLIGHTS**

The entity is on track with most targets with 22 small scale farmers introduced and 33 new co-operatives registered to increase new job opportunities within the district.

### **3.2.4 FINANCIAL VIABILITY AND MANAGEMENT**

Compliance monitoring is crucial to maintain a clean audit opinion. The finance department therefore continuously ensures that effective and adequate financial management is always a priority. The budget and compliance unit meets all required legislation standards to ensure credible budgeting and clean administration is done. The expenditure management unit maintains sound expenditure management principles.

#### **PERFORMANCE HIGHLIGHTS**

The Assets and logistics management departments implements sound and effective asset and inventory principles. Revenue management continues to monitor revenue collection and debtors' management. The Supply chain management unit continues to implement the framework policy and adherence to the approved policy.

The annual financial statements for the 2015/2016 financial year were submitted to the Auditor - General on 31 August 2016 and the consolidated financial statements were submitted on 30

September 2016. Quarterly reports were prepared in terms of status/progress on the municipality's annual capital budget spent on agreed IDP projects. The main focus of the budget and compliance department's is on monitoring and ensuring compliance with the MFMA and to enhance clean administration, a clean audit opinion was achieved for the 2015/2016 financial year. The collection rate is at 71% and revenue growth is at 20%.

The entity obtained a clean audit for the 2015/2016 financial year. There was 1 repeat finding which related to the interest and penalties incurred as a result of late payment of VAT to SARS. Four quarterly reports on performance of service providers were completed. All financial information as well as performance information has been prepared and completed timeously and submitted to the District by stipulated deadlines

Total debt coverage is at 45%. To ensure sound and credible general financial management principles, 100% of all statutory monthly reports to National & Provincial Treasury have been submitted as per the section 71 regulation.

## CHALLENGES

- Ref Org: 11 – Turnaround time for awarding all the tenders (bids) is at 272 days. Projects had only been awarded in November 2016 as delays occurred due to the late sitting of the Bid Adjudication Committee as well as objections.
- Ref Org: 12 – The average number of days taken for trade creditors to be paid was at 54 days at the end of 2016/2017 financial year.

### 3.2.5. GOOD GOVERNANCE AND DEMOCRACY

The Environmental Health Unit continues to ensure that the statutory requirements controlling occupational health and environmental health services are enforced in minimising risks in the workplace and community as well as promoting a safe and healthy living environment.

Effective public awareness programmes continue to improve the communication between the communities and the District. The municipality's administration is governed by sound and effective values and principles as outlined in the Constitution of South Africa. The legal department ensures that the municipality is legally protected in its agreements with service providers, and to limit losses to the municipality – legal risk mitigation. The support services unit supply resources and Council support for all Council meetings.

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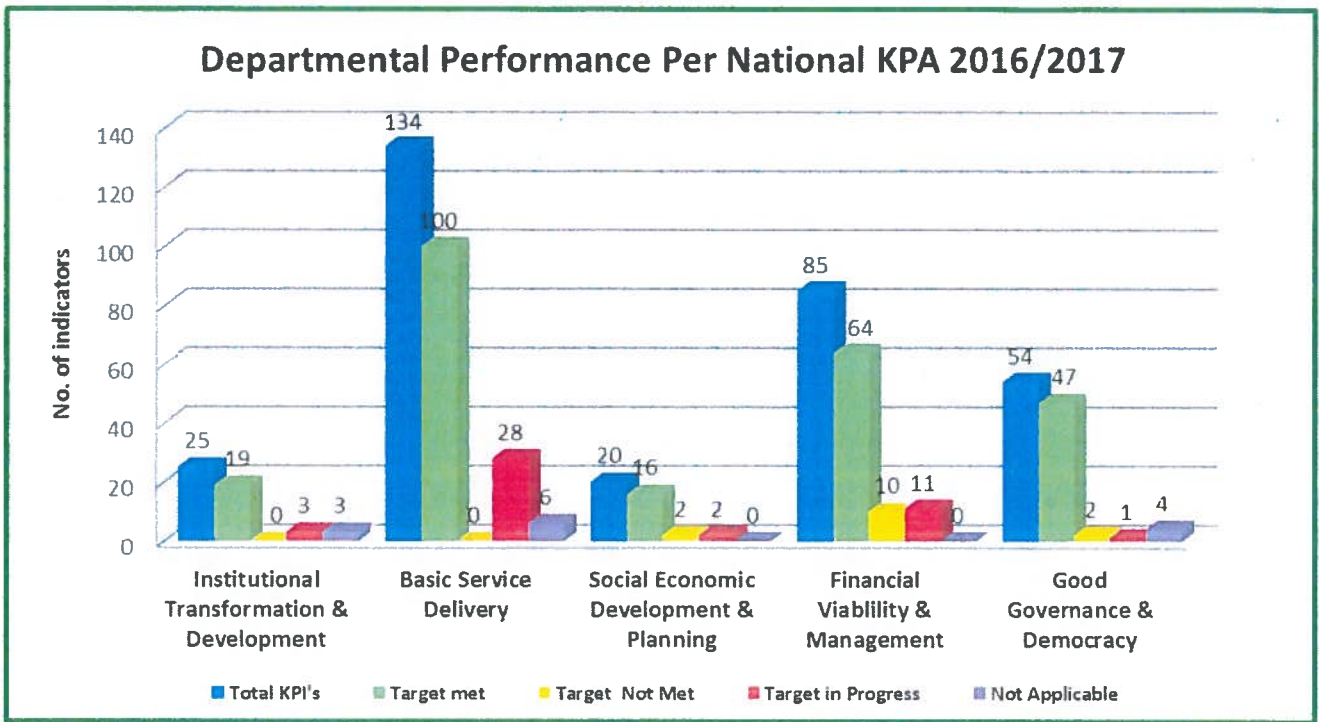
## PERFORMANCE HIGHLIGHTS

The iLembe District Municipality's Annual Report was approved by Council on 29<sup>th</sup> January 2017 and the oversight report was approved on 29<sup>th</sup> March 2017. A total of 28 planned public participation meetings were achieved against a target of 20. Mayors District Intergovernmental Forum meetings were held quarterly to facilitate coordination within the District.

Occupation health & safety has inspected 13 sites in terms of unsafe working conditions. To monitor the quality of potable water in the District, water sampling is taken and analysed with 232 samples done to date against a target of 216.

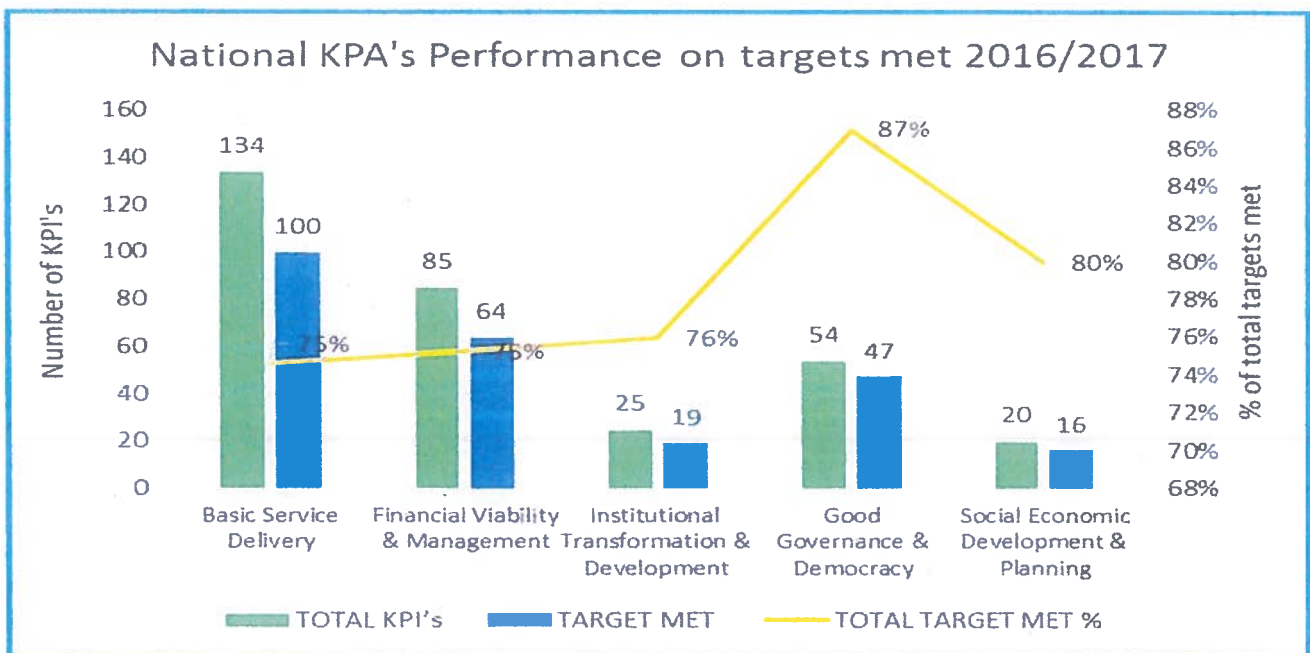


### 3.3. DEPARTMENTAL PERFORMANCE PROGRESS PER NATIONAL KPA

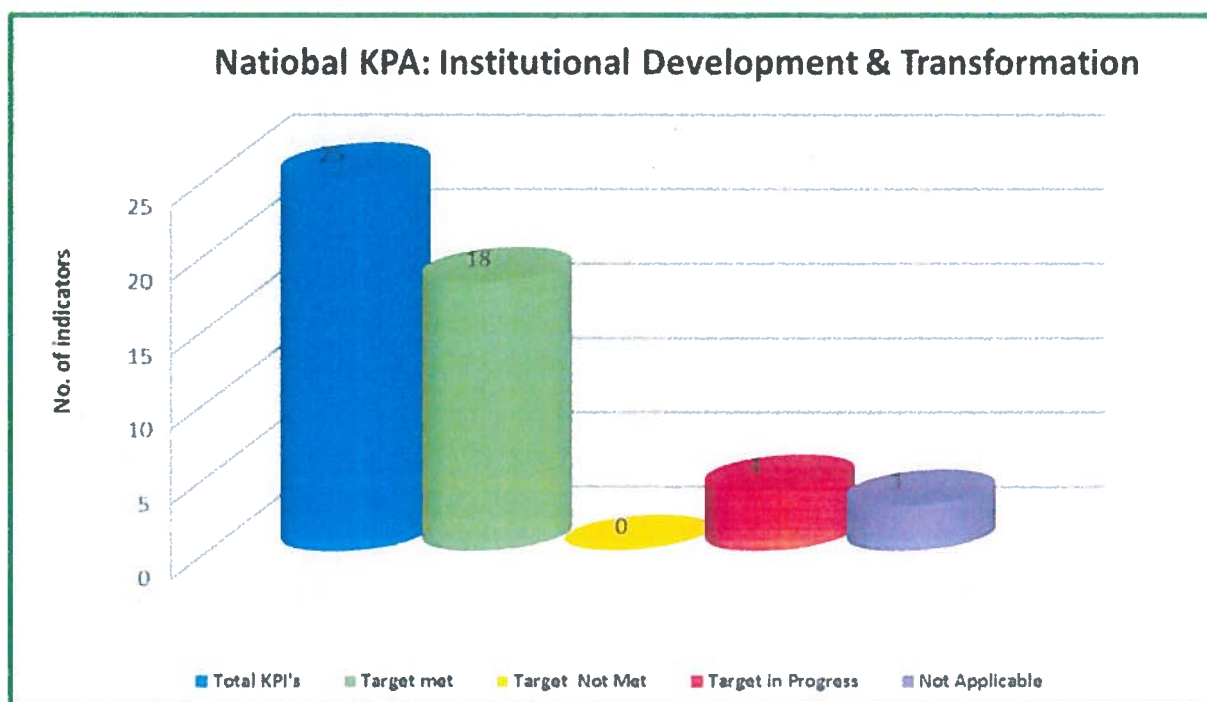


The following diagram depicts the performance per national KPA

NATIONAL KPA's	TOTAL KPI's	TARGET MET	TOTAL TARGET MET %
Basic Service Delivery	134	99	74%
Financial Viability & Management	85	61	72%
Institutional Transformation & Development	25	18	72%
Good Governance & Democracy	54	47	87%
Social Economic Development & Planning	20	16	80%



### 3.3.1. INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT



#### PERFORMANCE HIGHLIGHTS 2016/2017

To ensure compliance with Human Resource Management, 4 draft policies were reviewed and approved by Council. Additional policies reviewed to align with legislative amendments and collective agreements. All new employees were invited to attend the induction programmes for understanding of the policies and the requirements of the municipality. A total of 99% of targeted employees on WSP were trained. It must be further noted that, a total 102 employees went for training, but did not form part of the WSP.

The skills audit report was prepared and adopted by EXCO on the 28<sup>th</sup> June 2017. The workplace skills plan (WSP) and annual training report (ATR) was completed and submitted to LGSETA on the 28<sup>th</sup> April 2017. An assessment report on ABET training was completed on the progress by the stipulated deadline. A total of 19% of elementary workers completed the artisan qualification, and 100% of Councillors were invited to the skills programme, 43 employees registered for an undergraduate degree/diploma against a target of 14 and 12 monthly enrolment reports were prepared.

The employment equity plan was prepared and adopted by the Human Resources Development/Employment Equity forum on the 21 June 2017. A total of 9 employee wellness programmes were held.

The ICT security policy was not reviewed as there were no findings related to the policy identified by the Auditor - General. Phase 2 of the telemetry system has been 100% implemented. The entity has done well in terms of staff training with 95% spent of the training budget. The Entity's organogram was reviewed and all posts were filled as per the organogram.

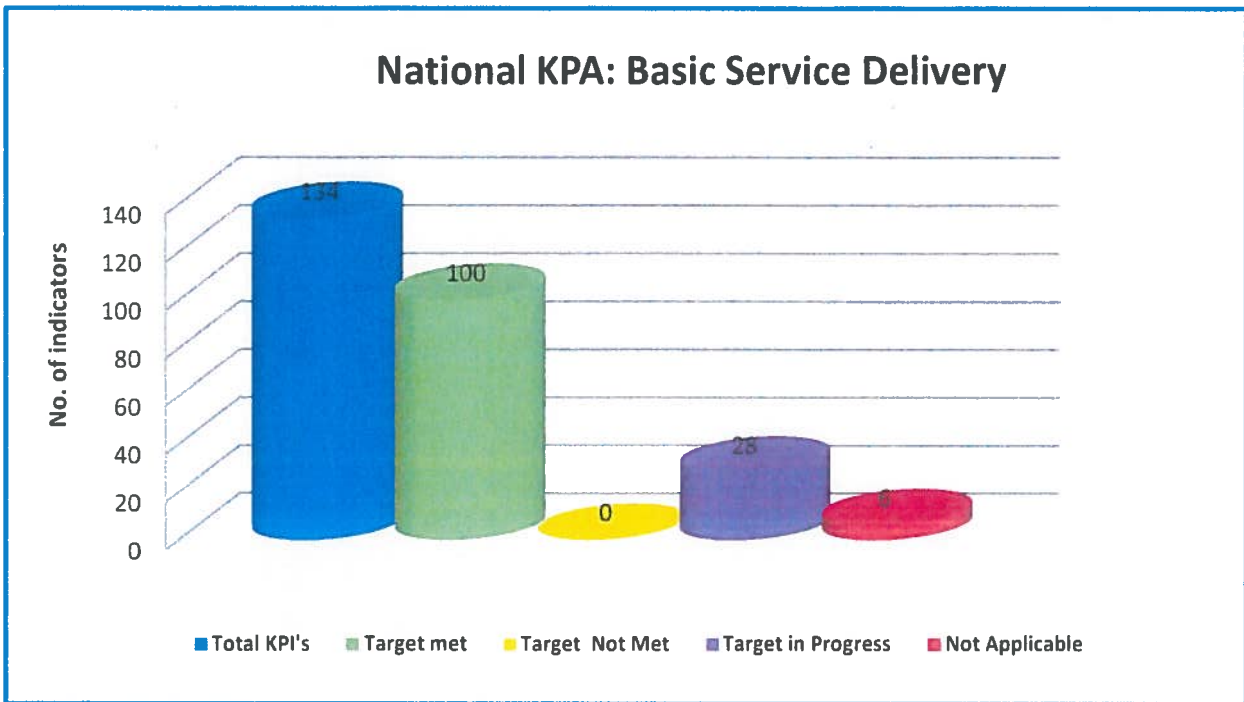
## CHALLENGES

- Ref CS: 4 – The percentage of municipality's budget spent on training is at 86%, due to the new system MSCOA, some of the training payment claims were not captured onto the system.
- Ref CS: 5 – Only 40% of programmes were implemented, as a large number of employees that are not enrolling for formal studies identified on their training needs questionnaires included on the WSP.
- Ref CS: 18 - Implementation of Phase 3 of the Telemetry System, there was a challenge as the Service Provider was appointed and the project was not implemented due to budgetary constraints.
- Ref CS: 34 - Assessment of iLembe House municipal buildings based on safety could not be done due to austerity measures, a service provider was not appointed.

## MEASURES TO IMPROVE PERFORMANCE

- Ref CS: 5 – Study schemes have been separated from normal training for future reporting.
- Ref CS: 18 - Project will be implemented in the next financial year
- Red CS: 34 - Appointment of service provider will be reviewed in the new financial year.

### 3.3.2. BASIC SERVICE DELIVERY



#### PERFORMANCE HIGHLIGHTS 2016/2017

The municipal manager's scorecard is on track with 100% targets met in terms of basic service delivery, the Technical services department has submitted all reports on status of functions, highlights and challenges for water and sanitation backlog and turnaround time for reinstating sanitation and water services.

Four out of six projects for AC replacements have been completed. There was no irregular, fruitless and wasteful and unauthorised expenditure reported. The status of monitoring progress on audit queries resolving plan is at 100%. The operation and maintenance plan was reviewed and adopted by Council on 03 November 2016. Quarterly reports are being done on monitoring of the concession in terms of the Siza Water Plan. To ensure rural road and asset management systems are in place, the RAMS Business Plan was submitted in July 2016 with a 94% progress on implementation of the plan. Southern Regional Bulk water and sanitation scheme project has been 100% completed in stages 2 and 3. Ndwedwe upgrade offices is complete in terms of stage 6.

#### CHALLENGES

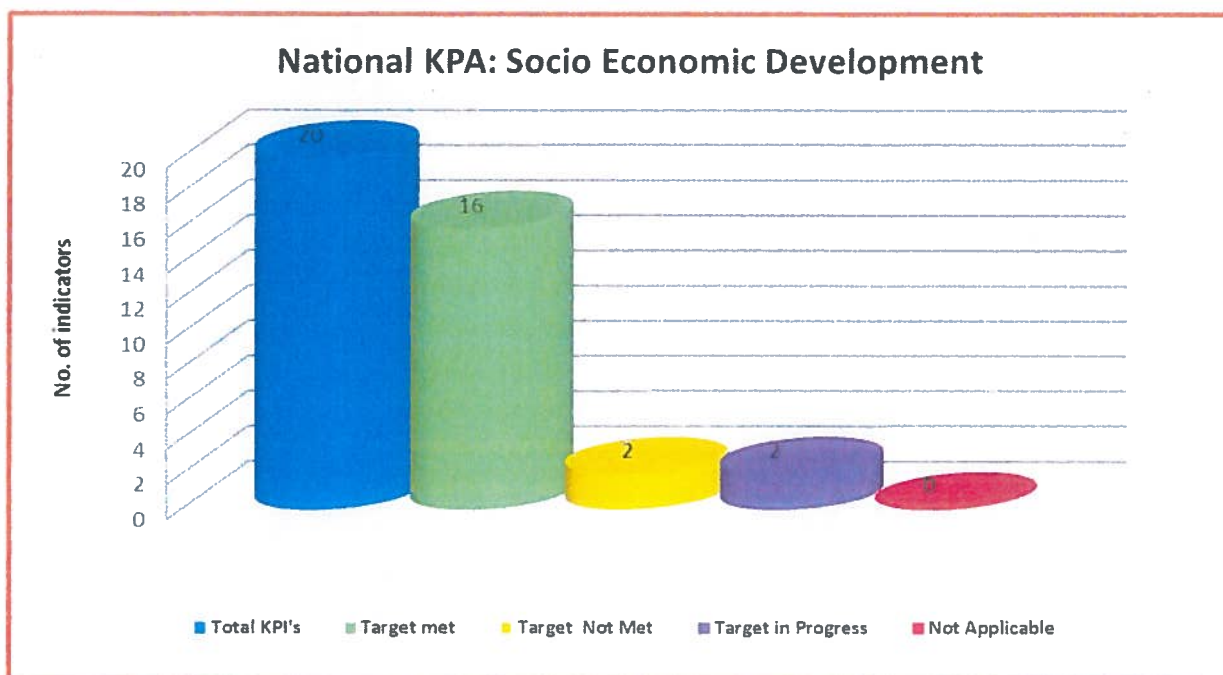
In terms of the water and refurbishment/replacement projects the following challenges were experienced:

- Ref TS: 102 - KwaChili/Shangase Water Supply Scheme, water quality is very poor and requires further treatment, turnaround time to source local labour took over three weeks, roads construction project and local people are damaging old and new water infrastructure.
- Ref TS: 105 - In terms of AC replacements, the major challenge is working in a built up area with no record drawings. The Contractor has to prove services as he progresses which may results in a lot of variations to the tendered scope of work.
- Ref TS: 106 - Glenhills Rising Main - Project period extended due to rainfall and land issues/access to pipeline routes
- Also, delays were mainly due to receiving drawings late from the Service Provider and way leaves. Other delays which were discovered during construction were related to the diversion of the route to avoid rocky areas. Water conservation/Water Demand Management reports. Ongoing district wide project. Billing issues are resulting in inaccuracy of water balances.

#### **MEASURES TO IMPROVE PERFORMANCE**

- Ref TS: 109 - Water conservation/Water Demand Management reports. Intervention meetings are held between Finance and Technical department to resolve the billing issues.
- Ref TS: 106 - Glenhills Rising Main route has been diverted and the required amendment to the environmental authorisation (EA) is still pending from EDTEA.

### 3.3.3 SOCIO ECONOMIC DEVELOPMENT & PLANNING



#### PERFORMANCE HIGHLIGHTS 2016/2017

A total of 31 small scale farmers are still being maintained/supported by the Entity. The Broadband Master plan is in progress, a business plan has been packaged and submitted for funding. The progress on co-operative development is on track, a total of 91 were trained including SMMEs and 30 assisted with funding applications.

The broadband and poultry catalytic projects were the 2 projects that were facilitated by the entity in terms of implementation. To improve co-ordination in LED between the District and Local Municipality, 7 LED forum meetings were held and attended. An intelligence report was developed on the trade and investment market by deadline. Nineteen business networking sessions were attended/hosted. To promote entrepreneurship, 3 reports were prepared and submitted on the competitions held.

To capitalise on tourism potential, 6 exhibitions were attended, 5 adverts/advertorials were in relevant publications, and 1 official tourism travel guide for 2017/2018 was developed by end May 2017. The service Excellence campaign with the private sector was developed and implemented. Five events were supported to increase visitors in the District.



## CHALLENGES

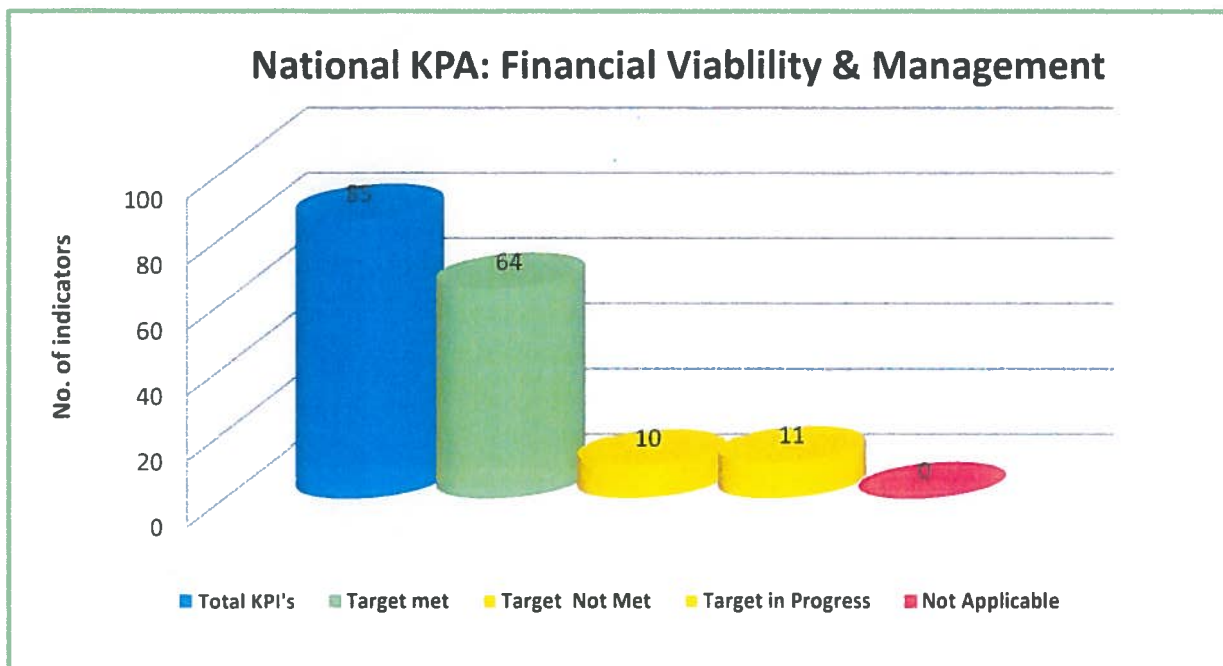
- Ref EI: 01 – of the schools nutrition project, only 35% of produce was procured from local iLembe farms, and there was no produce available for local farmers to meet the demand.
- Ref EI: 03 – 2 tunnel sites were identified to be fully functional, Mandeni sites were scheduled to be completed in March, due to electrical theft and vandalism the project has been delayed and the entity had to appoint a service provider to deal with electrification.
- Ref EI: 08 – Identify and package large catalytic projects for funding target was 2, none was done as the service provider was appointed at risk to assist with the identification and packaging of projects. Business plans were to be submitted by March and June 2017, both service providers failed to deliver and the entity is currently assessing their contract.
- Ref EI : 10 – Only 1 Memorandum of Understanding (MOU) was signed with strategic partners, against a target of 2, this is due to the delays in finalising MOU between EI, DOE and Dube Trade Port.

## MEASURES TO IMPROVE PERFORMANCE

- Ref EI: 01 – There is a need to invest in Agriculture infrastructure and farmers are being assisted to source funding to invest in their agricultural infrastructure to enable them to produce more.
- Ref EI: 03 – the completion has been targeted for the beginning of August 2017, in the new financial year.
- Ref EI: 08 – New projects are going to be identified in the new financial year and engagements are being held with various potential investors.
- Ref EI: 10 - Continuous follow up with strategic partners is being done.



### 3.3.4. FINANCIAL VIABILITY AND MANAGEMENT



#### PERFORMANCE HIGHLIGHTS 2016/2017

Monthly Standard Operating Procedures monitoring reports, quarterly Auditor – General Key control and dashboard monitoring reports have been prepared. Financial statements are being prepared on a monthly basis and progress on audit queries resolved is at 90%. Three reports were prepared and submitted to the expenditure/revenue management committee. The main focus of the budget and compliance department's is on monitoring and ensuring compliance with the MFMA to enhance clean administration, the preparation of the 2017/2018 capital and operating budget was on track in terms of deadlines, the final budget was tabled to Council on 30 May 2017.

Compliance with MFMA budget regulations is adhered to as per the Provincial treasury checklist on the 2016/2017 mid-term report and the 2017/2018 first draft budget. The verification of movable and immovable assets is being done quarterly and annually respectively. The reconciliation between the asset register and financial statements is being done monthly.

Impairment of property, plant and equipment and investment and intangible assets is at 0,46%. Assets under construction monitoring is on track with 100% of completed projects transferred to the asset register and the monthly reconciliation is conducted between assets under construction & project register. Adequacy of investments on fixed assets is at 41%. All overdue

accounts are being restricted. Debtor's management – 100% of debtors over 90 days are issued with notices via statements of accounts/SMS.

Service charges revenue budget implementation is at 90%. The turnaround time for approving indigent applications with no queries is at 14 days, and 100% of indigent's households have access to free basic services. Contract Management – quarterly consolidated reports are prepared on the performance of service providers. Inventory management – monthly stock taking and reconciliations are being done. The contract register is being updated monthly.

Furthermore monthly departmental meetings are held with Technical services, Assets, Expenditure and Budget to ensure that credible information is recorded per project. The current ratio is at 1.28:1 against a target of 1.1. Irregular, fruitless and wasteful and unauthorised expenditure is at 0%. Remuneration cost monitoring is at 34%

## CHALLENGES

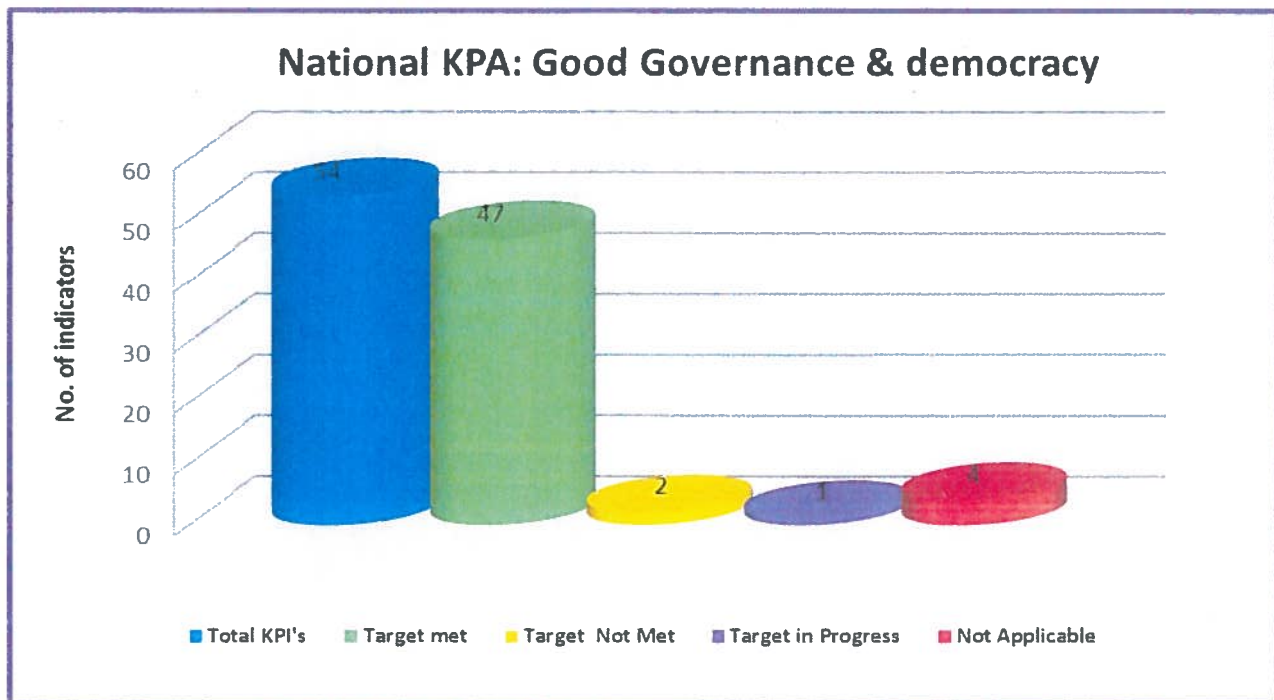
- Ref FD: 01 – in terms of no repeat findings, there has been a challenge with no automated system to track and monitor the flow of invoices from receipt to final payment. There were also technical challenges experienced by users and the ICT department has been engaged to provide technical assistance.
- Ref FD: 15 – the percentage of debtors over 120 days handed over to attorneys for collection is currently at 25%. Debt collectors cannot be furnished with more files as they are encountering challenges in collecting and the debt book is increasing with minimal collection.
- Ref FD: 26 – In terms of cash/cost ratio, the municipality is currently at 2 days. The cash flow position continues to be constrained given the persisted poor collection rate particularly from historic debt.

## MEASURES TO IMPROVE PERFORMANCE

- Ref FD: 01 – A service provider which will assist with all Microsoft Sharepoint Platform related workflows has since been appointed.
- Ref FD: 15 – interventions are in place in order to improve handed over collection.

Ref FD: 26 – Management and council are working vigorously to turn the situation around, this includes strengthening of credit control and collection measures.

### 3.3.5. GOOD GOVERNANCE AND DEMOCRACY



#### PERFORMANCE HIGHLIGHTS 2016/2017

The Organisational Performance Management Framework was reviewed, workshopped and approved by Council on 28th June 2017. The 2015/2016 Annual Performance Report was completed and submitted to the Auditor - General by the stipulated deadline of 31<sup>st</sup> August 2016. Internal Audit Unit completed 15 assignments to date and 5 reports were submitted to the Audit Committee.

To provide an effective vector control service to the community, a total of 348 sites were serviced to date, with no notifiable vector borne cases investigated as non were reported and 42 samples that were non-compliant with SANS 241 were referred to relevant authorities.

Municipal health services is 100% on track, with all food handling licence application processed, all building plans scrutinised and all funeral undertakers applications processed within all the stipulated deadlines. Health education awareness targets were exceeded with 120 held to date against a target of 70. Premises inspected to reduce food borne illnesses are at 881 to date with no reported cases investigated and 54 staff have been trained.

To promote arts and culture, 5 heritage celebrations were held. Effective public awareness on municipal business continues with 23 Mayoral radio slots done, 28 public participation

meetings conducted and 55 on going advertorials. A newsletter was done that was circulated internally. All media queries received were responded to within the 36 hour timeframe.

In terms of Emergency Relief Aid all reported incidents were attended to, with assessments conducted to verify the extent of damages and the assistance required. A total of 28 awareness campaigns were held, 17 capacity building sessions were hosted and 4 disaster management advisory forum meetings were held. The District Disaster Management Plan was reviewed and adopted by Council in June 2017.

World Aids day was held on the 1<sup>st</sup> December 2016 and a district concept document completed. Quarterly reports were prepared and submitted to the District Aids Council. To mobilise communities against social impacts of HIV/Aids, 59 awareness campaigns were held. As per the approved gender plan, 14 planned programmes were implemented and all requested were held. Ten youth programmes were held with 15090 youths benefitting and 26 programmes that were requested, were successfully hosted. In terms of operation Sukuma Sakhe, nine interventions were hosted in the local municipalities.

The Multi-year strategic plan for the entity was reviewed and approved by the Board. Nine board meetings and sub-committee meetings were held to ensure effectiveness of the Board of Directors. The Audit Committee prepared and submitted 2 reports on the progress/status of the entity to the District and the Board.

The legal department is on track with 100% legal cases resolved (excluding cases which become the subject of contested litigation), drawing up and vetting legal documents is done within 1,16 days against a target of 10 days.

## **CHALLENGES**

- Ref CG: 10 – there has been server challenges during the months of April, May and June which affected the generation of capturing incidents on the communication system.
- Ref CG: 15 – District AIDS Council did not sit after the elections because the District is still busy with the resuscitation of the Ward AIDS Committees.

## **MEASURES TO IMPROVE PERFORMANCE**

- Ref CG: 10 – the municipality had contacted the service provider, in an attempt to rectify the challenge by means of printing such reports using other interventions.
- Ref CG: 15 – The DAC meeting will be held in the new financial year 2017/2018.

### 3.4. KEY AREAS TO NOTE

#### 3.4.1. IMPROVING PERFORMANCE

In order to improve performance, the iLembe District Municipality, throughout the performance management phases, will analyse the causal and contributory reasons for poor performance, through coaching sessions from top to lower levels of the administration and appropriate response strategies will be developed. These will include, inter alia:

- Restructuring as a possible solution for an inappropriate structure;
- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organisational culture;
- Review of the IDP where Councillors will address shortcomings in the strategy;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms are considered.

#### 3.4.2. DETERIORATING PERFORMANCE

Poor performance in municipalities is often characterised by disclaimers and adverse opinions from the Auditor General and community protests for inadequate service delivery. The worst measure that is taken for worst performing municipalities is the Section 139 intervention by the MEC for Local Government in the province.

The effective implementation of the performance framework and the different roles and responsibilities that will be played by different stakeholders will serve as an early warning mechanism for the iLembe District Municipality to keep ahead of performance and to effect corrective measures timeously in any of the weak functional areas identified by the performance management system.

### 3.5. PERFORMANCE OF SERVICE PROVIDERS

All service providers performance is monitored and reviewed on a monthly and quarterly basis, however as defined in the Systems Act Section 76 the service providers performing the core functions of the Municipality are rated below in table.

Performance Analysis and rating criteria

For contractor performance rating purposes, the following rating criteria is used:

<b>PERFORMANCE WEIGHTING</b>		
1	POOR	Performance did not meet most contractual requirements and contains serious problem(s) for which correction actions were ineffective.
2	SATISFACTORY	Performance did not meet some contractual requirements, contractors actions appear only marginally effective or were not fully implemented.
3	GOOD	Contractual performance of contractor contains some minor problems for which corrective action taken by the contractor appear or were satisfactory
4	VERY GOOD	Performs meets contractual requirements some minor problems for which corrective action taken by the contractor were effective
5	EXCELLENT	Performance meets contractual requirements with few minor problems for which corrective actions by contractor were highly effective.

The performance ratings of service providers performing the core function of the municipality are as follows:

SERVICE PROVIDER PERFORMANCE REPORT														
2015/2016 ANNUAL PERFORMANCE RATINGS					2016/2017 ANNUAL PERFORMANCE RATINGS									
COMPANY NAME	EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED	EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED
<b>TECHNICAL SERVICES</b>														
UMGENI WATER		✓								✓				
GLEDHOW SUGAR		✓								✓				
SEMBCORP SIZA WATER		✓								✓				



## ANNEXURES

- ORGANISATIONAL SCORECARD
- MUNICIPAL MANAGER SCORECARD
- TECHNICAL SERVICES - DEPARTMENTAL SDBIP
- FINANCE DEPARTMENT - DEPARTMENTAL SDBIP
- CORPORATE SERVICES - DEPARTMENTAL SDBIP
- CORPORATE GOVERNANCE - DEPARTMENTAL SDBIP
- ENTERPRISE ILEMBE - DEPARTMENTAL SDBIP

### 4.1 PROVISION OF BASIC SERVICE SERVICES IN THE 2016/2017 FINANCIAL YEAR

#### THE OBJECTIVE OF THE TECHNICAL SERVICES DEPARTMENT IS:

- To provide sustainable infrastructure that will render water and sanitation services to cover the entire area of iLembe District Municipality;
- To eradicate the backlogs and cater for future demands within iLembe District Municipality;
- To ensure the quality of drinking water in the region is improved to meet the standards for safe drinking water as per SANS.

#### MAJOR CAPITAL PROJECTS UNDERTAKEN

This section is an account on the major Capital Projects that were undertaken by the District in all the Four (4) Local Municipalities that fall within its jurisdiction. The account is presented per Local Municipality and schemes with that Municipality.

#### DISTRICT WIDE

##### WATER CONSERVATION AND DEMAND MANAGEMENT

The iLembe District Municipality embarked on a serious drive to deal with the reduction of unaccounted for water through the implementation of a water conservation and demand management project. This project is aimed at replacing all the old infrastructure that is leaking and often breaks thus causing service interruptions. The project will also install pressure reducing valves to minimize the pressures in the system in order to reduce leaks.

This project is implemented throughout the municipal area where challenges of old infrastructure as well as high water losses are experienced. The KwaDukuza CBD has been completed and the project will now be implemented in Ndwedwe and Maphumulo areas. The program will be rolled out throughout the district municipality and is funded through the Water Services Infrastructure Grant from the Department of Water and Sanitation.

#### MANDENI LOCAL MUNICIPALITY

##### Ndulinde Sub-Regional Water Supply Scheme

The Ndulinde Sub-Regional Water Supply Scheme fall within wards 5, 6 and 11 of Mandeni Local Municipality. The scheme is intended to provide portable water supply to the community that is currently being served through boreholes that are equipped with hand pumps and some springs that are within the area.

The source of water is from reservoir C that is fed from the Sundumbili Water Works, which is situated on the northern banks of the Thukela River. The scheme will serve a total of 42,752 people residing in some 10,691 households. The scheme is estimated to cost R 270,197,305 and is implemented in phases until 2019/20 financial year when it will be fully commissioned.

The current dispensing method is the communal standpipe system, however the scheme has been redesigned to be upgraded from communal standpipes to yard connections. This is done so as to provide the communities residing in Ndulinde with a higher level of service other than the communal standpipes. The implementation of the project has been delayed by a non-performance by service providers who threaten to go to court if their contracts are terminated. The project has since been brought back on track and is not at Bid Evaluation Stage.

#### **Macambini Sub-Regional Water Supply Scheme**

The Macambini Sub-Regional Water Supply Scheme fall within wards 1, 2, 3, 8 and 9 of Mandeni Local Municipality. The scheme is intended to provide portable water supply at a basic level of service to the community that is currently being served through boreholes that are equipped with hand pumps and some springs that are within the area. The scheme will also augment the current supply from the Mlalazi Water Scheme that is under UThungulu District Municipality who act as a bulk water provider to iLembe DM.

During dry seasons, UThungulu DM is unable to meet iLembe DM's demand and this often results in shortage of water to the community of Macambini. The source of water is the Sundumbili Water Works, which is situated on the northern banks of the Thukela River that is upgraded from 27M<sup>3</sup>/d to 40M<sup>3</sup>/d in order to increase the capacity of water works.

The scheme will serve a total of 58,480 people residing in some 7,310 households. The scheme is estimated to cost R 101,726,581.00 and is implemented in phases until 2015/2016 financial year when it will be fully commissioned.

The Macambini project was scheduled to start in 2007 but was put on hold due to the RUWAAD / Dubai Development that was proposed by the Provincial government. This led to a delay in the start of the project from 2007 to 2013 and has resulted in the increase in the estimated cost of construction due to escalation of prices over the 5 years. The revised construction cost is now R 616,572,540.31 and it incorporates a revised scope that involves upgrading of bulk water mains and pump station from the Sundumbili Water Works, converting

from communal standpipes to individual yard connection and supplying bulk water connections to other housing developments that are en route the bulk pipeline in the areas of Sundumbili Township and Mandeni Town. The revised completion date is now 2019/2020.

## **KWADUKUZA LOCAL MUNICIPALITY**

### **Lower Thukela Regional Bulk Water Scheme**

The Lower Thukela Regional Bulk Water Scheme is intended to serve the area of KwaDukuza with portable water supply. The demand for water on the coastal area of KwaDukuza has increased and the current supply from the Umdloti and Umvoti river systems are insufficient to meet the projected water demand.

The project is implemented jointly by iLembe District Municipality and Umgeni Water and will cater for the:

- current demand,
- future private developments of commercial, industrial and residential nature,
- low cost housing developments,
- rural areas currently served as stand-alone schemes, and
- Rural area that is currently un-served.

The scheme is expected to serve the following:

- 64,239 bulk connections to commercial and private units,
- 28,567 low cost housing units,
- augmentation of bulk to 3,349 rural households, and
- bulk and reticulation to 3,083 rural households without services.

The scheme is expected to cost a total of R 1,283,580,681.00 and is implemented in phases, subject to availability of funding. The primary bulks have been commissioned by Umgeni Water and the iLembe District Municipality has also completed and commissioned five (5) offtakes that are now getting water to the communities. The implementation of further offtake lines is ongoing and is likely to be completed during 2020/2021, on condition that the Department of Water and Sanitation continues with funding the project.

## **NDWEDWE LOCAL MUNICIPALITY**

### **Umshwathi (Wartburg) water pipeline.**

The iLembe District Municipality has since partnered with Umgeni Water to construct a bulk pipeline from the Midmar Dam that will bring water through Umgungundlovu DM and Umshwathi Local Municipality areas to iLembe District Municipality. The scheme will cover ward 4, 5, 6, 7, 8 & 9 in Ozwathini - Phambela, Mlamula and Nodwengu areas under Ndwedwe Local Municipality.

The pipeline will be implemented in three phases with the last phase being implemented during 2016/2017. The bulk command reservoir will be built at Nondabula and will be linked to the existing reticulation networks that exist in the area.

The first phase of the pipeline construction is already underway and will provide bulk water to the Wosiyane area while the design to iLembe District Municipality is at an advanced stage.

### **Nsuze Water Scheme**

iLembe District Municipality resolved to construct a weir, as an interim measure, at Nsuze River to supply ward 4, 5, 6, 7, 8 & 9 in Ozwathini / Phambela under Ndwedwe Local Municipality, whilst awaiting for the Mshwathi Water Scheme to be completed in 2017. The scheme will produce 1Ml of water per day. It is the intention of the iLembe District Municipality to increase the production to 2Ml/day.

### **Kwa Chili Shangase Pipeline**

The area of KwaChili/Shangase has a reticulation network but has a challenge with bulk water supply. The municipality applied for funding from the Department of Water and Sanitation to augment the supply to the area via the Ndwedwe System in Reservoir 5.

The Department of Water and Sanitation approved the funding on condition that the water losses that are in the Ndwedwe system had to be fixed in order to save water that will be transferred to KwaChili/Shangase. The water conservation and demand management in the Ndwedwe system has been done as the first phase and was successfully completed in the 2013/2014 financial year and a report has been submitted to the Department of Water and Sanitation. The Municipality is currently doing spring protection and upgrading the existing water reticulation network in the KwaChili/Shangase Area.

A study is being undertaken for long term solution of the KwaChili/Shangase which is either getting water from Ndwedwe system in Reservoir 5 or from the Mshwati Water Supply Scheme.

## **MAPHUMULO LOCAL MUNICIPALITY**

### **IMVOTSHANE REGIONAL WATER SCHEME**

The IMvotshane Dam is under construction as part of the Maphumulo/KwaDukuza Sub Regional Water Scheme. The scheme is co-funded by iLembe District Municipality and Umgeni Water wherein Umgeni Water will focus on the implementation of the bulk system (including the dam) and iLembe District Municipality will focus on the reticulation networks up to the standpipes / yard connections.

The scheme will cover wards 4, 7, 8, 9, 10 and 11 of Maphumulo Local Municipality and ward 1, 2, 3, 4 and 7 of Ndwedwe Local Municipality. The full extent of the scheme stretches from Maphumulo, Ndwedwe to KwaDukuza.

The scheme will serve a total of 77,900 people residing in some 17,084 households. The scheme is estimated to cost R 339,870,403.00 of which R 131,982,216.00 is iLembe District Municipality funds and R 207,888,187.00 will be funded by Umgeni Water. The first phase of the scheme was commissioned during the 2012/2013 financial year and the second phase is expected to be complete by 2017/2018 financial year.

### **Balcom / Kwa Sizabantu Sub-Regional Water Scheme**

The Balcom/ KwaSizabantu Sub-Regional Water Supply Scheme falls within Maphumulo Local Municipality, this is an extension of the Ngcebo/KwaDukuza Water Supply system and will provide wards 3, 5 and 6 with portable water supply to a basic level of service.

As at 30 June 2016 the scheme was 65% complete and some of the completed zones were as follows:

- Bulk Supply phase one
- Bulk supply phase 2
- Zone B
- Zone C
- Zoned E
- Zone F

Priority for the next financial year include Zone G and Zone A, Zone H and Zone D and Zones I & J.

The Water Supply Scheme will serve approximately 3,532 households (28,256 people) in Balcom and Kwa Sizabantu areas. The scheme also makes provision for the adjacent Magongo area in Ward 3. The scheme is estimated to cost R168, 242, 758 and will be implemented in phases until 2016/2017 financial year and will be fully funded by iLembe District Municipality.

## **SANITATION**

### **KWADUKUZA WATER BORNE SEWER PROJECT**

The primary objective of this project is to provide a bulk sanitation system to service the growing needs of Groutville development areas which, besides Groutville, serves the areas of Thembeni, Njekane, Ethafeni, Chief Albert Luthuli Land Reform, Nyundwini and proposed Lloyds / Chris Hani Ntshawini Region and all located within KwaDukuza local Municipality. On completion, this scheme will serve a total of 129 000 citizens.

This project is jointly being implemented by KwaDukuza Local Municipality, iLembe District Municipality, COGTA KZN, KZN Department of Human Settlements and the KZN Department of Water and Sanitation. The total cost of this staged project is R 254 million.

The table below show projects that were planned and implemented during the 2016-2017 financial year:-



Project Name	Area	Category	Status	Budget	No. of beneficiaries no new served	Wards	Estimated completion
Old Infrastructure Replacement/Upgrade	District Wide	Water	Implementation	R 600 000 000		District wide	2022
Water Conservation/Water Demand Management	District Wide	Water	Implementation	R 150 000 000	no new served	District wide	2022
Lower Thukela Bulk Water Supply Scheme	KwaDukuza	Water	Implementation	R 1 400 000 000	99 238	1,2,3,5,9,11,12,13,15,17,21,28	2022
Ndulinde Water Supply Scheme	Mandeni	Water	Implementation	R 270 197 305	7 213	6 & 11	2021
Macambini Water Supply Scheme	Mandeni	Water	Implementation	R 600 000 000	13 850	1,2,3,5,7,8,9,12&15	2020
Inyoni Bulk Water	Mandeni	Water	Implementation	R 49 500 000	3 050	10	2019
Ngebo/KwaDukuza Water Supply Scheme	Maphumulo	Water	Implementation	R 131 982 216	16 723	7,8,9	2020
Balcome/KwaSizabantu Water Supply Scheme	Maphumulo	Water	Implementation	R 143 973 488	3 945	5 & 6	2018
Ntunjambili Water Supply Scheme	Maphumulo	Water	Planning	R 90 000 000		1	2020
Ozwathini / Phambela Water Supply (Nondabula Emergency Water Project)	Maphumulo	Water	Pre- tender	R 31 078 364	1 420	9	2019
Nsuze Water Supply Upgrade	Ndwedwe	Water	Operational	R 4 000 000	6 000	2,5 & 6	2018
Swayimane, Msillili, Ndaka and Hoqweni Community Water Supply Scheme	Ndwedwe	Water	Planning	R 39 159 125	3 295	16,17, & 18	2020
Schools Sanitation	District Wide	Sanitation	Planning	R 45 000 000	44	District wide	2020
Groutville D Sanitation Scheme	KwaDukuza	Sanitation	Implementation	R 188 000 000	8 900	9,11	2020
Driefontein Housing Bulk Sewer	KwaDukuza	Sanitation	Planning	R 122 000 000	1 500	21	2019
Southern Regional Bulk water and Sanitation	KwaDukuza	Sanitation	Planning	R 189 000 000	7 557	7,8 & 23	2022
Darnal WWTW Upgrade and Reticulation	KwaDukuza	Sanitation	Planning	R 44 355 000	2 372	2	2019
KwaDukuza Regional Wastewater Works	KwaDukuza	Sanitation	Inception	R 129 960 000	25 000	15	2025
Inyoni Bulk Sewer	Mandeni	Sanitation	Implementation	R 9 367 000	3 050	10	2019
Sundumbili WWTW Upgrade	Mandeni	Sanitation	Planning	R 322 000 000	19 952	10	2025
Mandeni Area - VIP Toilets	Mandeni	Sanitation	Implementation	R 82 657 000	10 826		2020
Mandafarm Waterborne Sewer	Mandeni	Sanitation	Planning	R 15 000 000	1 000	7	2019
Maphumulo Area - VIP Toilets	Maphumulo	Sanitation	Implementation	R 204 074 000	23 216		2020
Ndwedwe Area - VIP Toilets	Ndwedwe	Sanitation	Implementation	R 146 996 000	12 267		2020
RRAMS	District Wide	Roads	Planning	R 2 894 000		District wide	2018

d) A REFLECTION ON THE PERFORMANCE OF THE MUNICIPALITY IN THE DELIVERY OF WATER AND SANITATION

TOP LEVEL SUMMARY OF 2016/2017 HOUSEHOLD (hh) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER CONNECTED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	2745	4084	149%
SANITATION	1268	893	70%

e) FINANCIALS ON CAPITAL PROJECTS

GRANT DESCRIPTION	2015/16 UNSPENT /APPROVED ROLLED OVERS	2017/17 GRANT ALLOCATION	2016/17 SPENT AGAINST ALLOCATION	UNSPENT BALANCE AS @ 30 JUNE 2017
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	186,984	186,984	0
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG - LTBWSS)	0	104,748	127,452	(22,704)
WATER SERVICES OPERATING GRANT (SUNDUMBILI WWTW)	2,916	0	2,916	0
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	0	62,500	62,500	
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	0	1,850	1,850	0

The table below reflects some of the major projects implemented in 2016/2017 and expenditure:

PROJECT DESCRIPTION	BUDGET	EXPENDITURE	VARIANCE
LOWER TUGELA BULK WATER SUPPLY SCHEME	86,047	109,730	(23,683)
NGCEBO/KWADUKUZA BULK WATER SU	44,579	48,431	(3,852)
MACAMBINI WATER SUPPLY PHASE 2	42,346	51,139	(8,793)
NDULINDE WATER SUPPLY	3,947	7,304	(3,356)
BALCOM/KWASIZABANTU	39,039	36,376	2,664
INYONI HOUSING BULK SEWER SUPPLY	605	122	483
INYONI HOUSING BULK WATER SUPPLY	1,412	4,173	(2,761)
DRIEFONTEIN WATER BORNE SEWER	316	11	304
WOSIYANE EXTENSION	1,037	1,461	(424)
GROUTVILLE RURAL HOUSING - MIG	16,139	21,910	(5,771)
SUNDUMBILI WASTE WATER UPGRADE	526	338	189
WATER & SANITATION MASTERPLAN	-	531	(531)
SOUTHERN REGIONAL BLK WTR-SEW	439	16	423
MANDAFARM WATERBORNE SEWER	439	-	439
SUNDUMBILI WASTE WATER WORKS (DWA REFURB/MAINT)	2,558	2,540	18
MWIG KWADUKUZA AC REPLAC PHS 1	5,874	4,082	1,791

MWIG BALCOMB/SIZABANTU WSS	-	(1,177)	1,177
MWIG MACAMBINI WSS	1,667	-	1,667
MWIG KWACHILI / SHANGASE WSS	4,474	3,427	1,047
MWIG AC REPLACEMENTS : PHASE 2	39,302	50,093	(10,791)
MWIG KWADUKUZA AC REPLAC PHS 1	5,874	4,082	1,791
MWIG BALCOMB/SIZABANTU WSS	-	(1,177)	1,177
MAPHUMULO HOUSEHOLD SANITATION	3,509	2,381	1,127
MANDENI HOUSEHOLD SANITATION	3,509	2,481	1,028
NDWEDWE HOUSEHOLD SANITATION	3,509	2,500	1,009

## WATER QUALITY

### **Water provided by the iLembe District Municipality is among the best in South Africa.**

The Department of Water Affairs (DWA) initiated the drinking water quality (DWQ) regulation programme in 2005 with the objective of ensuring the improvement of tap water quality by means of compliance monitoring. A survey conducted in the preceding year indicated that less than 50% of municipalities then monitored drinking water quality as per legislated requirements. The introduction of the regulation initiative saw the monitoring performance improving to 100% by early 2008. However this improvement did not necessarily instill public confidence due to many negative reporting on water quality at that stage. This phenomenon triggered the initiation of an incentive-based regulation programme, termed Blue Drop Certification, which commenced on 11 September 2008.

This incentive based regulation provides consumers with credible information on the confidence that the water provided is of acceptable quality and good for human consumption. Municipalities that perform well are rewarded with the certification of excellence for that particular year which is forfeited if not sustained the following cycle of assessment. ILembe District Municipality is ranked number 3 in the province, behind Newcastle and eThekweni. The graph below indicates ILembe's performance for both Blue and Green Drop systems over a 3 year period.

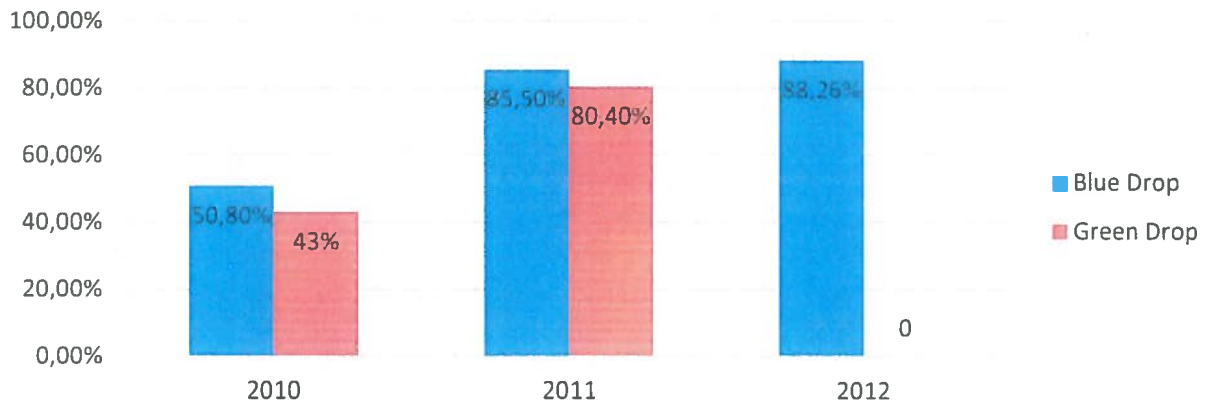
Similarly, in an attempt to facilitate a more transparent method to indicate the level of confidence DWA has in waste water quality management, the department initiated a method of awarding towns within Water Service Authorities (WSA) with Green Drop status. This status is achieved if the WSA complies with waste water legislative requirements and other best practice requirements that are being implemented.

The assessment for the Green Drop Systems was conducted electronically using the Progress Assessment Tool (PAT). The Green Drop Risk profile Progress Report for 2012 is the product of a gap year, where progress is reported in terms of the improvement or decline in the risk position of the respective wastewater treatment plant, as compared to the previous year's risk profile. All the Water Services Authorities participated using PAT during the period of November 2011 to February 2012. In essence the Green Drop audit for certification will be in 2013.

It must be noted that the PAT only compares the plants of that particular municipality; it does not compare municipalities against one another. Two plants operated by Siza Water, namely, Frazers and Shakaskraal have low risk. ILembe Operations and Maintenance were quantified

as being medium risk. Sundumbili operated by WSSA is at medium-to-high risk Vukile and Amatikulu are at high risk.

### iLembe Performance



#### ILEMBE DM BLUE DROP PERFORMANCE

- As at June 2014, 24% of the population still did not have access to clean water and obtained water from rivers and streams. This poses a health risk with further implications regarding the provision of social services.
- The urban areas have proper water borne sanitation systems, but rural areas rely on pit latrines or no system at all. This places tremendous strain on the environment and poses a health risk.

Backlog Spreadsheet for 2016/2017)

**WATER**

Local Municipality	Population	Households	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Percentage of hh served to date
Mandeni	131 830	37 798	25 913	24 081	23 461	23 081	23 031	20 930	20 793	20 741	20 665	19 747	19 613	
KwaDukuza	252 053	61 084	13 125	12 225	9 725	9 725	9 725	7 056	6 859	6 613	6 253	6 253	6 253	
Ndwedwe	208 447	33 459	15 917	14 236	8 057	7 298	6 255	5 346	4 419	4 419	4 419	4 419	4 419	
Maphumulo	212 909	27 606	21 119	20 119	13 221	12 373	11 116	10 369	8 884	8 079	7 160	5 614	1 664	
	805 239	159 947												
HH without access to Water			76 074	70 661	54 464	52 477	50 127	43 701	40 955	39 852	38 497	36 033	31 949	19,97%
Achievements per year			400	5 413	16 197	1 987	2 350	6 426	2 746	1 103	1 355	2 464	4 084	
HH served			83 873	89 286	105 483	107 470	109 820	116 246	118 992	120 095	121 450	123 914	127 998	80,03%
<b>Calculation for water backlog:</b>														
Backlog for 2015/2016	22,53%													
Backlog for 2016/2017	19,97% (31 949/159 947)													
% decrease in backlog as at end of June 2017	2,56% (4 084/159 947)													



# SANITATION

Local Municipality	Population	Households	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Percentage of hh served to date
Mandeni	131 830	37 798	12 491	10 691	10 691	9 841	8 167	6 767	5 256	3 786	2 919	1 892	1 571	
KwaDukuza	252 053	61 084	12 456	12 456	12 456	12 456	12 311	12 311	12 311	12 311	12 311	12 311	12 311	
Ndwedwe	208 447	33 459	22 231	18 061	17 478	14 961	12 660	11 116	9 395	7 995	6 805	5 053	4 741	
Maphumulo	212 909	27 606	25 445	21 977	21 977	21 539	19 440	18 040	17 169	15 769	14 579	13 182	12 922	
	805 239	159 947												
HH without access to sanitation			72 623	63 185	62 602	58 797	52 578	48 234	44 131	39 861	36 614	32 438	31 545	19,72%
Achievements per year			6 374	9 438	583	3 805	6 219	4 344	4 103	4 270	3 247	4 176	893	
HH served			87 324	96 762	97 345	101 150	107 369	111 713	115 816	120 086	123 333	127 509	128 402	80,28%
<b>Calculation for sanitation backlog:</b>														
Backlog for 2015/2016 20,28%														
Backlog for 2016/2017 19,72% (31 545/159 947)														
% decrease in backlog as at end of June 2017 0,56% ( 893/159 947)														

## 4.2 LOCAL ECONOMIC DEVELOPMENT

Enterprise iLembe (EI) is the Economic Development Agency of iLembe District Municipality that is managed by the district through a service level agreement. The agency is responsible for *Trade & Investment Promotion* and *Local Economic Development* for the region within the following key sectors:

### **Agriculture**

This sector is characterized by two main distinct types:

- ✓ Commercial agriculture, such as sugar cane farming along the coastal strip ; and
- ✓ Subsistence agriculture in the rural hinterland and inland areas.

### **Manufacturing**

This sector is mainly characterized by the following types of industries:

- ✓ Primary sector comprises of heavy industries, such as sugar and paper mill production in the Isithebe Industrial Estate in Mandeni
- ✓ Secondary sector activities include light industries that are prevalent throughout the district and with a focus on the rural areas of the district as well as along the coastal belt.

### **Tourism**

iLembe is one of the prime domestic tourism attractions in South Africa due to its favorable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorized into cultural and heritage tourism, beach tourism, and nature-based and adventure tourism.

### **Commerce and Services**

This sector includes the following sub sectors and is found in all the main urban centers throughout the district with specific reference to the towns of KwaDukuza and Ballito:

- ✓ Wholesale / retail trade Transport / storage Communication Financial / insurance
- ✓ Real estate/Business / Community / social / government services

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities.

The Global Economic recession and slowdown in business activity is now being felt within the SA economy and is clearly evident in the Business Confidence Index for (BCI) iLembe District Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing. Enterprise iLembe has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review.

Our mandate, as the District Development Agency remains clear:

*“Driving economic development through poverty alleviation and sustainable job creation”.*

#### **4.2.1. Strategic Objectives & Functions**

##### **Agency Mandate**

- Develop, review and strengthen the local economic development strategy on behalf of the district and family of municipalities;
  - Champion a wide range of activities which emerge as important from the family of IDPs and LED Strategies;
  - Co-ordinate LED activities to ensure alignment and integration;
  - District marketing and promotion of tourism and investment promotion;
  - Facilitate the identification, packaging and implementation of catalytic projects in the four key sectors and new sectors;
  - Provide professional and multi-skilled support and networking services to major investors who wish to invest in the region;
  - Work with local government to facilitate a business enabling environment;
  - Implement business, retention and expansion (BR&E) programmes in partnership with local business;
  - Build twinning relationships with developed regions nationally and internationally;
- Social Risk Management.

## 4.2.2. Key Strategic Goals & Objectives

### STRATEGIC GOAL 1:

*Facilitate the packaging & implementation of projects in existing and new sectors*

#### Objectives

- Implement and ensure sustainability of existing projects
- Identify and package new projects in existing sectors
- Tap into available programs to create more black industrialists

### STRATEGIC GOAL 2:

*Market and Promote the iLembe District as an Investment, Tourism & Business Destination*

#### Objectives:

- To attract interest for new investment to iLembe District
- To increase visitor numbers to iLembe District
- To support new tourism product development and the geographical spread of tourism

### STRATEGIC GOAL 3:

*Research other potential growth sectors in addition to the current four sectors of main focus*

#### Objectives:

- To identify and package projects in new sectors
- Tap into available programs to create more black industrialists

### STRATEGIC GOAL 4:

*Identify, build and co-ordinate partnerships among socio economic stakeholders*

#### Objectives:

- Facilitate Business Retention and Expansion
- Support Entrepreneurship Development

### STRATEGIC GOAL 5:

*Facilitate research that assists with Policy Development and formulation that impacts the mandate of the Agency*

#### Objectives:

- Identify policies and Acts that effect the Agency
- Research Team
- Research that will influence the decision making process

## STRATEGIC GOAL 6:

*Influence policy and the regulatory environment for socio economic development an investment*

### Objectives:

- Identify existing structures and leverage of those
- If none, create structures
- Use structures to engage government
- Include issues of infrastructure and spatial planning
- Influence infrastructural and spatial planning

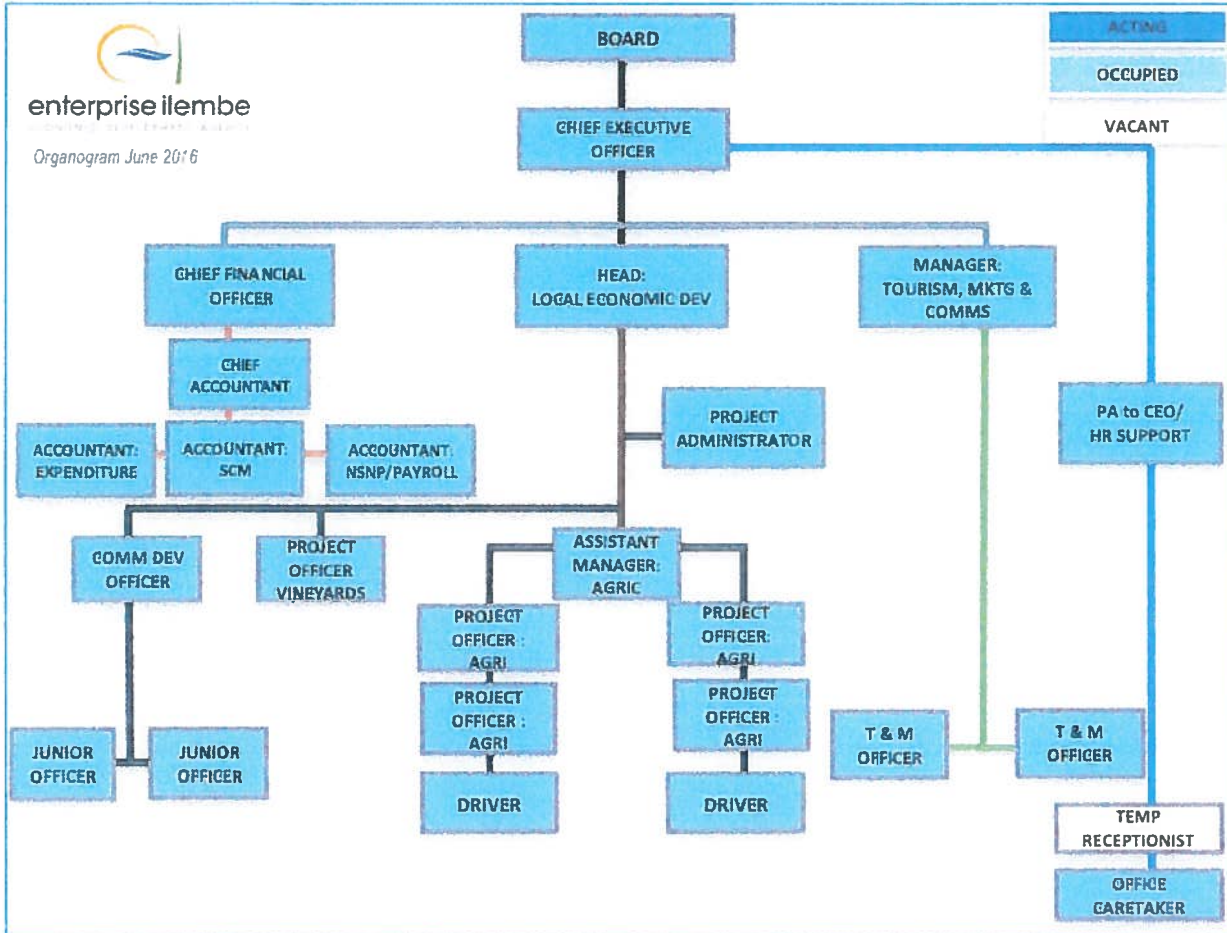
### 4.2.3. Roles & Responsibilities



It is the role of Enterprise iLembe to facilitate and promote socio economic development in the region. The role of Enterprise iLembe can be further defined as follows;

- Nurture new ideas which have commercial potential AND have high impact potential in regards to poverty alleviation, jobs and empowerment.
- Build partnerships between public sector, support institutions, private sector and the community.
- Build partnerships within each locality and support one another in service delivery.
- Collectively bridge the gap between 1<sup>st</sup> & 2<sup>nd</sup> economies through catalytic & high-impact projects.

#### 4.2.4. Organisational Structure



New appointments in the 2016/2017 financial year:

No	Surname	Job Designation	Start Date
1	Dube Nothando	Receptionist	July 2016
2	Ngcobo Silindile	Community Development Officer	January 2017
3	Mazibuko Fanelesibonge	Led Project Administrator	March 2017
4	Mbelu Thandeka	Junior LED Officer	April 2017
5	Nkomzwayo Nkosinathi	Chief Executive Officer	June 2017

Resignations in the 2016/2017 financial year:



No	Surname	Job Designation	Resignation Date
1	Thami Mkhwanazi	CEO	July 2016
2	Silindile Mkhwanazi	Junior Community Dev. Officer	January 2017
3	Khwezi Mlobane	LED Administrator	February 2017
4	Lucky Nxumalo	Assistant Manager: Agriculture	June 2017

#### 4.2.5. Institutional Transformation & Employment Equity

In compliance with the Employment Equity Act, 55/1998, the Enterprise iLembe's Employment Equity Plan has been crafted with the aim to remedy any form of discrimination in the workplace by removing all barriers in the employment policies, practices.

Affirmative Action has been defined as the tool to implement immediate positive remedial action. Programs and procedures to address both historic and existing inequalities and imbalances of the past are being implemented.

The Entity acknowledges the value of retaining staff especially employees with scarce skills and those who possess experience that is required for the Entity to fulfil its objectives. The Entity recognises that in order for it to be able to retain staff, it is very important to create an environment that encourages staff not only to succeed in their jobs but also to grow and achieve their personal development goals and aspirations.

Designation	Number	Male	Female	Black	White	Indian
Board	7	4	3	5	2	-
CEO	1	1	-	1	-	-
CFO	1	-	1	1	-	-
Managers	2	-	2	1	-	1
Total Staff	24	9	15	20	2	2

#### 4.2.6. Projects Undertaken



#### 4.2.6.1 Multi-Year Funded Projects

Project Name	Project Description & Status Quo
iLembe Vineyards and Winery Project	<p><b>Project Budget 16/17: R1 238 085</b></p> <p>The iLembe vineyards and winery project is a two-phased project which involves the establishment of a primary Villard Blanc crop for further processing in a winery established as a first of its kind in the District.</p> <p>A total of 12 hectares of vines have been planted across Mandeni, Maphumulo and Ndwedwe. Twenty-eight (28) tons of grapes have been harvested and fed into the winery. The winery is located at the Collisheen Estate in the Sugar Rush park which is being developed into a tourism precinct. The Winery currently processes and bottles a white cultivar wine from grapes grown by the communities within iLembe District.</p> <p>Options are being explored to get a product to market shortly under the brand 1787; and the most viable is to distil the Villard Blanc in tanks to a spirit. This process is ongoing and are waiting on quotes from Distillers.</p> <p>An application is underway to request funding from IDM to assist with funds that are required for the retail space and extensive documents are required for the application which Ei is in the process of compiling.</p> <p>To ensure that the "1787" wine gets maximum marketing and exposure, EI has received the Distribution License from SARS which allows for the selling of the wine on the Sugar Rush premises as it stands is up to date; this license was recently renewed and is valid until May 2018.</p>
iLembe Open Farms	<p><b>Project Budget 16/17: R2 824 178</b></p> <p>The project entails establishing and supporting community-based co-operatives to operationalize sustainable agricultural farms to produce cash crops for both the community's needs and for sale to the Department of Education's National School's Nutrition Programme. This</p>

	<p>programme has opened up sustainable and reliable markets for the local small-scale farmers. The Department is in need of 64 tons of vegetables such as cabbages; butternut; spinach; carrot and green beans weekly for supply to the National Schools Nutrition programme.</p> <p>Enterprise iLembe supported a total of 20 farms. This supports entails the provision of mechanization, supply of chemicals, fertilizers, seeds and seedlings and technical advice and mentorship to the farmers in the four local municipalities. Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs.</p> <p>Climatic challenges and financial resources is forcing the Entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization. The planting plan is one such tool that will ensure that the project is self-sufficient.</p>
<p><b>Agricultural Hydroponic Tunnels</b></p>	<p><b>Project Budget 16/17: R 1 744 178</b></p> <p>The agricultural hydroponic tunnels project became a stimulus for agro processing within the District. With the collective establishment of 8 hydroponic tunnels within all four local municipalities (four site) the tunnels tapped into a niche market by growing high value crops for sale in retail stores.</p> <p>This project was on hold as the project underwent much needed repairs to the existing eight structures. Due to budgetary constraints, Enterprise iLembe can only refurbish one site each financial year. This has meant that one site in Bulwer KwaDukuza, is fully operational once again. Tomato plants have started fruiting and they are still growing well and will be supplied as a commodity to the National School's Nutrition Programme.</p>

	<p>Enterprise iLembe has commenced with plans to repair the second site in Mandeni through the appointment of the service provider and is currently busy with the finalizing of the repairs; and the replacement of corrugated iron and doors in the pump station house has been completed. The second service provider was appointed to conduct the electrification of the Mandeni Tunnel which has been completed.</p>
<p>National Schools Nutrition Programme and the Processing Facilities</p>	<p>Project Budget 16/17: R9 055 559</p> <p>In the past three (3) years, the processing facilities have offered a logistical solution to the National School's Nutrition Programme, by providing a facility where vegetables sourced from the local farms can be cleaned, packaged, stored and dispatched to the 409 schools within the District.</p> <p>All Agri-Hubs are now fully functional which are located in Mandeni, Maphumulo, Ndwedwe and KwaDukuza</p> <p>Other challenges experienced in the implementation of this programme include the increase in the costs of running the programme resulting in the need to review the rate/fee at which the programme is being operated. There is not enough produce from local farms to feed into the NSNP, as farmers are apprehensive to plant for the National School's Nutrition Programme; and farmers require technical and financial assistance to produce quality vegetables.</p>

#### 4.2.7. Capital Used

Below is a summary of the operating income and expenditure compared with budget for the 2016/2017 financial year.

REVENUE	Actual 2017 R	Budget 2017 R	Variance %
Opening Accumulated Surplus	19 552 595	23 607 178	(17%)
Operating income for the year	30 909 169	30 437 013	2%)
<b>Total</b>	<b>50 461 764</b>	<b>54 044 091</b>	
<b>EXPENDITURE</b>			
Operating expenditure for the year	31 483 341	30 294 213	4%
Closing accumulated surplus	21 278 015	23 607 178	(10%)
<b>Total</b>	<b>52 761 356</b>	<b>53 901 391</b>	

The negative variance on revenue is due to amounts that were expected to be received during the year and were not. This in particular relates to outstanding invoices from the Department of Education (DOE), as at the end of the financial year.

In the 2016/2017 financial year R13, 1 million was spent on projects. Details set out below.

Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance %	Total Project Value
LED Projects	3 800 000	3 000 000	2 824 178	(1%)	
Agri Processing	1 200 000	390 000	383 250	(0.5%)	
Tourism	1 200 000	1 100 000	856 044	(19%)	
NSNP	16 774 721	8 387 361	9 055 559	9%	
<b>TOTAL</b>	<b>22 974 721</b>	<b>12 877 361</b>	<b>13 119 031</b>		

#### 4.3. Job Creation & Skills Development

##### 4.3.6. Unemployment Rate

Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions. The District has been proactive in developing broad based interventions to facilitate local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

The district's unemployment rate is 31% in general and 37% amongst the youth (15-35). While unemployment is above the national average, it is below average for KZN. Youth unemployment is substantially lower than both the national and KZN average (with the exception of Maphumulo and Ndwedwe). The majority of employment in iLembe is in the wholesale, retail and trade industry (21%), community services (17%) and manufacturing industry (17%). The majority of employment in Ndwedwe is in agriculture, the majority of employment in Mandeni is in manufacturing while employment in Maphumulo is being sustained by government employment, and employment in KwaDukuza is the most diversified across all sectors.

#### Key successes & challenges

- Enterprise iLembe received its 3<sup>rd</sup> consecutive clean audit from the Auditor General
- The suspension of the National Schools Nutrition Programme in 2016 due to non-payment from the Department of Education impacted on the financial resources of the entity as well as the many farmers who are reliant on the NSNP Market, this also impacted on the entity meeting its target of 90% deliveries
- The iLembe Winery celebrated its third production of the 1787 wine
- Services Providers appointed at risk to package projects for funding were not able to deliver which impacted on the entity being able to package new catalytic projects for investment
- The first ever quarterly tourism industry research was conducted for the iLembe District in June 2017.

Opportunity identification and development is a key process whereby investment opportunities are identified through private sector engagement, public sector and gap analysis. Imperative to Enterprise iLembe pursuing or supporting a project is driven by the Agency Strategy and whether the project idea meets the Agency's Value Statement "Economic Development that will change the lives of our people".

Projects must be Specific, Measureable, Achievable, Realistic and within a Timeframe (SMART), and have socio-economic benefits linked to it. Enterprise iLembe has a Project Management Unit that assists in this process, with experienced Project Managers in the key sectors identified.

## 4.3 ORGANISATIONAL DEVELOPMENT PERFORMANCE

### INTRODUCTION AND OBJECTIVES OF THE DEPARTMENT

The Department renders support service to other Business Units of the Municipality in order to effectively deliver services to the community through the following functions:

- Support Services

- Human Resources Management
- Legal services
- Health and Safety
- ICT

The agenda and programme of the Department of Corporate Services is informed by the following goals and objectives:

- a) To provide professional administrative support to Council and all Business Units of the Municipality.*
- b) To provide effective management and maintenance of the municipality's facilities and fleet.*
- c) To position the Department as a strategic hub for acquiring the best human resources in the form of skills and talent, nurture and harness human development and growth, recognize and acknowledge excellent performance, empathize and support staff, and strive for retention of the workforce.*
- d) To provide professional legal advice to line function departments.*
- e) To provide an innovative, effective and efficient Information and Communication Technology service that enables the achievement of the municipality's objectives as set out in the IDP.*
- f) To provide guidance and support to all business units with regards the acquisition, deployment and maintenance of electronic systems within the municipality.*
- g) To provide an effective environmental health service in accordance with the prescribed Acts, By-laws and Regulations.*

## ACHIEVEMENTS AND CHALLENGES

The achievements and challenges of the Department are presented herein according to the outcomes of the Corporate Services Department's own mini strategic plan which recognized all 4 Units, i.e. HR, ICT, Support Services, and Legal.

## Achievements

### a) Human Resources

Filling of positions particularly the critical senior managers' positions, particularly the Chief Financial Officer (CFO) which has been concluded, and the advanced process to fill the other 2 vacant positions, *i.e. Municipal Manager and Senior Manager: Community Services.*

- b) The adoption by Council, of the reviewed Municipal Staff Establishment (Organogram).
- c) The introduction of the 24hours Shift System for the provision of water services to the community.
- d) Maintenance of sound and peaceful labour relations.
- e) Successful review and introduction of Policies which have been done through a participatory process.
- f) Provision of meaningful and relevant Employee Assistance Programmes which include the organizing of dignified memorial services amongst others.
- g) Successful training and development of employees and community particularly the unemployed Youth.
- h) The implementation of Employee Performance Recognition Awards.
- i) The maintenance of the implementation of the TASK Wage curve remuneration management system.
- j) The conclusion of the writing of the Job descriptions and submission to the SALGA Job Evaluation Committee.
- k) The successful maintenance and keeping up with the HR related compliance issues, *i.e. timeous submission of Employment Equity Report, and the Workplace Skills Plan (WSP).*

### b) Information Communication Technology

- a) Providing savings of R300 000 per month in printing/ copying costs through the implementation of the office automation solution.
- b) Improving internet bandwidth (speed) from 2mbps to 10mbps while maintaining cost from R18 400 to R18 800 per month.
- c) Introduction of digital tools of trade (tablets) to improve communication for councillors and traditional leaders.
- d) Rapid response in resolving IT problems (inclusion of job card system)
- e) Full provision of staff ICT tools of trade to all those who needs them
- f) Full equipped ICT server room
- g) Established ICT governance structures (DGITOC – information technology officers council and ICT steering committee)
- h) Adoption of various ICT policies
- i) Minimize ICT audit queries which contributed to the municipal clean audit

### c) Support Services

- a) Proper management of committees
- b) Adoption of fleet management policy



- c) Adoption of Vehicle Subsidy Policy
  - d) Increased the provision of the fleet (e.g. Water Tankers increase from 6 to 15)
  - e) Changed the alignment functions and perception that this Division had the responsibility of rendering only Committee Management function instead of Fleet, Records, Facilities Management
  - f) Improved physical set up of the Records Management System in order to comply with the Archives legislation
  - g) Electronic distribution of agendas for both management and Councilors
- d) Health & Safety (Environmental Health)
- a) Expansion of environmental health services as result of the devolution of this service from Provincial to Local Government in 2014.
  - b) The appointment of Pollution Officer
  - c) Installation of the Pollution dictation tool at Haysom Road close to Disaster Management Building
  - d) Constantly updated Council (reports to the portfolio committee) on the issues of Environmental Health within the District
  - e) Constant monitoring of water quality and reporting abnormalities timeously.
- f) Legal Services:
- a) 100% success rate in dealing with objections/appeals against decisions of the Bid Adjudication Committee in their award of tenders.
  - b) Successfully defended all legal actions instituted against the Municipality.
  - c) Introduction of an Incident Register to monitor possible legal claims against the Municipality.
  - d) Dealt with the review of Service Level Agreements signed between the Municipality and Service Providers

## CHALLENGES

- a) Human Resources
  - Recruitment:
    - a) Recent increase of vacancy rate by 22%, higher than the required norm of 10%, due to the review of the staff establishment.
    - b) Task Remuneration system not helpful in attracting and retaining skilled personnel.
    - c) Compliance with the EEP not adequate.
    - d) Slow progress in the conclusion of the Job Evaluation exercise done by the SALGA Committee.

- Training:
  - a) Shortage of Training Venues
  - b) Limited budget for training
  - c) Non-compliance by Staff and Councillors with the skills questionnaire form which affect WSP
  - d) Shortage of vehicles to transport Councilors, staff, and external learners to training venues
  
- Occupational Health & Safety:
  - a) Poor and absence of safety files in all sites that capture and record health and safety activities and documents.
  - b) The need for a risk assessment and safety plan.
  - c) Delay and poor response to report and investigate incidents and accidents.
  - d) Unpalatable working conditions: office space, and conditions of the buildings.
  
- Labour Relations:
  - a) Distrust between Shop Stewards and Management
  - b) Historical unending disputes
  - c) Flimsy disputes that take time and resources to respond to at SAGBC and CCMA.
  
- EAP
  - a) Wellness programmes affected by Austerity Measures
  - b) Insufficient Supervisory support to EAP employees
  - c) Backlog / outstanding medical examinations: threat to Pension Benefits
  - d) NJMPF & SALGA dispute on defined contribution vs defined benefit issue
  - e) GEPF delays and a difficult system of processing of claims
  - f) Non-registering of beneficiaries by employees
  
- b) Information Communication Technology
  - a) Poor attendance of ICT awareness sessions by departments
  - b) Acquisition of ICT systems by departments without involvement of the ICT unit
  - c) Lack of Management of SLAs for some ICT systems
  - d) Lack of budget for training of ICT staff
  - e) Expired ICT Master System Plan
  - f) Lack of the consolidated ICT municipal systems
  
- c) Support Services
  - a) Disregard of the Fleet Management Policy by staff.
  - b) Not conducive office environment

- c) Lack of accessibility of municipal offices by people that are specially enabled (Lift)
- d) Lack of Office Space and parking
- e) Ablution facilities that are over allocated
- f) Constant breakdown of old air conditioning system
- g) Lack of fleet mechanical workshop
- h) Lack commitment by some of cleaning staff
- i) Financial constrains to conduct renovation particularly satellite offices and Auditorium
- j) Lack of a proper Council Chamber

**d) Health & Safety (Environmental Health)**

- a) The restructuring of the Municipal Health Services Organogram;
- b) Enforcement of uniform approach throughout the District;
- c) Equitable sharing of human resources and services throughout the district
- d) Non transparency re allocation of equitable share for En. Health (Community Services)
- e) Limited network connectivity at remote Health and Safety offices.
- f) Inadequate knowledge of peace office status
- g) Lack of Air Quality Management Plan

**e) Legal Services**

- a) Any delay by other departments in alerting the Unit about litigations against the municipality places the municipality at risk; and
- b) Lack of access to research tools compromises the work of the Unit.
- c) Lack of staff capacity.

**4.3.1 THE MUNICIPAL PERSONNEL**

There has been a focus on building strong municipal administrative systems and processes. It includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for Councillors and municipal officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be monitored include:

- 1) Ensuring that the top six posts (Municipal Manager, Finance, Technical Services, Corporate Services, and Community Services) are filled by competent and qualified persons.
- 2) That the municipal staff establishment (organogram) is realistic, underpinned by a service delivery model, and affordable.

- 3) That there are implementable human resources development and management programmes.
- 4) There are sustained platforms to engage organised labour to minimise disputes and disruptions.
- 5) Importance of establishing resilient systems such as billing.
- 6) Maintaining adequate levels of experience and institutional memory

## THE STAFF STRUCTURE

The amended/reviewed staff establishment of the Municipality was adopted and approved by Council on the 30 May 2017. The amendments/review of the staff establishment was done to make the Municipal Staff Establishment to be aligned with the strategic directive of the new Council's term of office, *i.e.* 2016 – 2021. The adopted a new Municipal Staff Establishment that was developed and reviewed in line with the various legislative and policy framework which includes the following:

- i) Section 153 (a) of the South African Constitution,
- ii) Section 66 (1) (a) of the Municipal Systems Act,
- iii) Chapter 2, Clause 2 (1) (a) of the Local Government: Municipal Planning and Performance Regulations,
- iv) The Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, and
- v) S84 and 85 of the Labour Relations Act.

The aim of the adopted staff structure is to align it with the strategic directive of the new term of office, *i.e.* 2016 – 2021. The importance of the Staff Establishment is also clearly prescribed by the Back to Basics (B2B) document which comprises of the Programme for Change for Municipalities. The amendment/review of the Staff Establishment resulted with the creation of new post which added to the number of vacant posts in the Municipality.

Establishment	Number of post	Post Filled	Shared Service	Vacant Posts	% Vacancy Rate
OMM	39	29	03	07	17%
Corporate Services	90	53	0	37	41%
Finance	129	115	0	14	11%
Corporate Governance	78	45	0	33	42%
Technical	390	319	0	71	18:0%
<b>TOTAL</b>	<b>726</b>	<b>561</b>	<b>03</b>	<b>162</b>	<b>22%</b>

The approved staff establishment indicate that the Municipality has a total of 726 approved posts, 561 posts filled and 162 vacancies. The vacancy rate has been increased to **22%** as a result of the newly proposed posts and terminations in the new financial year 2017/18. The

accepted norm for vacancy rate is 12%. The process of filling the vacant positions in order to reduce the vacancy rate to the required norm, is underway.

## EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Turn-over-Rate			
Details	Total Appointments as of the Beginning of Financial Year	Terminations during the Financial Year	Turn-over-rate (%)
	No.	No.	
2011/2012	103	30	29%
2012/2013	110	30	27%
2013/2014	23	32	139%
2014/2015	54	20	37%
2015/2016	16	19	118%
2016/2017	16	34	

Terminations is deemed fair if it is in line with Section 188 of the Labour Relations Act which state that termination should be based on operational requirements, ill-health, and conduct. The terminations from the Municipality caused a concern from both the Management and organised labour. The MM through MANCO, and organised labour through the LLF, requested that the report on terminations be provided by Department of Corporate Services: HR Unit. The report as requested, also required the inclusion of exit interviews.

There were also unfortunate terminations that were due to the sad reality of nature, *i.e. death*. The high rate of terminations due to death caused a concern for the Municipality. This led to a Prayer day which was intended to be a motivational boost for the employees' recovery from any real or perceived emotional and psychological trauma due to the loss of a fellow employee.

- **Findings from Exit Interviews**

Employees who voluntarily leave employment with IDM, are always encouraged to take part in a confidential exit interview. The interview is held either with a member of the Human Resources Unit, or with their respective superior. Records and figures of the employees leaving, and their reasons are monitored and reported on a monthly basis. A total of 15 employees have voluntary left IDM. Their reasons as collected from the data in their exit interview files, vary and include the following:

- 1) *leaving IDM voluntarily because of a lack of advancement and a better opportunity in another institution;*
- 2) *salary improvement (the Task Age Curve seem to be not attractive for retention, particularly to the employees who are Personal-To-Holder);*
- 3) *commuting problems and family challenges;*

*and*

- 4) *a minority of employees cited the relationship with their immediate supervisors and lack of challenge in the work performed, as contributing to their decision to leave IDM.*

Overall however, the attitudes of most people leaving IDM were positive towards the Municipality. Issues of a friendly organisational culture, relationships with colleagues, and Managers, work/life balance, and job security were rated highly by the leaving employees.

## **MANAGING THE MUNICIPAL WORKFORCE**

The MSA 2000 S66 and 67 requires Municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act 1998. The policies listed below together with all relevant legislation, the Collective Agreements as agreed upon at the South African Local Government Bargaining Council (SALGBC), and the various Regulations that are provided by COGTA, are used to ensure proper management and governance in the Municipality. The Policies as listed below continuously get reviewed on the continual basis in order to ensure their relevance and compliance with the developments and amendments to legislation and/or regulations. Both the legislation and Policies are used in the management of the municipal workforce.

Further, the successful delivery of services is dependent on the staff that strictly adhere to the Batho-Pele Principles, and the Back-to-Basics Programme. The strict adherence to legislation, Policies, Batho-Pele Principles, and the Back-to-Basics Programme means that **ALL** Municipal staff should be competent, professional, impartial, sensitive, compassionate, dedicated, and committed. The achievement of the noble ideal for the successful delivery of services requires that the Municipality's collective actions adhere to the following:

- a) the development and maintenance of a sustainable Staff Establishment that is geared and designed for effective and efficient service delivery,
- b) the fair recruitment process that is focussed on the merit requirements that are consistent with the task to be performed for the improvement of the quality of lives (compliance with relevant legislative framework: EEA etc.),
- c) the up-skilling and development of staff that is based on both the individual willingness to improve his/her skills and qualifications, as well as the Municipality that provides a conducive environment for individual, group, and institutional development and growth (budget and training facilities within the available financial means),



- d) the up-skilling and development of Councillors that is based on both the individual willingness to improve his/her skills and qualifications, as well as the Municipality that provides a conducive environment in order for the Councillors to be able to progress beyond the political domain,
- e) the development and empowerment of the community served by the Municipality through meaningful internships and learnerships that contribute to the skills development of the District, Province and the country at large (Youth given more priority),
- f) maintenance of sound and stable labour relations through LLF and quarterly bilateral engagements,
- g) the continued support of staff through the EAP activities that promote wellness in order to effectively contribute to service delivery,
- h) improving performance for effective service delivery through the cascading of the Performance Measurement System (consideration of the financial impact in the light of the current circumstances),
- i) the reinforcement and strengthening of the conducive work environment through adherence and compliance with the legislative framework on Occupational Health & Safety (starting point being the urgent appointment of the OH&S Officer),
- j) serious consideration and implementation of the skills attraction and retention approach, system, and mechanism.

## EXISTING POLICIES

HR Policies and Plans				
No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Employment Equity and Affirmative Action	100%	100%	The Municipality Employment Equity Plan addresses Affirmative Action issues.
2	Attraction and Retention	100%	100%	To be reviewed in this annual 2017/2018 year
3	Code of Conduct for employees	N/A	N/A	Compliance with Schedule 2 of the MSA, and Annexure A of the SALGBC Collective Agreement
4	Delegations, Authorization & Responsibility	100%	100%	Guided by the legislative framework, and the adopted Municipal Policy
5	Disciplinary Code and Procedures	N/A	N/A	Using Schedule 8 of the LRA
6	Essential Services	100%	100%	Under review: 2017/2018
7	Employee Wellness Programme	100%	N/A	Policy was developed and finalized in June 2015.
9	Exit Management	100%	100%	Covered in the Retention Policy
10	Grievance Procedures	N/A	N/A	Guided by the legislative framework, <i>i.e.</i> MSA.



11	HIV/AIDS	100%	N/A	Policy was developed and finalized in June 2015.
12	Human Resource Development Strategy	100%	100%	Under review: 2017/2018
13	Information Technology	100%	100%	June 2016
14	Job Evaluation	100%	100%	All Job descriptions submitted to the SALGA JE Committee
15	Leave Management	100%	100%	Policy was developed and finalized in June 2015. The aspect of leave encashment has been reviewed 2016/2017.
16	Occupational Health and Safety	100%	100%	Under review, to be finalized 2017/2018
17	Official Housing	N/A	N/A	Covered by the SALGBC: Collective Agreement
18	Official Journeys	N/A	N/A	Covered by the Municipal Subsistence and Travel Allowance Policy
19	Official transport to attend Funerals	N/A	N/A	Covered in the Bereavement Policy to be finalized
20	Official Working Hours and Overtime	100%	100%	Guided by the legislative framework, <i>i.e.</i> LRA and the Municipal Policy.
21	Organizational Rights	N/A	N/A	Guided by the legislative framework LRA, and the SALGBC: Collective Agreement
22	Payroll Deductions	N/A	N/A	Legislated
23	Organizational Performance Management and Development	100%	100%	Reviewed in the financial year 2016/2017
24	Recruitment, Selection and Appointments	100%		Reviewed in 2016/2017
25	Remuneration Scales and Allowances	N/A	N/A	Decided through the SALGBC: Collective Agreement and COGTA Regulations for Councilors, MM, and Snr Managers.
26	Resettlement	N/A	N/A	Covered in the Recruitment and Selection Policy
27	Sexual Harassment	100%	N/A	Work-in-progress
28	Skills Development	100%	100%	Reviewed and adopted annually with the WSP.
29	Smoking	N/A	N/A	Covered in OHS Policy
30	Special Skills	N/A	N/A	Still to be developed
31	Work Organisation	N/A	N/A	Still to be developed
32	Uniforms and Protective Clothing	100%	100%	To be reviewed together with the OH&S Policy.
33	Other:	-	-	-

## REVIEWED AND INTRODUCED POLICIES

Policy development, monitoring and assessment is a continuous process that institutions or organisations must undertake periodically. The review of HR policies is one of the key performance areas for Corporate Services as contained in the SDBIP. The HR Division has developed four (3) Draft Policies that have to be reviewed in the current financial year 2017/2018. The review of the Draft Policies has been undertaken to ensure that the Municipality's policies are adapted to reflect changes that are effected by developments in legislation, collective bargaining agreements, and Council's resolutions, as well as the community and the employees' views.

The HR Division has submitted for review, amendment, and introduction the following four (4) draft policies;

***(i) Amendments to the Acting Allowance Policy.***

Amendments done in order to ensure that the Policy is in line with the SALGBC Collective Agreement and the COGTA Regulations. The Policy had been adopted by Council on the 31 May 2010.

***(ii) Municipal External Bursary Scheme Policy***

The policy is being introduced for consideration so that it can be implemented.

***(iii) Municipal Essential Services and Minimum Services level Agreement and Policy Procedure.***

The policy was introduced in the financial year of 2014/2015 and was adopted on the 29 May 2015. The further review currently is necessitated by the view to deal with the new developments and to comply with the requirement of the continuous review as prescribed by the Regulations.

***(iv) Occupational Health and Safety Policy***

The policy is a compliance matter and is introduced for consideration so that it can be implemented.

## LEAVE MANAGEMENT

The leave management within the Municipality is implemented in accordance with the prescripts of the SALGBC: Main Collective Agreement, Leave Management Policy of the Municipality, and applicable legislations. The leave system has the following categories: annual leave, sick leave, family responsibility leave, maternity leave, study leave, and special leave.

### a) Annual leave

Each employee is entitled to twenty-four (24) days annual. The collective agreement and policy stipulates that employees are compelled to take sixteen (16) leave days and can only retain a maximum of forty eight (48) days as accrued leave. The annual leave is only type of leave that accrues and it has a huge financial impact to the Municipality, if not utilised accordingly. There has been an increase in a number of people who accrue their leave, particularly towards pension or resignation. Follow up letters have been written to the employees to encourage them to take the annual leave in adherence with the Main Collective Agreement and Leave Management Policy.

#### b) Sick leave

Each employee is entitled to 80 days sick leave in a period of a three year cycle. While the abuse of the sick leave has improved significantly, there is a serious concern regarding employees who have either exhausted or utilized more than (60%) of their sick leave. In simple terms they have less than thirty (30) even zero sick leave balances. Letters have been written to the affected employees advising them regarding their sick leave days balances. Supervisors have been alerted and requested to conduct assessments in respect of these employees as they might require other appropriate interventions, *i.e. employees' assistance programs and assessment for potential medical boarding.*

#### c) Family responsibility

The family responsibility leave is guided by the Collective Agreement. An employee is entitled to a non-accumulative 5 days annually.

#### d) Maternity leave

Female employees are entitled to receive three (3) months paid maternity leave per confinement, with no limit to the number of confinements, provided that an employee has one (1) year service with the Municipality. Whilst doing leave audit, it was found that some employees do not apply for maternity leave, four (4) weeks prior of taking such leave, in terms Section 25 (2) (b) of Basic Conditions Employment Act 75 of 1997 as amended. The matter was addressed accordingly after it had been brought to the attention by an Internal Auditor's query. The Policy will be reviewed to improve control mechanism.

#### e) Special leave

Special leave on full pay is be granted to an employee In accordance with the SALGBC Collective Agreement of the KZN Division, and Leave Management Policy. It is done under the following instances:

- i. Court appearances by employee as witness;*
- ii. Study purposes;*
- iii. National and provincial sports representation.*
- iv. The application for this leave must be accompanied by documentation that supports the application.*
- v. The leave is limited to a maximum of 10 days per annual cycle.*

The study leave is most prevalent leave under special leave as more municipal employees have joined the Municipal Assisted Education Scheme in terms of applicable policy.

## OCCUPATIONAL HEALTH AND SAFETY INCLUDING INJURIES

The Municipality has always maintained a remarkable low record of fatalities and/or serious injuries on duty. The EAP roadshows, appointment of professional OH&S Officer, and the election of Occupational Health and Safety Representatives in each Department has also significantly contributed to the wellbeing of employees of the Municipality and a low level of injuries.

The Occupational Health and Safety function which was initially under the Environmental Unit, was relocated to the Human Resources Unit. The incumbent who performed the duties thereof then, was transferred to the position laterally to the then existing vacant position of Senior Pollution Control Officer. This rearrangement effectively made the position of Officer: Occupational Health and Safety vacant. The recruitment processes for the position ensued and the suitable candidate resumed duties on the 15 May 2017. The first directive to the appointed Officer: Occupational Health and Safety was that of providing a clear analysis of the Municipality's in relation to situation occupational health and safety.

On the week of 22 - 26 May 2017, the Officer: Occupational Health and Safety (accompanied by a colleague), visited the workplaces of the Municipality in order to provide an informed situational analysis. The workplace site visits involved a brief discussion with some employees and Supervisors at depots, and also a meeting with the Health and Safety Representatives, and representatives of trade unions. The visits also briefly went to some remote plant workplaces, and also some areas where there is construction in order to assess the plant and perimeter, construction work and interview the employees and operators.

Both Council and MANCO have considered and implemented all the issues listed below as, as means towards improving health and safety at IDM:

- 1) *The confirmation and formalization of the Safety Representatives that consist of the OH&S Representatives, and a combined Fire Fighter and First Aid Representative, 4 Managers are delegated by MANCO and MM, and 3 Trade Union Representatives.*
- 2) *The training of Safety Representatives.*
- 3) *The IDM Health and Safety Committee met in June to look at all the health and safety issues, after which they then provided the Implementation Plan.*
- 4) *The Implementation Plan has resulted with the process to develop policy, procedures, induction, and training.*
- 5) *Occupational health and safety issues are now reported monthly at MANCO, LPA, and LLF.*
- 6) *The Officer: Occupational Health and Safety meets regularly with the Department of Technical Services to establish OH&S issues in the external projects.*

7) *Management issued a clear communication to all staff regarding adherence to safe and healthy principles in the workplace.*

**k) DISCIPLINE, AND SUSPENSIONS**

At the present moment, there is no Collective Agreement regulating the management of discipline within the Local Government sector. This is as result of the successful challenge on the application of the expired Collective Agreement which had been a subject matter of litigation at the Labour Court and the Labour Appeal Court. All Municipalities were informed by SALGA that since the erstwhile DC Collective Agreement had been nullified, Municipalities should rely on the provisions of the Schedule 8 of the Labour Relations Act which guides on the processes to be followed. IDM seem comfortable with this arrangement as it does not restrict nor confine the Municipality to a particular procedure which can be challenged. However, all the processes followed in the application of discipline, adhere to the principles of natural justice.

Below is the summary of cases that the Municipality has, and is dealing with:

**CAPACITATING THE MUNICIPAL WORKFORCE**

• **WORKFORCE CAPACITY DEVELOPMENT**

The Municipality remain committed to the development of internal and external capacity by providing various skills development intervention aimed at improving the performance of individual employees, councillors and providing skills to unemployed youth within the district.

A Workplace Skills Plan (WSP) aligned to the municipality’s strategic objectives is developed annually in line with the Skills Development Act and Local Government Sector Education and Training Authority (LGSETA) guidelines. Funding to implement learning programmes is provided by the municipality or sourced from the LGSETA.

The 2016/17 Workplace Skills Plan focused on the following learning programmes:

LEARNING PROGRAMMES	NUMBER OF BENEFICIARIES
Plumbing Artisan Development	14
Water Wastewater Treatment	23
Occupational Health and Safety	5
Project Management	6
Various formal studies	41
Plumbing Artisan Development (Unemployed)	24
Councillor Development	22
Supervisory Skills Programme	1
COMPUTER LITERACY	3
MUNICIPAL FINANCE MANAGEMENT PROGRAMME	5

Occupation	DATE AND NATURE OF CHARGES	STATUS
Stores Assistant	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-under influence of alcohol;</li> <li>-failure/refusal to carry out a lawful &amp; reasonable instruction;</li> <li>-pilfering (theft) of Stores Material;</li> <li>-leaving workstation without permission.</li> </ul>	The accused was given a sanction of DISMISSAL on all 4 (four) charges.
Security Officer	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-on 18/08/17 driving the municipal vehicle outside municipal boundary without authority;</li> <li>-on 18/08/17 damaging in an accident the municipal vehicle, thus compromising service delivery resulting from the inability of the Municipality from utilising the damaged vehicle;</li> <li>-from 17 to 18/08/17 taking and parking the municipal vehicle overnight at his home.</li> </ul>	The disciplinary hearing sat down on the 01/12/17. Awaiting OUTCOME from the Presiding Officer at the time of writing the report.
Driver Assistant	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-driving municipal vehicle on 25/05/17 without permission;</li> </ul>	The disciplinary enquiry was initially set down for 27/11/17, but was postponed to 18/12/17 because the Shop-steward was off-sick on the former date.
Plant Operator	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-AWOL on 09/10/17;</li> <li>-AWOL on 23/10/17; and</li> <li>-AWOL on 30/10/17</li> </ul>	The disciplinary enquiry set down for 28/11/17 was postponed in order to afford the accused employee and his Shop-steward an opportunity to <b><i>“prepare for the additional charges”</i></b> .
Driver	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-misrepresentation/falsification of facts in that he purported to have driven a municipal vehicle which got damaged; in the process it was observed that he was covering up for someone else who had, indeed, been driving the aforesaid vehicle; and</li> <li>-misrepresentation by failing and/or being unable to provide and answer when asked about how damages occurred on the <b>“roof rack of a truck”</b>.</li> </ul>	The disciplinary enquiry sat down on the 04/12/17. Awaiting the OUTCOME from the Presiding Officer at the time of writing this report.
Driver	<p><b>GROSS MISCONDUCT</b></p> <ul style="list-style-type: none"> <li>-misrepresentation by making a false statement claiming that he had been driving a Municipal truck on 25/05/17 which truck was later discovered to have been damaged on the front bumper.</li> </ul>	The disciplinary enquiry which was set down for 29/11/17, was postponed. A new date will be set.

Driver Assistant	<b>GROSS MISCONDUCT</b> -being rude, abusive and provocative against a fellow employee which took place on 04/10/17; and -intimidating and threatening a fellow employee which took place on 04/10/17.	The disciplinary enquiry took place on 29/11/17. Awaiting <b>OUTCOME</b> from the Presiding Officer at the time of writing this report.
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## LABOUR RELATIONS

The basic HR/labour responsibilities that the Municipality must deal with relate to ensuring the balance between management and employees, dealing with disputes, and maintaining good relations with the Trade Unions. All the issues as listed were performed adequately, save that there were issues of serious concern that almost crippled the Municipality. The issues relate to the following: *working conditions, disputes, conduct and behaviour, engagements, and distressing/saddening personal matters relating to individual employees.*

### IGR: CORPORATE SERVICES FORUM

The IGR Corporate Services Forum came into being in 2016/2017. The Forum consists of all the Directors of Corporate Services and the HR Managers from the family of Municipalities under IDM. The Forum meets consistently and submit its work and reports to the Municipal Managers Forum who in turn endorse and/or elevate issues raised by the IGR Corporate Services Forum. The forum has among other things, succeeded to ensure that Municipalities share and empower one another on issues relating to Policies, Job Evaluation, compliance with all relevant legislation and Regulations, particularly relating to HR, and above all strategies to maintain workplace peace in Municipalities within the District.

## MANAGING WORKFORCE EXPENDITURE

Total Employees costs for the financial year under review amounted to R134 335 596 million against the budget of R90.7m. This represents 99% spending on salaries budget. The variance is attributed to savings amongst others. Overall, the employee costs represent 27% of total operational expenditure which is well within the 35% threshold as per National Treasury guidelines.

### WORKFORCE EXPENDITURE

#### REMUNERATION PACKAGES OF THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

The Municipality has been able to successfully implement Government Gazette No 41173 of 10 October 2017: Notice 1092 as issued by National Minister of COGTA, i.e. *Local Government Remuneration Framework for the Remuneration Packages Payable to Municipal*



*Managers and Managers directly accountable to Municipal Managers.* Clause 12 of the Notice is clear in that the Notice does not affect the validity of an existing employment contract of a senior manager appointed before 01 July 2014. This effectively meant that the Notice did not affect the remuneration package of one (1) senior manager of the Municipality who was appointed prior the implementation of the first Notice on 01 July 2014, i.e. *Senior Manager: Corporate Services*.

The Notice was accordingly applied to only two (2) senior managers who were appointed after the implementation of the upper limits in July 2014, i.e. *the Chief Financial officer, and Senior Manager: Technical Services*. The current total remuneration package of the Municipal Manager and the Managers reporting to the Municipal Manager is therefore structured as follows:

Designation of senior manager	Actual remuneration	
	Total salary package in terms of 2014 Notice	Total salary package in terms of 2017 Notice
MUNICIPAL MANAGER (vacant post)	1 218 361,92	R1 071 375.00, R1 245 786.00, R1 420 196.00
SENIOR MANAGER: TECHNICAL SERVICES	1 096 675,68	R1 160 941.00
SENIOR MANAGER: COMMUNITY SERVICES (vacant post)	1 036 425,00	R884 770.00, R1 022 855.00, R1 160 941.00
CHIEF FINANCIAL OFFICER	1 096 675,67	R884 770.00
SENIOR MANAGER: CORPORATE SERVICES	1 036 425,00	1 096 675,00

## CHAPTER 5: FINANCIAL HEALTH OVERVIEW

### Executive Summary

The purpose of this report is to provide information that would be useful to users of the annual financial statements for accountability and decision making purposes by enabling them to gain an insight into the operations of the iLembe District Municipality from the perspective of the municipality. It also provides the opportunity to reflect on the municipality's interpretation of significant items, transactions and events affecting the financial position, financial performance and cash flows of the municipality.

Therefore, this financial statement discussion and analysis complements the information in the 2016/17 Audited Annual Financial Statements.

This financial statement discussion and analysis report is consistent with the 2016/17 Annual Financial Statements and the underlying items, transactions and events, as well as assumptions such as those relating to recognition and measurement.

The following is included in this report:

- An overview of the iLembe District Municipality's operations and the environment in which it operates;
- Information about the iLembe District Municipality's objectives and strategies;
- An analysis of the iLembe District Municipality's financial statements including significant changes and trends in its financial position, financial performance and cash flows; and
- A description of the iLembe District Municipality's principal risks and uncertainties that affect its financial position, financial performance and cash flows, an explanation of changes in those risks and uncertainties since the last reporting date and its strategies for bearing or mitigating those risks and uncertainties.

### 5.1 OVERVIEW OF ILEMBE DISTRICT MUNICIPALITY'S OPERATIONS AND ENVIRONMENT

#### a) GOVERNANCE I.E. LEGISLATIVE/REGULATORY STRUCTURE AND MANAGEMENT STRUCTURE

The compilation of the Annual Financial Statements is governed by the regulatory requirements that are prescribed by firstly the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP), requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No.3 of 2017) (DoRA).

The Accounting Officer (“Municipal Manager”) is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and the DoRA, and for such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In terms of the MFMA System of Delegations as adopted by the Municipal Council of the iLembe District Municipality the Chief Financial Officer (CFO) is directly responsible for the preparation and fair presentation of the financial statements and for the internal controls that are necessary to enable the preparation of financial statements that are free from material misstatement. Hence the CFO is required to undertake and manage all relevant work outputs to achieve the final preparations and submission to the Accounting Officer to meet the prescribed time frames.

iLembe District Municipality has established a Budget and Treasury Office (Finance Department) i.e. the office of the Chief Financial Officer in terms of section 80 of the MFMA. The finance department is currently headed by Mr T Shezi as an acting Chief Financial Officer while the process of filling the vacancy is underway. The department is mainly responsible for the overall direction, monitoring and management of the finances of the municipality and for such roles as defined by sections 81 and 79 of the MFMA. The Management Structure of the Budget & Treasury Office for which the Chief Financial Officer is the administrative head is documented as follows:

**(i) Budget and Compliance Monitoring**

This unit is headed by Manager: Budget and Compliance; Mr S Chonguene. The unit head is responsible for coordinating the budget preparation, implementation and monitoring processes, internal and external financial reporting and compliance monitoring in terms of sections 68 to 75 of the MFMA. This unit has three (3) sections i.e. Budget and Reporting, Municipal Standard Chart of Accounts Project Office and Annual Financial Statements and Compliance Monitoring.

**(ii) Revenue Management**

This unit is headed by Manager: Revenue; Mr M Gumede and is delegated the functions and responsibilities for the management of the revenue of the municipality in terms of section 64 of the MFMA. This unit has three (3) sections i.e. Revenue management, Credit control and collections, and Accounts administration and customer care.

(iii) **Supply Chain Management**

This unit is headed by Manager: Supply Chain Management; Mr N Xulu and is delegated the functions and responsibilities for Supply Chain Management in terms of chapter 11 of the MFMA. This unit has three (3) sections i.e. Demand and Acquisition Management, Contract Management and Logistics Management in terms of regulation 39 of the MFMA SCM regulations.

(iv) **Expenditure Management**

This unit is headed by Manager: Expenditure; Mr T Shezi and is delegated the functions and responsibilities for expenditure management in terms of sections 65 and 66, Cash management and investments in terms of section 13, municipal debt management in terms of chapter 6 and municipal bank accounts in terms of chapter 3 part 2 of the MFMA.

(v) **Assets Management**

This unit is headed by Manager: Assets Management; Mr EN Ngcobo and is delegated the functions and responsibilities for asset management in terms of section 63 and capital assets disposal in terms of section 14 of the MFMA.

b) **iLEMBE DISTRICT MUNICIPALITY'S RELATIONSHIP WITH OTHER ENTITIES THAT COULD AFFECT ITS FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS**

iLembe District Municipality has the following relationship with the following entities:

- A wholly owned entity with net assets of R20 million – ILembe Management Development Enterprise (Pty) Ltd;
- R30 million long-term loan with ABSA Bank bearing an interest rate of 10.8% per annum, interest is paid quarterly and the loan is repayable in May 2020;
- R53 million long-term loan with Development Bank of South Africa bearing interest rates between 9.02% and 11.04% per annum payable every six months with the last repayment due on 30 September 2025; and
- R5.3 million finance lease liability with Wesbank for different categories of motor vehicles that are utilised for service delivery purposes. The leases are for a period of 3 years or 144 000 kilometres whichever occurs first. The interest rates vary between 9% and 15.5%. The termination dates vary between November 2015 and June 2017. These leases are repaid monthly and include maintenance and make provision for the payment of excess distance travelled where applicable. At the expiry of the lease term, the vehicles revert to the lessors.

- R25 million investment with ABSA, this investment has been ceded as security against the long term loan from ABSA.
  - R27 million receivable from non-exchange transaction owed to the municipality by other organs of the state for infrastructure projects (Department of Water and Sanitation – RBIG grant funded projects).
  - R0.963 million unspent conditional grants which are in respect of the KZN Provincial Township Establishment.
  - R76 million Bulk Water purchases mainly from Umgeni Water.
  - R52 million contracted services for various service delivery functions of which 47% is attributable to water tankers that have been used extensively during the financial year to distribute water to communities due to the current drought epidemic.
  - R97 million outstanding consumer debtors of which 87% is attributable to households.
  - R124 million trade payables and accruals, the majority of which is attributable to infrastructure projects, vehicle leases and bulk water.
- c) EXTERNAL TRENDS, EVENTS AND DEVELOPMENTS IN LEGAL, REGULATORY, SOCIAL, POLITICAL AND MACRO-ECONOMIC ENVIRONMENT THAT IS SPECIFIC TO THE ILEMBE DISTRICT MUNICIPALITY WHICH HAVE OR MAY HAVE A SIGNIFICANT IMPACT ON ITS FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASHFLOWS

The aforementioned comprise of the following:

**(i) Water Distribution Losses**

iLembe District Municipality has incurred water distribution losses of approximately 52.28%. This is mainly due to illegal connections, main leaks (ageing infrastructure), reservoir overflows and service connection leaks. A five year strategic master plan for the reduction of non-revenue water has been adopted by the municipality to address this problem.

The following immediate actions are also underway in order to deal with the challenge:

- Formulation of a preventative infrastructure maintenance plan and sourcing of funding for implementation – The maintenance plan completed.
- Acceleration of the roll out of the intelligent meter project which includes full meter audit to identify and deal with illegal connections and service connection leaks – Meter audit was completed.
- Zoning and installation of control meters to control and monitor water distribution and completeness of revenue.

- Removal of stand pipes water connections and reduction of supply of water through water tanker system.

(ii) Low debt and revenue collection rate

Low debt and revenue collection is a legacy issue that the municipality inherited and is currently dealing with. The effect of this is an extreme strain in the cash flows of the municipality, high dependence on grant funding and low liquidity ratio.

The annual municipal budget is mainly reliant on the forecasted revenue collection that will fund the expenditure throughout the financial year. When the projected collection rate is not achieved with no corresponding decrease in expenditure, it results in the implementation of a budget that is not cash backed.

The following are some of the main challenges affecting the debt and revenue collection of the municipality:

a) The method applied in distributing water within the district and unaffordability of the bulk water tariff charged Umgeni Water (UW)

As per the 2011 Statistics SA information, iLembe District Municipality including the Sembcorp Siza Water supply areas, has approximately 127 512 households that have access to water. Approximately 68% of these households receives water via social schemes which includes amongst other things standpipes and water tankering and indigents. With the current drought epidemic, this number has drastically increased.

This means that, of the less than 32% households that are being billed for water services only 59% are paying for water. The Equitable share allocation only subsidises 55% of the total operations revenue. The environmental Health Services and Replacement of RSC levies are included in the equitable share allocation.

With the current situation, it means that the municipality is only recovering 17% of its cost through water service charges. Umgeni Water bulk water tariff currently accounts for 45% of IDM's tariff charge and 49% including the Spring Grove and Umkhomazi CUC.

The UW tariff must be reviewed to ensure sustainability of the water supply service and the financial sustainability of the municipality, taking into account the social equity and the financial sustainability of the water services in the geographic area in question and the recovery of cost reasonably associated with providing the water services. Furthermore the council of the municipality has since taken a resolution that all future infrastructure water projects will entail yard connection instead of standpipes to reduce

non - revenue water. This resolution was implemented, however a system of rationing water distribution was implemented by the municipality whereby various areas were affected.

**b) Significant number of unregistered indigent consumers**

A comparison of indigent consumer registers between the iLembe family of municipalities revealed that approximately 18 000 indigent consumers already registered with the local municipalities have not yet registered with the District Municipality.

The implication of this is that there are currently consumers in the municipality's database that are billed at the rate that they cannot afford and subsequently will not be able to service their debt. This will result in steady increase in the municipal debt book with no corresponding increase in receipts from debtors.

Included in the provision for bad debts is an amount of R5.2 million (2015/16: R3.2 million) for this category of debtors. When the qualifying consumers are eventually registered as indigents, this will result in the increase in debt impairment and write-offs and going forward will result in a decrease in revenue.

An indigent outreach program has been drafted and being implemented by the municipality in order to address this issue. Furthermore the indigent policies of the family of municipalities within the district are being aligned through the IGR structures to facilitate sharing of the registers within the district.

**c) Deceased consumers not declared as such by the property beneficiaries**

Our debtors' book review has revealed that approximately 255 consumers owing R6.6 million within the iLembe District Municipality have been confirmed as deceased by the Department of Home Affairs. In light of the aforementioned the property beneficiaries are to register for municipal services as beneficiaries. The debt impairment/write-off relating to these consumers in the AFS is estimated at R6 608 282 (2015/16: R38 384). Due to the high number of indigents in the district, most deceased consumers do not have a deceased estate where the municipality can recover the debt from. A significant increase in this category of consumers also results in a significant decrease in revenue collection rate which also affects cash flows adversely.

The municipality has currently embarked on the program of notifying the property beneficiaries and/or the water consumers residing on the property of the deceased to register for services and enter into an AOD to pay off the debt accumulated after date of



death of the previous consumer. Failure by the current consumers to register for services will result in the water meter being removed from property of the deceased.

**d) Consumers categorised as pensioners**

The debtors economic profiling exercise revealed that approximately R 2.9 million (2015/16:R6.7 million) arrear municipal services debts relates to consumers categorised as pensioners ,in this regard the entire amount was written off as irrecoverable at year end. A significant increase in this category of consumers has also contributed in a significant decrease in revenue collection rate which also affects cash flows adversely.

**(iii) Material sewer revenue losses**

The municipality uses 50% of the water consumption as a basis for determining sewer charges. With the drought epidemic and the water being distributed using water tankers instead of the normal reticulation system, a significant amount of revenue has been lost compared to what was projected. Most areas were only billed for basic charges and not consumption charges.

**(iv) Predominantly rural communities with high unemployment rate and child headed families**

A significant area of the iLembe District is situated in rural communities where most consumers cannot afford to pay for services. Some families are child headed and with the high unemployment rate this has contributed to the increase in the indigent consumers.

The increase in indigent consumers without a corresponding increase in equitable share grant exerts a significant strain on the municipality's cash flows as the municipality is currently dependent on grant funding.

**e) Withholding/stopping of transfer of conditional grants for infrastructure to municipalities in terms of DORA based on in year actual results instead of project management unit plans to achieve full spending at year end**

National and Provincial government encourages municipalities to plan for multi-year projects, however, where there is acceleration in the implementation/construction projects there is no mechanism at National level to release funds to pay for these projects unless a frontloading by DBSA is approved at an additional cost to the municipality. Where the municipality does not have free cash flows to bridge finance these projects, contractors are left with no option but to disestablish and establish when funds are available to continue the construction works. In such cases, it costs the municipality

almost double the amount they could've expended if the cash flows were available to continue with the project uninterrupted.

#### f) MAIN OPERATIONS INCLUDING SERVICE DELIVERY METHODS AND SIGNIFICANT CHANGES

The iLembe District Municipality is mainly a Water Services Authority and Provider i.e. WSA and WSP. The main operations are the provision of water and sewerage services. Approximately 90% of the Municipal Service Charges revenue comes from water billing and 10% is for provision of sewerage services. Average revenue collection rate was 67% and 34% for 2016/17 and 2015/16 respectively.

The District Municipality is currently under a 30 years' service concession agreement with SembCorp Siza Water for the Ballito, Zimbali, Compensation Beach, Willard Beach, Salt Rock, Shaka's Rock, Umhlali Beach, Thompson's Bay, Sheffield Beach, Tinley Manor, Shakaskraal, Umhlali including Foxhill & Tafeni, Shakashead, Nkobongo and Etete towns. The concession area is mainly the affluent areas of the Ilembe District which leaves the municipality mostly with areas that have high level of indigent communities.

The new water meter connections, water service disconnections/restrictions and reconnections function of the Ilembe District Municipality is currently outsourced to various contractors. Water meter reading for the Groutville area and after hours plumbing services is also currently outsourced to contractors.

Umgeni Water and WSSA manages some of the water schemes for the municipality. IDM is in the process of assessing the cost over benefit of outsourcing this service. Due to the drought epidemic, water was distributed using water tankers instead of the normal reticulation system. This has resulted in an increase in operating costs by approximately R52 million and significant decrease in actual revenue versus projected revenue. Other than drought related, there were no significant changes in the service delivery methods and service concession agreement in the 2016/17 financial year.

## 5.2 FINANCIAL VIABILITY OBJECTIVES AND STRATEGIES

The following are the financial viability objectives of iLembe District Municipality as reflected in the IDP:

1. To ensure sound revenue management principles
2. To ensure sound expenditure management principles
3. To ensure sound budgeting and compliance principles
4. To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework

5. To ensure sound and effective asset and inventory management principles
6. To implement and maintain compliant, effective and efficient enterprise risk management systems and processes.
7. To ensure sound and credible general financial management principles
8. To achieve a clean audit opinion;

All of the above mentioned objectives relate to the financial position, financial performance and cash flows of the municipality. Each objective has a strategy in place and can be grouped into the different units within the finance department management structure. The achievement of these objectives and progress thereof is monitored through the monthly PMS reports and quarterly performance assessment sessions. For the purpose of this discussion document, these objectives and strategies are grouped and explained below under each unit within the finance department management structure:

### **5.2.1 BUDGET AND COMPLIANCE MONITORING**

Three objectives fall under this unit i.e. to ensure sound budgeting and compliance principles, to achieve a clean audit opinion and to ensure sound and credible general financial management principles.

- i) To ensure sound budgeting and compliance principles

The following key performance areas relate to these objectives and are implemented and monitored under this unit within the finance department:

#### **Credible budgeting and compliance**

One of the biggest challenges of the financial plan (budget) is matching increased service demands with a relatively stagnant revenue basis. This is further aggravated by the challenges of joblessness, communicable diseases and ravaged households where the latter, more often than not, are child-headed households.

These challenges make the need for realistic and timeous financial planning even more critical. The priority of the District Municipality is to produce a credible and reliable budget that is MFMA compliant and supports the strategic objectives of the municipality as outlined in the IDP. Most important is that the budget must be fully funded, cash backed and carefully monitored.

A budget that is not fully funded and cash backed will negatively affect the cash flows of the municipality and cause inefficiencies to service delivery. Although the approved 2015/16 and 2016/17 MTREF Budgets of the District Municipality were fully funded, the implementation thereof was affected by the planned revenue collection rate which was not achieved as anticipated and the after effects of the drought epidemic that had affected the municipality.

However, austerity measures were applied throughout the year to ensure that the municipality continues to operate and is able to pay its debts as they fall due.

It must be noted that the municipal budgets were more conservative than generous as the municipality is currently dependent on grant funding. The demand for the eradication of service delivery backlogs and repairs and maintenance of the ageing infrastructure demanded an increase in internally funded capital projects, however due to cash flow strains caused by a slow growing collection rate and the drought epidemic it meant business unusual for the municipality. The municipality focused on accelerating spending of the multiyear grant funded projects to ensure service delivery is not negatively affected.

The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof; as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To ensure sound budgeting and compliance principles</b>	Credible budgeting and compliance	Approved fully funded Operating & Capital Budget for 2016/2017 by deadline	31 May 2017	30 May 2017
<b>To ensure sound budgeting and compliance principles</b>	Compliance monitoring	Submission of monthly reports and quarterly reports by deadline Monthly Reports  - CFA - RME - AC - AD - OSA - CAA - FMG - MIG - MSIG - RTSG - BSAC - WSOG -PWPG -MWIG - RHIG Quarterly Reports - BM - ME - LTC - MFM1	Monthly reports not submitted later than 10 working days after the end of each month and quarterly reports not submitted later than 24 working days after end of each quarter	All reports were submitted on time.

<b>To ensure sound budgeting and compliance principles</b>	Compliance monitoring	- IM Compliance with MFMA Budget Regulations and circulars	a) Full compliance 2016/2017 b) Full compliance 2017/2018	a) Full compliance on Mid Year Assessment achieved. b) Compliance achieved on the tabled 2017/18 1st draft budget.
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### Achieve clean audit opinion

The strategic objective of the iLembe District Municipality was to achieve clean audit by 2014 as announced by the Minister of COGTA and the Auditor General. This objective was achieved in 2014 and maintained for 2015 and 2016 financial years. The municipality regressed in 2017 from achieving a clean audit to unqualified audit opinion. In order to achieve and maintain clean audit status, iLembe District Municipality had to focus first on achieving clean administration i.e. implementation and monitoring of Financial Management Standard Operating Procedures (SOPs) and the AG key control's matrix.

As part of this process two additional units were established within the finance department i.e. Assets and Logistics Management and Enterprise Risk Management (the latter was moved from Finance Department during 2015 and incorporated under the Office of Municipal Manager). Due to the materiality of the iLembe District Municipality's asset base of over a billion, it became necessary to establish the asset and logistics management unit. Furthermore, in order to achieve a clean administration, it became necessary to establish the Enterprise Risk Management unit to deal with risk management, Anti-fraud and corruption and systems control and loss management.

Despite regression that occurred in 2017, the Municipality has achieved and maintained its objective of obtaining clean audit opinion and clean administration. It has achieved clean audit for 3 consecutive years, i.e. 2016, 2015 and 2014.

The following emphasis of matters disclosed in the AFS was brought to the attention of the users by the Auditor General:

1. Failure to pay invoices within 30 days
2. Material water distribution losses and
3. Unauthorized Expenditure
4. Debt Impairment

The table below depicts the strategies implemented in the 2016/17 financial year to maintain this objective and the results thereof; as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To achieve a clean audit opinion</b>	Compliance with MFMA and clean administration	a) a) Clean audit report by the AG for 2015/2016 b) b) No repeat findings	a) Clean audit report by the AG for 2015/2016 b) 0	a) AFS submitted to AG by 31 August 2016. Consolidated AFS submitted on 30 September 2016 & Clean Audit report achieved. b) 1
<b>To achieve a clean audit opinion</b>	Clean administration	a) Implementing and monitoring SOPs on a monthly basis b) Implementing and monitoring AG key controls on a quarterly basis c) Implementing and monitoring AG dashboard on a quarterly basis	a) 12 SOPs monitoring reports b) 4 AG key controls monitoring reports c) 4 AG Dashboard monitoring reports	a) 12 SOPs monitoring reports b) 4 AG key controls monitoring reports c) 4 AG Dashboard monitoring reports
<b>To achieve a clean audit opinion</b>	Quality, reliable financial statements and management information	a) Preparing monthly AFS that complies with the year - end action plan b) Monitoring progress on audit queries resolving plan	a) 12 (Including June 2016 AFS) b) 80%	a) 12 (Including June 2016 AFS) b) 90%

#### Ensure sound and credible general financial management principles

This strategic objective is mainly to monitor actual results against planned information. All departments report on this objective.

The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof; as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To ensure sound and credible general financial</b>	Clean administration	Performance Report with accurate & complete POEs submitted by	10th day of each month	12-08-2016 18-10-2016 24-11-2016 14-12-2016 17-01-2017

<b>management principles</b>		deadline monthly and quarterly	16-02-2017
			17-03-2017
			13-04-2017
			19-05-2017
			21-06-2017
			24-07-2017
			02-08-2017

### 5.2.2. REVENUE MANAGEMENT

One objective fall under this unit i.e. to ensure sound revenue management principles.

This above-mentioned objective relate to the financial position, financial performance and cash flows of the municipality. It is important to ensure sustainability of the municipality. Average revenue collection for the period ended 30 June 2017 was 67% compared to 34% achieved in the 2015/16. One of the major contributors to a decline in revenue collection rate is the drought epidemic currently faced by the municipality, implementation of the cost reflective tariff and ineffective water restrictions/disconnections on arrear debtors.

Revenue management is the life blood of the municipality. There is a revenue enhancement strategy that is currently being implemented by the municipality. The approach of the strategy is from asset management (Infrastructure assets used to provide service delivery) to cash flow management.

Critical path and actions are as follows:

- a) Full infrastructure asset verification and conditions assessments – completed in June 2017
- b) Preparation of a comprehensive maintenance plan with financial implications based on the results of the conditions assessment – Council approved maintenance plan in place;
- c) Full meter audit district-wide – project underway, funding constraints to finish timeously;
- d) Zoning and installation of control meters – Project underway;
- e) Debt collection strategy – Currently being implemented and closely monitored;
- f) Intelligent meter project - Currently being implemented and closely monitored;
- g) Full integration of the customer care, intelligent meter project, indigent management, credit control and debt collection processes for impact and monitoring of results – project underway. The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To ensure sound revenue management principles</b>	Monitoring of revenue collection	Percentage collection rate	60% (was 75%)	72%



<b>To ensure sound revenue management principles</b>	Credit control	% of overdue accounts to be restricted submitted to Technical Services per month	100%	100%
<b>To ensure sound revenue management principles</b>	Debtors management	a) Percentage of debtors over 90 days issued with notice via statements of accounts/SMS b) Percentage of debtors over 120 days handed over to attorneys for collection	a) 100% b) 30%	a) 100% b) 25%
<b>To ensure sound revenue management principles</b>	Revenue protection and enhancement (Page 15 of MFMA circular 71)	Revenue Growth (%) (Period under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue) x 100 (Norm is rate of CPI)	17%	17%
<b>To ensure sound revenue management principles</b>	Revenue protection and enhancement (Page 20 of MFMA circular 71)	Operating Revenue Budget Implementation (Actual Operating Revenue/Budgeted Operating Revenue X 100) (Norm is 95%)	70% (was 95%)	Not Reported
<b>To ensure sound revenue management principles</b>	Revenue protection and enhancement (Page 21 of MFMA circular 71)	Service Charges Revenue Budget Implementation (Actual Service Charges & Property Rates Revenue / Budgeted Service Charges & Property Rates Revenue x 100) (Norm is 95%)	95%	90%
<b>To ensure sound revenue management principles</b>	Debtors Management	a) Turnaround time for approving indigent applications with no queries b) Percentage of indigent households with	a) 14 days b) 100% c) 4000 (Cumulative)	a) 14 days b) 100% c) 3221

		access to free basic services c) Increase in the number of indigent with access to free basic water services on the indigent register		
<b>To ensure sound revenue management principles</b>	Bad Debts management (Page 6 of MFMA circular 71)	Bad Debts Written-off (Period under review) / Provision for Bad Debt (Period under review) x100 (Norm is 100%)	100%	100%
<b>To ensure sound revenue management principles</b>	Debtors Management (Page 6 of MFMA circular 71)	Net Debtors Days ((Gross Debtors - Bad Debt Provison) / Billed Revenue)) x 365 (Norm is 30 days)	2860 days (was 180 days)	REMOVED

### 5.2.3. SUPPLY CHAIN MANAGEMENT

One objective falls under this unit i.e. to procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework. As mentioned earlier, ILembe District Municipality's goal is to maintain a clean audit as well as clean administration through compliance with laws and regulations. With the exception of the financial year under review (2016/17), iLembe District Municipality had no audit findings on non-compliance with SCM policy and regulations in the previous 3 financial years.

The municipality is implementing the annual procurement plan to ensure proactive planning of the procurement process taking into account the project implementation dates or time frames. This assists in ensuring timeous finalisation of the procurement processes to ensure service delivery, adequate capital spending and elimination of SCM Audit findings. The municipality is trying to address the finalisation of competitive bidding processes within 90 days, however it remains a challenge due to factors beyond control. The municipality no longer relies on the use of external consultants to conduct the technical assessment of bids and now uses the in-house capacity within the Technical Services Department.

The contract management section is functional and the municipality recently received assistance from KZN Provincial Treasury in rolling out the contract management function throughout the council. Training was provided to officials to ensure effective contract management processes are adhered to.

With effect from 18 April 2016 prospective bidders can submit SARS unique pin whenever bidding for council projects. As from the 1st July 2016 the municipality was required to engage entities registered on the Treasuries Central Suppliers Database (CSD). As we speak all the municipality's procurement activities are linked to the CSD.

The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework</b>	Demand management	Percentage implementation of Annual procurement plan by deadline	100%	83.33%
<b>To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework</b>	Procurement time in line with the SCM policy	a) Turnaround time for the SCM processes in recommending preferred supply to Departments (quotations, adverts etc.) (Between R30 000 & R200 000) b) Turnaround time for the SCM processes in recommending preferred supply to Departments (quotations, adverts etc.) (Between R2000 and R29 999)	a) 10 days b) 5 days	a) 10.34 days b) 5.54 days
<b>To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework</b>	Acquisition management	Turnaround time for awarding all the bids (1st advert to letter of appointment with no objections)	120 days	152.06 days
<b>To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework</b>	Contract management	Number of consolidated quarterly reports on performance of service providers prepared	4	4
<b>To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner</b>	Quality, reliable contracts register	Frequency of updating the contract register on awarded projects	12	12

within policy framework				
<b>To ensure sound and effective inventory principles</b>	Inventory Management	a) Frequency of stock take b) Turnaround time to resolve variances c) Frequency of recons conducted between the stock report as per Munsoft and AFS	a) 12 days b) 14 days c) 12	a) 12 stock take completed b) 14 days c) 12

#### 5.2.4. ASSETS MANAGEMENT

One objective falls under this unit i.e. to ensure sound and effective asset management principles. As mentioned earlier, due to the materiality of the iLembe District Municipality's asset base (i.e. over a billion), it became necessary to establish the asset and logistics management unit in the 2013/14 financial year. Prior and up to 2012/13, there were material audit findings on asset management, however that has since improved. From 2013/14 financial year, there were no audit findings on asset management.

The sustainability of IDM is highly dependent on the condition and performance of the infrastructure assets. Should any of the major assets collapse and not operate, the municipality will not be able to achieve its mandate. The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To ensure sound and effective asset and inventory management principles</b>	Quality, reliable fixed asset register and property, plant and equipment	a) Frequency of asset verification on i) movable assets ii) immovable assets - for 2016/2017 FY b) Frequency of recons conducted between the asset register & AFS	a) i) 4 (C) ii) 1 b) 12 (C)	a) i) 4 ii) 1 b) 12
<b>To ensure sound and effective asset and inventory management principles</b>	Assets Under Construction monitoring	a) Percentage of completed projects transferred to the asset register b) frequency of recons conducted between assets under construction & project register	a) 100% b) 12 (C)	a) 100% b) 12
<b>To ensure sound and effective asset and inventory</b>	Adequacy of investment in fixed assets	Capital Expenditure to Total Expenditure	20%	47%

management principles	(Page 2 of MFMA Circular 71)	Total Capital Expenditure/Total Expenditure (Total operating Expenditure + Capital Expenditure) x 100) (Norm 10-20%)		
To ensure sound and effective asset and inventory management principles	Adequacy of maintenance of fixed assets for sustainable service delivery (Page 3 of MFMA Circular 71)	Impairment of Property, Plant and Equipment and Investment Property and Intangible Assets (Carrying Value)  (Property, Plant and Equipment + Investment Property + Intangible assets Impairment / (Total Property, Plant and Equipment + Investment property + Intangible Assets) x 100)	0%	0%

## 5.2.5 EXPENDITURE, LIABILITY, WORKING CAPITAL AND CASH FLOW MANAGEMENT

Two objectives fall under this unit i.e. to ensure sound expenditure management principles and to ensure sound and credible general financial management principles. In terms of **section 152 (2) of the Constitution of South Africa**, a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1). The requirement for increased financial viability is very important in order for iLembe District Municipality to fulfil its constitutional mandate as outlined above. Without financial viability, the municipality cannot fulfil its objectives and its vision to provide excellent services and quality of life for its people.

iLembe District Municipality has taken a very conservative approach in its 2016/17 budget. An expenditure Management Committee was established in the 2012/2013 financial year to monitor spending and cash flows. Effective from 2014/15 financial year, austerity measures were put in place to monitor spending. This control measure was reinforced and continued to be applied in 2016/17 financial year. Despite this expenditure control measure, drought continued to have severe impact both from operational perspective as well as the financial state of the municipality.

By the end of 2016/17 financial year the municipality had incurred in excess of R180mil both in terms of direct and indirect costs related to drought as well as lost revenues. This takes into account all initiatives and activities that had been implemented since October 2014, the period from which this epidemic intensified. Significant portion of this amount went to hiring water tankers that were used to deliver water into severe drought stricken areas. Other costs were

salary related, fuel, vehicle repairs, installing water tankers, drilling of boreholes and refurbishing certain water schemes.

The following strategies continued to be implemented during 2016/17 financial year in an attempt to overcome the challenge of over expenditure:

- User departments are now splitting their grant allocations into planned projects and each project is allocated a sub-vote during the budget process;
- Budget availability is cleared before commencement of SCM processes i.e. no bid awards are made where budget is not available;
- Purchase orders are only processed where budget is available;
- Contract management unit has been established with the SCM unit to monitor supplier performance;
- Expenditure Management Committee is in place;
- Once, the drought epidemic is completely over the municipality's goal will be to focus on building acceptable cash reserves.

The table below depicts the strategies implemented in the 2016/17 financial year to achieve this objective and the results thereof as outlined in the finance department performance report:

Strategy	KPA	KPI	Target	Actual
<b>To ensure sound expenditure management principles</b>	Operational expenditure monitoring	Percentage of operational expenditure (Actual operating expenditure/Budgeted operating expenditure x 100)	100%	98%
<b>To ensure sound and credible general financial management principles</b>	Debt coverage (Page 9 of MFMA circular 71)	Debt Total Borrowings & Revenue (Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) (Norm is 45% & below)	45%	17%
<b>To ensure sound and credible general financial management principles</b>	Liquidity Management (Page 7 & 8 of MFMA circular 71)	Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation,	30 days cash on hand (was 90)	2 days



		Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) (Norm: Range between 30 and 90 days with 90 days being ideal)		
<b>To ensure sound and credible general financial management principles</b>	Liquidity Management (Page 7 & 8 of MFMA circular 71)	Current Ratio Current Assets / Current Liabilities (Norm: 1.5 to 2.1)	1.5:1	0.56:1
<b>To ensure sound and credible general financial management principles</b>	Payment of creditors (Page 16 of MFMA circular 71)	Average number of days taken for trade creditors to be paid: Creditors Payment Period (Trade Creditors) Trade Creditors Outstanding/Credit Purchases (Operating & Capital) x 365 (Norm is 30 days)	30 days	54 days
<b>To ensure sound and credible general financial management principles</b>	Compliance monitoring - Finance Department (Page 16 of MFMA Circular 71)	Irregular, Fruitless, & Wasteful & Unauthorised Expenditure/Total Operating Expenditure (Irregular, Fruitless & Wasteful & Unauthorised Expenditure) / Total Operating Expenditure x 100 (Norm is 0%)	0%	0.5%
<b>To ensure sound expenditure management principles</b>	Remuneration costs monitoring (Page 17 of MFMA circular 71)	Remuneration (Employee Related Costs & Councillors Remuneration) as a % of Total Operating Expenditure Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100 (Norm: 25% to 40%)	35%	34%

There were no significant changes in the iLembe District Municipality's financial viability objectives from the previous financial years. There was however, a significant refinement in the strategies put in place to achieve the objectives and how the achievement of these objectives would be measured and over what time period progress would be measured.



### 5.3 ANALYSIS OF ILEMBE DISTRICT MUNICIPALITY'S FINANCIAL STATEMENTS INCLUDING SIGNIFICANT CHANGES AND TRENDS IN THE FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASHFLOWS

The following analysis of trends includes those financial items that are important and significant to gaining a better understanding of the financial position, financial performance and cash flows and changes in financial position, financial performance and cash flows over the 2015/16 financial year.

It also describes the significant items, transactions and events that have affected the financial position, financial performance and cash flows of iLembe District Municipality in the 2015/16 financial year.

#### a) ANALYSIS OF SIGNIFICANT CHANGES AND TRENDS IN ILEMBE DISTRICT MUNICIPALITY'S FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

The analysis is broken down into financial position, financial performance and cash flows.

##### (i) Financial Position

The iLembe District Municipality was in a net assets position as at 30 June 2017 i.e. the total assets exceeded the total liabilities by over a billion rand. The following financial items presented in the statement of financial position of the District Municipality are important and significant in gaining the understanding of the financial position of IDM:

##### Cash and cash equivalents

Cash and cash equivalents accounted for 4% of current assets and 0.2% of the total assets of the municipality. It has decreased by 83% compared to the prior year mainly due to the after effects of drought epidemic and low revenue collection rate.

##### Trade and other receivables from exchange transactions

Trade and other receivables from exchange transactions accounted for 68% of current assets and 4% of the total assets of the municipality. It has decreased by 9% compared to the prior year mainly due to ineffective restrictions/disconnection and reconnections, drought epidemic and low revenue collection rate. The debt write –off decreased by 72% compared to the prior year and the provision for bad debts also decreased by 59% compared to the prior year.

##### Trade and other receivables from non-exchange transactions

Trade and other receivables from non-exchange transactions comprised mainly of amounts owed by Department of Water and Sanitation of R27 million for Regional Bulk

Infrastructure Grant. Trade and other receivables from non-exchange transactions accounted for 19% of current assets and 1% of the total assets of the municipality. It has decreased by 81% compared to the prior year mainly due to over performance in the implementation of Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant and the Municipal Water Infrastructure Grant.

### **Inventories**

Inventories accounted for 9% of current assets and less than 0.5% of the total assets of the municipality. It has increased by 22% compared to the prior year mainly due to the high number intelligent meter connections and issues on infrastructural repairs.

### **Property, plant and equipment**

Property, plant and equipment accounted for 99% of non - current assets and 93% of the total assets of the municipality. It has increased by 14% compared to the prior year mainly due to the continued rollout of infrastructure projects aimed at eradicating the existing backlogs as well as refurbishment of ageing infrastructure.

### **Trade and other payables from exchange transactions**

Trade and other payables from exchange transactions comprised mainly of amounts owed for RBIG, WSIG and MIG capital projects that were expended in the months of June 2017 as well as Umgeni Water bulk purchases for the month of April, May and June 2017. Trade and other payables from exchange transactions accounted for 90% of current liabilities and 68% of the total liabilities of the municipality. It has decreased by 32% compared to the prior year mainly due to a reduction in the amount of unpaid creditor invoices at year end.

### **Trade and other payables from non-exchange transactions**

Trade and other payables from non-exchange transactions (Unspent conditional grants) comprised of the savings from the Provincial Township Establishment Grant which the Municipality has made a formal application through the KZN Provincial Department of Co-operative Governance and Traditional Affairs (CoGTA) to redirect these savings to other service delivery initiatives. Unspent conditional grants accounted for 2.5% of current liabilities and 2% of the total liabilities of the municipality. It has decreased by 36% compared to the prior year due to measures put in place to manage expenditure on grant funded projects



**2016/2017**

**ANNUAL PERFORMANCE REPORT FOR  
ILEMBE DISTRICT MUNICIPALITY  
JULY 2016 – JUNE 2017**

**FINAL REPORT  
AG SUBMISSION**

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## **1. FOREWORD BY THE HONORABLE MAYOR**

As this current council we are committed to achieving the municipal 2027 vision "to be a World Class African Destination with excellent services and quality of life for its people by 2027". As part of the preparations for the fourth generation Integrated Development Plan (IDP) which caters for the 2017/18 to 2021/22 financial years, the municipality has ensured that the objectives of the municipality are aligned to all the relevant national, provincial and local strategies. The iLembe leadership and officials, have worked hard to ensure that all programs, projects and activities informed by our Integrated Development Plan and the Service Delivery and Budget Implementation Plan are achieved.

During the financial year 2016/2017, iLembe District Municipality Council monitored and assessed the performance of all directorates on the quarterly basis. The performance management system (PMS) is in place to ensure that people deliver on the set strategic objectives and targets. The Management reports measure against planned targets on a monthly basis and these are audited every quarter by our Internal Audit Unit. To get input towards the 2016/17 budget and IDP, public participation meetings took place in November 2016 and again in March and April 2017. Stakeholders included, amongst others, Councillors, ward committee members, businesses, NGO's and CBO sector, provincial sector departments and members of the community. These were very well attended indicating the commitment our people have towards the development of the municipality.

The revenue collection for municipal services as well as sewer tariffs, continues to be a challenge in the iLembe District Municipality. More effort has been made in the 2016/17 financial year to collect more in order to accelerate service delivery. Without an improvement in this area, the rendering of services to our communities will be compromised further.

We are proud to have received a clean audit outcome from the office of the Auditor General for three consecutive years. Our IDP remains one of the best IDPs in the Province of KwaZulu Natal; many institutions descend to our district for policy transfer projects and programmes such as study tours and benchmarking exercises. We continue to receive requests to share best practices on a number of areas and programmes that we deliver.

Our endeavours to achieve clean audit outcomes have always been linked to service delivery and the resolution we took as Council that our primary focus would be the betterment of the lives of the entire iLembe district citizenry through the provision of basic services such as water and sanitation, whilst ensuring that the municipality remains financially viable. The performance in this reporting year completes our five year plan which we have, by and large, very successfully implemented.

Clean administration leads to good performance and then results in positive outcomes for the citizenry at large. We have always emphasised and promoted the culture of putting our citizens first and going beyond the call of duty to serve our people as a team.

I can now proudly say that the status of the municipality is continuously improving, and the onus is on us to work as a team to ensure further improvement and avoid regressing at all costs. The community of iLembe District Municipality should know that the municipality is always ready to address all the service delivery challenges and maintain the good performance status.

On behalf of the iLembe District Council, I present the last performance report of the previous Council and thank the entire team for their commitment and dedication to serve the people of iLembe district.

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**His Worship, the Mayor**  
**Councillor SS Gumede**



## **2. FOREWORD BY THE MUNICIPAL MANAGER**

The Municipal Manager in terms of Section 55 of the Municipal Systems Act number 32 of 2000, amongst other responsibilities, is accountable for the formation and development of an economical, effective, efficient and accountable administration that is equipped to carry out the task of implementing the municipality's Integrated Development Plan and operating in accordance with the municipality's performance management system.

It is with gratitude that we look back at the journey that began in 2016 and report on the progress thus far. The municipality has, during the period under review devoted itself to the achievements of its priorities and activities as outlined in the IDP while adhering to the sector plans approved by council.

In the financial year 2016/2017, the municipality yet again obtained a clean audit and it must be mentioned that the Auditor General this year not only focused on financial matters but mainly focused on performance management, thereby ensuring that all service delivery objectives are fully implemented. This report provides insight into the approach that we adopted to ensure that performance and service delivery remains our key focus. This approach has the following phases: planning; monitoring and managing performance information. performance measurement and analysis; performance review and improvement and performance reporting

Over the past financial years, we have worked hard to promote a culture of performance management among our political structures, political office bearers and councillors in the administration. It is the existence of this performance management culture and support from all councillors that made it possible for the administration to deliver even under serious financial constraints. We have also endeavoured to administer our affairs in an economical, effective, efficient and accountable manner against the challenges posed by the persistent drought conditions.

In compliance with section 46 of the Municipal Systems Act number 32 of 2000, we therefore present this annual performance report that will reflect the performance of the municipality in 2016/2017 compared to the previous financial years. The report will highlight the challenges

that have been experienced, highlights & successes and importantly measures that have been put in place or introduced to deal with the challenges and prevent recurrence where possible.

Given the aforesaid, I would like to express a special thanks and appreciation to our highly committed and motivated staff, councillors and community at large. Despite the many challenges, we have encountered together and amongst each other, we have managed to emerge triumphant as a team. Together we shall indeed achieve our vision of making iLembe a World Class African Destination with excellent services and quality of life for its people by 2027.

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**Municipal Manager**

### **3. SUMMARY**

The Organisational Performance framework must be reviewed annually and adopted where necessary. The reviewed Framework was adopted by Council on the 27 June 2017. Organisational Performance within iLembe District Municipality is integral part of the implementation of the Integrated Development Plan – operational plans that are monitored and progress is reported annually against the targets set out as well as challenges experienced during the 2016/2017 financial year.

The District has committed itself in ensuring a clean audit opinion is maintained for both financial and performance information, this is done by meeting all legislative requirements and full compliance is adhered to, as well as strict internal controls are maintained.

Management plays a major role in improving the system by adhering to the set deadlines and timeframes and ensuring all portfolios of evidence and backup document are submitted and provided when actual progress is reported. All reports are submitted to MANCO for discussion and input to ensure challenges are noted and if there are any recommendations or solutions.

The oversight role by the Management Committee is improving as all reports are submitted to MANCO prior to EXCO submission, for discussion and early alerts to challenges experienced by departments, and to be proactive before quarterly and annual reports are due.

### **4. PERFORMANCE MANAGEMENT PROCESSES**

The Municipal Systems Act (MSA) of 2000, Section 38(a) mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's Performance Management System (PMS) as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders

Performance management is a process which measures the implementation of an organisation's strategy. It provides a mechanism to measure whether targets to meet its strategic objectives that are set by municipalities and its employees are met. The PMS implementation and management process is carried out at iLembe in different phases namely:

Phase 1: Planning

Phase 2: Monitoring and managing performance information

Phase 3: Performance measurement and analysis

Phase 4: Performance review and improvement

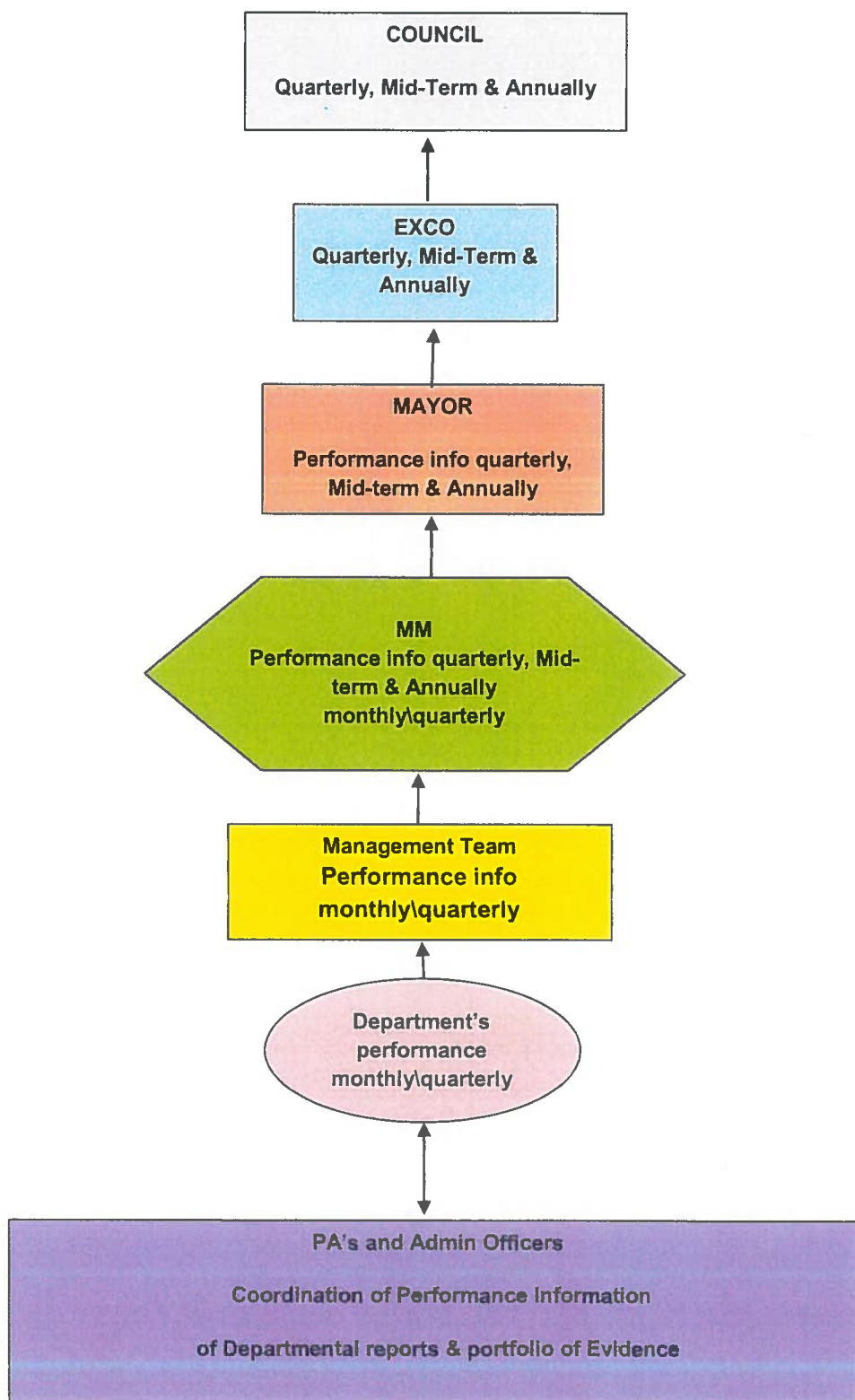
Phase 5: Performance report

Co-ordination involves the overall responsibility of being the custodian of the district's performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager.

The co-ordination of the implementation phases of performance management is the function of the PMS department who are responsible for the following core activities:

- Co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of the Performance Management Framework and compliance to all performance legislative requirements in respect of the implementation of the PMS;
- Providing regular support and capacity to the different departments in developing departmental scorecards;
- Continuously providing technical support to the Municipal Manager and the senior management team with implementation, assessment, review, monitoring and information management;
- Providing capacity for analysing organisational performance information submitted by Senior Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the annual Section 46 performance report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to relevant stakeholders timeously, for example, quarterly, mid-term and annual performance reports to EXCO, Council, the Auditor-General, MEC of Cooperative Governance and Traditional Affairs (COGTA) and the public (through website; print media notification and copies are made available for viewing at municipal offices).

The performance monitoring flow chart is as follows:



The Municipal Systems Act of 2000, section 46 (2), requires the municipality to compile an Annual Performance Report that forms part of the Annual Report prepared in terms of the Municipal Finance Management Act. This Report therefore focuses on the Organisational

Objectives, and the achievements thereof made by the iLembe District Municipality in the 2016/2017 financial year. It also provides feedback on the targets as set out in the approved Organisational Scorecard as well as the Service Delivery and Budget Implementation Plan used to monitor performance at an operational level.

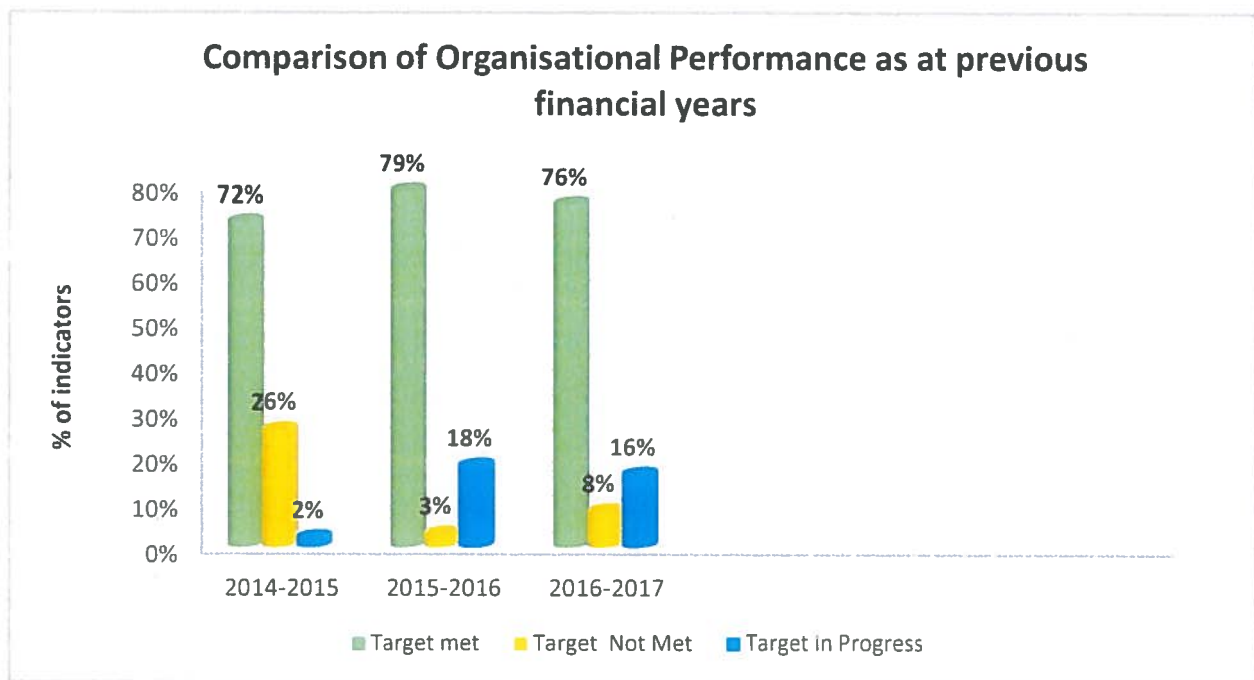
## 5. PERFORMANCE AND SUPPORTING INFORMATION

The monitoring system places responsibility on each department and individual employee to collect relevant data and information to support the monitoring process. Evidence of performance is gathered and presented to substantiate claims of meeting (or not meeting) performance standards. All portfolios are verified against the reported actual, as it confirms the status of targets met and not met.

## 6. ORGANISATIONAL PERFORMANCE PER NATIONAL KPA

Organisational Performance compared to previous years:

*Graph: Comparative Target Achievement Information*



FINANCIAL YEARS	TARGET MET %	TARGET NOT MET %	IN PROGRESS %	TOTAL KPI's
2016/2017	19 (76%)	2 (8%)	4 (16%)	25
2015/2016	26 (79%)	1 (3%)	6 (18%)	33
2014/2015	38 (72%)	14 (26%)	1 (2%)	53

## **6.1 INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT**

Skills development is implemented to ensure compliance with the human resource policies, to increase the Districts Skills base, to improve the capacity of staff to deliver services and to support the skills and educational development of Councillors that leads to formal qualifications. A sufficient training budget has been allocated that complies with the provisions of the Skills Development Act. ICT at the municipality is maintained at a high level to enable the municipality to achieve its goals and objectives. Organisational performance management is continuously implemented to monitor service delivery

### **6.1.1 PERFORMANCE HIGHLIGHTS**

Three appointments were made in terms of the employment equity target groups in the three highest levels of management as per the approved employment equity plan against a target of 2. In terms of prioritised posts, 76% posts were filled. A total of 86% of the training budget was spent on implementing the approved work place skills plan.

### **6.1.2 CHALLENGES**

- Due to the new system mSCOA, some of the training payment claims are not yet captured in the new system. Other programmes such as Water Treatment were funded by ESFTA therefore resulting in savings of Municipal funds

## **6.2 BASIC SERVICE DELIVERY**

The core function of the municipality is to ensure sustainable provision of water and sanitation services and improve access to these basic services thereby reducing backlogs. The provision of water must be of excellent quality that will meet or exceed the National Standards. Response time to water and sanitation interruptions is crucial for services reinstated therefore specific timeframes have been set that must be adhered to and monitored for continuous customer service.



The table below shows the households connected for water and sanitation for the 2016/2017 financial year:

TOP LEVEL SUMMARY OF 2016/2017 HOUSEHOLD (hh) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER CONNECTED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	2 745	4 084	149%
SANITATION	1 268	893	70%

### 6.2.1 PERFORMANCE HIGHLIGHTS

To ensure continuous and sustainable water and sanitation services, the total number of new households with access to water is 4 084 and 893 households with access to sanitation, 759 with Ventilated Improved Pits (VIP) and 134 with waterborne sanitation. The overall achievement against annual target is 149% for water and 70% for sanitation obtained for 2016/2017 financial year.

There are 1 094 households with access to water, that were not targeted for in 2016/2017 due to insufficient water supply at Maphumulo. These connections impacted on the water backlog eradication that decreased by 2.56%, which is an improvement of 1.02% when compared to the previous financial year, 2015/2016.

To provide excellent water quality that meet or exceed national standards and to monitor waste water quality, twelve monthly reports were prepared as of end June 2017 for blue drop and green drop assessment status. As part of the Extended Public Works Programme (EPWP) through water infrastructure and service delivery efforts 1 003 people were employed from all local municipalities within the District.

### 6.2.2 CHALLENGES

*In terms of the water projects, Ref Org: 01, the following challenges were experienced:*

- Ngcebo/KwaDukuza water supply - There were delays in obtaining the amended reservoir drawings from the consultant as well as community protests. The Contractor is currently offsite.

- Access to the site was delayed which led to claims of extension of time for some Ngcebo /KwaDukuza and Balcome/KwaSizabantu water supply projects.
- Lower Tugela Bulk Water Supply - The expenditure exceeds budget allocation for the implementation of the Lower Thukela Bulk Water Supply Scheme (LTBWSS) which is funded through the Regional Bulk Infrastructure Grant (RBIG) from the Department of Water and Sanitation (DWS). The initial allocation for the 2016/2017 financial year was R156 million and was later cut back to R140 million. The cut back was factored in the adjustment budget, however at the time the cut back was implemented commitments in terms of expenditure has already been made (on the basis of R156 million) and thereby making it not easy to cut down on certain projects within the LTBWSS
- There was a delay on implementation on the 2.5 ML Mgigimbe Reservoir and Embonisweni Pump Station due to land owners refusing to sign agreements, non-payment of crops compensation, unavailability of power and continuous community protests. Although, the project was completed in March 2017 it is not yet tested, as there is no electrical connection, and once the electricity is connected water will then be pumped into the new reservoir and testing can be done.
- Some of the the Lower Thukela projects or off takes (OT) started late due to land issues, environmental issues, designs issues, construction drawings. Further delays, which were encountered in obtaining way leaves from Transnet to cross the railway line are a major challenge.
- Due to the labour disputes and non-payment of labourers by the Contractor, further delays were experienced. Awaiting electrical connection for the pump station. There was additional scope of work (pipeline and pump station) which resulted in revised completion date.
- The pipeline and reservoir are complete and awaiting availability of water for testing from Lower Thukela.
- There have been several stoppages at Sundumbili pipeline due to local Contractors demanding sub-contract work and community protests.
- Ndulinde Water Supply Scheme - is not complete due to poor performance of service provider. The budget has been exceeded due to legal costs for termination account.

- Ndwedwe Town Development project is behind schedule due to various reasons such as community protests; Service Provider designs issues; land issues, etc. The contract was eventually terminated. The termination process of the Contractor is now finalised and the new service provider will complete the outstanding work.

*In terms of the sanitation projects Ref Org: 03, the following challenges were experienced:*

- There was a change in specification from double to one pit toilet which resulted to an increased number of units to be built from 378 hh to 515 hh at Ndwedwe, Mandeni and Maphumulo. However the target was not met due to delays in appointment of the service providers for the project as well as late commencement.
- Groutville WaterBorne Sanitation - A Service Provider has been appointed and currently doing detailed review of scope of work, designs and drawings and a Contractor will be appointed to complete the works.
- Gledhow Sewer Pump Station - The project was managed by the Service Provider and various challenges in the design were identified by the Municipality and the project has been taken over, revisited the design. The project is at stand still. The contract had been terminated due to non-performance and a new Consultant has been appointed to review and update the scope of works, thereafter the new Contractor will be appointed.
- Ageing Infrastructure – New Town/Town view - In terms of AC replacements, the major challenge is working in a built up area with no record drawings. The Contractor has to prove services as he progresses which may results in a lot of variations to the tendered scope of work
- Water conservation/Water Demand Management reports - Ongoing district wide project. Billing issues resulting in inaccuracy of water balances. Intervention meetings between finance and technical to resolve the billing issues

### **6.2.3 MEASURES TO IMPROVE PERFORMANCE**

- The project period was extended due delays experienced at the beginning of the project and the Contractor is currently trying to source an experienced sub - Contractor to rebuild reservoirs that were failed by the Municipality because of poor quality and finish up remainder of reservoir

- Extension of time has been granted for the projects, which had access issues.
- Practical completion has been achieved on the original scope of work and now completing the additional scope in order to issue completion certificate.
- Extension of time was granted, where access to site was delayed. The municipality requested a turnaround strategy. The Contractor is in the process of sourcing an experienced concrete specialist sub- contractor for reservoirs and pump stations and will continue with pipelines and house connections.
- Sundumbili pipeline - Intervention meetings were held between the District and community structures / municipal structures.
- The termination process for the service provider at Ndulinde Water Supply Scheme has been finalised. New service providers have been appointed to complete the works. In addition, the original budget has been expended and awaiting the approval of additional funding application by DWS.
- Groutville waterborne sanitation – A new Consultant has been appointed and is currently doing detailed review of scope of work, designs and drawings. The Contractor will be appointed to complete the works.

## **6.3 SOCIO ECONOMIC DEVELOPMENT AND PLANNING**

Enterprise iLembe continues to facilitate and stimulate economic growth in the District, through National Schools Nutrition Programme, tourism, marketing and promotions which will assist in promoting business retention, expansion and attract new investment and create job opportunities. The Entity also continues to upscale agriculture development within the District, increase manufacturing output, and improve co-ordinations in LED between the District and the local municipalities. In addition, iLembe District is capitalising on tourism potential through marketing and promotions.

### **6.3.1 PERFORMANCE HIGHLIGHTS**

The entity is on track with most targets with 22 small scale farmers introduced and 33 new co-operatives registered to increase new job opportunities within the district.

## **6.4 FINANCIAL VIABILITY AND MANAGEMENT**

Compliance monitoring is crucial to maintain a clean audit opinion. The finance department therefore continuously ensures that effective and adequate financial management is always a priority. The budget and compliance unit meets all required legislation standards to ensure credible budgeting and clean administration is done. The expenditure management unit maintains sound expenditure management principles.

The Assets and logistics management departments implements sound and effective asset and inventory principles. Revenue management continues to monitor revenue collection and debtors' management. The Supply chain management unit continues to implement the framework policy and adherence to the approved policy.

### **6.4.1 PERFORMANCE HIGHLIGHTS**

The annual financial statements for the 2015/2016 financial year were submitted to the Auditor - General on 31 August 2016 and the consolidated financial statements were submitted on 30 September 2016. Quarterly reports were prepared in terms of status/progress on the municipality's annual capital budget spent on agreed IDP projects. The main focus of the budget and compliance department's is on monitoring and ensuring compliance with the MFMA and to enhance clean administration, a clean audit opinion was achieved for the 2015/2016 financial year. The collection rate is at 71% and revenue growth is at 20%.

The entity obtained a clean audit for the 2015/2016 financial year. There was 1 repeat finding which related to the interest and penalties incurred as a result of late payment of VAT to SARS. Four quarterly reports on performance of service providers were completed. All financial information as well as performance information has been prepared and completed timeously and submitted to the District by stipulated deadlines

Total debt coverage is at 45%. To ensure sound and credible general financial management principles, 100% of all statutory monthly reports to National & Provincial Treasury have been submitted as per the section 71 regulation.

## **6.4.2 CHALLENGES**

- Ref Org: 11 – Turnaround time for awarding all the tenders (bids) is at 272 days. Projects had only been awarded in November 2016 as delays occurred due to the late sitting of the Bid Adjudication Committee as well as objections.
- Ref Org: 12 – The average number of days taken for trade creditors to be paid was at 54 days at the end of 2016/2017 financial year.

## **6.5 GOOD GOVERNANCE AND DEMOCRACY**

The Environmental Health Unit continues to ensure that the statutory requirements controlling occupational health and environmental health services are enforced in minimising risks in the workplace and community as well as promoting a safe and healthy living environment.

Effective public awareness programmes continue to improve the communication between the communities and the District. The municipality's administration is governed by sound and effective values and principles as outlined in the Constitution of South Africa. The legal department ensures that the municipality is legally protected in its agreements with service providers, and to limit losses to the municipality – legal risk mitigation. The support services unit supply resources and Council support for all Council meetings.

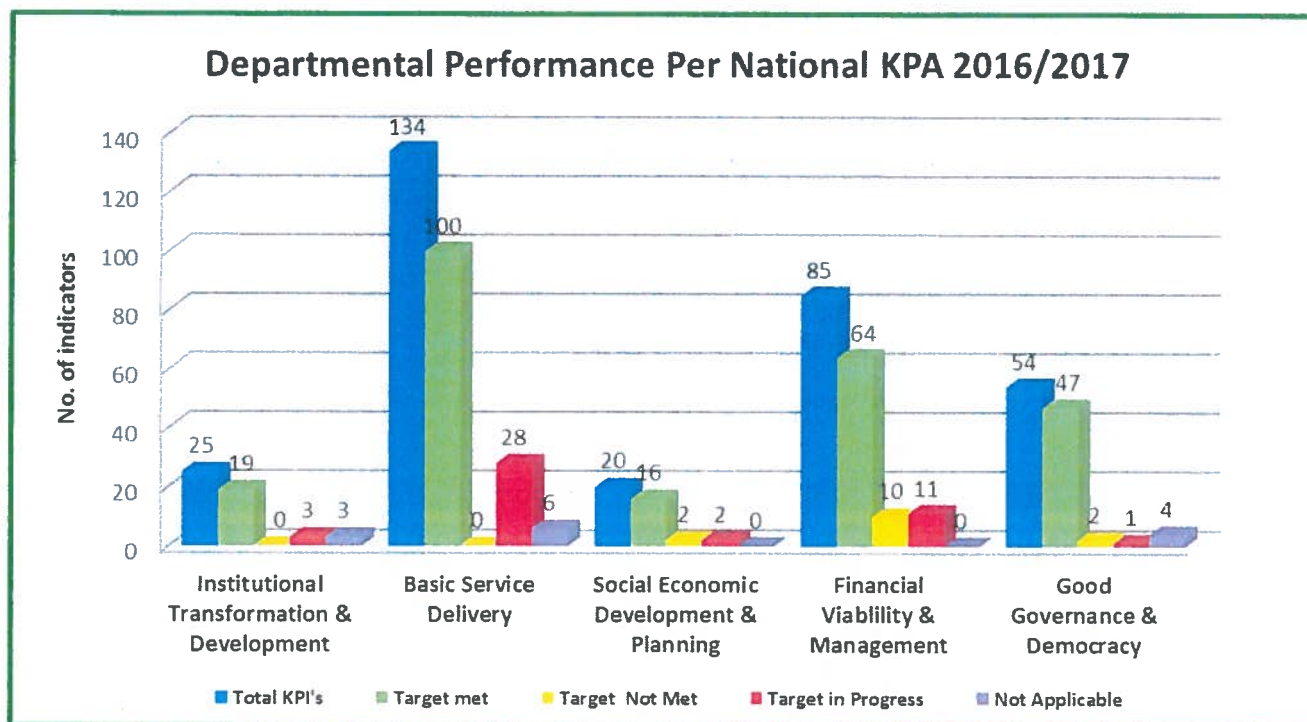
### **6.5.1 PERFORMANCE HIGHLIGHTS**

The iLembe District Municipality's Annual Report was approved by Council on 29<sup>th</sup> January 2017 and the oversight report was approved on 29<sup>th</sup> March 2017. A total of 28 planned public participation meetings were achieved against a target of 20. Mayors District Intergovernmental Forum meetings were held quarterly to facilitate coordination within the District.

Occupation health & safety has inspected 13 sites in terms of unsafe working conditions. To monitor the quality of potable water in the District, water sampling is taken and analysed with 232 samples done to date against a target of 216.

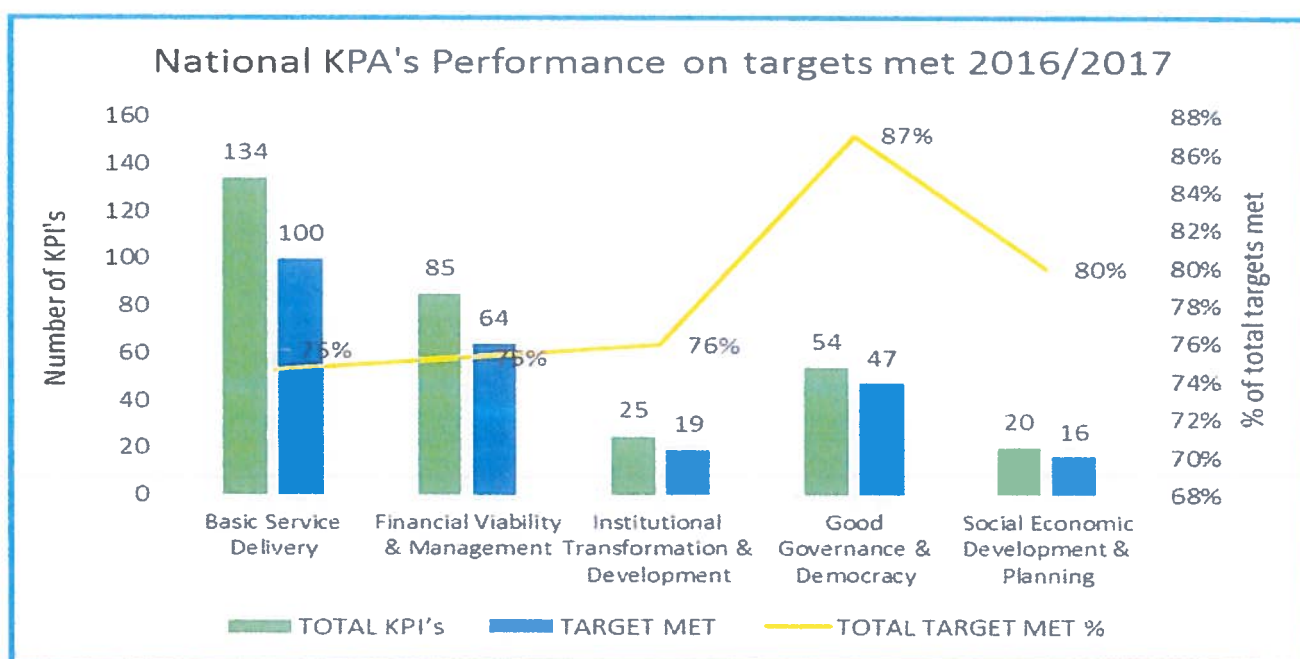


## 7. DEPARTMENTAL PERFORMANCE PROGRESS PER NATIONAL KPA



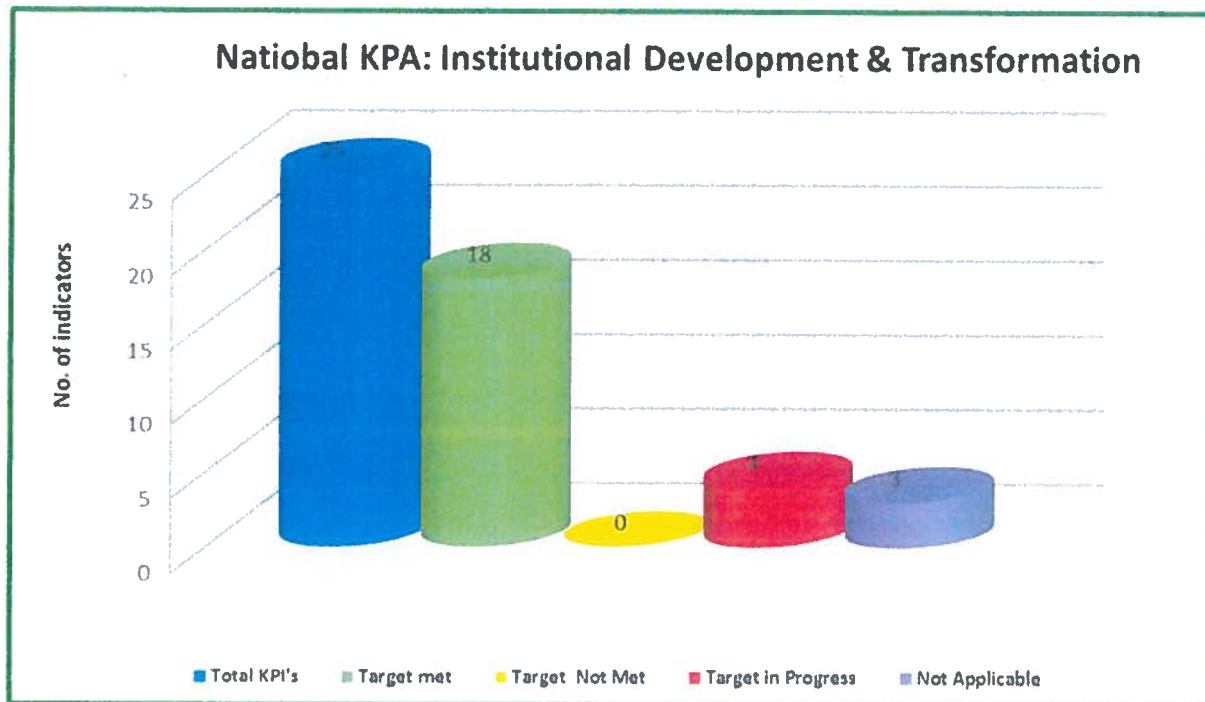
The following diagram depicts the performance per national KPA

NATIONAL KPA's	TOTAL KPI's	TARGET MET	TOTAL TARGET MET %
Basic Service Delivery	134	99	74%
Financial Viability & Management	85	61	72%
Institutional Transformation & Development	25	18	72%
Good Governance & Democracy	54	47	87%
Social Economic Development & Planning	20	16	80%





## 7.1 INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT



### 7.1.1 PERFORMANCE HIGHLIGHTS 2016/2017

To ensure compliance with Human Resource Management, 4 draft policies were reviewed and approved by Council. Additional policies reviewed to align with legislative amendments and collective agreements. All new employees were invited to attend the induction programmes for understanding of the policies and the requirements of the municipality. A total of 99% of targeted employees on WSP were trained. It must be further noted that, a total 102 employees went for training, but did not form part of the WSP.

The skills audit report was prepared and adopted by EXCO on the 28<sup>th</sup> June 2017. The workplace skills plan (WSP) and annual training report (ATR) was completed and submitted to LGSETA on the 28<sup>th</sup> April 2017. An assessment report on ABET training was completed on the progress by the stipulated deadline. A total of 19% of elementary workers completed the artisan qualification, and 100% of Councillors were invited to the skills programme, 43 employees registered for an undergraduate degree/diploma against a target of 14 and 12 monthly enrolment reports were prepared.

The employment equity plan was prepared and adopted by the Human Resources Development/Employment Equity forum on the 21 June 2017. A total of 9 employee wellness programmes were held.

The ICT security policy was not reviewed as there were no findings related to the policy identified by the Auditor - General. Phase 2 of the telemetry system has been 100% implemented. The entity has done well in terms of staff training with 95% spent of the training budget. The Entity's organogram was reviewed and all posts were filled as per the organogram.

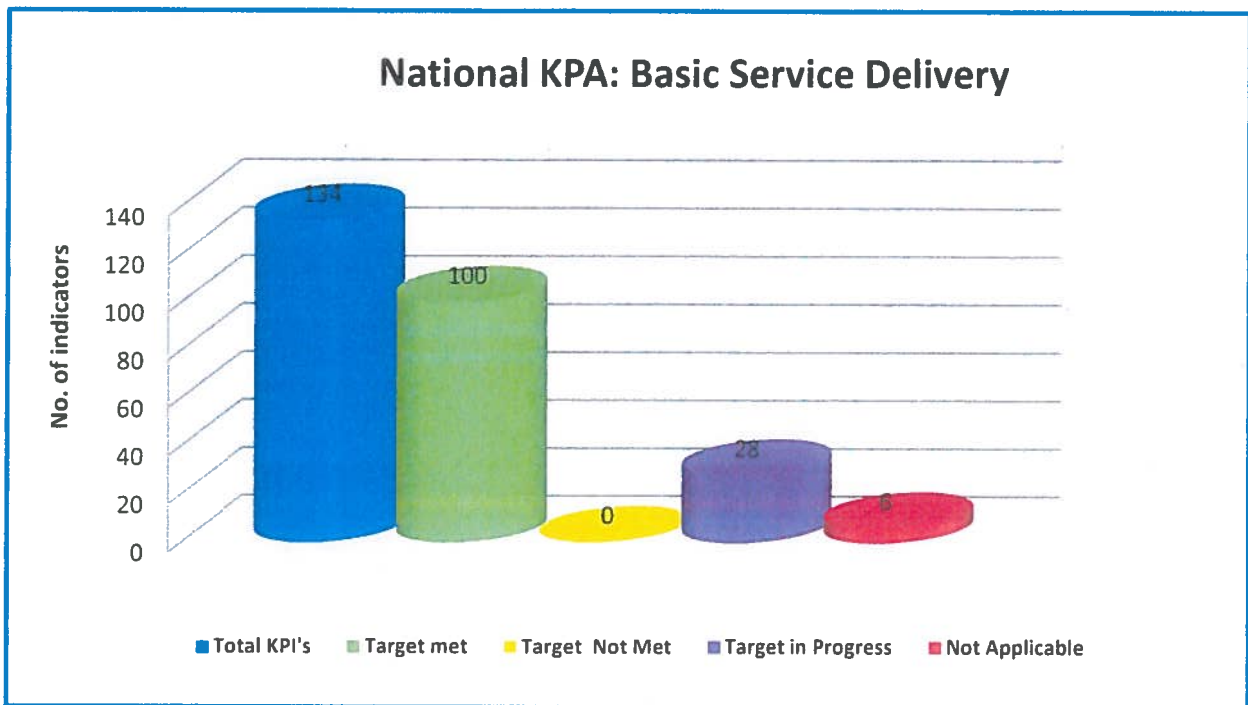
### **7.1.2 CHALLENGES**

- Ref CS: 4 – The percentage of municipality's budget spent on training is at 86%, due to the new system MSCOA, some of the training payment claims were not captured onto the system.
- Ref CS: 5 – Only 40% of programmes were implemented, as a large number of employees that are not enrolling for formal studies identified on their training needs questionnaires included on the WSP.
- Ref CS: 18 - Implementation of Phase 3 of the Telemetry System, there was a challenge as the Service Provider was appointed and the project was not implemented due to budgetary constraints.
- Ref CS: 34 - Assessment of iLembe House municipal buildings based on safety could not be done due to austerity measures, a service provider was not appointed.

### **7.1.3 MEASURES TO IMPROVE PERFORMANCE**

- Ref CS: 5 – Study schemes have been separated from normal training for future reporting.
- Ref CS: 18 - Project will be implemented in the next financial year
- Red CS: 34 - Appointment of service provider will be reviewed in the new financial year.

## 7.2 BASIC SERVICE DELIVERY



### 7.2.1 PERFORMANCE HIGHLIGHTS 2016/2017

The municipal manager's scorecard is on track with 100% targets met in terms of basic service delivery, the Technical services department has submitted all reports on status of functions, highlights and challenges for water and sanitation backlog and turnaround time for reinstating sanitation and water services.

Four out of six projects for AC replacements have been completed. There was no irregular, fruitless and wasteful and unauthorised expenditure reported. The status of monitoring progress on audit queries resolving plan is at 100%. The operation and maintenance plan was reviewed and adopted by Council on 03 November 2016. Quarterly reports are being done on monitoring of the concession in terms of the Siza Water Plan. To ensure rural road and asset management systems are in place, the RAMS Business Plan was submitted in July 2016 with a 94% progress on implementation of the plan. Southern Regional Bulk water and sanitation scheme project has been 100% completed in stages 2 and 3. Ndwedwe upgrade offices is complete in terms of stage 6.

## 7.2.2 CHALLENGES

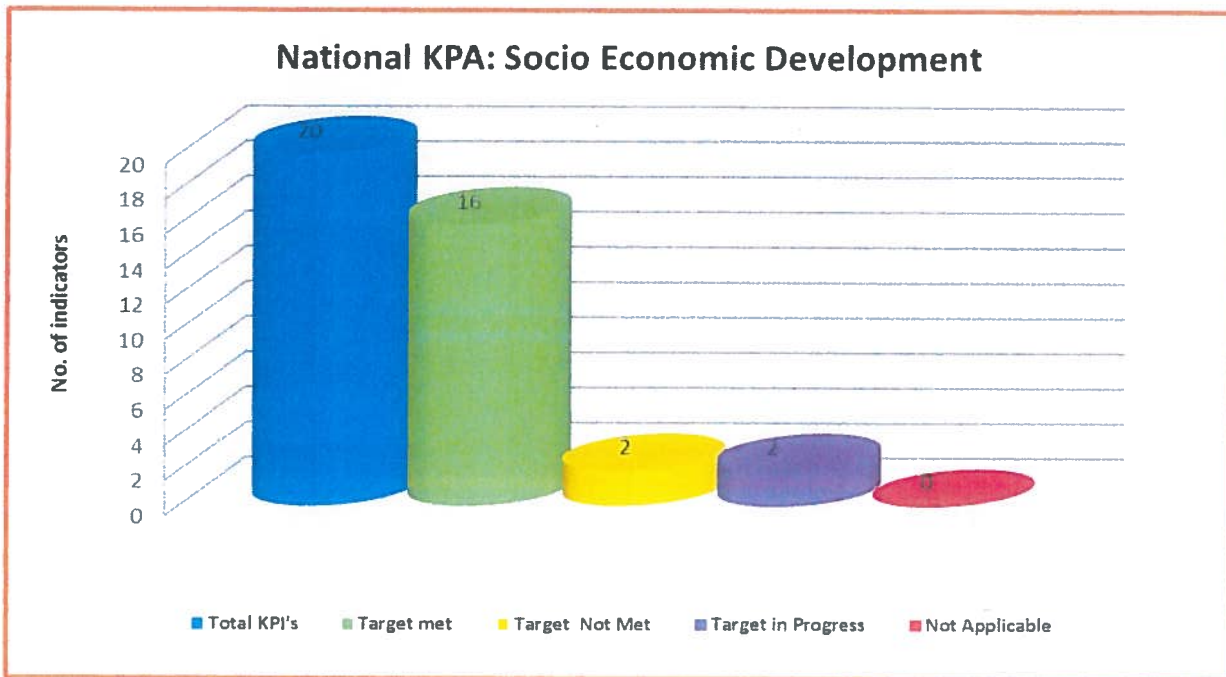
In terms of the water and refurbishment/replacement projects the following challenges were experienced:

- Ref TS: 102 - KwaChili/Shangase Water Supply Scheme, water quality is very poor and requires further treatment, turnaround time to source local labour took over three weeks, roads construction project and local people are damaging old and new water infrastructure.
- Ref TS: 105 - In terms of AC replacements, the major challenge is working in a built up area with no record drawings. The Contractor has to prove services as he progresses which may results in a lot of variations to the tendered scope of work.
- Ref TS: 106 - Glenhills Rising Main - Project period extended due to rainfall and land issues/access to pipeline routes
- Also, delays were mainly due to receiving drawings late from the Service Provider and way leaves. Other delays which were discovered during construction were related to the diversion of the route to avoid rocky areas. Water conservation/Water Demand Management reports. Ongoing district wide project. Billing issues are resulting in inaccuracy of water balances.

## 7.2.3 MEASURES TO IMPROVE PERFORMANCE

- Ref TS: 109 - Water conservation/Water Demand Management reports. Intervention meetings are held between Finance and Technical department to resolve the billing issues.
- Ref TS: 106 - Glenhills Rising Main route has been diverted and the required amendment to the environmental authorisation (EA) is still pending from EDTEA.

## 7.3 SOCIO ECONOMIC DEVELOPMENT & PLANNING



### 7.3.1 PERFORMANCE HIGHLIGHTS 2016/2017

A total of 31 small scale farmers are still being maintained/supported by the Entity. The Broadband Master plan is in progress, a business plan has been packaged and submitted for funding. The progress on co-operative development is on track, a total of 91 were trained including SMMEs and 30 assisted with funding applications.

The broadband and poultry catalytic projects were the 2 projects that were facilitated by the entity in terms of implementation. To improve co-ordination in LED between the District and Local Municipality, 7 LED forum meetings were held and attended. An intelligence report was developed on the trade and investment market by deadline. Nineteen business networking sessions were attended/hosted. To promote entrepreneurship, 3 reports were prepared and submitted on the competitions held.

To capitalise on tourism potential, 6 exhibitions were attended, 5 adverts/advertorials were in relevant publications, and 1 official tourism travel guide for 2017/2018 was developed by end May 2017. The service Excellence campaign with the private sector was developed and implemented. Five events were supported to increase visitors in the District.

### **7.3.2 CHALLENGES**

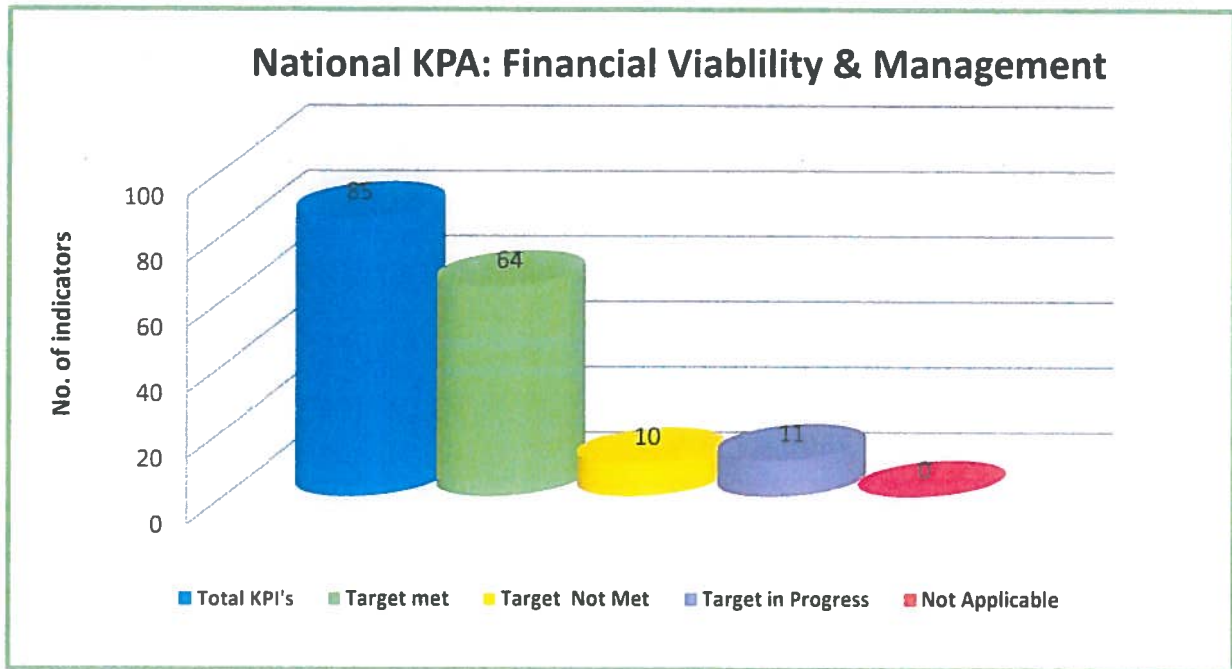
- Ref EI: 01 – of the schools nutrition project, only 35% of produce was procured from local iLembe farms, and there was no produce available for local farmers to meet the demand.
- Ref EI: 03 – 2 tunnel sites were identified to be fully functional, Mandeni sites were scheduled to be completed in March, due to electrical theft and vandalism the project has been delayed and the entity had to appoint a service provider to deal with electrification.
- Ref EI: 08 – Identify and package large catalytic projects for funding target was 2, none was done as the service provider was appointed at risk to assist with the identification and packaging of projects. Business plans were to be submitted by March and June 2017, both service providers failed to deliver and the entity is currently assessing their contract.
- Ref EI : 10 – Only 1 Memorandum of Understanding (MOU) was signed with strategic partners, against a target of 2, this is due to the delays in finalising MOU between EI, DOE and Dube Trade Port.

### **7.3.3 MEASURES TO IMPROVE PERFORMANCE**

- Ref EI: 01 – There is a need to invest in Agriculture infrastructure and farmers are being assisted to source funding to invest in their agricultural infrastructure to enable them to produce more.
- Ref EI: 03 – the completion has been targeted for the beginning of August 2017, in the new financial year.
- Ref EI: 08 – New projects are going to be identified in the new financial year and engagements are being held with various potential investors.
- Ref EI: 10 - Continuous follow up with strategic partners is being done.



## 7.4 FINANCIAL VIABILITY AND MANAGEMENT



### 7.4.1 PERFORMANCE HIGHLIGHTS 2016/2017

Monthly Standard Operating Procedures monitoring reports, quarterly Auditor – General Key control and dashboard monitoring reports have been prepared. Financial statements are being prepared on a monthly basis and progress on audit queries resolved is at 90%. Three reports were prepared and submitted to the expenditure/revenue management committee. The main focus of the budget and compliance department's is on monitoring and ensuring compliance with the MFMA to enhance clean administration, the preparation of the 2017/2018 capital and operating budget was on track in terms of deadlines, the final budget was tabled to Council on 30 May 2017.

Compliance with MFMA budget regulations is adhered to as per the Provincial treasury checklist on the 2016/2017 mid-term report and the 2017/2018 first draft budget. The verification of movable and immovable assets is being done quarterly and annually respectively. The reconciliation between the asset register and financial statements is being done monthly.

Impairment of property, plant and equipment and investment and intangible assets is at 0,46%. Assets under construction monitoring is on track with 100% of completed projects transferred to the asset register and the monthly reconciliation is conducted between assets under construction & project register. Adequacy of investments on fixed assets is at 41%. All overdue



accounts are being restricted. Debtor's management – 100% of debtors over 90 days are issued with notices via statements of accounts/SMS.

Service charges revenue budget implementation is at 90%. The turnaround time for approving indigent applications with no queries is at 14 days, and 100% of indigent's households have access to free basic services. Contract Management – quarterly consolidated reports are prepared on the performance of service providers. Inventory management – monthly stock taking and reconciliations are being done. The contract register is being updated monthly.

Furthermore monthly departmental meetings are held with Technical services, Assets, Expenditure and Budget to ensure that credible information is recorded per project. The current ratio is at 1.28:1 against a target of 1.1. Irregular, fruitless and wasteful and unauthorised expenditure is at 0%. Remuneration cost monitoring is at 34%

#### **7.4.2 CHALLENGES**

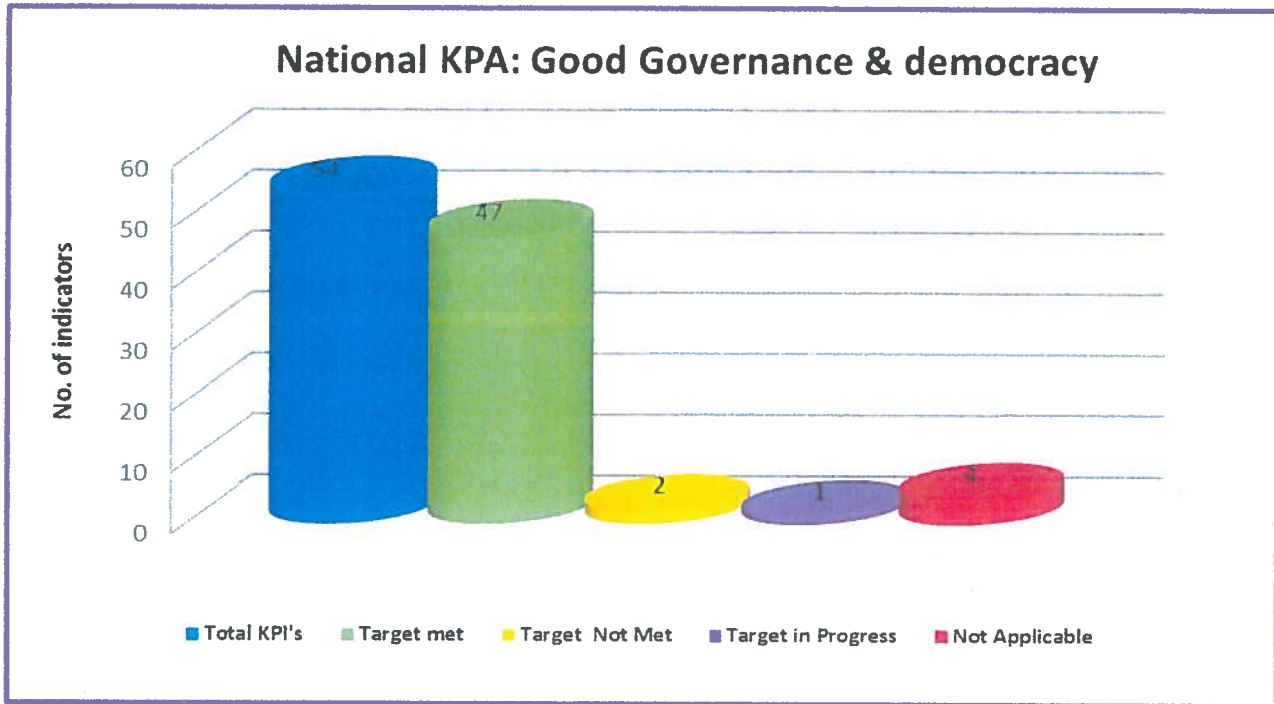
- Ref FD: 01 – in terms of no repeat findings, there has been a challenge with no automated system to track and monitor the flow of invoices from receipt to final payment. There were also technical challenges experienced by users and the ICT department has been engaged to provide technical assistance.
- Ref FD: 15 – the percentage of debtors over 120 days handed over to attorneys for collection is currently at 25%. Debt collectors cannot be furnished with more files as they are encountering challenges in collecting and the debt book is increasing with minimal collection.
- Ref FD: 26 – In terms of cash/cost ratio, the municipality is currently at 2 days. The cash flow position continues to be constrained given the persisted poor collection rate particularly from historic debt.

#### **7.4.3 MEASURES TO IMPROVE PERFORMANCE**

- Ref FD: 01 – A service provider which will assist with all Microsoft Sharepoint Platform related workflows has since been appointed.
- Ref FD: 15 – interventions are in place in order to improve handed over collection.

- Ref FD: 26 – Management and council are working vigorously to turn the situation around, this includes strengthening of credit control and collection measures.

## 7.5 GOOD GOVERNANCE AND DEMOCRACY



### 7.5.1 PERFORMANCE HIGHLIGHTS 2016/2017

The Organisational Performance Management Framework was reviewed, workshopped and approved by Council on 28th June 2017. The 2015/2016 Annual Performance Report was completed and submitted to the Auditor - General by the stipulated deadline of 31<sup>st</sup> August 2016. Internal Audit Unit completed 15 assignments to date and 5 reports were submitted to the Audit Committee.

To provide an effective vector control service to the community, a total of 348 sites were serviced to date, with no notifiable vector borne cases investigated as non were reported and 42 samples that were non-compliant with SANS 241 were referred to relevant authorities.

Municipal health services is 100% on track, with all food handling licence application processed, all building plans scrutinised and all funeral undertakers applications processed within all the stipulated deadlines. Health education awareness targets were exceeded with

120 held to date against a target of 70. Premises inspected to reduce food borne illnesses are at 881 to date with no reported cases investigated and 54 staff have been trained.

To promote arts and culture, 5 heritage celebrations were held. Effective public awareness on municipal business continues with 23 Mayoral radio slots done, 28 public participation meetings conducted and 55 on going advertorials. A newsletter was done that was circulated internally. All media queries received were responded to within the 36 hour timeframe.

In terms of Emergency Relief Aid all reported incidents were attended to, with assessments conducted to verify the extent of damages and the assistance required. A total of 28 awareness campaigns were held, 17 capacity building sessions were hosted and 4 disaster management advisory forum meetings were held. The District Disaster Management Plan was reviewed and adopted by Council in June 2017.

World Aids day was held on the 1<sup>st</sup> December 2016 and a district concept document completed. Quarterly reports were prepared and submitted to the District Aids Council. To mobilise communities against social impacts of HIV/Aids, 59 awareness campaigns were held. As per the approved gender plan, 14 planned programmes were implemented and all requested were held. Ten youth programmes were held with 15090 youths benefitting and 26 programmes that were requested, were successfully hosted. In terms of operation Sukuma Sakhe, nine interventions were hosted in the local municipalities.

The Multi-year strategic plan for the entity was reviewed and approved by the Board. Nine board meetings and sub-committee meetings were held to ensure effectiveness of the Board of Directors. The Audit Committee prepared and submitted 2 reports on the progress/status of the entity to the District and the Board.

The legal department is on track with 100% legal cases resolved (excluding cases which become the subject of contested litigation), drawing up and vetting legal documents is done within 1,16 days against a target of 10 days.

### **7.5.2 CHALLENGES**

- Ref CG: 10 – there has been server challenges during the months of April, May and June which affected the generation of capturing incidents on the communication system.

- Ref CG: 15 – District AIDS Council did not sit after the elections because the District is still busy with the resuscitation of the Ward AIDS Committees.

### **7.5.3 MEASURES TO IMPROVE PERFORMANCE**

- Ref CG: 10 – the municipality had contacted the service provider, in an attempt to rectify the challenge by means of printing such reports using other interventions.
- Ref CG: 15 – The DAC meeting will be held in the new financial year 2017/2018.

## **8. KEY AREAS TO NOTE**

### **8.1 IMPROVING PERFORMANCE**

In order to improve performance, the iLembe District Municipality, throughout the performance management phases, will analyse the causal and contributory reasons for poor performance, through coaching sessions from top to lower levels of the administration and appropriate response strategies will be developed. These will include, inter alia:

- Restructuring as a possible solution for an inappropriate structure;
- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organisational culture;
- Review of the IDP where Councillors will address shortcomings in the strategy;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms are considered.

### **8.2 DETERIORATING PERFORMANCE**

Poor performance in municipalities is often characterised by disclaimers and adverse opinions from the Auditor General and community protests for inadequate service delivery. The worst measure that is taken for worst performing municipalities is the Section 139 intervention by the MEC for Local Government in the province.

The effective implementation of the performance framework and the different roles and responsibilities that will be played by different stakeholders will serve as an early warning mechanism for the iLembe District Municipality to keep ahead of performance and to effect

corrective measures timeously in any of the weak functional areas identified by the performance management system.

## 9. PERFORMANCE OF SERVICE PROVIDERS

All service providers performance is monitored and reviewed on a monthly and quarterly basis, however as defined in the Systems Act Section 76 the service providers performing the core functions of the Municipality are rated below in table.

Performance Analysis and rating criteria

For contractor performance rating purposes, the following rating criteria is used:

PERFORMANCE WEIGHTING		
1	POOR	Performance did not meet most contractual requirements and contains serious problem(s) for which correction actions were ineffective.
2	SATISFACTORY	Performance did not meet some contractual requirements, contractors actions appear only marginally effective or were not fully implemented.
3	GOOD	Contractual performance of contractor contains some minor problems for which corrective action taken by the contractor appear or were satisfactory
4	VERY GOOD	Performs meets contractual requirements some minor problems for which corrective action taken by the contractor were effective
5	EXCELLENT	Performance meets contractual requirements with few minor problems for which corrective actions by contractor were highly effective.

The performance ratings of service providers performing the core function of the municipality are as follows:

SERVICE PROVIDER PERFORMANCE REPORT														
2015/2016 ANNUAL PERFORMANCE RATINGS						2016/2017 ANNUAL PERFORMANCE RATINGS								
COMPANY NAME	EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED	EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED
<b>TECHNICAL SERVICES</b>														
UMGENI WATER		✓								✓				
GLEDHOW SUGAR		✓								✓				
SEMBCORP SIZA WATER		✓								✓				











Area	Key Risk	Impact	Current Status	Next Steps	Timeline	Responsible Party	Reporting Frequency	Overall Rating	Notes
Financial Viability & Management	1. Risk of insufficient liquidity to meet obligations	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of liquidity position and cash flow forecasts for 2017-2018.
	2. Risk of inadequate capital resources	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of capital structure and financing options.
	3. Risk of ineffective risk management	High	Medium	Under Review	11 July 2017	Risk Dept	Quarterly	2	Review of risk management framework and controls.
	4. Risk of inadequate financial reporting	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of financial reporting processes and controls.
	5. Risk of inadequate asset management	High	Medium	Under Review	11 July 2017	Asset Mgmt Dept	Quarterly	2	Review of asset management strategies and performance.
	6. Risk of inadequate debt management	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of debt portfolio and financing strategies.
	7. Risk of inadequate pension and other long-term liabilities	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of pension and other long-term liability valuations.
	8. Risk of inadequate insurance coverage	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of insurance policies and coverage.
	9. Risk of inadequate tax management	High	Medium	Under Review	11 July 2017	Finance Dept	Quarterly	2	Review of tax strategies and compliance.
	10. Risk of inadequate environmental and social governance	High	Medium	Under Review	11 July 2017	ESG Dept	Quarterly	2	Review of ESG policies and reporting.
Good Governance & Democracy	1. Risk of inadequate board effectiveness	High	Medium	Under Review	11 July 2017	Board	Annual	2	Review of board composition and effectiveness.
	2. Risk of inadequate executive compensation	High	Medium	Under Review	11 July 2017	HR Dept	Annual	2	Review of executive compensation policies.
	3. Risk of inadequate shareholder engagement	High	Medium	Under Review	11 July 2017	IR Dept	Annual	2	Review of shareholder engagement strategies.
	4. Risk of inadequate anti-corruption measures	High	Medium	Under Review	11 July 2017	Legal Dept	Annual	2	Review of anti-corruption policies and controls.
	5. Risk of inadequate whistleblower protection	High	Medium	Under Review	11 July 2017	Legal Dept	Annual	2	Review of whistleblower protection policies.
	6. Risk of inadequate conflict of interest management	High	Medium	Under Review	11 July 2017	HR Dept	Annual	2	Review of conflict of interest policies.
	7. Risk of inadequate related party transactions	High	Medium	Under Review	11 July 2017	Legal Dept	Annual	2	Review of related party transaction policies.
	8. Risk of inadequate political and public affairs management	High	Medium	Under Review	11 July 2017	PA Dept	Annual	2	Review of political and public affairs strategies.
	9. Risk of inadequate lobbying and public relations	High	Medium	Under Review	11 July 2017	PR Dept	Annual	2	Review of lobbying and public relations strategies.
	10. Risk of inadequate stakeholder engagement	High	Medium	Under Review	11 July 2017	IR Dept	Annual	2	Review of stakeholder engagement strategies.

Section	Objective	Key Performance Indicators	Performance	Notes	Responsible	Start Date	End Date	Priority	Impact	Planning For
Social economic development & planning	To ensure that the community has a strong and vibrant economy	Community Income	100%	Community Income is strong and vibrant	Community Income	2018-2019	2018-2019	High	+	11
	To ensure that the community has a strong and vibrant economy	Community Income	100%	Community Income is strong and vibrant	Community Income	2018-2019	2018-2019	High	+	11
Social economic development & planning	To ensure that the community has a strong and vibrant economy	Community Income	100%	Community Income is strong and vibrant	Community Income	2018-2019	2018-2019	High	+	11
	To ensure that the community has a strong and vibrant economy	Community Income	100%	Community Income is strong and vibrant	Community Income	2018-2019	2018-2019	High	+	11

PERFORMANCE SUMMARY	
IN PROGRESS	7
NOT MET	0
MET	14
TOTAL	21

PERFORMANCE SUMMARY	
IN PROGRESS	7
NOT MET	0
MET	14
TOTAL	21



























MATRIX REF NUMBER	UP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2016-2017	ANNUAL ACTUAL 2016-2017	ANNUAL TARGET 2016-2017	ANNUAL ACTUAL 2016-2017	REASON FOR VARIANCE/COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/REMARKS	MIS COMMENTS	EVIDENCE NUMBER	PERFORMANCE SYMBOL	WEIGHTING	RESPONSIBLE PERSON
F001	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Customer satisfaction (CSAT) score	Average number of... (text partially obscured)	Number of... (text partially obscured)	27 days	27 days	27 days	27 days	27 days	Customer satisfaction (CSAT) score	Strategic... (text partially obscured)	28	Y	H	Manager	
																	28
F002	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	29	Y	H	Manager	
																	29
F003	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	30	Y	H	Manager	
																	30
F004	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	31	Y	H	Manager	
																	31
F005	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	32	Y	H	Manager	
																	32
F006	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	33	Y	H	Manager	
																	33
F007	To ensure that the... (text partially obscured)	To ensure that the... (text partially obscured)	Operational costs	Percentage of... (text partially obscured)	Percentage of... (text partially obscured)	30%	30%	30%	30%	30%	Operational costs	Strategic... (text partially obscured)	34	Y	H	Manager	
																	34

WEIGHTING	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
EVIDENCE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PERFORMANCE SYMBOL	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H

TARGET MET	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
IN PROGRESS	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PERFORMANCE SYMBOLS	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
TOTAL	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10





NATIONAL RPA	MP REF NO.	RDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	DATE (BY)	ANNUAL TARGET 2016-2018	ANNUAL ACTUAL 2016-2017	BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE / CORRECTIVE MEASURE	PMG COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOLS	WEIGHTING	RESPONSIBLE PERSON
	F-001	To improve the financial performance of the Council	To improve the financial performance of the Council	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				19	Y	100%	11	Director Corporate Services
	F-002	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				20	Y	100%	11	Director Corporate Services
	F-003	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				21	Y	100%	11	Director Corporate Services
	F-004	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				22	Y	100%	11	Director Corporate Services
	F-005	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				23	Y	100%	11	Director Corporate Services
	F-006	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				24	Y	100%	11	Director Corporate Services
	F-007	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				25	Y	100%	11	Director Corporate Services
	F-008	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				26	Y	100%	11	Director Corporate Services
	F-009	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				27	Y	100%	11	Director Corporate Services
	F-010	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				28	Y	100%	11	Director Corporate Services
	F-011	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				29	Y	100%	11	Director Corporate Services
	F-012	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				30	Y	100%	11	Director Corporate Services
	F-013	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				31	Y	100%	11	Director Corporate Services
	F-014	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				32	Y	100%	11	Director Corporate Services
	F-015	To ensure that the Council's financial performance is in line with the RDP targets	To ensure that the Council's financial performance is in line with the RDP targets	Financial Performance	Financial Performance	Percentage	100%	100%	100%	100%				33	Y	100%	11	Director Corporate Services

NATIONAL NPA NO.	IDP REF NO.	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2015-2016	ANNUAL ACTUAL 2015-2017	BUDGET	REASON FOR VARIANCE/ COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES	PHS COMMENTS	EVIDENCE REFERENCE NUMBER	PERFORMANCE SYMBOLS	WEIGHTING	RESPONSIBLE PERSON																				
GOOD GOVERNANCE & DEMOCRACY	01-0001	To ensure an effective and efficient health service delivery system	To ensure an effective and efficient health service delivery system	Health Sub-structure	Assessment of service quality - <b>Customer Satisfaction</b>	Percentage of patients satisfied with service	New Initiative	100%	100%	100%	100%	Due to the activation of health service delivery system	No improvement in service delivery system		13	NA	E1	Director Corporate Management/ Health A, Safety																			
																			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%				
																			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
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PERFORMANCE SYMBOLS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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PERFORMANCE SYMBOLS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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NATIONAL IPA #	IPF REF NUMBER	IPF OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL 2018-2019	ANNUAL 2019-2020	ANNUAL TARGET 2019-2021	ANNUAL ACTUAL 2019-2021	BUDGET	BUDGET VOTE NUMBER	REASON FOR VARIANCE / COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOLS	WEIGHTING	RESPONSIBLE PERSON
G0001	G0001	To promote safety and reduce road fatalities	To promote safety and reduce road fatalities	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		1	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		2	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		3	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		4	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		5	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		6	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		7	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		8	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		9	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		10	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		11	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		12	Y	🟢	M	Director Corporate Governance
		To ensure that the road network is safe and secure	To ensure that the road network is safe and secure	Investment in road safety	Number of road fatalities	Number	10	10	10	10	10	R 300,000 (over H 425,000)	27/02/20		13	Y	🟢	M	Director Corporate Governance



NATIONAL NPAs	BP REF NUMBER	BP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL 2012-2016	ANNUAL 2016-2017	ANNUAL ACTUAL 2016-2017	BUDGET	BUDGET VOTE NUMBER	REASON FOR VARIANCE / COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOLS	WEIGHTINGS	RESPONSIBLE PERSON
GOOD GOVERNANCE & DEMOCRACY	G000	To improve the transparency and accountability of the public sector	To increase transparency regarding social impacts of IFI/Aids	World Aids Day	Contributions World Aids Day by domestic companies	Date	Distinct concept from the previous year. No data available for 2016-2017	100% (2012-2016)	100% (2016-2017)	100% (2016-2017)	R 60,000 (over 112,000)	101/1011		14	Y	2	M	Manager Corporate Governance
		To determine procedures in order to staff	To determine procedures in order to staff	Direct Aids Campaign	Number of (DAC) meetings held	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To reduce communication regarding social impacts of IFI/Aids	To reduce communication regarding social impacts of IFI/Aids	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
		To ensure the integrity of the public sector	To ensure the integrity of the public sector	100% (2012-2016)	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance
FINANCIAL VIABILITY AND MANAGEMENT	F000	To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	
		To ensure the financial viability of the public sector	To ensure the financial viability of the public sector	Operational Status	Number of 100% (2012-2016) responses	Number	0/3	0/3	0/3	0/3	111,150		16	Y	2	M	Manager Corporate Governance	

100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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**enterprise ilembe**  
ECONOMIC DEVELOPMENT AGENCY



# *Annual Report*

2016/2017

*Second Draft 19 January 2018*



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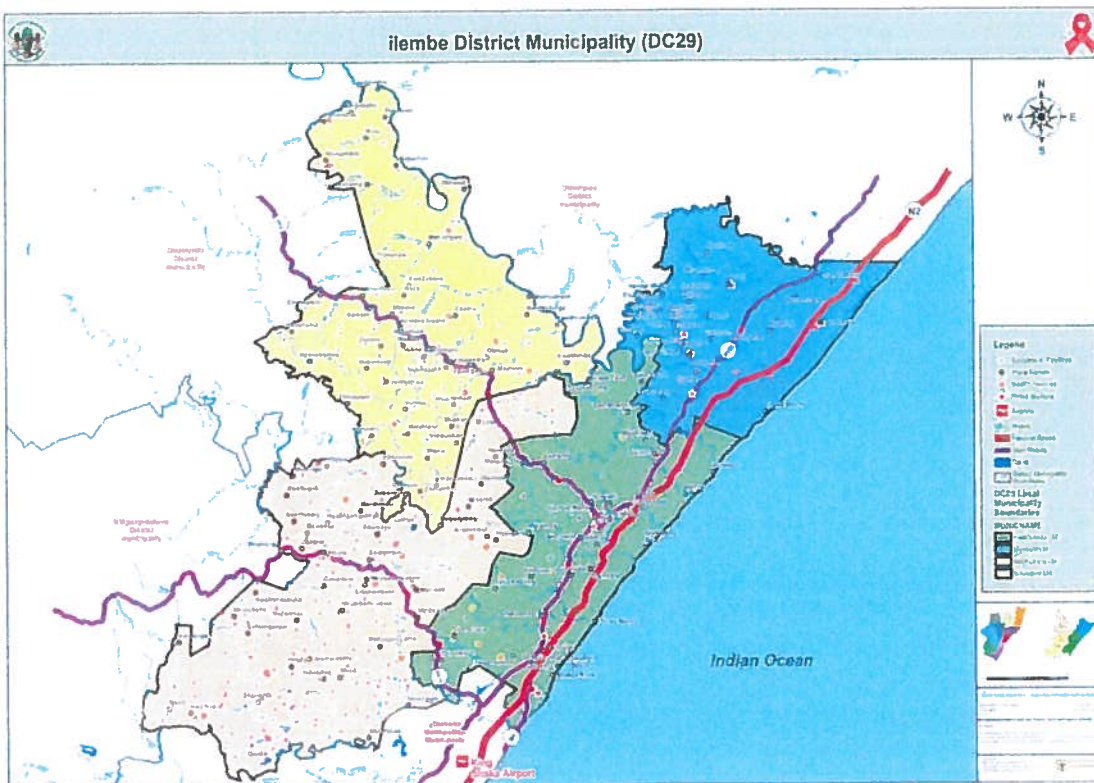
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# CHAPTER 1

## Introduction & Overview

### 1.1 Overview of iLembe District Municipality



The iLembe District Municipality is situated on the East Coast of South Africa in the Province of KwaZulu Natal. iLembe District is bordered by eThekweni Metro in the South and linked to Umthungulu District in the north by the coastal highway, which is a key corridor in the region and is bordered in the west by Umgungundlovu and Umzinyathi Districts.

It is located between Africa's busiest ports of Richards Bay and Durban and is in close proximity to the King Shaka International Airport and the Dube Tradeport. It is the smallest District Municipality in the province with a total population of approximately 657000. The municipality covers 3260 square kilometres and is divided into four local municipalities: KwaDukuza, Mandeni, Maphumulo & Ndwedwe

**The economic sectors that constitute the pillars of iLembe's economy are the following:**

- **Agriculture** - This sector is characterised by two main distinct types:
  - Commercial agriculture, such as sugar cane farming along the coastal strip
  - Subsistence agriculture in the rural hinterland and inland areas
  
- **Manufacturing** - This sector is mainly characterized by the following types of industries:
  - Primary sector comprises of heavy industries, such as sugar and paper mill production in the Isithebe Industrial Estate in Mandeni
  - Secondary sector activities include light industries that are prevalent throughout the district and with a focus on the rural areas of the district as well as along the coastal belt.
  
- **Tourism** - iLembe is one of the prime domestic tourism attractions in South Africa due to its favourable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorised as follows:
  - Cultural and heritage tourism
  - Beach tourism
  - Nature-based and adventure tourism
  
- **Commerce and Services** - This sector includes the following sub sectors and is found in all the main urban centres throughout the district with specific reference to the towns of KwaDukuza and Ballito:
  - Wholesale / retail trade transport / storage communication financial / insurance
  - Real estate business / community / social / personal services / government services

## 1.2 Foreword by the Chairman

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities. Whilst Enterprise iLembe has been making great strides in ensuring an integrated approach in driving economic development in the district, challenges still remain. One of these being the financial viability and sustainability of the entity. Financial sustainability is desirable for Enterprise iLembe as it holds a number of advantages for the agency and its operations and the community at large. The Board shall continue engaging with the shareholder and funding partners on this issue.

With the suspension of the National Schools Nutrition Programme between August and December 2016 which was due to non-payment from the Department of Education, dealing with the issue of non-cash backed grants and the resignation of the CEO, Mr. Thami Mkhwanazi, one can easily determine that the 2016/2017 financial year was indeed a challenging one for Enterprise iLembe. The entity through it's well instituted structures, systems and staff capacity as well as through the guidance of the shareholder and political leadership managed to weather the storm and pull through.

The business confidence in iLembe District was at an all-time low during the latter part of 2016 with a recorded index point of 45.5, down a further 0.9 index points compared to the first half of 2016. This however changed in the first half of 2017 where business confidence was recorded at 49.5 index points, equalling the highest confidence level which was recorded in 2015.

The two market related indicators of competition and market size jointly remained the most significant business constraint selected by 51% of businesses. Sentiments that the local market is overtraded in certain sectors highlighted the need for competent and innovative business innovation and management as well as the imperative of developing a diverse regional economy with significant job creation potential and skills development.

In February 2017 a new Board comprising of six independent members were appointed by iLembe District Municipality;

- Mr. K. Shandu – Chairperson
- Prof. T. Nzama – Vice Chairperson
- Mr. C. Oeelfse
- Ms. D. Nene
- Mr. Z. Gumede
- Ms. N. Mngadi

The new members bring valuable expertise in the area of economic development and business & trade promotion, drawn from their extensive collective experience in the private and public sector companies. We would also like to place on record our sincere thanks and gratitude to the outgoing board members for their invaluable contribution during their tenure at Enterprise iLembe;

- Mr. B. Linda
- Ms. Z. Zeka
- Mr. I. Deetlefs

The table below reflects the schedule of board meetings and the attendance thereof.

Name	19 Jul 16	21 Oct 16	21 Feb 17	24 Mar 17	22 Jun 17
Mr. B. Linda	√	√	-	-	-
Mr. I. Deetlefs	√	x	-	-	-
Mr. C. Oelofse	√	√	√	√	√
Ms. T. Nzama	√	√	√	√	√
Ms. Z. Zeka	√	√	-	-	-
Mr. K. Shandu	√	√	√	√	√
Ms. N. Mngadi	-	-	√	√	-
Mr. Z. Gumede	-	-	√	√	√
Ms. D. Nene	√	x	x	x	√

Following a rigorous and thorough selection and recruitment process, a new Chief Executive Officer was appointed on 05 June 2017. Mr. Nkosinathi Nkomzwayo brings with him a wealth of private sector experience and as the board we are confident in his abilities to lead Enterprise iLembe in the direction of sustainable viability whilst ensuring that we meet the mandate of radical economic transformation in the region. The Board will continue to work towards the implementation of well researched strategies to advance the desires of the electorate and the broader citizens of iLembe District Municipality.

I take this opportunity on behalf of the Board, to express our gratitude to Council and management of iLembe District Municipality, who have given us unwavering support in delivering against our mandate. A special thank you is also extended to the Manager: Tourism & Marketing; Ms. C. Peters and the Head: LED; Ms. T. Ngcobo who held the fort as Acting CEO from the period of 01 August 2016 – 04 June 2017. Thank you to the rest of the management team and staff of Enterprise iLembe for your dedication and for the role you play within Enterprise iLembe. Let us continue to work hard and ensure that we make a meaningful contribution to the communities we serve.

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**K. SHANDU**

## 1.3 Foreword by the CEO

The 2016/2017 financial year was certainly not an easy one for Enterprise iLembe.

The Global Economic recession and slowdown in business activity is now being felt within the SA economy and is clearly evident in the Business Confidence Index for (BCI) iLembe District Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016. The iBCI report is prepared bi-annually as a joint collaboration between the Enterprise iLembe and iLembe Chamber of Commerce, Industry and Tourism.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing.

Our mandate, as the District Development Agency remains clear:

***“Driving economic development through poverty alleviation and sustainable job creation”.***

EI has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review. Programs and projects like NSNP, Open Fields, SMME & Cooperatives Support, Hydroponic Tunnels, and WowZulu Market are some of the initiatives that EI is driving for the District to address these challenges. The Agency also plays an active and sometimes a leading role in driving and/or facilitating National and Provincial Programs aimed at ensuring economic transformation in the District. Programs such as Radical Agrarian Socio-Economic Transformation (RASET) and Black Industrialist (BI) are some of the National and Provincial Programs that EI facilitates within the District.

In terms of sustainability the Agency continues to face the challenge of going concern issue as other District Development Agencies in the Province. However, EI has carefully managed to develop and implement programs and projects that can assist the Agency in its quests for financial sustainability and reducing over reliance on parent municipality. The implementation and operationalization of these programs and projects will form a strategic focus in the financial year ahead.

### **Finance & Governance**

- Enterprise iLembe is a grant funded institution and the challenge of securing grant funding and receiving it on time will always exist. The ability to spend the funding



received in order to secure further funding impacts on operations and the completion and continuation of projects.

- The total budget for the 2016/2017 financial year was R54 081 091.
- The suspension of the National Schools Nutrition Programme in 2016 due to non-payment from the Department of Education impacted on the financial resources of the entity
- Enterprise iLembe participates at all relevant inter-governmental structures at both the local and provincial level.
- The external audit committee and the risk committees are operational and functioning well.

### **Human Resources**

The entity has a fully resourced structure with a total employee count of 24 as at end June 2017. There were 4 resignations and 5 new appointments in the financial year. Staff continue to undergo training in the various required fields and skills.

### **Performance Management**

The Entity utilizes the Service Delivery Budget Implementation Plan (SDBIP) as a performance management tool for the entity as an organization. Reporting using this performance plan is conducted on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes a portfolio of evidence.

Enterprise iLembe managed to meet 74% of its target for the 2016/2017 financial year; meeting a total of 26 out of 35 targets, with 4 in progress and 5 not met. The decrease in performance as seen in the table below was mainly due to the Board Decision to suspend the NSNP programs due to non-payments by the DOE. This matter has since been resolved.

FINANCIAL YEAR	TARGET MET	% achieved
2016/2017	26 out of 35	74%
2015/2016	39 out of 44	87%
2014/2015	29 out of 39	74%
2013/2014	21 out of 29	72%

### **Local Economic Development**

#### **National Schools Nutrition Programme (NSNP)**

The National Schools Nutrition Programme unfortunately had to be suspended in August 2016 due to non-payment from the Department of Education. This had a severe negative impact on both the image of the entity as well as the farmers who are reliant on the NSNP market.



This activity saw the entity deliver more than 2,000 tons of vegetables to 406 schools in the district. One of the major focusses in the new financial year will be to increase farming activity from locally developed farmers rather than procuring vegetables from the Durban fresh produce market. Negotiations for the new contract with the Department are underway and should be finalized early in the new financial year.

### **Open Fields**

Enterprise iLembe supported a total of 20 farms in this financial year. The support included the provision of mechanization, supply of chemicals, fertilizers, seeds and seedlings and technical advice and mentorship to the farmers in the four local municipalities.

Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs, climatic challenges and financial resources is forcing the entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization.

### **Vineyards and Winery**

Options are being explored to get a product to market shortly under the brand 1787; and the most viable is to distil the Villard Blanc in tanks to a spirit. This process is ongoing and are waiting on quotes from Distillers.

An application is underway to request funding from iDM to assist with funds that are required for the retail space and extensive documents are required for the application which Ei is in the process of compiling. Born and bred have delivered the final design of 1787 re-branding.

To ensure that the "1787" wine gets maximum marketing and exposure, Ei has received the Distribution License from SARS which allows for the selling of the wine on the Sugar Rush premises as it stands is up to date; this license was recently renewed and is valid until May 2018.

### **Biodiesel**

The Biodiesel Processing Facility project objective was to plan, construct and operate a sustainable; community based rural biodiesel production facility in Mandeni Local Municipality as part of a broader District-wide growers programme whereby small scale farmers with access to small plots of land are able to plant Moringa and sell the seeds at a contracted price to the processing plant.

Due to lack of interest in the project by private investors, no progress and continued overhead expenditure on the project, Enterprise iLembe Board and Council has resolved on discontinuing the project; and that it be written off and dispose the equipment which is currently being stored in a warehouse in Isithebe.

### **Hydroponic Tunnels**

This project was on hold as the project underwent much needed repairs to the existing eight structures. Due to budgetary constraints, Enterprise iLembe was only able to budget for refurbishment one site each financial year. Repairs to the Bulwer Site in KwaDukuza was completed and is now fully operational.

Repairs to the Mandeni site commenced in November 2016. The second service provider was appointed to conduct the electrification of the Mandeni Tunnel which has been completed and is expected to be operational in the next financial year.

Budget will be made available to repair the Maphumulo tunnels in the 2017/2018 financial year.

### **SMME & Co-Operatives Support**

#### **Co-operatives**

During the 16/17 financial year, the Social Facilitation Unit managed to identify, train on pre-cooperative training and register 33 co-operatives within the district. Various training programmes had to be provided to these groups which included, pre-co-operative training and other business management and administration courses, coordinated in partnership with SEDA and ILO.

#### **SMME's**

In addition to the co-operatives supported above, the agency, also worked with SMME's. These were assisted with putting together business proposals and submitting them to various funding organization for funding support.

### **Tourism and Investor Attraction**

#### **Tourism**

In this financial year Enterprise iLembe continued to position and market the region with the aim to increase visitor numbers and spend but also to promote the geographic spread of tourism. Several initiatives were undertaken and these include the following;

- Participation at key consumer and trade exhibitions viz. Star Getaway Show, World Travel Market Africa, World Travel Market London, The Beeld Holiday Expo and Indaba.
- Event Support; Hlomendlini Cultural Festival, iCycle Race, Luthuli Walk

- Service Excellence Campaign – Ei partnered with FabMags on the Best of the Best campaign which serves to recognise businesses & individuals who promote the culture of service excellence in the community.
- Ei published 10000 copies of the North Coast Travel Guide with an additional electronic E-book which is accessible through our websites.
- There are continuous engagements through print and social media platforms and these include; Suid Africa, Ballito Pro Magazine, Mzansi Travel, radio interviews, newspaper articles, Facebook, Twitter, Instagram and websites.
- Grant Thornton was appointed to prepare relevant tourism statistics for the District (1 March 2017 – February 2018). These statistics will be conducted on a quarterly basis and include accommodation surveys as well as intercept surveys. The first quarter report will be ready mid-June 2017.
  - Pre-Feasibility Studies concluded for:
    - Ballito Exhibition Centre - KwaDukuza
    - KwaShuShu Hot Springs – Maphumulo
    - Sibudu Caves – Ndwedwe

A further application has been made to EDTEA for funding to complete full feasibilities and business plans for Sibudu Caves & KwaShuShu.

- Notification was received from the South African Heritage Resources Agency (SAHRA) of the intention to declare Sibudu Caves as a National Heritage Site. A meeting was held with stakeholders including Ndwedwe and KwaDukuza. A request has been submitted to SAHRA for an extension of the date to comment in order to allow for a more consultative process.
- Nonoti Mass Beach Tourism Resort - The National Department of Tourism through Operation Phakisa have identified the Nonoti Project as a priority project for intervention. All information has been submitted as requested via EDTEA.
- The WowZulu Marketplace will be officially launched on 08 June 2017.
- Community Tourism Organisation - Ei has been assisting the Mandeni Municipality with the process of establishing their CTO. The next meeting will be held in June to establish an interim committee to develop their constitution.
- King Shaka Visitor Centre - EDTEA have approved the application to utilize savings of R57000 in March 2017. This will be used towards water harvesting and repairs to the roof of the centre.

### **Investor Attraction**

- Ei developed an Investor Prospectus for the region with the aim to promote and position iLembe as a destination of choice for business and tourism. The prospectus is available in E-book format on our website; [www.enterpriseilembe.co.za](http://www.enterpriseilembe.co.za)

- Quarterly Business Confidence Index surveys were conducted in partnership with the iLembe Chamber of Commerce, Industry & Tourism.
- Ei continued to support the Entrepreneur Competition in partnership with the iLembe Chamber of Commerce, Industry & Tourism.
- Ei continues to engage with both private sector and public sector stakeholders to ensure that the iLembe District is promoted and marketed as an investment destination of choice.

### **Conclusion**

Support and guidance from our key stakeholders, the political and administrative leadership of iLembe District Municipality and the iLembe family of local municipalities, i.e. KwaDukuza, Mandeni, Maphumulo and Ndwedwe are key in Enterprise iLembe implementing its mandate successfully. Once again we say "Thank you" to them.

We also like to thank all our stakeholders including the Departments of co-operative Governance and Traditional Affairs, Education, Agriculture, and Economic Development for all the support given.

The Board of Directors of Enterprise iLembe had to provide guidance at very critical periods during the past financial year. We are grateful to have such a committed Board to help us weather the storms. This is translated by the 2 consecutive clean audit opinions achieved by the entity in the three prior years.

Organizations are not made up of the structures that form and govern them, but by the people that serve in those organizations, we therefore extend our sincere thanks is extended to the management team and staff members for their hard work and dedication.

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**N. NKOMZWAYO**

**Chief Executive Officer**

## 1.4 Executive Summary

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities.

The Global Economic recession and slowdown in business activity is now being felt within the SA economy and is clearly evident in the Business Confidence Index for (BCI) iLembe District Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing. Enterprise iLembe has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review.

Our mandate, as the District Development Agency remains clear:

***“Driving economic development through poverty alleviation and sustainable job creation”.***

## 1.5 Strategic Objectives & Functions

### 1.5.1 Agency Mandate

- Develop, review and strengthen the local economic development strategy on behalf of the district and family of municipalities;
  - Champion a wide range of activities which emerge as important from the family of IDPs and LED Strategies;
  - Co-ordinate LED activities to ensure alignment and integration;
  - District marketing and promotion of tourism and investment promotion;
  - Facilitate the identification, packaging and implementation of catalytic projects in the four key sectors and new sectors;
  - Provide professional and multi-skilled support and networking services to major investors who wish to invest in the region;
  - Work with local government to facilitate a business enabling environment;
  - Implement business, retention and expansion (BR&E) programmes in partnership with local business;
  - Build twinning relationships with developed regions nationally and internationally;
- Social Risk Management.

## 1.5.2 Key Strategic Goals & Objectives

### STRATEGIC GOAL 1:

#### *Facilitate the packaging & implementation of projects in existing and new sectors*

##### Objectives

- Implement and ensure sustainability of existing projects
- Identify and package new projects in existing sectors
- Tap into available programs to create more black industrialists

### STRATEGIC GOAL 2:

#### *Market and Promote the iLembe District as an Investment, Tourism & Business Destination*

##### Objectives:

- To attract interest for new investment to iLembe District
- To increase visitor numbers to iLembe District
- To support new tourism product development and the geographical spread of tourism

### STRATEGIC GOAL 3:

#### *Research other potential growth sectors in addition to the current four sectors of main focus*

##### Objectives:

- To identify and package projects in new sectors
- Tap into available programs to create more black industrialists

### STRATEGIC GOAL 4:

#### *Identify, build and co-ordinate partnerships among socio economic stakeholders*

##### Objectives:

- Facilitate Business Retention and Expansion
- Support Entrepreneurship Development

### STRATEGIC GOAL 5:

#### *Facilitate research that assists with Policy Development and formulation that impacts the mandate of the Agency*

##### Objectives:

- Identify policies and Acts that effect the Agency
- Research Team
- Research that will influence the decision making process



## STRATEGIC GOAL 6:

### *Influence policy and the regulatory environment for socio economic development an investment*

#### Objectives:

- Identify existing structures and leverage of those
- If none, create structures
- Use structures to engage government
- Include issues of infrastructure and spatial planning
- Influence infrastructural and spatial planning

#### 1.5.3 Roles & Responsibilities



It is the role of Enterprise iLembe to facilitate and promote socio economic development in the region. The role of Enterprise iLembe can be further defined as follows;

- Nurture new ideas which have commercial potential AND have high impact potential in regards to poverty alleviation, jobs and empowerment.
- Build partnerships between public sector, support institutions, private sector and the community.
- Build partnerships within each locality and support one another in service delivery.
- Collectively bridge the gap between 1<sup>st</sup> & 2<sup>nd</sup> economies through catalytic & high-impact projects.

## 1.6 Audit Committee Report

### Interim Report of The Audit Committee to The Board Of iLembe Management Development Enterprise (Pty) Limited for The Year Ending 30 June 2017

The iLembe Management Development Enterprise (Pty) Limited (Enterprise iLembe) Audit Committee hereby presents its interim report to the Board for the year ended 30 June 2017.

The legal responsibilities of the Audit Committee are set out in terms of section 166 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) and section 94 of the Companies Act, No. 71 of 2008.

#### Audit Committee members and attendance at meetings

The Audit Committee comprised of 5 independent, external members and is required to meet at least 4 times per annum as per the MFMA. Additional meetings may be called for as the need arises. Members' attendance at the meetings is listed below:

Name	No. of Meetings Attended	18 Aug 2016	11 Nov 2016	16 Feb 2017	27 Jun 2017
Mr D Bosch (Chairperson)	4	√	√	√	√
Ms P D A Mfusi *	1	x	√	x	x
Mr S L Ndlovu	3	x	√	√	√
Mrs S Singh	4	√	√	√	√
Mr S D Mngoma (Deputy Chair)	3	√	x	√	√

The Chairperson of the Audit Committee also attended two Board meetings during the year under review.

*\* Membership terminated December 2016.*

#### Audit Committee responsibility

The Audit Committee has been set up in accordance with section 166 of the MFMA and operates within the terms of the Audit Committee Charter approved by the Council of the iLembe District Municipality and the Board of Enterprise iLembe.

Section 121(4)(g) of the Municipal Finance Management Act, No. 56 of 2003 requires that the annual report must include any recommendations of the Municipality's Audit Committee.

**In the conduct of its duties, the Audit Committee has performed the following statutory duties:**

##### 1. Reviewed internal financial control and internal audits

The internal audit function was outsourced to SizweNtsalubaGobodo. The internal audit plan for the 2016/17 financial year was presented and approved by the Audit Committee on 25 June 2016. The Audit Committee at each meeting assessed performance against the plan

and reviewed the plan to ensure that critical risks of the operations of the Entity and the findings of the Auditor-General are addressed.

The Audit and Performance Audit Committee Charter as well as the Internal Audit Charter were reviewed and accepted.

Internal audit reports were completed as planned and tabled at the Audit Committee meetings. Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues reported on.

To further enhance the processes in place, internal audit conducted follow up audits on previously reported internal audit findings and reported progress to senior management and the Audit Committee. Management is required to implement appropriate systems of internal controls and corrective action to address the identified weaknesses and possible irregularities. Based on information submitted the Audit Committee is satisfied that the key internal controls functioned as intended during the year.

## **2. Risk Management**

The Audit Committee is responsible for oversight of the internal and external auditors as well as financial reporting. Because the assessment of internal controls over financial reporting is risk-based, the Audit Committee is responsible for overseeing management's risk policies and discussing the key risk exposures with management.

The Entity conducted a risk assessment workshop on 20 May 2016 and the top key risks were identified, measured and prioritised and the updated risk register was adopted on 1 July 2016. The Audit Committee noted the updated risk registers and minutes of the Risk Management Committee and the internal audit function provided independent assurance in relation to the management's assertions surrounding the robustness and effectiveness of risk management.

The Audit Committee is satisfied with the risk management process.

## **3. Review of financial statements and Accounting Policies.**

The Audit Committee, at each meeting held during the year, reviewed the interim financial statements of Enterprise iLembe, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices (GRAP). The Audit Committee discussed, provided comments and recommendations to enhance the quality of the annual financial statements. The review of the unaudited Annual Financial Statements (AFS) for 2016/17 was done on 28 August 2017 and inputs were given for management to enhance the quality of the AFS.

## **4. The adequacy, reliability and accuracy of financial reporting and information**

Information furnished by Internal Audit, the Auditor-General and Management has caused the Audit Committee to believe that the system of internal financial control is effective and formed a basis for the preparation of reliable financial statements. However, systems and

processes for other financial and performance reporting and information is not yet fully effective and there is room for improvement to achieve overall clean administration.

#### **5. Performance Management**

The Audit Committee also serves as the Performance Audit Committee and reviewed the quarterly performance reports and the internal audit reports on performance management based on Enterprise iLembe's scorecard.

The Audit Committee is pleased to note that the overall internal and external audit ratings of the effectiveness of internal controls around the performance management system is satisfactory and controls were in place to provide management and the Board with reasonable assurance that risks will not materialise.

The Audit committee did a high-level review of the draft strategic plan and scorecard for 2017/18 and is of the view that the planning phase and monitoring function of the Performance Management System could improve.

The review of the Annual Performance Report is scheduled for 29 August 2017.

#### **6. Effective Governance**

The Audit Committee fulfils an oversight role regarding the reporting process, including the system of internal financial control. It is responsible for ensuring that the internal and external audit function is independent and has the necessary resources, standing and authority within Enterprise iLembe to enable it to discharge its duties. Furthermore, the Audit Committee oversees cooperation between the internal and external auditors, and serves as a link between the Board and these functions.

The internal and external auditors have unlimited direct access to the Audit Committee, primarily through the Chairperson.

The Audit Committee believes that communication, attendance of meetings and knowledge sharing with the Board, the Mayor of iLembe District Municipality and the Municipal Public Accounts Committee could improve.

#### **7. Compliance with Legislation**

The Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations mainly through the reports submitted by management and internal audit. However, management efforts to move to full compliance by means of comprehensive checklists will be monitored on a quarterly basis.

#### **8. Finance function**

The Audit Committee is satisfied with the expertise and adequacy of resources within the finance function to ensure quality reporting and information.

#### **9. Recommendations**

- The Board and management at all levels should continue with commitment to optimally use scarce resources, cash-flow and sustainability plans and regular monitoring and evaluation to ensure that the Enterprise iLembe continues as a going concern.

- The Board and management need to continuously monitor and review internal controls. The Chief Executive Officer must ensure that there are consequences for non-adherence with internal controls.
- The Chief Executive Officer and management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review by the Board and the Audit Committee.
- The Chief Executive Officer should ensure that recommendations of internal and external audits are implemented as per the action plans and report progress on a quarterly basis. This should assist to prevent irregular, fruitless and wasteful expenditure as well as non-compliance with laws and regulations.
- The Chief Executive Officer and the Board should explore possible alternative funding for Local Economic Development projects.

### **Conclusion**

The Audit Committee confirms its commitment to assist the Chief Executive Officer, the Board and Council of the iLembe District Municipality to enhance clean administration and to maintain a clean audit. The Audit Committee also wishes to thank all the internal role-players for its cooperation and support and the teams from internal and external audit for their contributions.

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**S. NDLOVU**  
**Chairperson**

# CHAPTER 2

## Service Delivery & Performance Highlights

### 2.1 Key Successes & Challenges

- Enterprise iLembe received its 3<sup>rd</sup> consecutive clean audit from the Auditor General
- The suspension of the National Schools Nutrition Programme in 2016 due to non-payment from the Department of Education impacted on the financial resources of the entity as well as the many farmers who are reliant on the NSNP Market, this also impacted on the entity meeting its target of 90% deliveries
- The iLembe Winery celebrated its third production of the 1787 wine
- Services Providers appointed at risk to package projects for funding were not able to deliver which impacted on the entity being able to package new catalytic projects for investment
- The first ever quarterly tourism industry research was conducted for the iLembe District in June 2017.

### 2.2 Projects Undertaken

#### 2.2.1 Multi-Year Funded Projects

Project Name	Project Description & Status Quo
iLembe Vineyards and Winery Project	<p><b>Project Budget 16/17: R1 238 085</b></p> <p>The iLembe vineyards and winery project is a two-phased project which involves the establishment of a primary Villard Blanc crop for further processing in a winery established as a first of its kind in the District.</p> <p>A total of 12 hectares of vines have been planted across Mandeni, Maphumulo and Ndwedwe. Twenty-eight (28) tons of grapes have been harvested and fed into the winery. The winery is located at the Collisheen Estate in the Sugar Rush park which is being developed into a tourism precinct.</p> <p>The Winery currently processes and bottles a white cultivar wine from grapes grown by the communities within iLembe District. Options are being explored to get a product to market shortly under the brand 1787; and the most viable is to distil the Villard Blanc in tanks to a spirit. This process is ongoing and are waiting on quotes from Distillers.</p> <p>An application is underway to request funding from IDM to assist with funds that are required for the retail space and extensive documents are required for the application which Ei is in the process of compiling.</p> <p>To ensure that the "1787" wine gets maximum marketing and exposure, Ei has received the Distribution License from SARS which allows for the selling of the wine on the Sugar Rush premises as it stands is up to date; this license was recently renewed and is valid until May 2018.</p>
iLembe Open Farms	<b>Project Budget 16/17: R2 824 178</b>



	<p>The project entails establishing and supporting community-based co-operatives to operationalize sustainable agricultural farms to produce cash crops for both the community's needs and for sale to the Department of Education's National School's Nutrition Programme. This programme has opened up sustainable and reliable markets for the local small-scale farmers. The Department is in need of 64 tons of vegetables such as cabbages; butternut; spinach; carrot and green beans weekly for supply to the National Schools Nutrition programme.</p> <p>Enterprise iLembe supported a total of 20 farms. This supports entails the provision of mechanization, supply of chemicals, fertilizers, seeds and seedlings and technical advice and mentorship to the farmers in the four local municipalities. Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs. Climatic challenges and financial resources is forcing the Entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization. The planting plan is one such tool that will ensure that the project is self-sufficient.</p>
<p><b>Agricultural Hydroponic Tunnels</b></p>	<p><b>Project Budget 16/17: R 1 744 178</b></p> <p>The agricultural hydroponic tunnels project became a stimulus for agro processing within the District. With the collective establishment of 8 hydroponic tunnels within all four local municipalities (four site) the tunnels tapped into a niche market by growing high value crops for sale in retail stores.</p> <p>This project was on hold as the project underwent much needed repairs to the existing eight structures. Due to budgetary constraints, Enterprise iLembe can only refurbish one site each financial year. This has meant that one site in Bulwer KwaDukuza, is fully operational once again. Tomato plants have started fruiting and they are still growing well and will be supplied as a commodity to the National School's Nutrition Programme. Enterprise iLembe has commenced with plans to repair the second site in Mandeni through the appointment of the service provider and is currently busy with the finalizing of the repairs; and the replacement of corrugated iron and doors in the pump station house has been completed. The second service provider was appointed to conduct the electrification of the Mandeni Tunnel which has been completed.</p>
<p><b>National Schools Nutrition Programme and the Processing Facilities</b></p>	<p><b>Project Budget 16/17: R9 055 559</b></p> <p>In the past three (3) years, the processing facilities have offered a logistical solution to the National School's Nutrition Programme, by providing a facility where vegetables sourced from the local farms can be cleaned, packaged, stored and dispatched to the 409 schools within the District.</p> <p>All Agri-Hubs are now fully functional which are located in Mandeni, Maphumulo, Ndwedwe and KwaDukuza</p> <p>Other challenges experienced in the implementation of this programme include the increase in the costs of running the programme resulting in the need to review the rate/fee at which the programme is being operated. There is not enough produce from local farms to feed into the NSNP, as farmers are apprehensive to plant for the National School's Nutrition Programme; and farmers require technical and financial assistance to produce quality vegetables.</p>

## 2.3 Capital Used

Below is a summary of the operating income and expenditure compared with budget for the 2016/2017 financial year.

REVENUE	Actual 2017 R	Budget 2017 R	Variance %
Opening Accumulated Surplus	19 552 595	23 607 178	(17%)
Operating income for the year	30 909 169	30 437 013	2%)
<b>Total</b>	<b>50 461 764</b>	<b>54 044 091</b>	
EXPENDITURE			
Operating expenditure for the year	31 483 341	30 294 213	4%
Closing accumulated surplus	21 278 015	23 607 178	(10%)
<b>Total</b>	<b>52 761 356</b>	<b>53 901 391</b>	

The negative variance on revenue is due to amounts that were expected to be received during the year and were not. This in particular relates to outstanding invoices from the Department of Education (DOE), as at the end of the financial year.

In the 2016/2017 financial year R13, 1 million was spent on projects. Details set out below.

Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance %	Total Project Value
LED Projects	3 800 000	3 000 000	2 824 178	(1%)	
Agri Processing	1 200 000	390 000	383 250	(0.5%)	
Tourism	1 200 000	1 100 000	856 044	(19%)	
NSNP	16 774 721	8 387 361	9 055 559	9%	
<b>TOTAL</b>	<b>22 974 721</b>	<b>12 877 361</b>	<b>13 119 031</b>		

## 2.4 Job Creation & Skills Development

### 2.4.1 Unemployment Rate

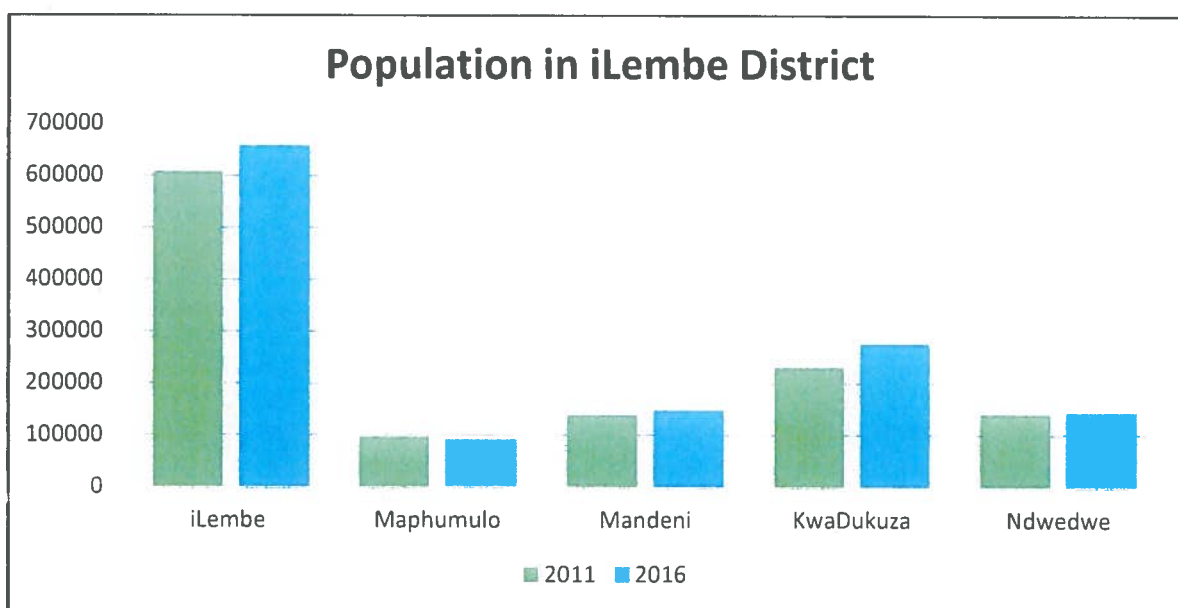
Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions. The District has been proactive in developing broad based interventions to facilitate local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

The district's unemployment rate is 31% in general and 37% amongst the youth (15-35). While unemployment is above the national average, it is below average for KZN. Youth unemployment is substantially lower than both the national and KZN average (with the exception of Maphumulo and Ndwedwe). The majority of employment in iLembe is in the wholesale, retail and trade industry (21%), community services (17%) and manufacturing industry (17%). The majority of employment in Ndwedwe is in agriculture, the majority of employment in Mandeni is in

manufacturing while employment in Maphumulo is being sustained by government employment, and employment in KwaDukuza is the most diversified across all sectors.

### Demographics

	2011	2016
iLembe	606808	657612
Maphumulo	96724	89969
Mandeni	138078	147808
KwaDukuza	231187	276719
Ndwedwe	140820	143117



Source: Stats SA