

SISONKE DISTRICT MUNICIPALITY



TOGETHER WE DELIVER AND GROW

2011/2012 Annual Report

Version 2

17 January 2013

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Foreword by His Worship, the Mayor

Dear fellow Citizens

You will remember fellow citizens that both in 2011 and 2012 the central theme of the President in his state of the nation address was that of job creation. He said “the mid-term review indicated steady progress in various areas such as health, education, the fight against crime, human settlements, energy, water provision, rural development and others. However, the triple challenge of unemployment, poverty and inequality persists, despite the progress made. Africans, women and the youth continue to suffer most from this challenge.”

It is a fact that the people of Sisonke (through our community consultations) largely concur with the President, that the triple threat is the real scourge to our democracy. The provision of water and sanitation is our clear mandate. To date, we remain firmly committed to our Vision 2020, to provide the Sisonke community with access to clean drinking water and proper sanitation facilities and an enabling economy for business. Thus in response to the triple threat above, we have continued to invest heavily in 2011/2012 in infrastructure development and water facilities, with the Water provision unit and Infrastructure departments getting almost 80% of our total budget.

This deliberate investment has led to the creation of several permanent and temporary jobs, representing thousands of hours of work for our citizens. Further it has also meant that our communities like Ibisi have benefited from a R6,7million housing bulk sewer services to improve their sanitation, and Franklin bulk water and sewerage upgrade worth a whopping R8,8 million focused on improving water and sanitation services and Hlokozi water project where R9.5 million has been committed for the provision of water to this rural community, just to mention a few. These communities and a host others as noted in the water and infrastructure reports in pages to come, have experienced our vision first hand as they now have clean, safe, uninterrupted drinking water and proper sanitation facilities. This is commendable as our approach to projects has always been the labour intensive way, enforcing the employment of local youth and community members of the area where the project is being implemented. To this end, my fellow citizens, we have been recognized nationally through the Kamoso Awards, where we were awarded Best District Municipality for excellence in the implementation of the Expanded Public Works Programme.

The Turnaround strategy

Overall, I am very pleased with the performance of our District Municipality. Some of you will remember that last year we were fighting for survival, cash flows were fragile; we had big ideas of what to do, but a virtually bankrupt account to finance them. We had an unqualified report but with matters of emphasis which crippled our earnings and as such viability resources. With a dedicated and inspired performance we have implemented a turnaround strategy that has led us to safely say we are running a financially viable entity. We have improved our liquidity and have slowly leapt out of the dark. An achievement, considering that we did not go into administration and despite re-establishing government, reviewing policies and structures, we kept on delivering services and implementing projects to the neediest of our communities.

Operational highlights

As for our mandate, we have managed to implement successfully 132 projects in the infrastructure and water provision departments in this financial year, giving relief to multitudes of households. As a whole the Municipality successfully implemented 77.2% of what we planned to execute in this year, in line with our five year plan. In Customer care we started with issues of not relating properly to customers, but I can assure you that we are committed to providing the best customer service to our community and if you feel we are not abiding by this statement, feel free to report your complaint with my office. We have also improved on public consultations, managing to do two forums this financial year alone. It is interesting to note that our turnaround strategy gave us impetus to effectively implement Council resolutions, create register and action plans to ensure that they are successfully carried out.

Our relation to other government spheres has also improved greatly, as highlighted by the special visits by Dr. Hadebe -MEC for Agriculture, Ms. Thusi, MEC of Social Welfare, Mr. Mchunu MEC of Education and lastly the recent visit by the President himself, Mr. Jacob Zuma all in the last six months. This is a remarkable improvement from last year when we hardly had any visits from other government officials.

Outlook

In summary, the Municipality delivered resilient underlying results, despite the strong headwinds that we faced. Subdued global economic conditions that have remained largely negative, and an increase in fuel costs and simultaneously other commodities, and a weakening rand, have continued to inflate unprecedented operational pressures on our young democracy. This has

largely been in the form of inflationary pressures, explained by rising costs of inputs or materials, thus resulting in our allocated budget failing to cover costs of projects planned for the year. This culminates in us having to postpone or totally abandon certain non-core and core functionalities just to keep afloat.

In this current year we expect commodity cost pressures to continue, leading to a shrinking income against an ever growing demand for more service delivery. However, the Municipality remains confident of the future. We are taking appropriate short-term mitigating actions bracing ourselves to improve the audit outcome. We shall streamline our structure and make service delivery more visible, by effectively and efficiently managing the meagre resources at our disposal. This will be achieved through reducing unnecessary expenditures and focusing more on the business of the Municipality, that is, water and sanitation. Structurally, we aim also to strengthen our Supply Chain Management Unit, and strengthen the internal audit unit, ICT unit and the risk management sections of our young democracy.

Council and Executive

I want to personally thank all those who have worked tirelessly in our Council, the Speaker, Deputy Mayor, the Executive Committee and all the Councillors that have been responsible for this turn around. In addition to thanking all the above, I must also express my gratitude to our executives, managers, and staff who have shown tremendous dedication and skill in challenging circumstances. We are grateful, too, to our business partners, and to you, our citizens, you are the wings by which we fly, for your support, patience and great understanding, and I salute you.

Your Honourable Mayor

Cllr. M.E Ndobe

The Municipal Manager's Review

Greetings to all our stakeholders, I shall start my review of the 2011/2012 financial year by providing an overview of the performance of the Council and section 79 Committees in terms of the Municipal Structures Act, No 117 of 1998. The Municipal Council and Executive Committee convened nine and fifteen meetings respectively in the financial year under review. The Executive Committee was also supported by section 79 committees being: Infrastructure Services, Water and Sanitation, Corporate and Financial Services and Social Services, LED and Development Planning Committees. The function of these committees is determined by the municipal Council through well-defined terms of reference. By and large, all these committees have successfully executed their functions, being assisted by the municipal administration.

Within the legislative mandate, the municipal Council has entrusted its administration to execute the following functions, *inter alia*:

- The Integrated Development Plan
- Budget
- Performance Management System and
- Service delivery and Budget Implementation Plan

The municipality has worked tirelessly towards the implementation of the approved Integrated Development Plan (IDP), Budget and the Performance Management Systems, all of which are a product of an intensive public participation process with our communities. We therefore measure our performance against a range of key performance areas outlined in our Integrated Development Plan and the indicators outlined in our Service Delivery and Budget Implementation Plan. Our IDP was centred around the five National Key Performance Areas, namely, Basic Service Delivery and Infrastructure; Socio-economic Development; Good Governance and Democracy; Institutional Transformation; and Financial Viability. In line with these key performance areas, the municipality has made important strides in implementing targets that were set during the financial year under review.

On Basic Service Delivery and Infrastructure

On Socio-Economic Development

- Establishment of the Sisonke Development Agency to drive high impact development projects).
- Completion of Ixopo and Highflats Hawker Stalls.
- Development of Economic Profile and Local Economic Development Strategy.
- Review of the District Tourism brochure to market the tourism market within the District.
- Mechanisation support to 4 emerging farmers.

On Good Governance and Democracy

- Engaging of communities in the crafting of a 5-year IDP/Budget as regulated by various legislation.
- Timeous sitting of Council meetings as per the approved schedule.
- Fourteen (14) Mayoral Izimbizo's held to inform the communities about progress made on the implementation of municipal projects and to engage them on new programs and to ensure that they partake in all municipal affairs.
- Two (2) editions of the newsletters were published to keep the communities abreast of all municipal development programs.

On Institutional Transformation

- Twenty six (26) councillors were trained in order to boost their capacity to perform their oversight role.

On Financial Viability

- 33% increase in annual revenue (cash) collected from service charges of 2010/11.

Notwithstanding the above highlights, the municipality was faced with a number of challenges during the financial year. The challenges include poor cash-flow, liquidity of the municipality, low revenue base, compliance with assets register standard, high levels of unemployment, poverty and inequality. Despite those immediate challenges, our medium-term prospects remain strong. As such, the municipality has developed a Turn Around Strategy which seeks to define interventions that are required to address the identified challenges and the financial implications thereof.

We are confident that the years to come can only bring better service provision in our quest to address our strategic objectives.

Finally, I would like to thank our Honorable Mayor, Cllr. M.E Ndobe, the Deputy Mayor, Speaker and the full Council, the Executive Committee, Managers and all staff, who have displayed unwavering support and so much commitment to service delivery. Lastly, a special thanks goes to citizens of Sisonke for their continued support .

Municipal Manager

Mr. N.M Mabaso

Background to the Annual Report

This document presents the Annual Report of the Sisonke District Municipality for the Financial Year 2011/12. In terms of Chapter 12 of the Municipal Finance Management Act, (Act 56 of 2003), it is a legal requirement and is intended for the following:

- To provide a record of activities of the municipality for the specific financial year.**
- To provide a report on performance against the budget for the financial year.**
- To promote accountability to the local community for the decisions made by the municipality during the financial year.**

This report will be tabled in Council who must adopt an Oversight Report containing the Council's comments on the Annual Report. The Annual Report will also be made public. The residents and other stakeholders in the Sisonke District will be given an opportunity to comment and submit representations in connection with the report, which comments and representations will be considered by the Council when adopting the Oversight Report.

Sisonke District Municipality expresses gratitude to all individuals and organisations who added value in the compilation of this Annual Report

Glossary of Terms and Abbreviations

Abbreviation	Description
ACIP	Accelerated Infrastructure Programme
AFS	Annual Financial Statements
AG	Auditor General
AR	Annual Report
BDS	Blue Drop Status
DBSA	Development Bank of Southern Africa
DMA	District Management Area
DoT	Department of Transport
DWA	Department of Water Affairs
EXCO	Executive Committee
F/Y	Financial Year
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Green Drop Status
GRAP	Generally Recognized Accounting Practice
HR	Human Resources
IGR	Inter-Governmental Relations
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act, 32 of 2000
MTAS	Municipal Turn Around Strategy
NTP	National Transferee Programme
PMS	Performance Management System
RPMS	Regulatory Performance Management Systems
SDL	Skills Development Levy
SDM	Sisonke District Municipality
VAT	Value Added Tax
WSDP	Water Services Development Plan
WSMP	Water Services Master Plan
WSP	Workplace Skills Plan

A. Municipal Vision

By 2025 Sisonke District Municipality will be a leading water services provider in the KwaZulu Natal Province with its communities benefitting from its vibrant agriculture and tourism sectors.

B. Municipal Mission

Working together with its communities and stakeholders, Sisonke District Municipality will ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities and will improve its agriculture and tourism sectors to enhance human dignity.

C. Municipal Objectives

1. To provide clean, drinkable and uninterrupted water to all our citizens by 2025.
2. To provide sustainable sanitation to all our communities by 2025.
3. To improve our agriculture and tourism sectors to benefit all our communities.

D. Municipal Core Values

1. Transparency;
2. Accountability;
3. Consultation;
4. Commitment; and
5. Honesty

E. Legislative Mandates

1. Municipal Finance Management Act, 56 of 2003
2. Municipal Systems Act, 32 of 2000
3. Municipal Structure Act, 117 of 1998
4. Local Government Municipal Planning and Performance Regulations, 2001

Chapter 1 Background and Introduction

1.1. Background of Sisonke District

1.1.1. Location

The Sisonke District Municipality is located in the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 11,127,9 square kilometers. The Sisonke District municipality forms part of the border between KwaZulu-Natal and Eastern Cape provinces. The District Management Area (DMA) is located to the West of the District and forms part of the border between the KwaZulu-Natal Province and Lesotho. The Sisonke District Municipality (DC43) is composed of the following five local municipalities: Ubuhlebezwe, Ingwe, Kwa-Sani, Greater Kokstad and Umzimkhulu.

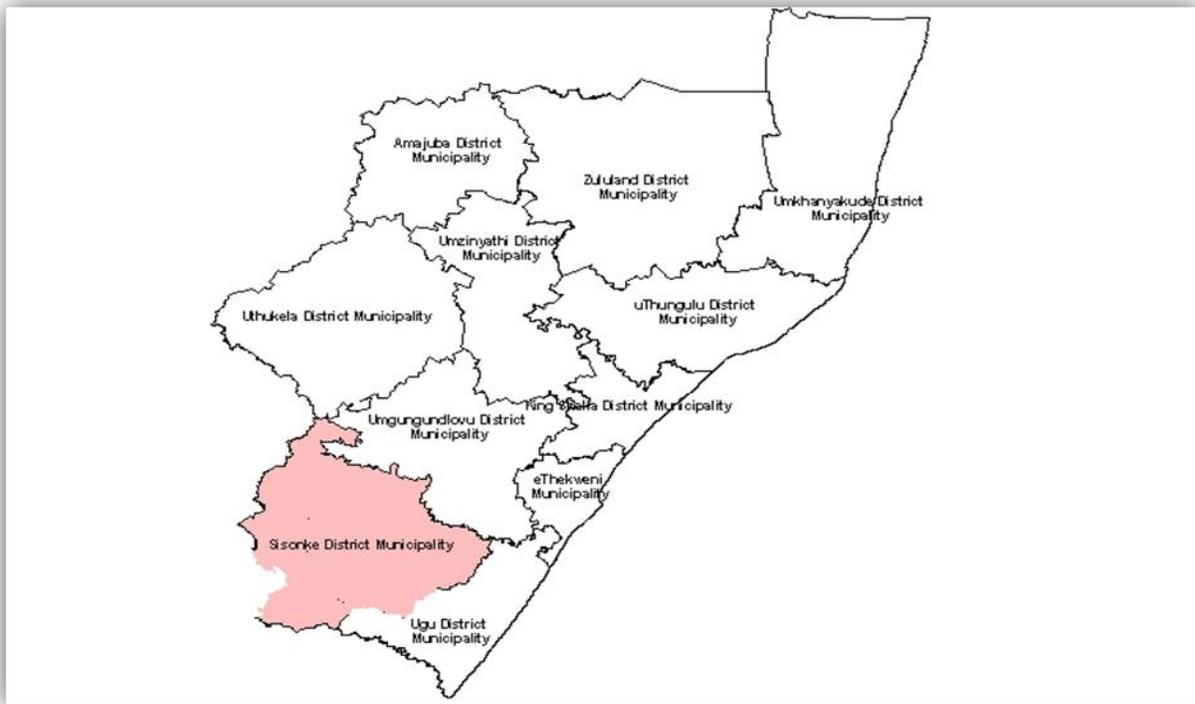


Figure 1: Provincial Location Context

SOURCE: Integrated Development Plan, Sisonke District Municipality (2011)

The Sisonke District Municipality is one of the ten District Municipalities that form part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Sisonke District Municipality is bordered by the following District Municipalities: Uthukela to the North; Umgungundlovu to the North East; Alfred Nzo and Ugu to the South East; and OR Tambo to the South.

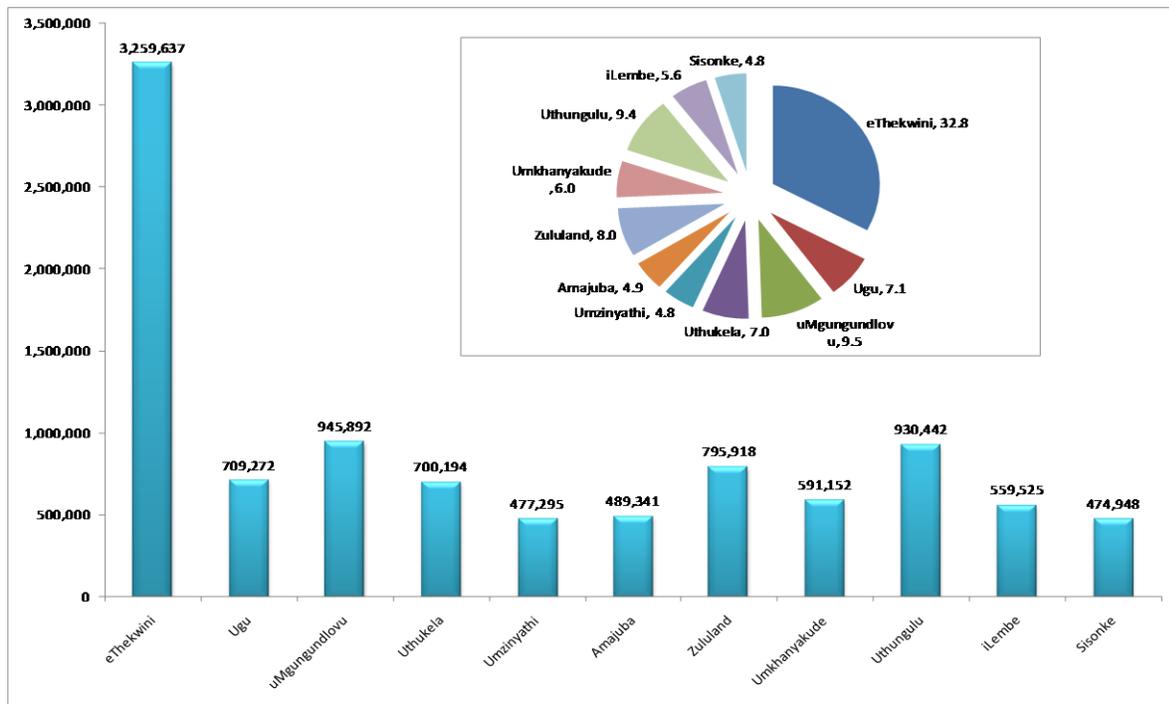
The location of the District in relation to the aforesaid District municipalities means that, any planning and development taking place in each District will have an impact on the neighbouring Districts. It is therefore imperative to align planning and development activities between the Sisonke District Municipality and the other District Municipalities.

1.2. Demographic Analysis

This section looks at overall District demographic makeup. The population projection were worked on two growth scenarios in line with generic growth parameters being applied across the country as well as taking into cognizance the effect of AIDS in population growth. The projections are based on 2.21% growth rate.

1.2.1. Demographic Profile

The KwaZulu-Natal Province has a growing and maturing population, presenting opportunities and challenges to the province. On average between 2002 and 2010, the KwaZulu Natal population was estimated at an average size of 10 million people. The largest number of these people lived in eThekweni Metro (32.8 percent of the provincial population), followed by uMgungundlovu (9.5 percent), and uThungulu district (9.4 percent). Sisonke contributed 4.8 percent to the provincial population, the district with the lowest population number.



	Population (2007)	Population Size (Average 2010)	% Share of the population		Annual average Population growth (2010)	Percentage Share of the Land Area		Population Density	Sisonke Households In 2010
			KZN	Sisonke		KZN	Sisonke		
KwaZulu-Natal		10 023 124	100.0%	-	1.0%	100.0%	-	107.34	
Sisonke	500,082	472 370	4.7%	100.0%	1.2%	11.2%	100.0%	45.30	105, 659
Ingwe	114,116	110 054	1.1%	23.3%	0.8%	2.1%	19.1%	55.22	22,289
Kwa Sani	14,281	11 302	0.1%	2.4%	-0.2%	1.8%	16.4%	6.61	4,420
Greater Kokstad	46,724	71 114	0.7%	15.1%	5.0%	2.9%	25.7%	26.51	14,321
Ubuhlebezwe	80 905	112 726	1.1%	23.9%	2.4%	1.7%	15.4%	70.20	21,084
Umzimkhulu	243 242	167 173	1.7%	35.4%	-0.5%	2.6%	23.4%	68.57	41%

Table 1: Population Distribution at Sisonke DM

SOURCE: Integrated Development Plan, Sisonke District Municipality (2011)

From Table 1 it is apparent that over the past few years there has been a decrease in the total number of Sisonke DM population. In 2007 the total number was at 500,082 and in 2010 it decreased to 472 370. There are a number of reasons that can be attributed to this shift, from HIV/AIDS related deaths to migration in search of better job prospects.

The rural settlements are spatially disintegrated and mono-functional in nature. The District Municipality has prepared a Spatial Development Framework which aims at integrating rural settlements to the regional economy. The Spatial Development Framework outlines hierarchy of nodes in terms of primary, secondary, tertiary nodes and hubs. The above figure indicates that Umzimkhulu, Ingwe and Ubuhlebezwe Local Municipalities are the most populated respectively, within the District. Greater Kokstad is the fourth populated after the mentioned three local municipalities followed by KwaSani.

Municipality	Black	Coloured	Indian or Asian	White
Ingwe Local Municipality	98%	0,5%	0,5%	1%
Kwa Sani Local Municipality	91,9%	1,1%	0,3%	6,7%
Greater Kokstad Local Municipality	82%	12,8%	1,2%	4%
Ubuhlebezwe Local Municipality	97%	0,9%	0,1%	1,9
Umzimkhulu Local	99%	0,6%	0,3%	0,1%

Table 2: Sisonke district population distribution per race
SOURCE: Global Insight (2010)

Table 2 reflects the Black African dominance across all the Municipalities. This is an indication or confirmation of the racial demographics across the country. One notices the second dominant group of Whites across the entire district except in Greater Kokstad where the Coloured population is the second dominant within the Municipality. The rural nature of the District and the dominance of Black Africans may indicate the plight of all rural communities that are characterised by huge service backlogs, abject poverty, unemployment and other social development challenges.

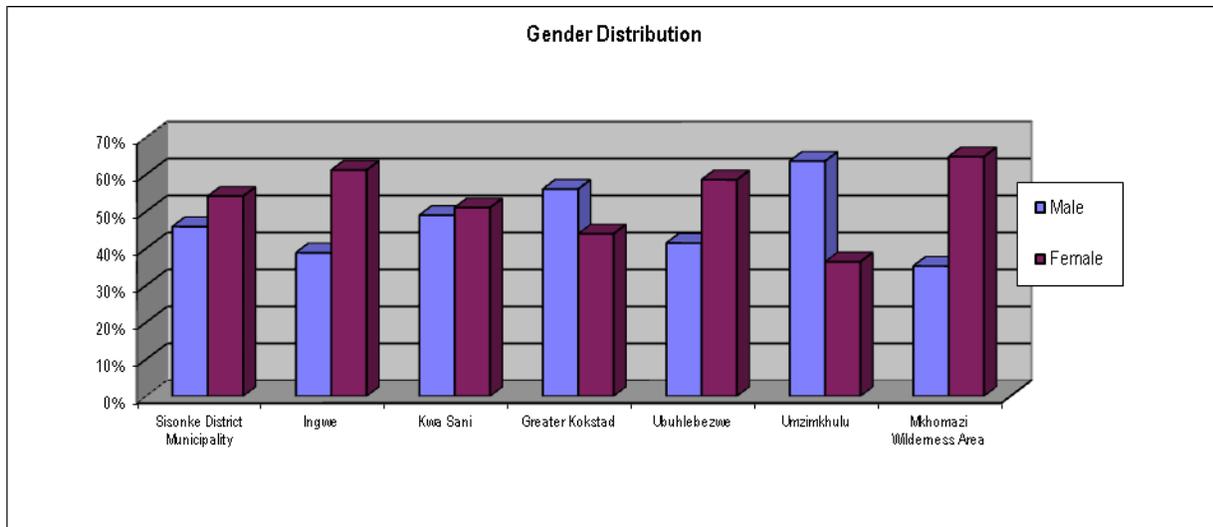


Figure 2: Sisonke Gender Distribution
SOURCE: Integrated Development Plan, Sisonke District Municipality (2011)

Figure 2 shows the Gender distribution in the District. This therefore assists the government at all levels to focus investment especially to vulnerable groups like women. The gender figures also help the government to provide appropriate facilities and social investments in line with gender demographics.

1.2.2. Age Distribution per Local Municipality

The age distribution in a society is also a determinant for the government institutions to supply appropriate social investments for the relevant age groupings. The above indicates the age distribution of the population within Sisonke District.

At a district level the age group between 15 to 34 years, which is categorized as youth, is the most dominant and that applies to almost all the local municipalities within the Sisonke District. This is the same group that forms part of the active labour group, which is also sexually active. This is the most vulnerable group to the social ills including unemployment, prone to HIV/ Aids and other infections, involvement in crime and drugs etc. Improper handling of this group may result in negative social challenges. The huge numbers of this age group call for a need for the creation of employment opportunities, provision of educational facilities to cater for their needs.

Failure to do so will result in a huge influx of youthful members of Sisonke to other major towns for better employment (brain-drain) and education opportunities. As a district we have put money aside to assist this group of our population. The senior citizens record the lowest number across all municipalities. The middle age (35 to 64) is the third in dominance of the Sisonke population.

1.3. Sisonke District Social Analysis

The district has one of the lowest literacy rates (55.3 percent) in the province. Amajuba had the highest literacy rate (73.7 percent) and was followed closely by UMgungundlovu (72.2 percent). These two districts are more or less on par with each other when comparing their HDI, Gini coefficients, and urbanization rates. Amajuba and Umgungundlovu have the highest literacy rates and HDIs in the province. This reflects a positive relationship between the two indicators, and could be used to improve the situation particularly in UMkhanyakude, UMzinyathi, Zululand and Sisonke District Municipality. Table 3 presents a comparison of Sisonke to other districts in terms of literacy levels.

Province	2001	2005	2010
KwaZulu-Natal	61.8%	65.1%	68.3%
Ethekwini	77.3%	80.6%	83.7%
Ugu	50.4%	53.0%	55.7%
UMgungundlovu	65.7%	69.0%	72.2%
Uthukela	53.3%	56.8%	60.2%
Umzinyathi	38.5%	41.0%	43.6%
Amajuba	66.0%	69.8%	73.7%
Zululand	44.4%	47.4%	50.4%
Umkhanyakude	38.5%	41.4%	44.2%
Uthungulu	51.5%	55.8%	59.8%
iLembe	51.1%	54.9%	58.4%
Sisonke	48.0%	51.7%	55.3%

Table 3: Literacy Levels at Sisonke compared to other Districts in the KZN Province

SOURCE: Global Insight (2010)

The literacy levels within Sisonke District Municipality are as follows:

District / Local Municipality	2001	2005	2010
Sisonke	95 407	114 960	137 640
Ingwe	17 671	20 422	23 854
KwaSani	3 085	3 258	3 513
Greater Kokstad	21 717	30 241	39 301
Ubuhlebezwe	20 050	25 061	30 910
Umzimkhulu	32 884	35 978	40 062

Table 4: Literacy Levels within Sisonke District Municipality

SOURCE: Global Insight (2010)

From Table 4 it is suggested that there has been a positive growth of literacy levels within Sisonke District municipality over the past ten years. Table 4 suggests that in 2001, only 95 407 people were able to read and write but in 2010 that figure increased by approximately 40 000. This is a minor paradigm shift when considering that almost half of the population remains illiterate.

Province and Districts	TOTAL NUMBER OF PEOPLE LIVING IN POVERTY			PERCENTAGE OF PEOPLE LIVING IN POVERTY		
	2001	2005	2010	2001	2005	2010
KwaZulu-Natal	5 477 226	5 513 551	5 174 062	57.1%	55.2%	49.6%
EtheKwini	1 122 083	1 146 406	1 065 651	35.8%	34.7%	30.7%
Ugu	443 820	440 980	399 378	63.3%	62.1%	54.8%
UMgungundlovu	478 661	474 713	431 164	51.1%	49.7%	43.8%
Uthukela	467 655	495 871	494 537	71.7%	70.7%	65.7%
Umzinyathi	370 725	349 298	308 382	77.9%	73.4%	63.9%
Amajuba	301 681	310 997	297 970	64.5%	63.3%	57.5%
Zululand	608 145	607 736	578 688	78.6%	76.4%	70.2%
Umkhanyakude	475 699	474 608	454 730	84.0%	80.5%	73.7%
Uthungulu	567 573	578 484	571 419	64.4%	62.0%	57.8%
ILembe	316 193	296 130	241 544	56.8%	52.9%	42.4%
Sisonke	324 992	338 327	330 599	72.8%	71.9%	66.6%

Table 5: Levels of Poverty at Sisonke Compared to other Districts in the KZN Province

SOURCE: Integrated Development Plan, Sisonke District Municipality (2011)

Table 5 shows an average poverty rate, Human Development Index (HDI), Gini coefficient, and urbanization rates expressed for all district municipalities as percentages. Relative to the other districts within the province, Sisonke ranked 7th in terms of HDI (0.42), the lowest being UMkhanyakude (0.35) indicating that these districts still need to make efforts in their quest to improve the quality of life for their inhabitants.

The Gini coefficient for Sisonke was at 0.61, one of the lower figures in the province indicating a wide gap between the rich and the poor people within the district. This figure is slightly lower than the provincial average (0.64) which is evidence of a provincial and also country-wide problem.

The poverty rate in Sisonke is among the highest figures in the province (66.6 percent) and is unacceptably high. The poverty rate is at 42.4 percent at Ilembe, the lowest in KwaZulu-Natal, signifying that overall inhabitants are better off in comparison to other districts within the province.

Chapter 2 High Level Service Delivery Outline

2.1. Introduction

Various government prescripts stipulate provisions pertaining to performance management in the context of local government. Of note, are the following references:

- Performance Management Regulations (2006)
- Performance Management Regulations (2001)
- The Municipal Finance Management Act (MFMA)
- The Municipal Systems Act (MSA)
- White Paper on Local Government

At organisational level, the performance measures associated with the IDP have a long-term focus, whereas those associated with the SDBIP are short-term and focus on reviewing the progress made in implementing the budget and achieving the annual service delivery targets.

This chapter highlights SDM's performance with regard to service delivery during the 2011/12 financial year.

2.2. Priority Strategies

In alignment with the national key performance areas, SDM has outlined the following strategic focus areas:

National KPA	District Priority
Infrastructure and services	<ul style="list-style-type: none"> • Delivery of water • Provision of basic sanitation facilities • Supply of bulk electricity
Finance management	<ul style="list-style-type: none"> – Economic regeneration – Improving financial affairs and viability of the municipality
Institutional transformation	<ul style="list-style-type: none"> • Development of the disabled • Establishment of gender programs • Development of youth • Improve coordination in service delivery • Improve inter-governmental relations • Improve monitoring and reporting procedures
Democracy and governance	<ul style="list-style-type: none"> – Marketing the District – Promote public participation
Socio-economic development	<ul style="list-style-type: none"> • Promotion of agriculture and tourism

National KPA	District Priority
	<ul style="list-style-type: none"> • Poverty alleviation • Improvement of health care facilities • HIV / AIDS • Land reform • Disaster management • Promote environmental integrity • Waste management • Environmental health • Access to finance • Promote SMME development • Establishment of sustainable human settlements • Ensure access to social facilities

The fore going priorities have been subsumed in the municipal projects under the stewardship of specific departments.

2.3. Good Governance and Public Participation

2.3.1. Communication and Public Participation

Despite the legislative imperative, local government is, by essence, obliged to maintain effective communication with the communities. Likewise, the communities have a responsibility to participate and be involved in the affairs of the municipality. At SDM, engagement with communities is ensured through the following structures and mechanisms:

- IDP and budget road shows
- Council meetings
- Mayoral Izimbizo
- Print media
- Electronic media, notably the website and the municipal video system

Section 75 of the MFMA enlists the type of documents that should be posted on the municipal website, namely:

- The annual and adjustments budgets, all budget-related documents and policies
- The annual report
- All performance agreements for section 57 managers
- All service delivery agreements;
- All long-term borrowing contracts;
- All supply chain management contracts above a prescribed value
- An information statement containing a list of assets over a prescribed value that have been disposed of
- Contracts having future budgetary implications
- Public-private partnership agreements listed in section 120 of the MFMA
- All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA
- Any other documents that are prescribed to be placed on the website in terms of the MFMA or other applicable legislation

SDM does not have a documented mechanism for tracking compliance with the requirement of section 75 of the MFMA; and is in the process of its development.

2.3.2. Integrated Development Planning

The Municipal Manager has a delegated responsibility from the Mayor, to prepare the IDP for the District. During the IDP review, the following key elements were addressed within the confines of the approved IDP Process Plan and Framework Plan:

- Comments were received from the various role-players in the assessment of the IDP Review documentation.
- Strategic elements of the IDP were reviewed in terms of Council's new priorities, including the Spatial Development Framework.
- New information was included.
- The IDP was aligned with newly completed Sector Plans

The draft IDP was tabled before Council in March. Subsequently, there was consideration of community and stakeholder inputs, leading to the final IDP being approved by Council in May.

2.3.3. Inter-Governmental Relations (IGR)

An itinerary of meetings was drawn up and distributed to all departments for meetings to be convened. Although the IGR structure is in operation, the meetings are not happening according to schedule. There is no dedicated personnel to coordinate all IGR related activities.

SDM participates in the following IGR forums:

- Mayors Forum
- Municipal Managers' Forum
- Infrastructure Services Forum
- District Area Finance Forum
- Social Services Forum
- Communication Forum

In order to ensure continuity, the municipality utilises the service provider who assists in coordinating meetings.

2.4. Performance Management

SDM has a performance management system which deals with both institutional and employee performance. However, employee performance management is limited to the municipal manager and managers who report directly to the municipal manager in terms of section 56 of the MSA. The institutional performance management system is conscious of the importance of aligning the IDP, organisational scorecard and SDBIP.

Some glaring successes of SDM's performance management are as follows:

- The SDM IDP is among the most credible IDPs in the KZN province.
- The 2011/12 IDP was submitted to CoGTA on time
- PMS is in place but not yet fully functional.
- The SDBIP is submitted to the Mayor in accordance with the MFMA.
- DIMS data capturers have been trained.

Although the Directors are educated on performance management, there are systemic challenges, notably the following:

- Erratic-sitting of the IDP Steering Committee.

- Delays in submitting information to be included in the IDP.
- Lack of proper alignment with policy perspectives, guidelines and some issues raised by our communities.
- Lack of a proper and well coordinated prioritization model.
- Setting of targets which are difficult to measure and having unrealistic time frames.
- Lack of proper recording, monitoring and evaluation of baseline indicators.
- Inconsistent formats for reporting progress on the SDBIP.
- Difficulty of cascading the local KPAs to staff members below section 56 managers.

2.5. Council Committees

In the interest of upholding good performance standards, the following committees met during the F/Y 2011/12.

Type of Meeting	Number of Scheduled Meetings	Number of Actual Meetings
Council (<i>including special Council meetings</i>)	4	9
Executive Committee	11	15
Finance, Corporate and Strategic Support Committee	11	11
Infrastructure Services Committee	11	10
Social Services, LED Planning Committee	11	12
Water and Sanitation Committee	11	11
Municipal Public Accounts Committee	3	3

Table 6: Frequency of meetings by selected Council committees

It should be noted that as shown in Table 6, there have been special meetings which were held for Council and other Committees out of the planned meetings for the year. The planned meetings for the Infrastructure Portfolio Committee could not all sit due to unforeseen circumstances.

Other meetings were held as follows:

- Audit Committee X 4 times
- Local Labour Forum X 5 times

The Local Labour Forum is being utilised as a Training Committee by the District Municipality.

2.6. Auditing

2.6.1. Internal Audit

The establishment of an internal audit unit or the outsourcing thereof is prescribed by the MFMA such that the municipality can achieve the following:

- a) prepare a risk-based audit plan and an internal audit program for each financial year;
- b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters prescribed in section 165 (2) (b) of the MFMA.

During the 2011/12 financial year, the SDM Internal Audit unit reported the following salient information to Council:

- With the exception of the Supply Chain Management (SCM) and Performance Management System review, Internal Audit work has progressed as planned.
- With the exception of matters reported by the internal auditors and the Auditor-General, Internal Audit confirms that during the year under review the internal controls were appropriate.
- Internal Audit has been advised that the SCM project is performed by Provincial Treasury and anticipate that all work planned for 2011/12 will be concluded during the month of September 2012.
- Internal Audit has developed a register of unresolved issues and non / inadequate responses. This register will be shared with EMPAC and other oversight bodies with the intention of speeding up implementation of plans geared to enhance the quality of the internal control environment.
- There is no evidence that the municipality has an operational Risk Management Unit.
- There is a risk that Council may not be aware of the state of I.T. controls.

Some improvements are necessary for the internal audit function to maintain efficient and effective controls over performance records and schedules.

2.6.2. Audit Committee

The Council of SDM approved the Audit Committee's written terms of reference under which it operates. The function of the Audit Committee is primarily to assist the Council in discharging its responsibilities relative to the Municipal Finance Management Act (MFMA).

Although the audit committee does not have a dedicated expert on Performance Management, it also serves as the Performance Management Audit Committee. The Audit Committee consists of three independent members, as follows:

Name of Representative	Capacity
Mr. H. Mpungose	Chairperson
Ms. A. Mazibuko	Member
Ms. Z. Matshikiza	Member

Table 7: Members of the Audit Committee

The majority of persons serving on the Audit Committee are financially literate and their diverse skills and experience in the public sector assists in the effective monitoring of risk, internal controls and governance processes.

The Audit Committee confirms that, in all material respects it has complied with its responsibilities stipulated in section 166 of the MFMA and Treasury Regulation 27.1.1 to 27.1.9. The Committee also confirms that in all material respect it has performed its duties and discharged all its responsibilities in compliance with the Audit Committee Charter.

The Auditor-General audited the financial statements of the Municipality for its financial position as at 30 June 2012. The report to the KZN provincial legislature and the SDM Council is shown on Annexure 1.

2.7. Performance Highlights

This section cites the key achievements and key challenges faced by each department during the 2011/12 financial year. The section is not intended to provide an elaborate and detailed account but a highlight of the key circumstances.

2.7.1. Corporate Services

a) *Key Achievements*

- 26 councillors were trained in order to boost their capacity to perform their duties.
- Provision of security and access control service.
- Provision of temporary office space and furnishing in attempt to meet the demand.
- Employment of two (2) People with Disabilities.
- Four (4) Plumbers (two (2) females and two (2) males) were trained for the Trade Test.

b) *Key Challenges*

- Insufficient funds hindered the planned in-service training and experiential learning opportunities. Also some staff members and councillors who were due to receive training on critical skills could not be trained.
- Labour relations management and discipline within the municipality.
- Inadequate vehicles and poor fleet management.
- Failure to attract people with critical skill and scarce skills e.g. Engineers, GIS Specialists, etc.
- Insufficient office space.

2.7.2. Financial Services

a) *Key Achievements*

- 33% increase in annual revenue (cash) collected from service charges of 2010/11.
- Compliant statutory reporting, e.g. monthly, quarterly and mid-term reports.
- Timeous response to the Auditor General's report.

b) *Key Challenges*

- Ineffective Supply Chain Management, which delays the commencement of projects that involve external service providers.
- Overall poor revenue collection.
- Misallocation and mismanagement of votes (across departments).
- Unspent conditional grants. The schedule of grants is presented on Annexure 2.
- Poor liquidity status (ratios).
- Low staff morale.

2.7.3. Social, Economic and Planning

a) *Key Achievements*

- A focus on communities who are prone to disasters and an improved handling of reported disasters.
- A sound contribution to environmental health programmes, including 17 health and hygiene awareness campaigns and *Cleanest Town* competition.

- Training of 90 SMMEs on Technical Skills.
- Improved engagement with the Business Forums within the District.
- The Urban Renewal Programme is on track for Kokstad. A detailed Urban Plan, detailed site design and implementation plan are in place.
- Establishment of the Sisonke Development Agency (to drive high impact development projects).
- Completion of hawker stalls at Ixopo and Highflats.
- Development of Economic Profile and Local Economic Development Strategy.
- Review of the District Tourism brochure to market the tourism market within the District.
- Support to four (4) emerging farmers.

b) Key Challenges

- Insufficient funding has slowed down the construction of the Disaster Management Centre.
- The assessment of functionality and impact of cooperatives has not been finalised, owing to financial constraints.

2.7.4. Strategic Support

The Strategic Support department manages the affairs of IDP, Institutional PMS; Special Programmes; Communications and Public Relations; and Water Governance.

a) Key Achievements

- SDM aided in promoting the culture of learning among the youth by hosting 10 *back to school* campaigns and sponsoring 30 community bursaries.
- SDM provided good support in developing the sport initiatives in Local Municipalities in the form of 5 games involving District and Provincial teams, Rural Horse Riding tournament that was held in November 2011 and the SALGA Games held in December 2011.
- There is a healthy relationship with the stakeholders e.g. Department of Water Affairs, Umgeni, community structures and other stakeholders. SDM has received the support from the Department of Water Affairs. The Water Services Authority forum has been established, involving all departments.
- The Water Safety Plan has been developed and it mitigates the risks associated with the quality of drinking water.
- Regulatory Performance Management Systems (RPMS) were effected in November 2011 and SDM was ranked high for their drinking water.

b) Key Challenges

- A number of youth programmes were put on hold by Council, thus not implemented, e.g. Youth Indaba in Crime, Sports Against Crime, Beauty Pageant.
- Sport affiliation fees for Federations and all other registrations.
- Winter Games for municipal officials and Councillors are thwarted by re-allocation of their funds to other initiatives.
- Enforcement of Water by-laws.
- Staff capacity constraints, e.g. there is no Technical Advisor to advise on technical regulation. Likewise, the monitoring of the sanitation programme is not happening because of staff constraints.
- Green Drop Status is overpowered by Blue Drop Status because the latter focuses on drinking water.
- There is no Risk Abatement Plan in place for risks related to waste water.

2.7.5. Water Services

a) Key Achievements

- Project planning, design and contract documentation was done for water services and sanitation services.
- SDM installed 10 data loggers and 40 bulk meters thus can quantify the percentage of water losses in the main centres district.
- A customer care centre has been established.

b) Key Challenges

- Funding constraints hindered the review of Master Plans for water services and sanitation services. They also prevented the Hydro Census.

2.7.6. Infrastructure Services

a) Key Achievements

- Provision of security light masts for Ibisi Housing.
- Access roads to voting stations are complete.

b) Key Challenges

- Some infrastructure projects are completed but not functional because of their dependence on other institutions, (e.g. for the Machunwini water scheme project, the operation of the booster pump depends on Eskom making the electrical connection).

- There are delays in project implementation and insufficient monitoring of project implementation.

2.7.7. Capital Budget Spent

For the 2011/12 financial year, there is 67% of capital budget spent, which is 66% compared to the previous financial year. The capital budget spent on municipal services is split as follows.

Financial Year	Corporate Services (%)	Financial Services (%)	Infrastructure Services (%)	Social, Economic and Planning (%)	Strategic Support (%)	Water Services (%)
2010/11	431%	n/a	72%	58%	67%	n/a
2011/12	0%	n/a	211%	83%	64%	20%

Table 8: Capital budget spent 2010/11 vs 2011/12

The following financial disclosures are cited on Annexure 3:

- *Material losses*
- *Grant expenditure conditions met*
- *Employee related costs*
- *Councillors remuneration*
- *Contingent liability*
- *Banking account*
- *Additional disclosures in terms of MFMA*

Chapter 3 Human Resources and Organisation Management

3.1. Introduction

As shown in Figure 3, SDM has a total of 6 departments and the Office of the Municipal Manager, viz.

- i. Corporate Services
- ii. Financial Services
- iii. Infrastructure Services
- iv. Social, Economic and Development Planning Services
- v. Strategic Support
- vi. Water Services

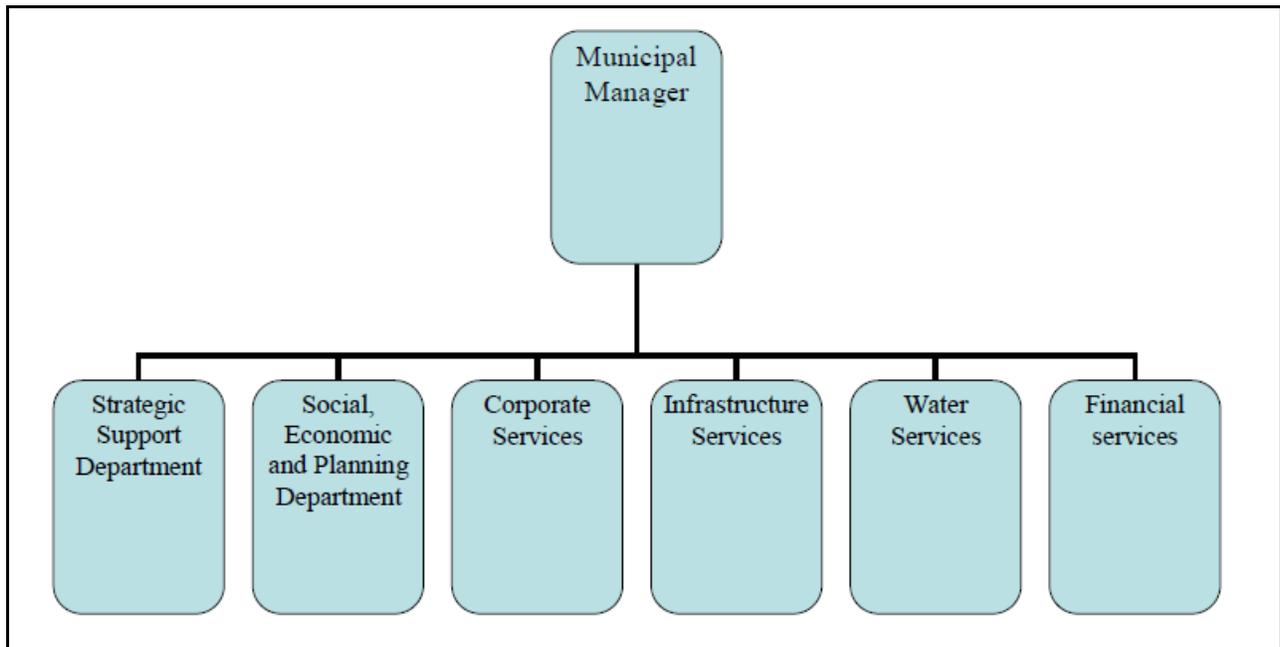


Figure 3: SDM Macro Organisational Structure

The human resources function is part of the Corporate Services department of SDM and is responsible for providing efficient human resource management services throughout the municipality.

3.2. Staffing and Employment Equity

SDM has an approved complement of 434 employees, including Councillors and 13 temporary employees. That number is inclusive of 5 section 56 managers who constitute the senior management team.

The number and percentage of staff by occupational level, race and gender as at 30 June 2012 is as indicated below. The employment categories are cited as per the terminology of the WSP.

Employment Category	African		Coloured		Indian		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
Legislators	14	11	0	0	0	0	1	0	15	11	26
Directors and Corporate Managers	14	8	0	0	0	0	0	0	14	8	22
Professionals	32	23	0	1	0	0	1	0	33	24	57
Technicians & Trade Workers	47	31	0	1	0	0	0	0	47	32	79
Clerical & Administrative Workers	20	37	0	3	0	1	0	2	20	43	63
Machine Operators & Drivers	22	4		0	0	0	0	0	22	4	26
Labourers	89	39	2	0	0	0	0	0	91	39	130
TOTAL	238	153	2	36	0	1	2	2	242	192	403

Table 9: SDM staff profile as at 30 June 2012

The summary employment data is as follows:

Total number of black (African, Coloured, Indian) employees	399
Black employees as a % of total employees	99.00%
Total number of women employees	161
Women employees as a % of total employees	37.68%
Total employees with Disabilities	5
Employees with disabilities as a % of total employees	1.74%
Total employees over the age of 51 years	47
Employees over the age of 51 years as a % of total employees	11.82%
Total employees between 31 & 50 years old	262
Employees between 31 & 50 years old as a % of total employees	70.03%
Total employees under the age of 30 years	72
Employees under the age of 30 years as a % of total employees	18.16%

Table 10: Summary of employment data as at 30 June 2012

3.3. Turnover Rate

Staff turnover refers to the movement of employees in and out of the organisation. However, it is commonly used to refer the number of employees leaving the organisation. It is important to note it because it negatively affects the financial budget, employee morale, institutional memory and delivery of services. Although the table that follows does not present the scientific calculation of staff turnover, it presents the staff movements within the 2011/12 financial year.

Number of appointments	<i>42 including 4 in the Directors and Corporate Managers' employment category</i>
Filled posts as a percentage of budgeted posts	<i>80% (345 filled out of 428 budgeted posts)</i>
Number of terminations	<i>22 including 6 in the Directors and Corporate Managers' and 1 in the Legislators' employment category</i>

3.4. HR Policies

The HR policies state and affirm the consistent management of employees whilst in the employ of SDM and the provisions which are aimed at protecting the employee and the employer. The HR policies that are approved are as follows:

- Annual Leave Policy
- Occupational Health and Safety Policy
- Recruitment and Selection Policy
- Skills Development Policy
- Subsidised Motor Vehicle Policy
- Probation Policy
- Sick Leave Policy
- Study Leave Policy
- Internal Transfers Policy
- Family Responsibility Leave Policy
- Induction Policy
- Bursary Policy
- HIV Policy
- Experiential Policy
- Parental Policy
- Sexual Harassment Policy
- Travel and Subsistence Policy
- Staff Appointment Policy
- Termination of Services Policy
- Employee Wellness Policy
- Acting in Higher Position Policy

3.5. Management of the Workforce

3.5.1. Sick Leave

The number of days that are taken as sick leave by staff members has an impact on municipal finances and institutional performance. The monitoring of trends within the financial year and between financial years allows the municipality to take remedial steps. The number of sick leave days taken by various departments between 2011/12 and the preceding financial year are as follows:

DEPARTMENT	2010/11	2011/12
Water Services	147	70
Financial Services	77	46
Corporate Services	59	89
Social Economic and Development Planning	27	37
Infrastructure Services	18	43
Office of the MM	13	17

Table 11: Sick Leave 2010/11 vs 2011/12

3.5.2. Injuries on Duty

The municipality has established minimum standards and requirements of occupational health and safety so as to reduce the risk of occupational injury, disease or ill health. The municipality has fulfilled its duties by ensuring the following:

- Provision of a safe workplace by installing **Entry** and **Exit** signs;
- Provision of Protective clothing for employees working in critical conditions.
- Provision of proper training, information and supervision regarding health and safety risks.
- Enforcement of safety regulations by purchasing *First Aid* kits; and
- Installation and maintenance of fire extinguishers thus ensuring that they are in good working order.

However, there was 1 reported injury on duty in the Finance department and 1 in the Social, Economic & Development Planning Services department, 2 Water Services department.

There are 11 health and safety representatives who are representing all satellite offices of the municipality. They are assigned as follows:

- Main office (5 representatives)
- Underberg (1 representative)
- Ingwe (1 representative)
- Umzimkhulu (1 representative)
- Ubuhlebezwe (1 representative)
- Greater Kokstad (1 representative)
- Water Main (1 representative)

3.6. Employee Cost

The progressive cost of employment over the various financial years up to 2011/12, is summarised below.

Financial Year	Total Expenditure Salary Allowance	Total Operating Expenditure	Percentage
2009/10	R 47 965 338	R 232 046 207	21%
2010/11	R 56 108 003	R 260 736 930	22%
2011/12	R 71 974 823	R 268 258 348	27%

Table 12: Employee cost (2009 to 2011)

3.6.1. Expenditures for Directors

The actual expenditure of Directors compared to budget from 2010/11 to 2011/12 is shown below.

Description	2010/11	2011/12		
	Actual	Original Budget	Adjusted Budget	Actual
Total cost to company	R 5 600 228	R 5 886 981	R 6 345 824	R 5 529 954
Annual Remuneration	R 3 308 757	R 3 478 178	R 3 670 780	R 3 429 580
Travel, motor car, accommodation, subsistence and other allowances	R 2 031 077	R 2 135 076	R 2 210 011	R 1 877 930
Cell phone Allowance	R 111 600	R 117 314	R 103 482	R 103 800
Social contributions - UIF	R 10 479	R 11 016	R 10 500	R 9 731
Social contributions - Pension Fund	R 57 206	R 60 135	R 200 000	R 59 171
Social contributions - Medical Aid	R 80 815	R 84 953	R 150 000	R 49 423
Social contributions - SALGBC	R 294	R 309	R 1 050	R 319
Sub-total	R 5 600 228	R 5 600 228	R 6 345 824	R 5 529 954

Table 13: Expenditure of Directors (2010 to 2011)

3.6.2. Expenditures for Councillors

The actual expenditure of Councillors and other political office bearers compared to budget from 2010/11 to 2011/12 is shown below.

Description	2010/11	2011/12		
	Actual	Original Budget	Adjusted Budget	Actual
Total cost to company	R 4 050 595	R 4 552 918	R 5 037 250	R 4 413 410
Salary	R 2 816 181	R 2 678 229	R 4 619 695	R 4 159 285
Pension contributions	R -	R 169 829	R -	R -
Medical contributions	R -	R 77 000	R -	R -
Motor vehicle allowance	R 1 012 868	R 914 495	R -	R -
Cell phone allowance	R 208 484	R 402 784	R 335 284	R 171 854
Housing allowance	R -	R -	R -	R -
Meeting & Use of Personal Facilities Allowance	R 13 061	R 310 581	R 82 271	R 82 271
Sub-total	R 4 050 595	R 4 552 918	R 5 037 250	R 4 413 410

Table 14: Expenditure of Councillors (2010 to 2011)

Description	2010/11	2011/12		
	Actual	Original Budget	Adjusted Budget	Actual
Total Municipality Employee Cost	R 60 158 598	R 66 020 797	R 79 116 694	R 76 388 233

Table 15: Employee cost for the total municipality

3.7. Pension Funds and Medical Aid

The pension funds and medical aid funds are as follows:

Pension Funds

- Natal Joint Municipal Pension Fund
- SAMWU Provident Fund
- GEPF
- SALA Provident Fund
- MEPF

Medical Aid Funds

- BONITAS
- LA Health
- Key Health
- HOSMED
- SAMWU Med

3.8. Employee Development

SDM values their personnel and considers continuous employee development as a critical ingredient for acceptable service delivery and service improvement. In addition, section 68 (1) of the MSA states that “a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way” thus need to comply with the Skills Development Act, and the Skills Development Levies Act. SDM has complied with legislation in that the 2010/11 Workplace Skills Plan and Annual Training Report were submitted in time to LGSETA, as prescribed.

SDM has bolstered the competency levels of personnel by providing prioritised training. The learnerships are funded by the LGSETA. The type of availed learning interventions by employment category is as follows:

Type of Intervention	Legislators	Directors & Corporate Managers	Professionals	Technicians & Trade Workers	Clerical & Administrative Workers	Machine Operators & Drivers
Certificate	7	0	10	0	1	1
Degree	1	3	3	4	2	0
Diploma	0	0	0	0	3	0
Learnership	0	0	0	0	3	12
Short Course	50	0	0	0	0	0
Skills Programme	0	0	0	0	14	0

Table 16: Types of learning provided to different employment categories

Of the 114 learning interventions, the majority (44%) is short courses and the minority (3%) is diplomas, as shown below.

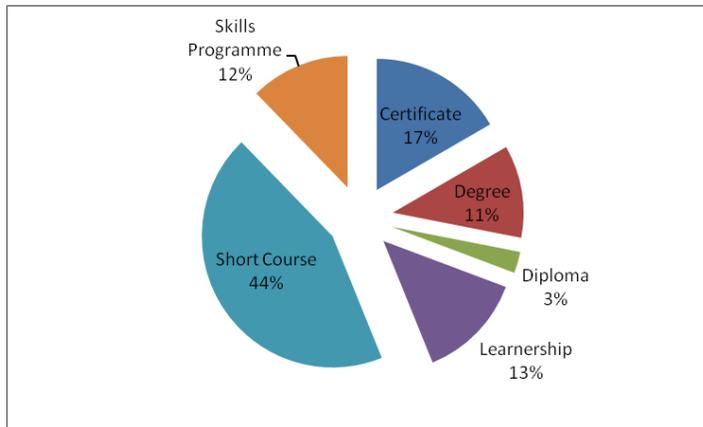


Figure 4: Percentage spread by type of learning intervention

The skills areas that are covered by the fore stated learning interventions are as follows:

SKILLS AREA	NUMBER OF LEARNERS
Administration	15
Computer Literacy	24
Corporate, legal and support	1
Financial	22
Management / leadership	29
Project management /planning	2
Social/community/economic development and planning	4
Specialist Skills required by legislation	1
Specialist technical	16

Consistent with the provisions of the MFMA, there are 4 personnel attending the CPMD and 10 for the MFMP; and they are all expected to complete in the 2012/13 financial year.

3.9. Employee Performance Management

In line with the provisions of the MSA and the MFMA, the municipality has implemented an employee performance management system for the section 56 employees. The employee performance management system is aligned to the institutional performance management system in the sense that it allows the cascading of key performance indicators from the SDBIP to the Performance Plans for each section 56 employee. The cascading of the performance management system to levels below section 56 has not commenced.

SDM has established an Audit Committee, which also fulfils the role of the Performance Management Audit Committee.

Chapter 4 Functional Area Service Delivery Reporting

4.1. Introduction

In this chapter, the Sisonke District Municipality is informing the public on how it has performed during the 2011/12 financial year. This chapter presents performance issues based on the Service Delivery Budget Implementation Plan (SDBIP). The report is structured in such a way that it covers the purpose of the chapter based on the requirement of the legislation and performance objectives as per Integrated Development Plan (IDP) or National Key Performance Area. It will also report on departmental functions, projects and programmes undertaken by each department and how the municipality has performed on each project or programme.

4.2. Purpose of the Report

In terms of Section 46 of the Municipal Systems Act (No. 32 of 2000), municipalities are required to include in their annual reports an annual performance report which must indicate their performance against targets set in their IDP's for the reporting period. Municipalities are expected to compare end of the year performance to those set in the previous year. They are further expected to outline the actions they had taken or had planned to take in order to improve performance. The purpose of this chapter is to show how the municipality has performed over the F/Y 2011/12 using the performance indicators that are captured in the 2011/12 SDBIP.

4.3. Key Measurable Objectives

When developing its SDBIP, Sisonke District Municipality identified programmes, projects, campaigns and other activities. Each local KPA had its own objectives, Key Performance Indicator (KPI), budget and targets. For each program or project allowances were provided to accommodate any adjustment in budget and other circumstances that may arise during the financial year. Each department was evaluated using the SDBIP and Section 57 managers were also evaluated using their performance plans.

4.4. The Performance Report

In this section of the report each departmental report will highlight the departmental functions, programmes and projects allocated to it and how it has performed against the set target for F/Y2011/12.

For more information on the progress per Department, there is a Performance Report Spreadsheet on Annexure 1.

NATIONAL KPA

Financial Viability

4.4.1. Finance Department

The aim of the Financial Department is to provide support to all Municipal Departments and has the following functions:

- Supply Chain Management
- Billing, Credit Control and Debt Collection
- Payment, Financing and Asset Management
- Budgeting, Reporting and Compliance Monitoring

The highlights of performance during F/Y 2011/12 are as follows:

a) *Supply Chain Management*

The municipality had set an objective to ensure an effectively functioning SCM Unit (as per MTAS) and it is pleased to report 80% achievement on this objective. It also had a project to decentralise the stores in order to implement an inventory management system. In that regard, the performance achievement is 60% because of a lack of funds. The last project on this section was the capacity building and its objective was to capacitate the officials on the e-Venus system (as per MTAS). The municipality is also pleased to report 60% achievement of the target that was set for this project.

b) *Billing, Credit Control and Debt Collection*

The municipality had identified the following projects for the year 2011/12: VAT Submission, Collection, Financial Management Grant and Municipal Systems Grant, Water and Sanitation Charges. Each project had an objective aligned to an indicator and a target. The municipality is pleased to report that it has met the entire targets set for each identified project.

c) *Payment, Financing and Asset Management*

For the year 2011/12 on the municipal SDBIP, the following projects were identified for this section: Cash Flow Management (inflows and outflows), Revenue Enhancement Strategy, and Assessment of the Asset Register. As above, there are clearly set objectives, KPIs and targets. The municipality is also pleased to report that it achieved all targets set for the financial year.

d) *Budgeting, Reporting and Compliance Monitoring*

For this Departmental KPA the Sisonke District Municipality had adopted the following projects for the year: Budget Preparation, Adjustment Budget, Annual Financial Statements, MFMA Reporting compliance, Mid-Term Reporting and Auditor General's Report. Each project had its own objective, KPI and Target. All set targets were achieved.

4.4.2. Water Services Department

After conducting an assessment of providing water services as provided for in the Sections 78-80 of the Municipal Structures Act (MSA, 2000), the Sisonke District Municipality, in a Council meeting of the 9th November 2004 resolved that an internal mechanism is the most suitable and viable option for the provision of water services within its area of jurisdiction. Hence the Sisonke DM became a Water Services Authority (WSA) and Water Service Provider (WSP). The aim of the Water Services Department is to provide on behalf of the municipality, water supply services and sanitation services to the communities of the Sisonke DM's area of jurisdiction.

For 2012/2013, the following projects were identified and performed by the Water Services Department:

- Water Services Development Plan (WSDP).
- Improvement of drinking water and waste water quality as required by the National Regulator of Water Services, Department of Water Affairs (DWA), which is Blue and Green Drop Systems.(BDS & GDS).
- Development of the Water Safety Plan (WSP).
- Operation and maintenance of the existing schemes.
- Employment of Water Monitors for the close monitoring of rural schemes.
- Spring Protection.
- Water Conservation and Water Demand Management.
- Refurbishment of Water and Waste Water treatment works.
- Entering into agreement with the Famers' Association to respond on the scarcity of water resources by extracting water from famers' dams.
- Reviewing of by-laws.
- Planning for the Regional Schemes in response to the shortage of water resources.
- Establishment of the Customer Care unit.
- Augmentation of Jolivet Water Schemes.
- Internal Laboratory.
- Hydrological, Geotechnical, Structural, Mechanical, Electrical and Civil.

- Installation of Data Loggers and Bulk Meters.
- Hydro Census.

The highlights of performance during F/Y 2011/12 are as follows:

a) *Water Services Development Plan (WSDP)*

This is the master planning document of the Department. The WSDP project is intended to be a dynamic document that accurately reflects the status of the evolving needs in the water sector of the District Municipality, given its status of being a water authority. The content of the WSDP has been mapped using GIS data which is constantly revised and updated as the data gathering process yields improved results.

The WSDP has been reviewed for FY2011/2012 and the following objectives were identified:

- Upgrading and refurbishment of the existing water services treatment works.
- Upgrading and refurbishment of drinking water schemes.
- Operate and maintain existing schemes and treatment works in a sustainable manner
- Complete existing water services refurbishment projects
- Eradicate/reduce the water services backlog

Parts of the WSDP are depicted as follows:

- **Water Services Master Plan:** The Water Services Master Plan has been reviewed to ensure that the information in the document is still relevant and can be used for assessing the backlog.
- **Sanitation Master Plan for all sanitation projects:** The Sanitation Master Plan was developed in the previous year and the area based Business Plans were developed for easy management of the sanitation backlog. The area based Business Plans were developed according to Local Municipalities' backlog.

The current backlog of the water and sanitation services needs review for the next financial year 2012/2013 in order to quantify it.

b) *Improvement of Drinking Water and Waste Water Quality (Blue/Green Drop System)*

This improvement is required by the national regulator of water services, *i.e.* Department of Water Affairs (DWA), which is, Blue and Green Drop Systems. (BDS & GDS). The objective is

to achieve the acceptable level of drinking water as well as waste water quality in all our Treatment Plants.

The Municipality has about 15 Water Treatment works and about 9 waste water treatment works. The DWA as national regulator conducted assessments for Drinking Water Quality in 2011. The Sisonke DM achieved 69.3% as the overall score for the DM which was an improvement from 40% of the previous year. The achievement of BDS Prestigious Certificate for Ixopo Water System was remarkable. In DWA regulatory impression, it was indicated that Sisonke is striving towards the improvement in the management of drinking water quality.

The assessment for waste water quality took place in November 2012 and the result will come out at the end of May 2013.

c) Operation and Maintenance (Water Provision Unit)

The Department is responsible for Water Services Operation and Maintenance (O&M). This is the unit through which the department provides water to the communities of the DM through the completed water schemes and sanitation provision, and provide the operation and maintenance for those water schemes and sanitation projects.

In the FY 2011/2012, we completed the sub-projects of “*Diesel Pumps Conversion to Electricity*” was completed. About 8 (eight) water supply schemes which were operated using diesel fuel pumps were converted to electricity. These engines were converted due to the pressure of non-functional schemes resulting from old engines which were often breaking down. However, the diesel engines conversion is the function of the Infrastructure Department. The following pumps were converted.

UMzimkhulu

- Nxaphanxapheni Water Supply Scheme
- Gugwini Water Supply Scheme
- Ngwaqa Water Supply Scheme
- Ndzimankulu Water Supply Scheme x 2
- Nongidi Water Supply Scheme

KwaSani

- Kilimon Water Supply Scheme

d) Water Monitors for Rural Schemes

The department has the responsibility to operate and maintain the rural water schemes. Water monitors were employed by the municipality in order to provide general assistance at village level. They are working as village-based plumbers, dealing with day-to-day operations, maintenance and doing minor repairs in rural water supply schemes. In this financial year, the Water Services Department has renewed **204** water monitors' contracts which had expired and made additional monitors. The following table depicts the number of water monitors across the DM.

AREA OFFICE	NUMBER OF EMPLOYMENT OPPORTUNITIES CREATED
Kokstad	8
Ubuhlebezwe	30
Umzimkhulu	115
KwaSani	6
Ingwe	45
TOTAL	204

e) Refurbishment of Water and Waste Water Treatment Works

As the part of the operation and maintenance function of the Department, the planning for long-term O&M has been achieved during the FY2011/12. Some business plans and feasibility studies were developed and approved by the DWA. A part of those Business Plans has been funded by the DWA through the Accelerated Infrastructure Programme (ACIP) and the National Transferee Programme (NTP). The funding from the DWA and the objective is to improve the status of Blue and Green Drop systems. The funding is meant for the refurbishment of Water and Wastewater Treatment Systems.

Below is a list of projects that have been submitted and approved by the Department of Water Affairs for the years 2011/2012:

No	Date	Name of Project
1	10 February 2011	eNhlanhleni and KwaPitela Water Project – VO1
2	10 February 2011	Franklin Bulk Infrastructure – VO

No	Date	Name of Project
3	10 February 2011	Ithubalethu Water Supply Scheme
4	10 February 2011	Ixopo Mariathal Water Supply Project
5	10 February 2011	Khukhulela Water Supply Project
6	10 February 2011	Polela Waste Water Works
7	10 February 2011	Refurbishment of KwaTshaka Rural Water Supply Scheme
8	10 February 2011	Riverside Waste Water Works
9	10 February 2011	Bulwer Wastewater Works
10	10 February 2011	Kokstad Wastewater Works
11	10 February 2011	St Apollinaris Wastewater Works
12	10 February 2011	Umzimkhulu Wastewater Works
13	10 February 2011	Underberg Wastewater Works
14	11 February 2011	Franklin Waste Water Works
15	11 February 2011	Ixopo Hopewell Water Supply Scheme
16	21 April 2011	Underberg Sanitation Project
17	21 April 2011	Mqatsheni Stepmore Water Project – AFA
18	21 April 2011	Chibini Water Supply Project
19	21 April 2011	Greater Nomandlovu Water Supply Project
20	21 April 2011	Ufafa Water Supply Project
21	09 May 2011	Mangwaneni Water Supply Project
22	31 May 2011	Greater Mbulweleni Water Supply Project
23	31 May 2011	Mnqumeni / Santombe Water Supply Scheme Phase 3
24	01 June 2011	Refurbishment of Underberg Water Treatment Works
25	01 June 2011	Refurbishment of Wasbank Water Treatment Works
26	01 June 2011	Refurbishment of Umzimkhulu Water Treatment Works

No	Date	Name of Project
27	01 June 2011	Refurbishment of St Apollonaris Water Treatment Works
28	01 June 2011	Refurbishment of Creighton Water Treatment Works
29	01 June 2011	Refurbishment of Bulwer Water Treatment Works
30	01 June 2011	Refurbishment of Hlanganani Water Treatment Works
31	01 June 2011	Refurbishment of Esiqandulweni Water Treatment Works
32	01 June 2011	Refurbishment of Nokweja Water Treatment Work
33	01 June 2011	Refurbishment of Riverside Water Treatment Works
34	01 June 2011	Refurbishment of Kokstad Water Treatment Works
35	01 June 2011	Refurbishment of Ibisi Water Treatment Works
36	08 September 2011	Greater Kokstad Water Demand and Conservation Management – Addendum No. 1
37	05 November 2011	Highflats Town Bulk Water Supply Scheme
38	15 November 2011	Greater Kilimon Water Supply Project
39	30 November 2011	Bulwer Donnybrook Water Supply Project
40	24 January 2012	Non-Revenue Water Reduction Program in KwaSani and Ingwe Local Municipalities
41	26 April 2012	Ubuhlebezwe Local Municipality Water Conservation / Water Demand Management Project
42	30 April 2012	Refurbishment of Waste Water Treatment Works In Sisonke DM
43	25 May 2012	Bulwer Dam Emergency Intervention Water Supply Scheme
44	25 May 2012	Bulwer Nkelabantwana - Nkumbe Water Supply Project
45	25 May 2012	Creighton Water Supply Project
46	25 May 2012	Emergency Sewer Intervention and Rectification for Shayamoya within Greater Kokstad Municipality
47	25 May 2012	Emergency Sewer Intervention and Rectification for the Trunk Sewer Serving the Greater Kokstad Area

No	Date	Name of Project
48	25 May 2012	Emergency Sewer Intervention and Rectification for the Umzimkhulu Extension 6 and Sisulu
49	25 May 2012	Emergency Sewer Intervention and Rectification for Bhongweni Area within the Greater Kokstad Municipality
50	30 May 2012	Ibisi Sewer Reticulation
51	31 May 2012	Donnybrook Eradication of Pit Latrines
52	31 May 2012	Mkhunya Water Supply Scheme
53	14 June 2012	Mahrwaqa Water Supply Project
54	3 July 2012	Umzimkhulu Sewerage Upgrade Phase 2
55	10 July 2012	Rudimentary Water Supply: Sisonke DM (National Transfers Programme)
56	10 July 2012	Refurbishment of St Appolinaris WWTW and Creighton, Hlanganani, St Appolinaris, Wasbank WTW, National Transfers Programme

f) Spring Protection

The Sisonke District Municipality took an initiative to provide communities with water in a form of spring protection while the proper water supply schemes were to follow.

The Spring Protection Project belongs to Infrastructure Department. However, during the 2011/2012 financial year; Water Services Department took this initiative to protect some of the springs because of the pressure to provide clean water to communities.

A number of spring protection projects were constructed in the following areas: Esibovini, Nazareth, Jolivet, Elukhanyeni, Ndabayilali to mention but some.

The challenges experienced during the construction of these projects can be attributed to the fact that the service providers that were engaged were emerging contractors, resulting in not meeting the project completion dates. Overall, the target for this project was partially met.

g) Water Conservation and Water Demand Management (WC&DM)

The WSDP provides that the Municipality needs to have an integrated Water Conservation and Demand Management Plan for the entire DM. The main purpose of the project is to reduce non-revenue water and water that is not accounted for. Hence the WCDM plan was developed.

The purpose of the WCDM plan is to develop a detailed and integrated strategy to address the current state of reticulation infrastructure in the Sisonke DM and rural water supply schemes in all local municipalities within the district. The plan will also be used to source funding for Sisonke District Municipality projects from the potential funders.

Detailed intervention measures in the WCDM were as follows

- Create an up to date “as-built” drawing on the existing water supply infrastructure.
- Analyse and report on the Water Supply System with regard to:
 - Managing pressure to reduce leaks
 - Night Flow analysis
 - Leak reduction through leak detection and repair
- Identification and analyses of meters to ascertain errors that could arise and on property leaks.
- Identify the top consumers of water and the potential for on-site intervention (revenue enhancement).
- Efficiency of bulk meters, reservoirs and treatment work.
- Leak reduction through leak detection and repair.
- Develop an implementation strategy comprising:
 - Isolate Reservoir zones
 - Programme for the repair of leaks and replacement of prioritised pipelines
 - Programme for the replacement of faulty meters
 - Programme design and install pressure reducing valves at optimum locations
- Create a management system for repairs, including a remote monitoring and controlling system (Telemetry).

The project target was met in Buhlebezwe, Kokstad and Umzimkulu. Some pilot implementation of the plan was conducted in Kostad and Ixopo.

h) Water Services Customer Care Unit establishment.

The Sisonke District Municipality established the Customer Care unit in May 2012. The objective of this project is to offer customer care services and provide a close support to the Sisonke communities concerning water and sanitation services. The unit is also responsible for conducting water and sanitation awareness campaigns including water conservation programmes as well as community education on water and sanitation issues e.g. health and hygiene education.

The following responsibilities belong to the Water Services Customer Care Unit:

- Call Centre management
- Water Resources Centre
- Water Conservation & Health and Hygiene Promotion

This project target was met, the staff for the unit has been recruited and the unit is functional. The Call Centre system is ready to be installed.

i) Internal Laboratory

The Department has a laboratory that was established in partnership with Umngeni Water. The objective in 2011/2012 was to put the laboratory into operational state so that the department will be able to conduct chemical and microbiological tests for rudimentary schemes and boreholes, develop a sampling plan and monitoring programme.

The FY2011/12 target was partially met. The existing challenges are attributed to the short of testing equipment and staff shortages which hindered the sampling programme.

j) By-Law Reviewing

The water services by-laws were developed and they were gazzeted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted. The target was met.

k) Planning and Investigation for Regional Schemes

The department is responsible for planning and designing the water schemes as well as the regional schemes. The objective of this project was to ensure proper planning for bulk water

supply infrastructure. The planning for Bulwer Regional Bulk supply project was completed in 2011/2012. The project is due for implementation. Approximately 5 technical feasibility studies / Business Plans were conducted. The target was met.

l) Augmentation of Jolivet Water Schemes

The project was to augment the existing Jolivet Water Scheme to provide economic, efficient and effective supply of water for the area of Jolivet. The drilled boreholes were equipped and the rising main from reservoir A was put in place. The target was met.

m) Hydrological, Geotechnical, Structural, Mechanical, Electrical and Civil

The objective for this project was to do project planning, design and contract documentation regarding water services in Sisonke District Municipality. The initial target for this one was 10 projects to be approved but during the budget adjustment it was agreed to reduce them to 6 and at the end of the financial year all 6 were met.

n) Installation of Data Loggers and Bulk Meters

The objective was to quantify the percentage of water losses in Main Centres of the District. The KPI was the total number of data loggers installed, bulk meters and meters read per quarter. The set target for the year was 19 Data loggers and 60 Bulk Meters installed and read. The target was not met because of insufficient funds. The project also forms part of the Water Conservation and Demand Management.

4.4.3. Infrastructure Services Department

The aim of the Infrastructure and Services Department is to initiate and maintain the infrastructure projects in areas under the jurisdiction of the District municipality and has the following functions:

- Roads, Electricity and Waste Management
- Expanded Public Works Programme (EPWP)
- Project Management Unit (PMU)

The highlights of performance during F/Y 2011/12 are as follows:

Roads, Electricity and Waste Management

The municipality is striving to provide means of linking the most isolated and inaccessible rural areas with the more developed areas. The aim is to facilitate economic activities and also to provide access to basic needs such as clinics, schools, pension payout points, etc.

With regards to the roads function the District has no programme since the KZN Department of Transport (DoT) provides the services. The District assists the KZN DoT by addressing backlogs through construction of gravel road in order to give access to communities. During voting period it provides access Roads to voting stations. The District Municipality did not undertake any of the waste management projects during the financial year.

The Infrastructure and Services Department has projects which were implemented and they are shown on Annexure 1. It must be noted that they do not have objectives linked to them.

4.4.4. Strategic Support Department

The aim of the Strategic Support Department is to initiate special projects and be the face of the municipality by leading communication and inter-governmental relations. The following functions are assigned to this office:

- Development and maintenance of the IDP and PMS
- Special Programmes, i.e. Youth, HIV/AIDS, Women/Gender issues, Elderly/Aged and Sports, Recreation and Culture, People with Disability
- Communication and Public Relations
- Water Governance

The highlights of performance during F/Y 2011/12 are as follows:

a) IDP and PMS development and maintenance

The Unit was successful in finalising the SDBIP project on time as expected by the municipality. The projects allocated to this Unit during the year 2011/12 were the IDP review, PMS and SDBIP and Annual Report. For more on this see Annexure 1.

b) Special Programmes

Out of all special programmes and projects identified in the municipal IDP, the municipality was able to do two during 2011/12.

During the F/Y 2011/12 the Unit undertook a number of projects in relation to Youth. Out of 14 projects, only 5 projects met the targets set for the unit. All projects had clear objectives and performance indicators and targets set regarding youth matters.

On Sports and Recreation during the F/Y 2011/12 there were 7 projects identified and it is in 3 of them that the municipality met the targets set for the year.

c) Communications and Public Relations

The Unit had 14 targets set for itself and out of that, only 4 were not met. The following projects lacked clearly stated objectives:

- Marketing and Branding
- Promotional Material
- Mayoral Slots
- Nyus' iVolume.

4.4.5. Socio-Economic Development Planning Department

The aim of the Socio-Economic Development Department is to initiate and co-ordinate all projects and programmes that relate to Development Planning, Local Economic Development and Tourism, Environmental Health and Disaster Management.

The highlights of performance during F/Y 2011/12 are as follows:

a) Disaster Management

The Unit had planned to undertake 10 projects during the 2011/12 financial year. Six projects were successfully implemented with one exceeding the expectations, namely, the Disaster Awareness Campaign. There were 17 Awareness Campaigns undertaken instead of the 12 that were planned for the year.

b) Environmental Health

Environmental Health had 9 projects planned for the 2011/12 financial year. All targets were met with one project over achieving on its target, namely, Health and Hygiene Awareness Campaign.

c) Local Economic Development and Tourism

The Unit had 19 projects adopted by Council. 14 of them met the set targets. 2 out of the 14 projects over-achieved their targets. Those 2 are, namely,

- SMME Training on Technical Soft Skills
- Marketing of SDM Tourism Products

d) Development Planning

Development Planning identified four projects for the F/Y 2011/12. All targets that were set were met except on the project regarding the Bulwer Detailed Urban Planning

4.4.6. Corporate Services Department

The aim of the Corporate Services Department is to provide support to all Municipal Departments and has the following functions:

- Human Resource Management and Administration Services
- Human Resource Management
- Staffing and Remuneration and
- Information Technology

The highlights of performance during F/Y 2011/12 are as follows:

a) *Human Resource Management and Administration Services*

The Unit was able to meet 12 out of 18 targets set.

b) *Human Resource Management*

Out of 9 targets set for this unit, only 3 were not met.

c) *Staffing and Remuneration*

During the F/Y 2011/12 the District had set only four objectives for the year. Two were met.

d) *Information Technology*

The Information Technology Unit had set 8 objectives for the year.

Out of eight objectives set for this Unit, one target was not met.

4.5. Analysis of Overall Municipal Performance

This section presents some analysis of the municipality's performance in relation to achieving or not achieving its input, process and output indicators and targets and independent reports from external committees.

Overall, the fore stated departments performed well in the sense of meeting the performance targets that respond to the performance indicators contained in the SDBIP. However, it is worth noting that there is an abundance of input and process indicators at the expense of output indicators. In addition, there is dominance of quantitative performance measures. Although it is not a forbidden way of setting performance measures, it may present some limitation in blending with the "outcomes-focused" performance measurement in the broader context of government. A case in point is the Finance Department, which is the custodian of the financial affairs of the municipality. According to the Audit Committee report, the municipality has a poor liquidity status (ratios) – *which is a qualitative outcome indicator*, whereas the SBIP commends the achievement of 12 monthly reports (*a quantitative indicator*) in support of effectively managing the cash flow of the municipality.

The SDBIP could better support the "outcomes orientation" of local government if it entails the management of operational risk in the various departments. The risk is even higher for while the municipality does not have an aligned and formalised performance management system for levels below section 56.

The Oversight Committee is mandated by the MFMA to provide comments and recommendations on the municipality's annual report after it has been tabled before Council. The Oversight Report of the municipal Council must also reflect an overview of the assessment on performance of the governance structures such as the Speaker's Office, the Office of the Executive Mayor, the Executive Committee and Portfolio Committees. The Oversight Committee Report has not been tabled to Council for adoption. As soon as the report get presented Council, will it then be added to this report.

4.6. Future Outlook: Performance Improvement

The proposed measures for addressing performance targets that were not met are contained in Annexure 1. In addition, Annexure 2 provides the Audit Committee report which suggests some actions for addressing under-performance and/or improvement of performance.

The improvement is expected at the level of setting up IDP objectives that will be cascaded to lower levels in the municipality. During the year 2012/13 Sisonke District Municipality will ensure an Organisational Scorecard with input, process, output and outcome indicators that will show the balance in service delivery. Each project in the SDBIP will be linked to the high level indicator, as prescribed.

4.7. Conclusion

Sisonke District Municipality has performed very well on projects that were adopted with the SDBIP but they are not all outcomes focused. This means the improvement plan does not show immediate impact on the citizens of Sisonke District Municipality. In future, the municipality will make sure, through the public participation process, that it gets indicators that are outcomes-focused so as to be as close as possible to the service delivery needs and also comply with the Regulations. The recommendations on functionality, reliability and compliance issues raised by the Internal Audits, Audit Committee and Auditor General will be monitored on a continuous basis by management and Council.

Chapter 5 Annual Financial Statements

The annual financial statements were prepared and received the approval of the Municipal Manager. In order to preserve their content and document structure in the original form, the Annual Financial Statements are appended on Annexure 3.

Annexure 4:

2011-2012 Performance Report Spreadsheet

Annexure 5:

Report of the Audit Committee

Annexure 6:

Annual Financial Statements