

UMHLABUYALINGANA LOCAL MUNICIPALITY



ANNUAL REPORT 2016/2017

This Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

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CHAPTER 1

INTRODUCTION TO UMHLABUYALINGANA ANNUAL REPORT 2016/2017
MAYOR'S FOREWORD,
MUNICIPAL MANAGERS'S OVERVIEW

INTRODUCTION

UMHLABUYALINGANA MUNICIPALITY ANNUAL REPORT

The structure of Umhlabuyalingana Municipality Annual Report-2016/2017 is based on the revised Annual Report Template provided by the National Treasury, dated 31 July 2012.

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year (2015/2016)
- Year 0: The financial year of reporting (2016/2017)
- Year 1: The following year, mostly requires future targets; and

The other financial years will follow a similar sequence as explained above.

COMPONENT A: MAYOR'S FOREWORD



VISION STATEMENT

To be a people centred premier socio-economic development and environmentally friendly service delivery municipality by 2030.

MISSION STATEMENT

Creating an enabling environment and sustainable development which promotes quality of life.

Core Values

CORE VALUES

Integrity	Courtesy	Transparency
Redress	Quality service	Learning
Benchmarking	Good governance	Dialogue and Diversity
Commitment	Honesty	Partnership and Professionalism
Interpersonal skills	Responsibility	Consultation/Participation
Accessibility	Accountability	

TABLE 1: LONG TERM DEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES, STRUCTURED ITO SIX KPA'S INCLUDING KZN- KPA

Table 1: Municipal Transformation & Institutional Development

MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	Number of staff monthly leave reports and attendance register)
To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	Number of Section 54 and 56 performance agreements approved by Council
To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	Number of Council Adopted Quarterly Performance Evaluation and Review Reports Submitted
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance with relevant legislations and policies	No. of Council Committees (Council, Exco and Portfolio) Meetings Held
To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	No. of MANCO Meetings held
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	Council Approved Standing Rules and Orders and Roles and responsibilities (Councillors)
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	Number of Council Approved Municipal Calendar
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Council approved Organogram
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of vacant positions filled
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act

To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Council approved reviewed Employment Equity Policy and Plan
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the a municipality's approved employment equity plan
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of Employment Equity Committee established (as a sub-committee of Local Labour Forum) and Number of EE Committee Reports
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of reports on implementation of Council Retention Strategy
To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	Number of Human Resources Reports (Leave, staff attendance registers)
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Percentage of municipality's payroll budget actually spent on implementing Workplace Skills Plan
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number of WSP submitted to LGSETA and proof of submission, 1 Report on skills audit
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number of reports on induction programmes rolled out to newly appointed staff
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number of trainings and capacity building programmes rolled out to Councillors and staff
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number of Training Committee established as Local Labour Forum sub-committee and number of Meetings and reports
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number of Council approved Human Resources Training Plan as per WSP.

To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	Number of Local Labour Forum Meetings
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	Number of Municipal Policies developed and reviewed
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	Number of Council approved draft and final Standing Rules and Orders and Roles and Responsibilities (Councillors) gazetted
To attract and retain qualified and experienced staff across the staff establishment	To administer the affairs of the municipality in accordance to relevant legislations and policies	Number of Health and Safety Committee as Local Labour Forum sub-committee Meetings and reports
To provide the optimal institutional structure to render effective and efficient services	to develop and introduce an integrated information management system in compliance with Section 75 of the MFMA	Percentage of Compliance to Section 75 of the Municipal Finance Management Act and Reports
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislation and policies	Council Approved ICT Governance framework (Review)
To develop and introduce an integrated information management system in compliance with section 75 of the MFMA	To administer the affairs of the municipality in accordance to relevant legislations and policies	Number of IT Policies Developed & Reviewed
To provide the optimal institutional structure to render effective and efficient services	To keep records and create institutional memory	Quarterly reports on implementation of file plan and electronic records management
To provide the optimal institutional structure to render effective and efficient services	To keep records and create institutional memory	Council Approved Reviewed Records Management Policy and Procedure in line with Electronic records management system
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	Number of reports of legal services provided
To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	Number of quarterly reviewed reports on contracts of service providers tabled to Council

To attract and retain qualified and experienced staff across the staff establishment	To render employee assistance support	Number of EAP quarterly Reports
To attract and retain qualified and experienced staff across the staff establishment	To render employee assistance support	Date of Wellness Day

Table 2: Basic services Delivery and Infrastructure Development

BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
To facilitate bulk infrastructure development in support of economic development initiative	Facilitate the delivery of basic services	Number of reports tabled to Portfolio Committee
To develop long term infrastructure development plans	To facilitate bulk infrastructure development in support of economic development initiatives	Number of Housing Forum meetings held and quarterly reports submitted
To facilitate an improvement in access to community/public facilities to minimum standards	To develop long term infrastructure development plans	Review infrastructure and maintenance plan
To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	Area of multi-purpose centre constructed
To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	Area of sport field completed
To provide access and facilitate vehicular movement in Umhlabuyalingana	to facilitate bulk infrastructure development in support of economic development initiatives	No. of km's of gravel road constructed
To facilitate bulk infrastructure development in support of economic development initiative	To develop long term infrastructure development plans	Number of, (3) three year electricity plan submitted

To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to Umhlabuyalingana Communities	Number of households electrified
To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to Umhlabuyalingana Communities	Number of streetlights installed
To facilitate delivery of basic service to RDP Standard	To improve access to free basic services among the indigent	Number of Council approved indigent register and policy
To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	No. of reports on registration of Landfill sites and no. of licenses obtained (Mbazwana and Skhemelele)
To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	No. of Waste management policies, by-laws and tariffs reviewed
To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	No. of Refuse removal agreements for businesses signed and no. of business with access to waste removal
To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	No of refuse removal awareness campaigns conducted
To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	number of reports on Municipal facilities maintained
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Vehicles Stopped and Checked

To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Community Road Safety Forums attended.
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	Council Approved Community Safety Plan.
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Drivers Screened for Alcohol usage
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Vehicles Speed Screened
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Multi-Disciplinary Roadblocks
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Direct Charge Drunken/Speed Driving
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Charge per enforcement hour
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	Number of hours on law enforcement
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	Number of road safety awareness campaigns

To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of routine roadside roadblocks conducted
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of speed operations conducted
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Learners License Issued
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Applicants Tested
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	No. of Temporary Driving Licenses Issued
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	Number of Duplicate Learners Licences Issued
To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	Number of PrDP issued
To comply fully with all municipal legislation	To ensure effective traffic management within the municipality	Number of Drivers Licences Renewed
To facilitate an improvement in access to public facilities to minimum standards	To provide an improved access to community/public facilities to minimum standards	Number of reports on operation of municipal libraries
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Multi-Disciplinary Roadblocks

To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Direct Charge Drunken/Speed Driving
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Un-roadworthy Vehicles Suspended
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Impounded Vehicles
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Kilometres patrolled
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Learners Driver's License issued
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Duplicate Learners License Issued
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of PrDP issued
To comply fully with all municipal legislation	Ensure Effective Traffic Management within the municipality	Number of Driver's license Renewed
To improved early childhood development, primary and secondary education.	To provide an improved access to community/facilities to minimum standard	Number of reports on operation of municipal libraries

Table 3: Local Economic Development

LOCAL ECONOMIC DEVELOPMENT		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
To create an environment conducive for investment and economic growth	Use municipal and government funded projects as means to create jobs and reduce poverty	Number of quarterly reports on CWP implementation; and number of Local Reference Committee (LRC) meetings held
To create an environment conducive for investment and economic growth	use municipal and government funded project as means to create jobs and reduce poverty	Number of EPWP quarterly evaluation reports on job opportunities created
To create an environment conducive for investment and economic growth	Facilitate development and growth of SMME	Council adopted Reviewed LED Strategy
To create an environment conducive for investment and economic growth	Facilitate development and growth of SMME	Number of By-laws gazetted
To create an environment conducive for investment and economic growth	SMME Support and capacity building	No of quarterly reports of incubated SMMEs, Co-ops and Informal Traders
To promote and support ecotourism as a means to increase market share	To identify and implement tourism catalytic projects	No of Community Tourism Campsite supported
To create safe, healthy and sustainable living environment	To promote and support ecotourism as a means to increase market share	No of Tourism Safety and Shot Left Campaigns conducted

Table 4: Municipal Financial Viability Management

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
To develop and maintain systems and procedures for effective and sound management of municipal finances	Enhance effective internal controls and standard operating procedures	Number of finance policies reviewed and adopted
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Council resolution adopting budget adjustment
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Number of financial statements Submitted
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Council resolution adopting Annual Budget
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Number of financial ratios calculated
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Council Approved Mid-Year Report
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Number of section 71 monthly reports submitted
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	number of municipal financial reconciliations prepared
To improve revenue generation by 5% per annum over the next 5 years	To ensure the collection of funds billed and to specify procedures in respect of non-collection	Council resolution adopting Supplementary Valuation Roll

To improve revenue generation by 5% per annum over the next 5 years	To ensure the collection of funds billed and to specify procedures in respect of non-collection	Number of Reports on the Revenue Collection Plan
To develop and maintain systems and procedures for effective and sound management of municipal finances	To establish and operate an efficient asset management system	Number of reports on the updated fixed asset register
To be 100% compliant with SCM Regulations	To comply with, MFMA, SCM Regulations and related legislation	Number of monthly SCM reports submitted to management and proof of submission to Treasury
To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with, MFMA, and related legislation	MSCOA Compliant Financial System

Table 5: Good Governance and Public Participation

GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
Improved Access to Basic Services	Improve access to free basic services among the indigent	Council approved indigent register and policy
To provide for an effective involvement of the public in municipal affairs in a structured manner	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	Number of youth programmes implemented
To provide for an effective involvement of the public in municipal affairs in a structured manner	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	Number of Artists coached on music genres (kwaito, HIP HOP, Traditional dance, gospel and maskandi) and number of reed dance supported
To provide for an effective involvement of the public in municipal affairs	To develop efficient and effective public structures	Number of Ward Committee Meetings Held and Reports submitted
To provide for an effective involvement of the public in municipal affairs	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	Number of Reports on Sports programmes (volleyball, soccer, athletics and netball codes)
To provide for an effective involvement of the public in municipal affairs	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	Number of reports on implementation of 5 special projects
To run the municipality in an open, transparent and accountable manner	To develop a credible IDP as a short -medium term guide for development and service delivery	Council resolution adopting 2017/18 IDP
To run the municipality in an open, transparent and accountable manner	To develop a credible IDP as a short -medium term guide for development and service delivery	No of strategic planning held

To run the municipality in an open, transparent and accountable manner	To involve communities in shaping the municipal development agenda	Council resolution adopting 2015/16 Annual Report
To run the municipality in an open, transparent and accountable manner	To involve communities in shaping the municipal development agenda	council resolution adopting 2015/16 oversight report
To develop and maintain systems and procedures and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	Number of compliance checklist tabled to Council for adoption
To communicate with stakeholders using print and electronic media	To involve community in shaping the municipal development agenda	Number of newsletters developed and published
To communicate with stakeholders using print and electronic media	To involve community in shaping the municipality's development agenda	Number of radio slots broadcasted
To provide for an effective involvement of the public in municipal affair	To involve communities in shaping the municipality's development agenda	Number of IDP Forum/stakeholder engagements held
To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	Council resolution adopting reviewed customer care policy and Number of complaints reports
To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	Council resolution adopting Communication Strategy
To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	Number of IDP/Budget public participation
To provide for an effective involvement of the public in municipal affairs	To involve community in shaping the municipality's development agenda	Council Resolution approving Annual Report
To comply fully with all municipal legislation	To enable the organisation to account for the use of public funds	Number of Municipal Public Accounts Committee reports tabled to council

To comply fully with all municipal legislation	To enable the organisation to account for the use of public fund	Number of Audit Committee Reports tabled to council
To comply fully with all municipal legislation	To enable the organisation to account for the use of public fund	Number of Internal audit reports tabled to Audit Committee

Table 6: Cross Cutting Interventions

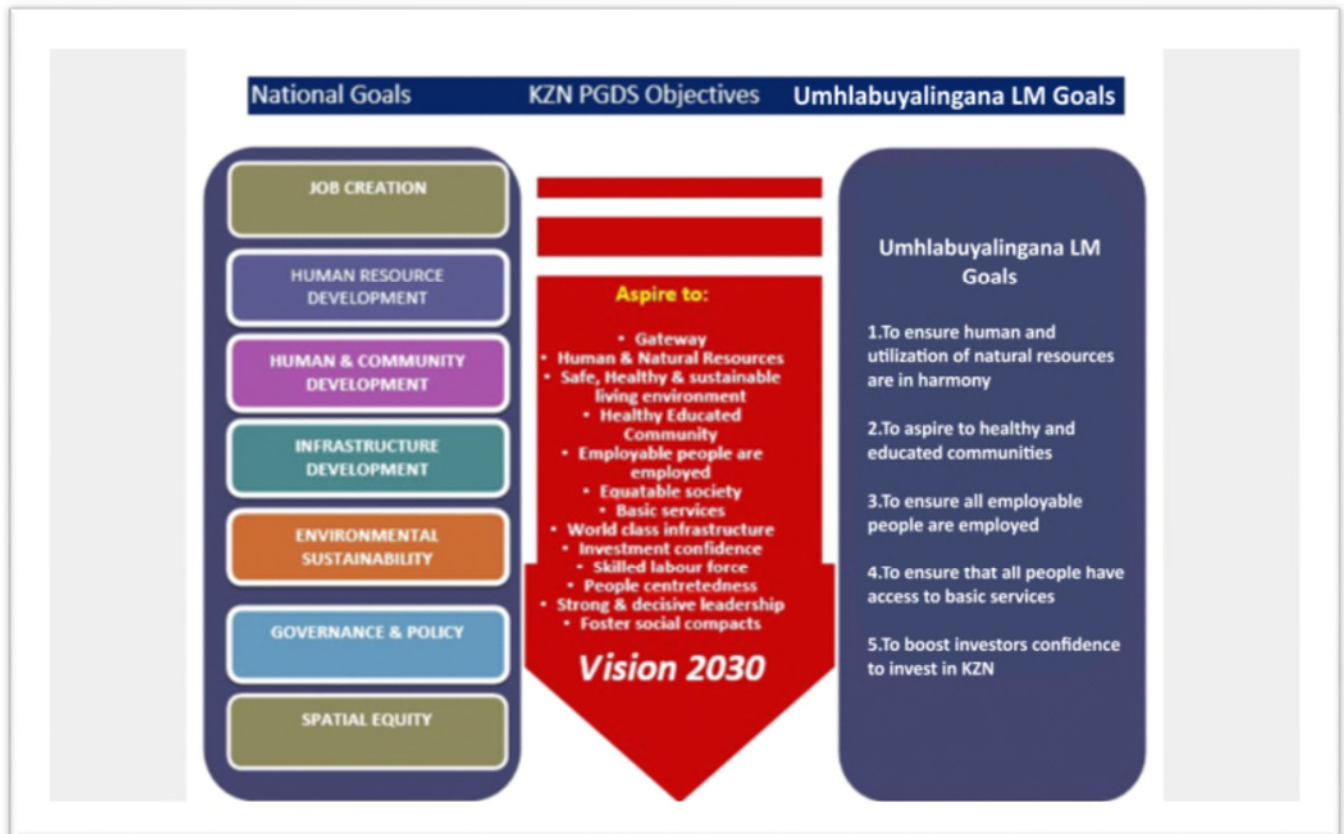
CROSS CUTTING INTERVENTIONS		
OBJECTIVE	STRATEGIES	UNIT OF MEASURE/CALCULATIONS
To provide effective support to environmental management initiative in the area	To Prevent and reduce the impact of disaster in Umhlabuyalingana	No. of municipal disaster management advisory forum meetings
To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in Umhlabuyalingana	No. of incidents reports compiled
To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in Umhlabuyalingana	No. of risk reduction awareness campaigns conducted
To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in Umhlabuyalingana	No. of Fire Drills Conducted
To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in Umhlabuyalingana	No. of OHS evaluation Reports on Municipal Buildings and offices
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	No. of reports on compliance fire inspections in businesses and government institutions
To facilitate bulk infrastructure development in support of economic development initiative	To provide and improve access to community/public facilities to minimum standards	No. Of reports on OHS Equipment (fire extinguishers and safety signs

To provide effective support to environmental management initiative in the area	To prevent and reduce the impact of disaster in Umhlabuyalingana	Council resolution on reviewed disaster management plan
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	Council resolution adopting reviewed SDF
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	Council resolution adopting SEA
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	Council resolution adopting Integrated Transport Plan
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	Council resolution adopting Housing Sector Plan
To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	Council resolution adopting Capital Investment Framework
To run the municipality in an open, transparent and accountable manner	To proactively identify and address potential risks that may affect the functioning of the organisation	Number Risk assessment conducted
To run the municipality in an open, transparent and accountable manner	To proactively identify and address potential risks that may affect the functioning of the organisation	Number Risk registers compiled
To create functional structure for effective development and delivery of services	To proactively identify and address potential risks that may affect the functioning of the organisation	Council approved business continuity plan

KEY POLICY DEVELOPMENTS

Strategic alignment to the Provincial Growth and Development Strategy and IDP strategies.

NATIONAL GOALS KZN PGDS OBJECTIVES UMHLABUYALINGANA GOALS



Key Service Delivery Improvements:

The Council of Umhlabuyalingana adopts a 5-year plan in a form of the IDP on an annual basis. This is reviewed as stipulated by the MSA. The IDP gives guide to the municipality in delivering its mandate. Key focus areas of performance are adopted from the national directive defined under the 6 Key Performance Areas (KPA's). Discussed below is the report on the performance of the municipality in terms of its IDP objectives. The report is set out in accordance to the 6 KPA's.

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (2016/2017) PROGRESS MADE

DEVELOPMENT AND REVIEW OF POLICIES, PLANS, BYLAWS AND SOPS

- Several policies, plans, by-laws and standard operating procedures were identified, developed and implemented in order to ensure successful achievement of the municipality's vision.

FILLING OF CRITICAL POSITIONS

The following positions which constituted middle management structure were filled during the 2016/2017 year term.

- Special Programmes Manager
- PMS Manager
- Fleet Manager
- Youth Manager
- Waste Manager

CAPACITY BUILDING

The Council of Umhlabuyalingana Municipality was provided with accredited training in all relevant local government – governance requirements in order for it to provide sufficient oversight.

The municipality through the Corporate Services Department conducted skills audit on an annual basis in order to identify skills gap and ensure provision of training in order to bridge the skills gaps. Several municipal officials have been up-skilled through this process. The 2015/16 financial year's Auditor General's-Audit outcomes can be greatly attributed to the result of training provided.

PERFORMANCE MANAGEMENT

The municipality has developed an Organisational Performance Management Framework and Individual Performance Management Policy. These documents are reviewed on an annual basis. Performance Management System is a strategic approach to management, which equips councillors, managers, employees and other stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of Umhlabuyalingana Municipality in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore in turn ensure that all the councillors, managers and individuals in the municipality are held accountable for their actions which should bring about improved service delivery and value for money.

Performance management is aimed at ensuring that the municipality monitors its IDP and continuously improve its operations. The performance management system has assisted to make a significant contribution to organisational and individual performance. The system is designed to

improve strategic focus and organisational effectiveness through continuously seeking to improve the performance of the municipality as a whole and the individuals in it.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT				
Objective	Project	unit of measure	Financial Year	Status
To facilitate an improvement in access to community/public facilities to minimum standards	Construction of 1500m ² of Manguzi Multi-purpose centre to roof level by 30 June 2017	Area of multi-purpose centre constructed	2016/2017	Not completed (multi-year project)
To facilitate an improvement in access to community/public facilities to minimum standards	Completion of 290m ² of Thengane community centre by 30 June 2017 with engineer's completion certificate.	Area of community centre constructed	2016/2017	Completed
To provide access and facilitate vehicular movement in Umhlabuyalingana	Completion of 290m ² of Phelandaba community centre by 30 June 2017 with engineer's completion certificate.	Area of community centre constructed	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	Completion of 290m ² of Masondo community centre by 30 June 2017 with engineer's completion certificate.	Area of community centre constructed	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	Completion of 290m ² of Lulwane community centre by 30 June 2017 with engineer's completion certificate.	Area of community centre constructed	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	Completion of 290m ² of Welcome community centre by 30 June 2017 with engineer's completion certificate.	Area of community centre constructed	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	Completion of 290m ² of Manzibomvu Community centre by 30 June 2017 with Engineer's completion certificate	Area of community centre constructed	2016/2017	Not completed

To facilitate bulk infrastructure development in support of economic development initiative	Construction of 1500m ² of KwaMbila multi-purpose community centre to roof level by 30 June 2017	Area of multi-purpose community centre constructed	2016/2017	Not completed (multi-year project)
To facilitate an improvement in access to community/public facilities to minimum standards	9600 square metres of Zama-Zama Sports field completed by 30 June 2017 with engineer's completion certificate.	Area of sport field completed	2016/2017	Not completed
To provide access and facilitate vehicular movement in Umhlabuyalingana	Completed 5km of Ekuthukuzeni- Masondo gravel road by 30 June 2017 with engineer's completion certificate.	No. of km's of gravel road constructed	2016/2017	Completed
To provide access and facilitate vehicular movement in Umhlabuyalingana	Construction of Nondwayiza- Phakamani gravel road/Roads, pathways and storm water.	No. of km's of gravel road constructed	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	327 households electrified at Mboza with engineers close-out report by 30 June 2017	Number of households electrified	2016/2017	Not completed
To facilitate bulk infrastructure development in support of economic development initiative	250 households electrified in Ward 8 by 30 June 2017 with engineers closeout report	Number of households electrified	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	280 households electrified at Ward 4 with engineers close-out report by 30 June 2017	Number of households electrified	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	240 households electrified at Manaba with engineers close-out report by 30 June 2017	Number of households electrified	2016/2017	Completed
To facilitate bulk infrastructure development in support of economic development initiative	60 Streetlights installed at Manguzi with engineers close-out report by 30 June 2017	Number of streetlights installed	2016/2017	Completed

WASTE MANAGEMENT SECTION

- Developed Umhlabuyalingana Waste By-Laws and Gazetted
- Developed Umhlabuyalingana Waste Management Policy
- Developed of Integrated Waste Management Plan
- Developed refuse collection tariffs
- Procured 2-Waste Tipper Trucks
- Procured 20 2.5 Skips bins
- Procured Waste Trailer
- Employed 103 general workers under Waste Management Section
- Procured and delivered 260ml waste bins to all government institutions.
- Registered landfill sites
- constructed ablution facilities in all dumpsites

SPECIAL SOCIAL PROGRAMMES

- Formation of **Local Aids Council** to deal with issues such as HIV/AIDS, Teenage pregnant, and TB.
- Establishment of **Women's Forum** to deal with all women related issues under Umhlabuyalingana Municipality
- Establishment of **Youth Council** to deal with all youth related issues under Umhlabuyalingana Municipality, e.g. career guidance exhibition.
- Establishment of **Disability Forum** to look into all issues pertaining to people living with disabilities.
- Establishment of a **Sports Council**, participate in Mayoral cup, SALGA Games, to encourage youth to stay away from drugs.
- **Sports Programs** in wards 2 and 3 where the leagues are being funded through the poverty alleviation fund by the respective Councillors.

INDIGENT REGISTER

The municipality developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register has been developed as a result and is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

The municipality has a **Bursaries budget vote** through which it assists learners who are needy to be able to register in tertiary institutions, as a result hundreds of young people from Umhlabuyalingana have had access to tertiary education and many have graduated through this initiative. Ward Councillors have played a big role in the identification of learners in their communities.

ARTS AND CULTURE

The municipality established Arts and Culture Forums, i.e. Maiden Forum for Umkhosi Womhlanga. The Municipality supports participation and also funds the participants from all the four Amakhosi areas of Umhlabuyalingana.

The municipality hosted Arts Competitions as a platform for the display of young talent within Umhlabuyalingana. Budget is allocated for winners of the competition to further their talents. Umhlabuyalingana Municipality also hosts 100% Music Festival where only artists from this municipality are given the platform to perform. The artists have also undergone through a mentorship programme which covered mainly two parts namely: the stage performance and stage management and the administration matters in the music business. The festival focuses in all music genres.

TRAFFIC

2012/04/01 The completion of Phase 2-Driving License Testing Centre (DLTC) from grade E to B= Conducted Driving License test for light motor Vehicles and heavy motor vehicles. –

The provision of new service from grade E to B will provide testing services of approximately 6000 per annum. The DLTC has set to assist government in reducing the backlog of testing in South Africa (Particularly in KwaZulu-Natal). The upgrading of DLTC has resulted in at least 10 new business opportunities in the area. Members of surrounding communities also benefit by providing accommodation to applicant who travels as far as from Port Shepstone for service due to efficient in service delivery. The DLTC is current average of 4 million per annum.

LAW ENFORCEMENT UNIT

The number of protection officers employed increased from 2 to 8, the number of law enforcement vehicles increased from 1-to 3 to further enforce the compliance. The unit worked with other road safety structures to provide awareness campaigns in schools, churches, etc.

The number of road fatalities have dramatically decreased in the in the last 5 years. South Africa is the signatory to 2011 UN decade of Action for road safety, as one of the participants in the countries to reduce the number of road fatalities by 50% by 2020.

LOCAL ECONOMIC DEVELOPMENT

TOURISM DEVELOPMENT AND PROMOTION

- The municipality trained a total number of thirty four (34) local youth members from Mazambane reserve. These are indigenous youth community members that constantly provide a variety of hospitality services to the influx of the tourists; and
- One potential community owned tourism campsite was prioritized for rehabilitation (Manzamnyama Community Tourism Camp site)

SMME SUPPORT

- Forty seven (47) SMME's including informal traders benefitted through the trainings; and
- Two municipal by-laws on business licencing and informal trading have been adopted by the council for gazetting process

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

- A total number of three hundred and ninety three (393) job opportunities have been created through the Expanded Public Works Programme

COMMUNITY WORKS PROGRAMME (CWP)

- A total number of one thousand six hundred and seventy (1 670) job opportunities have been created through the Community Works Programme

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

COUNCIL OVERSIGHT STRUCTURES

The municipality has established the following committees to ensure efficient oversight over the municipality's administration:

- Council
- Executive Committee
- Portfolio Committees
- MPAC
- Audit Committee
- Performance Audit Committee

The above-mentioned structures are in place and are fully resourced, capacitated and operational.

- In terms of Section 81 of the Municipal Structures Act, all Amakhosi within Umhlabuyalingana Municipality participated in Municipal Council Meetings.

WARD COMMITTEES

- Elected ward committees in all 18 wards, each ward has 10 members
- Trained all Ward Committee Structures
- Ward Committee Reports are timeously submitted

INTERNAL AUDIT

The municipality established an Internal Audit Unit. However, due to lack of capacity within the institution, at least 70% of the unit's function has been outsourced. This has not in any way compromised the Council's Internal Audit's objectives in terms of governance requirements.

RISK MANAGEMENT

The municipality established a risk management unit, through which strategic risk management documents have been developed in order to ensure a systematic process of risk management within the municipality. An assessment of the municipality's risk is done on an annual basis in order to ensure optimum achievement of the municipality's objectives. This process allows for prioritisation and monitoring of the identified risks.

COMMUNICATIONS

Umhlabuyalingana Municipality has a Communication strategy in place. This document outlines the municipality's strategies and processes of communication with all municipal stakeholders as per the recommendations of the language policy.

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

MUNICIPAL PROPERTY RATE ACT.

The municipality developed the General Valuation Roll in 2014 financial year which is valid for four years, wherein the municipality develop Supplementary Valuation Roll which is performed annually to accommodate new development which have occurred after the adoption of the General Valuation Roll by the municipal council. The municipality have achieved to adopt the supplementary valuation roll which was adopted on the 30 June 2017 for implementation in 2017-2018 financial year.

REVENUE ENHANCEMENT STRATEGY

It is vital to indicate that our municipality is still grants dependant, however the municipality is trying its level best to enhance the own revenue generation with in its area of jurisdiction. Over and above the revenue enhancement strategy management have adopted certain strategies to encourage property owners to pay for services and taxes, wherein meetings have been held between the municipality and property owners to discuss discounts and certain write offs. The municipality has also appointed legal firms to assist the municipality with recovery of amounts owed to the municipality.

ASSET MANAGEMENT

The municipality has recently purchased the asset management system, which will be utilised to record municipal asset. The municipal asset is perform in the manner that we ensure that it complies with the GRAP standards. Asset verification, was performed and council was advised accordingly to take necessary resolution to write off assets that are eligible to be written off from the asset register

SUPPLY CHAIN MANAGEMENT

The supply chain management unit was expanded by the municipal council after identifying the shortage of staff complements within the finance department wherein the following employees were appointed, SCM Officer, Bid Committee clerk and SCM Clerk to try and accommodate the compliance issues that related to SCM. The review of the SCM policy was adopted by council during 2016/2017 Financial Year to allow new changes in the current legislations.

AUDITOR GENERAL'S –AUDIT OUTCOME 2014/15 and 2015/2016

The municipality acquired a clean administration in the 2014-15 and 2015/2016 financial years. The municipality developed an action plan to address the issue which were raised as matters of emphasis. The administration was also task to develop clean audit sustainability plans which will assist the municipality to sustain the good result. The oversight is performed monthly by councillors during the council meetings because clean audit is the standing agenda item.

DISASTER MANAGEMENT PLAN:

- **DISASTER RISK MANAGEMENT** (incorporation fire and rescue services unit) the number of employees has increased from 2 to 9 in the last 5 years the Municipality has strengthen the function in the area. The unit also provide a number of Awareness campaigns in the area. The unit also embark on Number of Proactive measure to reduce the number of incidents in the area. Amongst other things the disaster management unit conducts inspections in public facilities and businesses. The unit has managed to provide temporal relief to almost 99% of the reported incidents.
- **Manguzi Land Use Management Scheme** to provide for a Legal Framework in which land use management operate, Appropriate land use and general definitions, Standard Zones and Districts which will apply throughout the municipality, Statements of intent to guide decisions for each zone, Appropriate controls for each zone, district and management area, as where applicable, Procedures for considering the use, development and subdivision of land and furthermore enable the efficient and coordinated use of land
- **SPLUMA By-laws:** The municipality has adopted the planning by-laws and have been gazetted.
- **Mbazwana, Phumobala and Skhemelele Rural Precinct Plans** to give effect to the development principles contained in the Spatial Planning & Land Use Management Act including:- Spatial Justice; Spatial Sustainability; Efficiency; Spatial Resilience; and, Good Administration. The plans set out objectives that reflect desired spatial form of the rural municipality. A Rural Precinct Plan demonstrates the relationship between the rural precinct planning intent and other planning initiatives such as local economic development strategies, Revitalization of Rural Towns, infrastructure planning, natural resource management plans and environmental management strategies and should encourage and support rural economic development opportunities.

PUBLIC PARTICIPATION

Public participation is important to determine the exact needs that exist in the communities in relation to the developmental priorities during the public meetings and information gathering. Umhlabuyalingana Municipality is utilizing the following mechanisms for public participation when developing its IDP.

- **IDP Representative Forum (IDP RF):** This forum represents all stakeholders and key interested and affected parties. This includes the ward committees, Amakhosi, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), etc.
- **Media:** Local newspapers are used to inform the public about progress with the IDP and to invite comments on the process plan, draft IDP and final adoption of the IDP.
- **Radio Slots:** The community radio station is used to make public announcements where necessary.
- **UMkhanyakude and Umhlabuyalingana Website:** UMkhanyakude DM's website will also be utilized to communicate and inform the community. Copies of the IDP and Budget will be placed on the website for people and service providers to download.
- **Ward Committees:** Umhlabuyalingana Municipality has adopted the Ward Committee policy which has resulted to the establishment of ward committees. The municipality considers ward committees as one of the institutional bodies to fast-track service delivery. They are represented in the IDP RF meetings and their input is always considered. They are also being used to disseminate the information about the agenda of the municipality.
- **IDP Review Process Plan:** The Council approved the IDP Review Process Plan with planned with activities and meeting dates, refer to page 89 of the report.

FUTURE ACTIONS:

The Initiatives committed whereby service delivery was improved over the next few years was addressed in the Vision Section above, refer to a table on Long Term Development Goals, Objectives and Strategies Structured into 6KPA's including KZN-KPA. Furthermore, Council Approved 2016/2017 IDP and Service Delivery, Budget and Implementation Plan (SDBIP) details the municipality's planned programmes and projects for 2016/2017 and beyond.

AGREEMENTS / PARTNERSHIPS: ANNOUNCEMENTS ON SPECIAL PARTNERSHIPS INITIATED.

- UMngeni Water and UMhlathuze
- District IGR-TORs

CONCLUSION:

Our duty as political principals of the municipality is to ensure meaningful contribution in the eradication of the three social ills namely: poverty, unemployment and inequality in our municipal area. This can only be achieved through playing constructive oversight role over administration in their performance in the implementation of council approved service delivery budget and implementation plans and maintains good partnership with all stakeholders to ensure collective development approach towards development.

As the Mayor of the Municipality, I take pride in presenting this annual report which reflects on the performance, both service delivery and budget, for the 2016/2017 financial year. In terms of Local Government: Municipal Performance Regulations 2001 and 2006, it is a legislative requirement that we report on the institutional performance in terms of Regulation 2001. The municipality is obliged to perform the organisational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a pre-determined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that have been put in place as corrective measures in cases where the set targets have not been achieved accordingly.

In accordance with the council approved organisational scorecard annual targets, the municipality had set itself 137 targets. Out of 137 targets, 106 were achieved and 31 were not achieved. The overall performance as at the financial year end depicts a decline in the performance, which indicates 77% as opposed to 83 percent during 2015/2016 financial year overall achievement of targets. I am hopeful that as we approach the end of our financial year we will improve on this performance for the betterment and benefit of the current and future generations of Umhlabyalingana.

Finally, I would like to take this opportunity to thank the members of the public who are continuously supportive and understanding in all aspects with one intention, to have a better future for all.

.....

Cllr. N.S. Mthethwa

Mayor.

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



The Local Government: Municipal Performance Regulations 2006 requires that all Section 54 and 56 Managers performance must be monitored on a regular basis. This monitoring process provides early warning signs on issues pertaining to performance for the purposes of establishing adequate and responsive corrective measures in cases where the set targets have not been achieved accordingly. This regulation has however been extended, through the Council adopted performance management policy and performance management framework, to managers below section 56 and all other staff to ensure a cohesive and collaborative front in the achievement of the Council set targets.

It must further be noted that the institutional performance is influenced by three key aspects, namely; leadership, financial and performance and governance, as they appear in the Dashboard report. In the year 2015/2016 the municipality has 4 (four) Senior Managers reporting to the Municipal Manager and this has improved the administration of the municipality.

It is important to mention that the municipality does not have any shared service arrangements with other municipalities and/or organisations. It is also imperative to mention that the municipality wards have expanded from 18 wards resulting from the demarcation process took place during the 2015/2016 financial year.

In accordance with the Constitution of the Republic of South Africa and applicable Local Government legislation and regulations, it is pleasing to note that the municipality as a local municipality has not over stretched its, but has accordingly confided itself within the law; for example, the function of library services was accordingly transferred to the relevant department of Art and Culture, hence the signed Memorandum of Agreement between the department and the municipality.

It is also imperative to note that the municipality is deeply rural (99%) with high levels of unemployment and poverty. It is for this reason that our policy on property rate emanating from the Municipal Property Rates Act (MPRA) targets only businesses and government as rate payers. In addition to property rates, refuse removal, rental income, licensing and library serve as our sources of revenue over and above the conditional grants which forms bigger part of our income. In addition the municipality does not have any loans or borrowings.

It is also comforting to state that the liquidity ratio of the municipality is 3:84 which reflects a healthy financial position. The cash coverage ratio is also 28% which further confirms, in accordance with the audited financial statements that the municipality is liquid and financially stable. This can only be attributed to a number of factors including stable political leadership and dedicated administration; hence the clean audit opinion from the office of the Auditor-General.

It is also worth noting and appreciating the extent to which the municipality has embraced the constitutional principle of co-operative governance as well as that of the intergovernmental Relation Framework Act through cooperatively engaging other sector departments in the integrated Development Planning Forum meetings as well as Intergovernmental Relations meetings with municipalities in the uMkhanyakude District. These advancements have seen the coordinated development, although there is room for improvement, in Umhlabuyalingana, especially from the sector departments.

It is important to mention that in the 2014/2015 and 2015/2016 financial years, the municipality obtained a clean audit opinion. The management developed an action plan on the findings raised, corrective measures and implementation dates on how to address the issues raised and the Audit Steering Committee was established to deal with such issues.

In our endeavour to maintain the clean audit in 2016/2017 financial year as the municipality commits to working tirelessly and diligently during the next financial year, minimising and eliminating administrative inadequacies thus increasing public confidence in the public service.

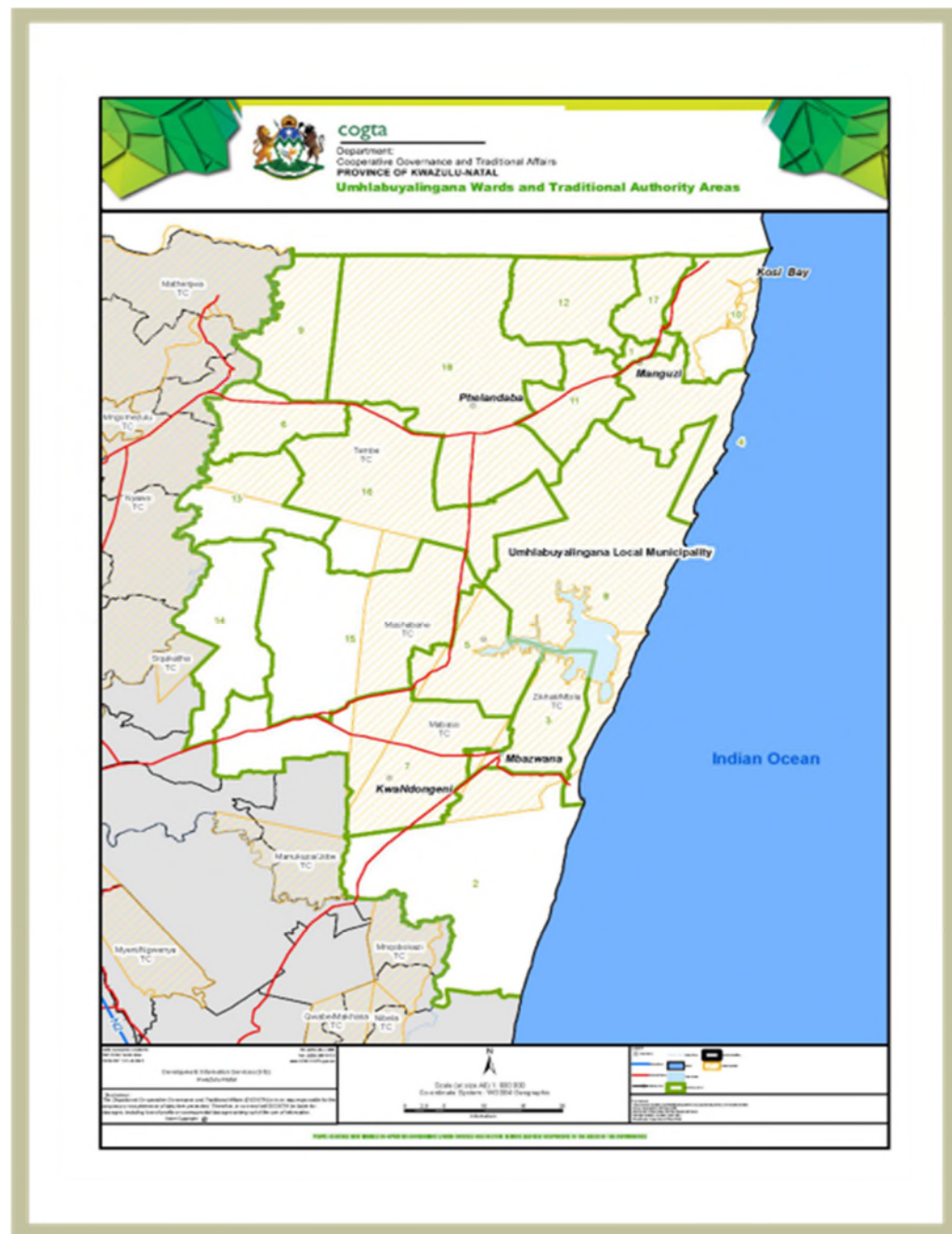
The need for risk management is to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity. It is an appropriate proactive way of managing risks and to successfully achieve the municipality's goals and strategic objective. Hence risk assessment has been conducted by Provincial Treasury and action plan including corrective measures to manage and mitigate risks has been developed and monitored by the Risk Committee.

.....

Mrs N.P Gamede

Acting Municipal Manager

1.1.1 SPATIAL ANALYSIS



MAP 1: UMHLABUYALINGANA LM LOCALITY

Umhlabuyalingana Municipality is one of the four local municipalities that comprise uMkhanyakude District Municipality. It is located in north-eastern KwaZulu-Natal along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west and the Big Five Hluhluwe Municipality to the south (Figure 1.1). This municipality is predominantly rural, with the population spread amongst the 18 municipal wards and the four traditional council areas (Tembe, Mashabane Mabaso and Zikhali).

Umhlabuyalingana Municipality consists of a predominantly African population (99%+), with the White, Coloured and Indian/Asian population contributing less than one percent.

Only three percent of the economically active population within the municipality earns more than R1 600 per month. The alarming fact is that 47 percent of the economically active population (out of a total of 52%) receives either no income or less than R1 600 per month.

Out of the total population, 18 percent has had no formal education, 57 percent did not complete Grade 12, and only eight percent obtained a Grade 12 or higher education. Of the eight percent with Grade 12 or higher, two percent of the municipality's population obtained a tertiary education. The Umhlabuyalingana Municipality's economic base depends largely on tertiary services, with community services accounting for about 70 percent of the municipality's GDP. Agricultural production contributes about 20 percent, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10 percent to the GDP of the municipality.

1.1.2 REGIONAL ACCESS

Access to Umhlabuyalingana Municipality is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

1.1.3 UMHLABUYALINGANA SPATIAL SYSTEM OF INTEREST

The delineation of Umhlabuyalingana Municipality boundaries was based on a number of factors including, population movement patterns, population distribution, and most importantly, regional economic patterns. This establishes the area as a system of interest reflecting complex interconnections among a range of component parts.

The area itself is also a subset of the other systems, such as uMkhanyakude District Municipality in local government and service delivery terms, and Maputaland/Elephant Coast in tourism planning and development terms. Other systems of interest that impact on the area include conservation and heritage, international conventions and national development processes.

1.1.4 SETTLEMENT PATTERN

Umhlabuyalingana is generally rural in character and is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads with the conurbation of commercial activities in some strategic points thus giving rise to development nodes, such as Mbazwana and Manguzi. Other nodal areas within the area include the following:

- KwaSikhemelele
- Mseleni, which developed as a result of the public facilities, such as a hospital
- Phelandaba, which is strategically located at the intersection of provincial and district corridors
- Ntshongwe

Manguzi and Mbazwana are experiencing relatively high population growth rates due to in-migration into these areas. Unless the formalisation process is fast-tracked, these areas run a risk of deteriorating into expansive rural slums, which will be very difficult to manage in the future.

1.1.5 SERVICE CENTRES

The importance of promoting development in Mbazwana has been recognised by all spheres of government, particularly Umhlabuyalingana Municipality and uMkhanyakude District Municipality, and is accepted to be a priority. Spatial frameworks for both municipalities identify the area as a rural service centre and a catalyst for regional spatial restructuring. This recognises the role of the centre, and challenges the authorities to focus development and growth in this area, and ensure that spin-offs are generated for the outlying areas.

The district Spatial Development Framework as outlined in the IDP emphasizes the importance of an efficient service delivery system based on the model of development nodes, service centres and development corridors. These are differentiated by the role they play in regional space and the thresholds they serve. Mbazwana is identified as a secondary node with both administrative and service delivery functions.

Service centres have a critical role to play in underdeveloped areas with high levels of poverty and service backlog. The current dispersed settlement pattern of the Umhlabuyalingana area forces members of local communities to travel long distances under trying circumstances to access community facilities. The cost of these trips are reflected not only in the financial expenses incurred, but also time spent and opportunities that are foregone.

1.1.6 LAND USE MANAGEMENT

Umhlabuyalingana Municipality has adopted both a municipal wide Spatial Development Framework (SDF) and a Land Use Management Scheme (LUMS) for Manguzi. Currently there is funding from CoGTA to compile a wall to wall scheme for Umhlabuyalingana Municipality.

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 MUNICIPAL FUNCTIONS

The municipality derives its powers and functions from the prescripts of the Constitution, Schedule 4, part B read in conjunction with Section 152, which contains the objects of local government. Municipal transformation and institutional development relates to a fundamental and significant change in the way the municipalities perform their functions, deploy resources and the institutional strategies applied to achieve optimum results for delivery of quality services to the communities served.

Transformation and institutional development is expected to take shape where the following is addressed as part of our strategic planning and direction.

1.2.2 POWERS AND FUNCTION OF MUNICIPALITIES

Schedule 5 Part B Functional Areas of Concurrent National and Provincial Legislative Competence	Schedule 4 Part B Functional Areas of Exclusive Provincial Legislative Competence
<ul style="list-style-type: none"> • Air pollution • Building regulations • Child care facilities • Electricity and gas reticulation • Firefighting services • Local tourism • Municipal airports • Municipal planning • Municipal health services • Municipal public transport • Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other law • Pontoons, ferries, piers and harbours, excluding the regulation of international and national shipping and matters related thereto • Storm water management systems in built-up areas • Trading regulations 	<ul style="list-style-type: none"> • Beaches and amusement facilities • Billboards and the display of advertisements in public places • Cemeteries, funeral parlours and crematoria • Cleansing • Control of public nuisances • Control of undertakings that sell liquor to the public • Facilities for the accommodation, care and burial of animals • Licensing of dogs • Licensing and control of undertakings that sell food to the public • Local amenities • Local sport facilities • Markets • Municipal abattoirs • Municipal parks and recreation • Municipal roads • Noise pollution • Pounds • Public places • Refuse removal, refuse dumps and solid waste disposal

Schedule 5 Part B Functional Areas of Concurrent National and Provincial Legislative Competence	Schedule 4 Part B Functional Areas of Exclusive Provincial Legislative Competence
<ul style="list-style-type: none"> Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems 	<ul style="list-style-type: none"> Street trading Street lighting Traffic and parking

1.2.3 DEMOGRAPHIC PROFILE

According to the Community Survey 2016 Census, Umhlabuyalingana Municipality's population is 172 077 people. This represents about 25 percent of the population in the district, making it the third largest in uMkhanyakude District Municipality (Figure 1.2). The municipality covers an area of 3 613km².

While much of Umhlabuyalingana Municipality consists of very low intensity and sparsely populated rural settlements, Manguzi and to some extent Mbazwana, Mseleni and Skhemelele are fast emerging as urban centres albeit with different levels of concentration.

The gender profile of Umhlabuyalingana is typical of the trend in most other local municipalities in KwaZulu-Natal i.e. there are generally a greater number of females residing in the area as opposed to males. However, the difference is not significant. The municipality has 91398 females compared to their male counterparts that has 80679 in total. Thus economic interventions targeting women are required.

Umhlabuyalingana has, over the last few years, experienced phenomenal population growth. Table 1.1 shows the population distribution by gender and age for the years 1996 and 2001 and 2011.

Population by age and gender for 1996, 2001 and 2011 (Stats SA: Census)

TABLE 2: POPULATION BY AGE AND GENDER FOR 1996, 2001 AND 2011

KZN271 Umhlabuyalingana									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 – 4	9 236	9 226	18 461	9 727	9 738	19 464	11 291	10 989	22 281
5 – 9	9 897	9 875	19 771	10 556	10 777	21 333	10 181	9 794	19 974
10 – 14	8 972	9 122	18 094	10 602	10 831	21 433	10 697	9 982	20 679
15 – 19	7 262	7 938	15 200	9 027	9 539	18 565	10 014	10 030	20 044
20 – 24	4 768	6 319	11 087	5 477	6 724	12 201	6 855	8 057	14 912
25 – 29	3 144	5 379	8 523	3 421	5 690	9 111	4 699	6 614	11 313
30 – 34	2 359	4 196	6 554	2 964	5 079	8 043	3 346	5 261	8 608
35 – 39	2 103	3 517	5 620	2 657	4 445	7 102	3 060	4 465	7 525
40 – 44	1 519	2 253	3 772	2 024	3 396	5 421	2 586	4 170	6 756
45 – 49	1 288	1 907	3 195	1 385	2 356	3 741	2 347	3 682	6 030
50 – 54	857	1 279	2 136	1 224	1 949	3 173	1 739	2 777	4 515
55 – 59	947	1 652	2 599	913	1 380	2 293	1 374	1 876	3 250
60 – 64	745	1 771	2 516	971	1 966	2 937	1 130	1 790	2 920
65 – 69	951	2 218	3 169	579	1 745	2 324	735	1 215	1 949
70 – 74	548	946	1 493	753	2 059	2 812	735	1 433	2 168
75 – 79	426	696	1 121	372	815	1 187	326	1 082	1 408
80 – 84	179	237	415	321	593	914	373	1 087	1 460
85 +	135	230	365	163	348	511	281	663	945
Total	55 333	68 759	124 092	63 134	79 431	142 565	71 769	84 967	156 736

The population of Umhlabuyalingana is very young with more than 57 percent falling under the 20 year age category and 34 percent officially defined as youth (15–53 years) (Figure 1.4). This has a huge implication for service delivery, education and job creation in the municipality, which has to be prioritised on account of such a young population.

A relatively young population implies a high dependency rate on the working population to meet the needs of this young generation. As such there is significant pressure on the working population to take care of the youth and the elderly. To further exacerbate the problem, not all the people within the economically active category are employed. A relatively high representation of very young people in Umhlabuyalingana has serious implications for service delivery, education and job creation in the area.

1.2.4 SOCIO-ECONOMIC PROFILE

The prevalence rate of HIV in Umhlabuyalingana could be estimated at 16 percent of the total population. Some of the impacts of the disease in Makhathini Flats are the decrease in life expectancy and increase in the dependency ratio and the number of orphans; and the slowing down of the population growth rate (increasing mortality and morbidity)(Figure 1.5). Developmental impacts include a loss in social skills and changes in the distribution of income. A result is an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS on municipalities is likely to be present in all aspects of the municipality's functions, but may lead, in particular, to an increase in the need for poverty alleviation and under-utilisation of infrastructure in the long run.

Between 2010/11 and 2011/12 the district institutional maternal mortality rate decreased from 130.1/100 000 to 68.1/100 000 compared with the National overall MMR of 310/100 000 (SA Strategic Plan for CARMMA) (Table 1.2). It should be noted that a number of maternal deaths occurred following transfer from the district to the regional referral hospital in Uthungulu.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews; training of professional nurses by Region 4 Specialists in the management of major conditions leading to maternal deaths; and training of CCGs on the MCWH Community Care Framework in order to strengthen MCWH services in the community.

TABLE 3: MATERNAL AND INFANT MORTALITY RATE IN UMKHANYAKUDE DISTRICT (DHIS)

Indicator Name	Indicator Type	2010/2011	2011/2012
Total mortality rate	%	7,0	6,0
Facility maternal mortality rate	per 100K	130,1	68,1
Infant mortality rate	%	11,4	8,5
Under 5 years mortality rate	%	9,4	6,6
ANC prevalence survey	%	41,9	40,0

The infant and child mortality rates have shown substantial improvement since 2009. The main reason for this improvement is the reduction in mother to child transmission of HIV since dual therapy was introduced in 2008, which has reduced transmission at 6 weeks of age in the district from 12 percent in 2008 to 4 percent in 2011.

The HIV prevalence (ANC) remains high although it shows a slight reduction from 41, 9 percent in 2010 to 40 percent in 2011. The district is one of three districts in the country where the prevalence exceeds 40 percent. Success in the treatment programmes will however increase the life expectancy of women.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante-natal Nevirapine uptake rate, although data collection is a challenge.

As indicated in Table 1.3, 13 865 households reside in traditional dwellings, the majority of which are poorly constructed. This marks an increase of about 30 percent from the 2001 figures. It demonstrates the level of poverty in the area and suggests an acute need for rural housing. While this is spread throughout the area, it is noted that the settlement pattern in Umhlabuyalingana is changing as an increasing number of households is locating along major access routes and within or in close proximity to Mbazwana and Manguzi, thus highlighting the importance of settlement planning and co-ordination of infrastructure provision and development of sustainable human settlements.

TABLE 4: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF MAIN DWELLING (STATS SA: CENSUS)

Municipality	Formal Dwelling			Informal Dwelling			Traditional Dwelling		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271:	4 5	9 4	19	101	1 0	130	14	15	13
Umhlabuyalingana	23	57	525		19		581	698	865

TABLE 5: TYPE OF DWELLING (STATS SA: CENSUS 2011)

Type	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	18 329
Traditional dwelling/hut/structure made of traditional materials	13 865
Flat or apartment in a block of flats	964
Cluster house in complex	52
Townhouse (semi-detached house in a complex)	37
Semi-detached house	13
House/flat/room in backyard	91
Informal dwelling (shack; in backyard)	104
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	26
Room/flat let on a property or larger dwelling/servants quarters/granny flat	38
Caravan/tent	54
Other	284
Unspecified	–
Not applicable	–
Total	33 857

By using the backlog figures for water and sanitation supply, it is estimated that the backlog is 8 806 housing units. Although Mbazwana and Manguzi are still rural towns and subject to the dictates of the Ingonyama Trust Act, they are urbanising at a fast rate and present new challenges in terms of housing development. Housing needs in these areas include rental stock, middle income housing and the traditional low income housing. A relatively high representation of informal rental housing stock suggests a large number of people who occupy backyard shacks, cottages and other rented accommodation (Table 1.4 & Figure 1.6). Introduction of town planning in these areas will help to direct growth and ensure that the area develops in accordance with the National Housing Development Policy – sustainable human settlement.

1.2.5 EDUCATION PROFILE & LITERACY LEVELS

A large number (54%) of people is functionally illiterate meaning that they either do not have school-based education or have not received sufficient school-based education to acquire marketable skills and engage in serious business ventures (Table 1.5).

TABLE 6: DISTRIBUTION OF POPULATION AGED 20 YEARS AND OLDER BY LEVEL OF EDUCATION ATTAINED FOR 1996, 2001 AND 2011 (STATS SA: CENSUS)

Education Level	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No schooling	9 718	18 823	28 541	10 993	22 161	33 154	14 689	7 585	22 274
Some primary	3 116	4 968	8 084	3 669	5 581	9 250	6 800	4 685	11 485
Completed primary	1 018	1 420	2 438	1 126	1 465	2 591	1 818	1 241	3 058
Some secondary	3 723	4 272	7 995	4 290	5 194	9 483	9 232	7 421	16 653
Std 10/Grade 12	1 550	1 947	3 497	2 540	3 263	5 803	9 290	6 933	16 222
Higher	283	373	656	605	883	1 488	2 005	1 272	3 277
Total	19 408	31 803	51 211	23 223	38 546	61 770	43 833	29 137	72 970

Only a small fraction has secondary education and the representation of people with tertiary education is even more negligible (Figure 1.7). Poor educational levels also mean that the ability to equip the local population with skills and training in non-agricultural activities becomes more difficult. This situation is aggravated by the lack of access to colleges, technikons and universities for the local population.

TABLE 7: DISTRIBUTION OF POPULATION AGED BETWEEN 5 AND 24 YEARS BY SCHOOL ATTENDANCE FOR 1996, 2001 AND 2011 (STATS SA: CENSUS)

Schooling	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Attending	19 198	19 841	39 040	26 945	27 141	54 087	31 379	29 667	61 046
Not Attending	11 202	12 562	23 764	8 716	10 729	19 445	5 352	7 126	12 478
Total	30 400	32 403	62 803	35 661	37 870	73 531	36 731	36 793	73 524

1.2.6 HOUSEHOLD INCOME

Household income levels in the municipality are extremely low, with almost half (44, 9%) the number of households earning no income (Figure 1.8). The majority of the population survives on around R500 a month. Representation reduces significantly as income brackets increase. There is a relatively high dependence on social grants.

It is also clear that given the low employment levels in the area, the majority of households are dependent on social welfare grants. These low levels of income are indicative of the high levels of poverty found in Umhlabuyalingana and the urgent need to create income generating activities.

1.2.7 EMPLOYMENT PROFILE

An extremely high percentage of the population is not economically active. This also means a high dependency ratio exists on household heads with low income levels. Despite the diversified nature of the local economy, unemployment in the municipal area is of concern as only 13 percent of the total labour force is employed. Unemployment rate is currently estimated at 22 percent while 65 percent of the total labour force is not economically active (Figure 1.9).

The classification of employment with regard to industry is difficult since 95, 1 percent of the local economy could be classified as undetermined. The majority of the employed that can be classified, work in the community and government sector services. The majority of the employed population is paid employees. Self-employed people account for less than one percent of the employed population. This indicates poor levels of entrepreneurship within the municipality.

For those who are employed, the majority occupy semi and unskilled positions, with a small handful in skilled employment. This indicates the fact that the area has high levels of dependency on the few people that are employed. The low levels of education also limit the ability of local people to be employed. This also points to the levels of poverty in the area.

1.2.8 INDIGENT SUPPORT

The municipality has initiated a process towards the compilation of an Indigent Register as a means to implement free basic services policy. It is expected that the process will be completed during this financial year. It is noted that Umhlabuyalingana is located within a poverty node, and has a relatively high number of households who cannot afford basic payment for services. Ward Councillors and Community Development Workers are playing a major role in the identification of deserving households and the compilation of a register.

1.2.9 ECONOMIC PROFILE

Umhlabuyalingana Municipality, like any other municipalities in the country, has a huge service backlog. The municipality does try to deliver relevant services to the communities through effective utilization of funds and human resources but, there is still much work to be done. Its economic base depends largely on tertiary services, with community services accounting for about 70% of the municipality's GDP. Agricultural production contributes about 20%, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10% to the GDP of the Municipality

TABLE 8: OVERVIEW OF NEIGHBOURHOODS WITHIN UMHLABUYALINGANA MUNICIPALITY

Overview of Neighbourhoods within Umhlabuyalingana Municipality		
Settlement Type	Households	Population
Towns		
Manguzi (Ward 17)	2274	9496
Mbazwana (Ward 2)	1755	7744
Skhemelele (Ward 6)	2745	13064
Sub Total	6774	30304
Townships		
No Townships within the municipality	6774	30304
Sub Total		
Rural Settlements		
Ward 1	1151	4709
Ward 2	1755	7744
Ward 3	2068	11400
Ward 4	2916	12089
Ward 5	2045	8888
Ward 6	2745	13064
Ward 7	1952	9796
Ward 8	1948	8493
Ward 9	2582	11841
Ward 10	1552	7189
Ward 11	2230	9587
Ward 12	1594	7333
Ward 13	1663	8918
Ward 14	1676	8112
Ward 15	2198	10400
Ward 16	1509	7616
Ward 17	2274	9496
Ward 18	-	-

Overview of Neighbourhoods within Umhlabuyalingana Municipality		
Settlement Type	Households	Population
Sub Total	33 858	156735
Informal Settlements		
There are no informal settlements within the municipality		

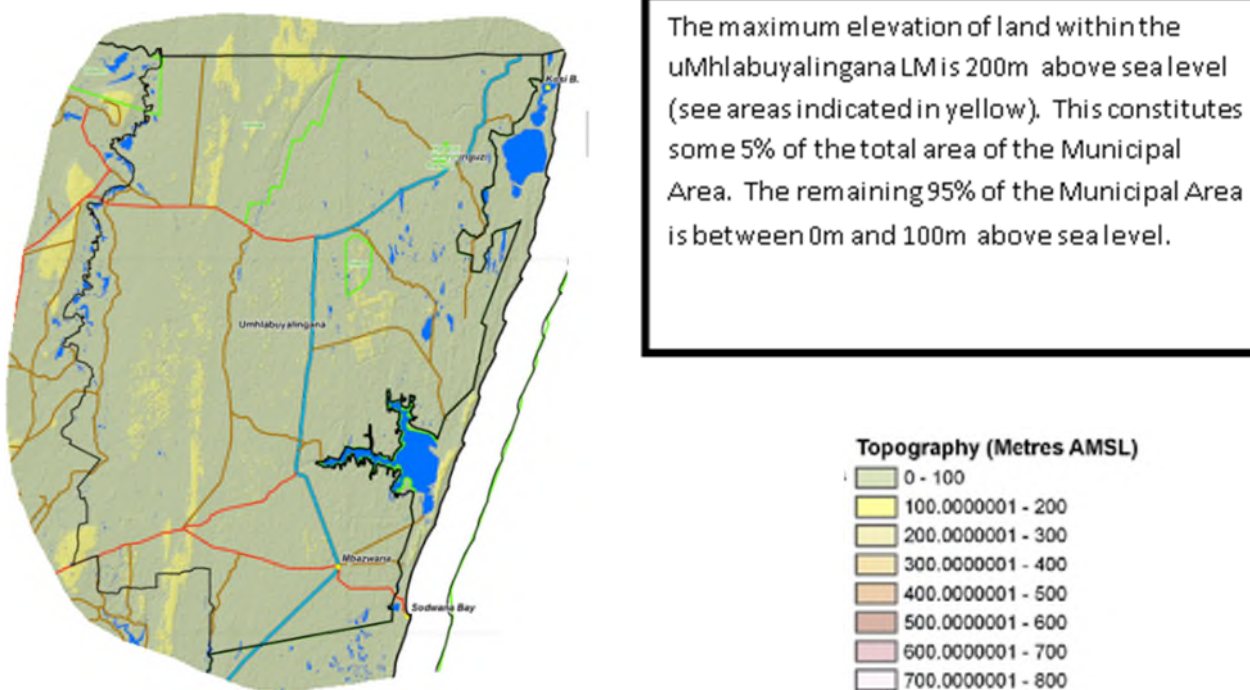
1.2.10 NATURAL RESOURCES

Natural Resources	
Major Natural Resource	Relevance to Community
Sand Mining	Job creation and community development
Marula Farming	Job creation and community development

1.2.11 ENVIRONMENTAL OVERVIEW

1.2.11.1 TOPOGRAPHY

The general topography within Umhlabuyalingana Municipal area is flat to gentle rolling. This normally implies that there are limited hindrances to development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or the land cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

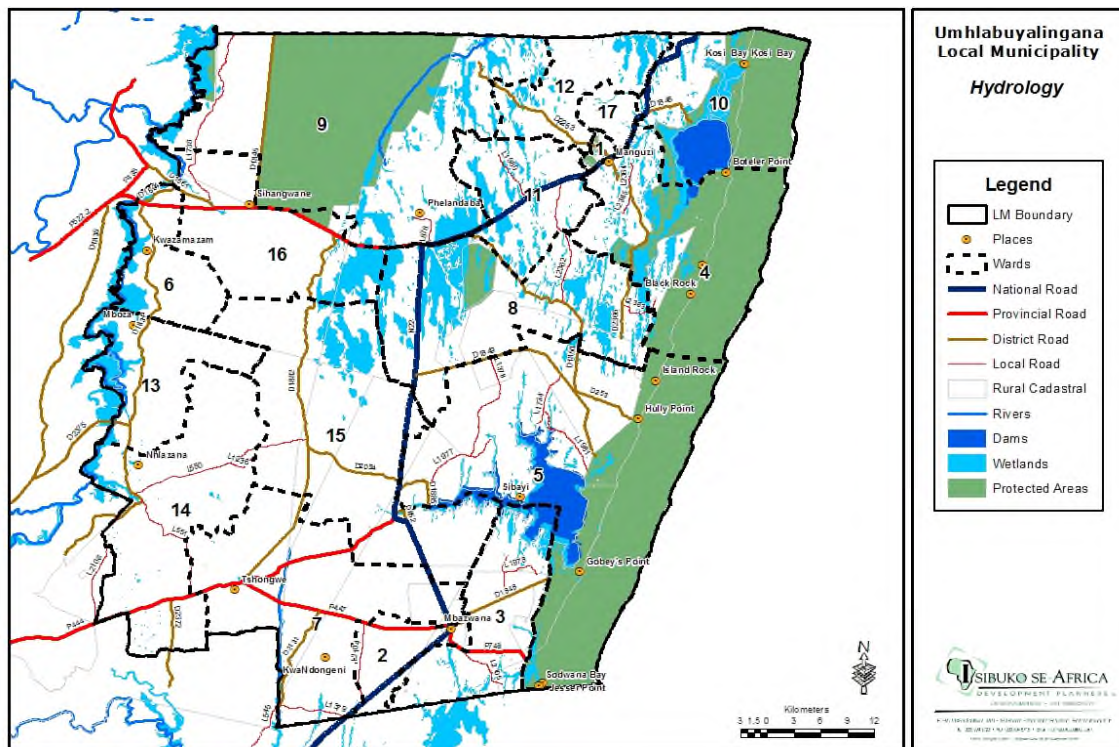


MAP 2: TOPOGRAPHY

1.2.11.2 SOIL

The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are very unstable and are susceptible to erosion. Thus the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It would be necessary to ensure that soil erosion prevention measures are planned and vegetation removal is kept to only areas where it is necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

1.2.11.4 RIVERS AND WETLANDS

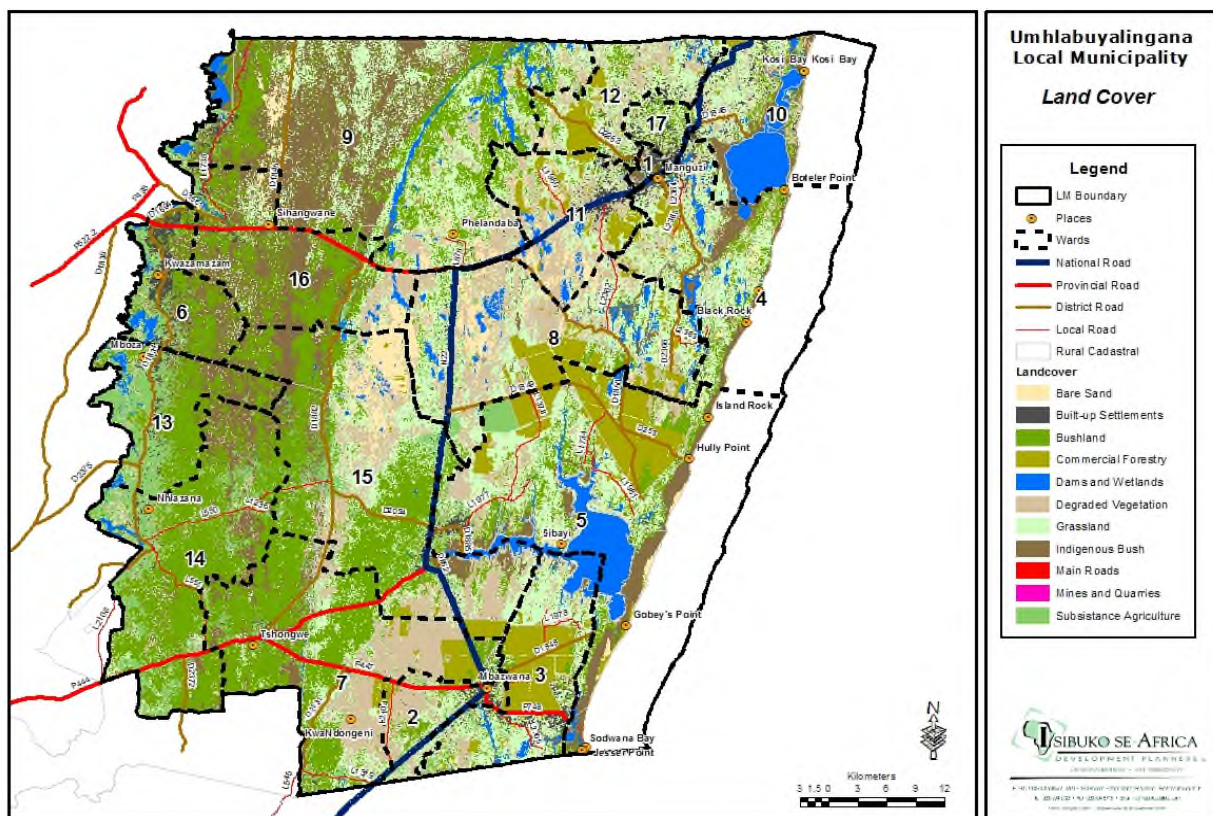


MAP 4: HYDROLOGY

The area has limited drainage lines and rivers with exception of Pongola River that runs on western edge of the municipal boundary. However there are extensive wetlands, with the presence of typical wetland vegetation species like the Jancus species (Nncema.) These hydrologically sensitive areas are mainly on the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services which for the area under investigation will to a large extent, be provision of grass for crafts and households use and flood attenuation. Thus maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

1.2.11.5 LAND COVER AND GRASSLAND



The general vegetation type of the area is described as Maputaland Coastal Thicket. This vegetation type is said to be vulnerable to KZN province. According to KZN Wildlife vegetation classification, the province has an estimated 148,840 ha of this vegetation type of which 11.2% is protected. It is estimated that approximately 9.684% of this vegetation type in the province is completely transformed and a further 17.44% degraded. It is said that a total of approximately 73.25% of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care need to bet taken in order protect its conservation significance in the province and in the country as a whole.

It is noted that a fairly large portion of this vegetation type within the project areas especially along the main roads and tracks is degraded or completely transformed. From this it can be seen that majority of the project area still have fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in fairly good condition. The settlement activities in the area have resulted in a significant degradation of the vegetation especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorization from the Provincial Department of Agriculture and Environmental Affairs.

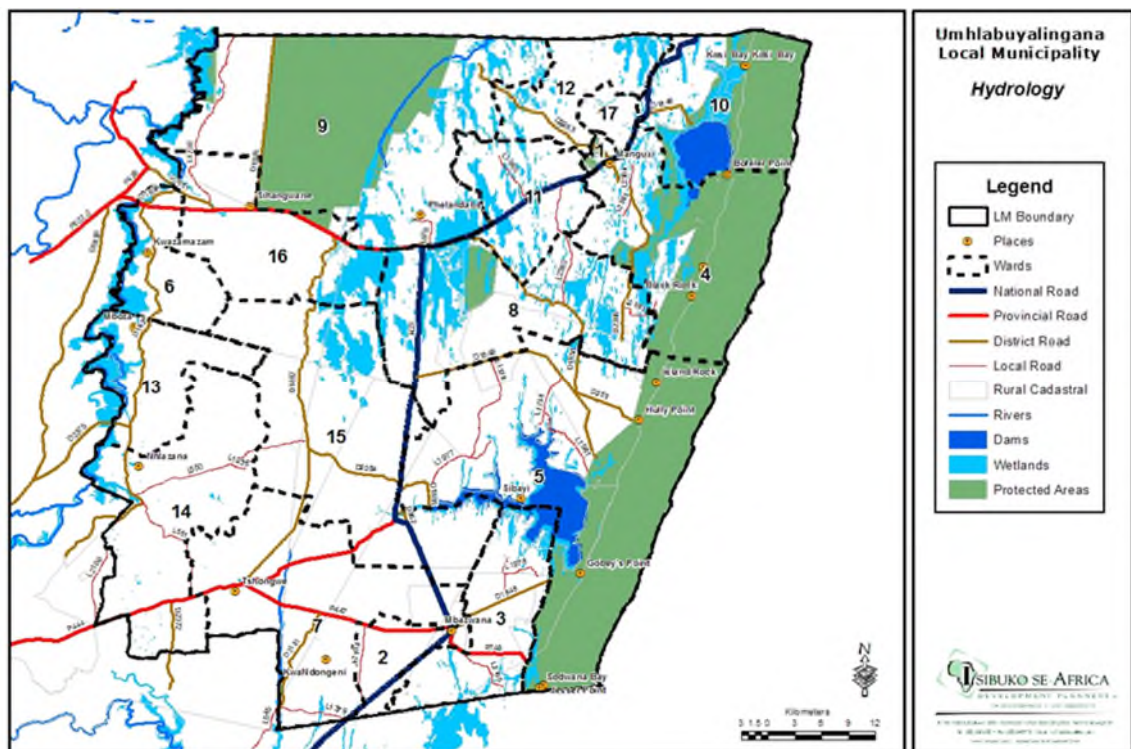
Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances would not occur on the

untransformed thicket and grassland. Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

1.2.11.6 HYDROLOGY

Umhlabuyalingana comprises 16 different wetland types, including:

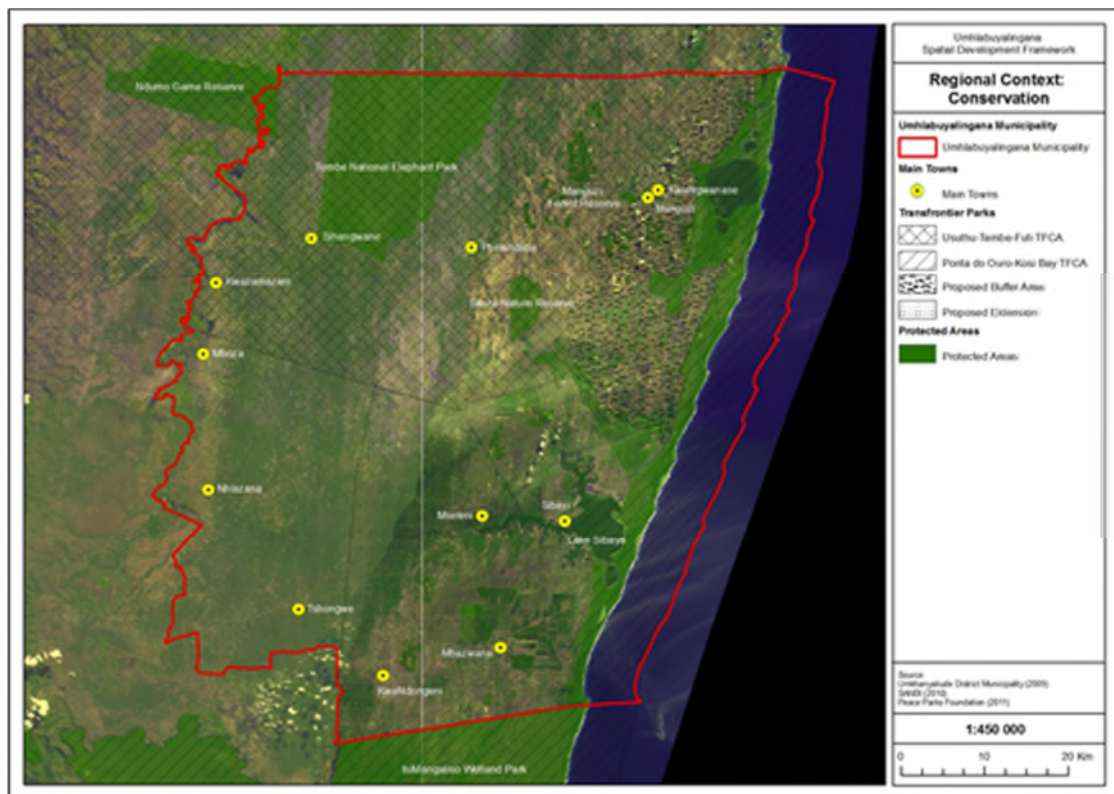
- Shallow marine waters
- Coral reefs
- Sand/shingle shores
- Estuarine waters
- Tidal mudflats, including intertidal flats and salt flats
- Salt marshes
- Mangrove/tidal forest
- Coastal brackish/saline lagoons
- Coastal fresh lagoons
- Deltas
- Freshwater lakes: permanent
- Freshwater lakes: seasonal/intermittent
- Saline/brackish lakes/marches: permanent
- Saline/brackish lakes/marches: seasonal/intermittent
- Freshwater marches/pools: permanent
- Freshwater marches/pools: seasonal/intermittent



MAP 6: HYDROLOG COASTAL MANAGEMENT

The coastal area of Umhlabuyalingana Municipality was proclaimed as a nature reserve in 1987. South Africa currently has 16 and by 2007 they total to 19 wetlands designated as wetlands of international importance in accordance with the Ramsar Convention, one of which is the Isimanagaliso wetland park system. The site is a Nature Reserve administered by the KZN Wild Life Under the communally owned land falling under the Tembe, Mabaso, Mbila and Mashabane Traditional Council.

Formally protected areas and TFCAs within and surrounding the Umhlabuyalingana Municipality



MAP 7: REGIONAL CONTEXT CONSERVATION

1.2.11.7 SPATIAL ENVIRONMENT

The following section presents a short description of each of the five formally protected areas within the Umhlabuyalingana LM.

1.2.11.8 TEMBE ELEPHANT NATIONAL PARK

The Tembe Elephant National Park is situated on the Mozambique border in close proximity to Ndumo Game Reserve. The park is approximately 30,000 ha in extent and managed by Ezemvelo KZN Wildlife. The park is situated within the sand veld ecological zone and consists mainly of closed woodland and secondary thicket formation, with clumps of Sand Forest. The zone falls within a transition area between tropical and sub-tropical forms and therefore is home to a great diversity of vegetation. This results in high diversity of birdlife (340 bird species). The park is also home to approximately 220 elephants, some of which are among the largest in the world.

1.2.11.9 MANGUZI NATURE RESERVE

The Manguzi Forest Reserve is situated on the outskirts of the Manguzi urban centre. The reserve is 237 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects the last significant patch of KwaZulu-Natal Coastal Forest, an Endangered Ecosystem, to the north of Lake Sibaya. There are currently no facilities for visitors to the reserve.

1.2.11.10 SILEZA NATURE RESERVE

The Sileza Nature Reserve is situated south-west of Manguzi. The reserve is 2,125 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects a large portion of Maputaland Wooded Grassland, which is classified as Vulnerable. There are currently no facilities for visitors to the reserve.

1.2.11.11 TSHANINI COMMUNITY CONSERVATION AREA

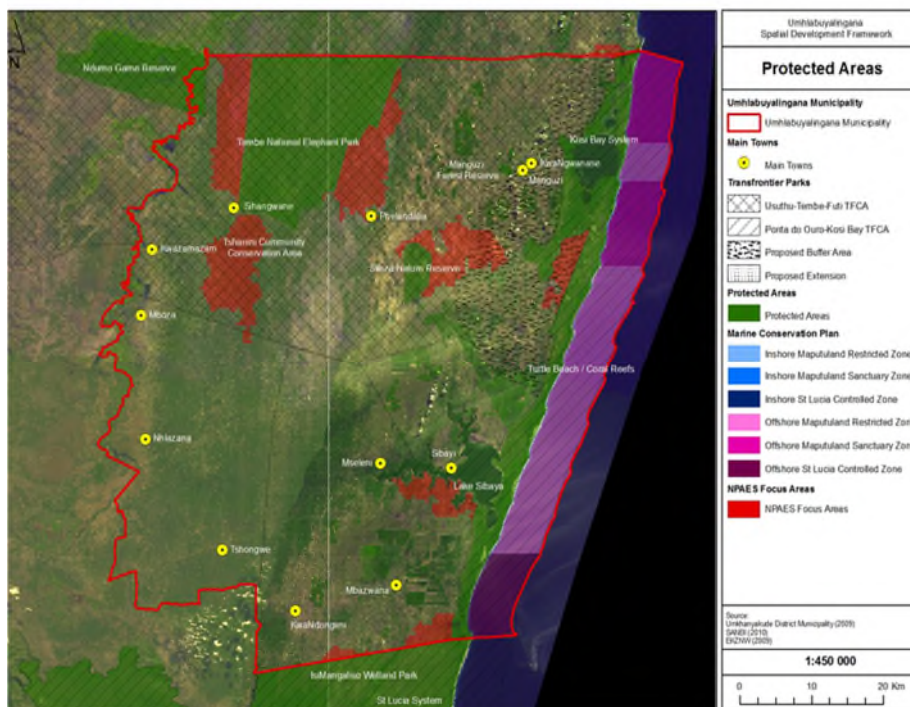
The Tshanini Nature Reserve is a community conservation area to the south of Tembe National Elephant Park. The reserve is approximately 3,000 in extent and managed by the local Tshanini community, with assistance from the Wildlands Conservation Trust. The reserve largely protects areas of Tembe Sandy Bushveld and Sand Forest.

1.2.11.12 NDUMO GAME RESERVE

The Ndumo Game Reserve is a registered Ramsar Site which is situated on the Mozambique border. It is located at the confluence of the Great Usutu, which forms its northern boundary, and the Pongola River. The reserve is approximately 11,860 ha in extent and comprises a variety of ecosystems, including floodplain pans, wetlands, reedbeds, savannah and sand forest. It has the highest bird count in South Africa with 430 recorded bird species. This includes several aquatic species, such as Black Egret, Pygmy Geese, and Pelicans, as well as several species of interest, such as the Pell's Fishing Owl, Broadbill, and Southern Banded Snake Eagle. The reserve is home to a number of game species, including Nyala, Bushbuck, Impala, Red Duiker, Suni, Black and White Rhino, Hippopotamus and Crocodiles.

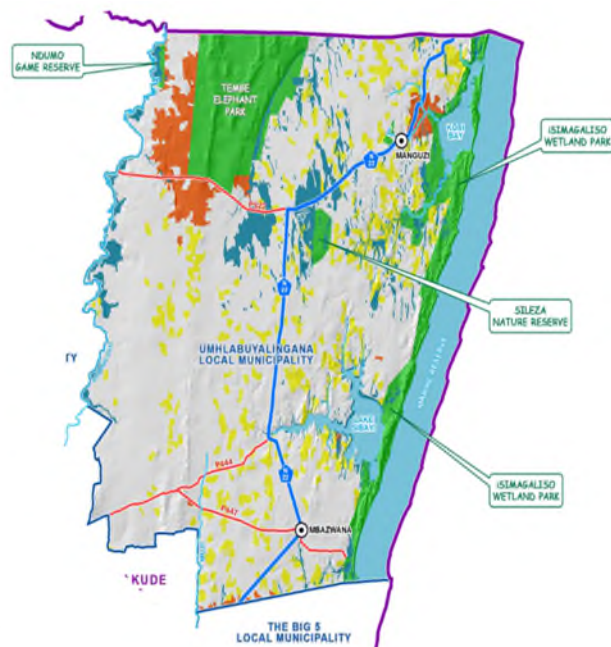
1.2.11.13 ISIMANGALISO WETLAND PARK

The ISimangaliso Wetland Park is South Africa's first UNESCO World Heritage Site. The 332,000 ha park contains three major lake systems, most of South Africa's remaining swamp forest, Africa's largest estuarine system, 526 bird species, and 25,000 year old coastal dunes. The park also includes an extensive Marine Reserve which protects 190,000 km of the South African coastline. There are also four RAMSAR sites, namely the Kosi Bay System, Turtle Beaches / Coral Reefs, Lake Sibaya, and the St Lucia System within the park.



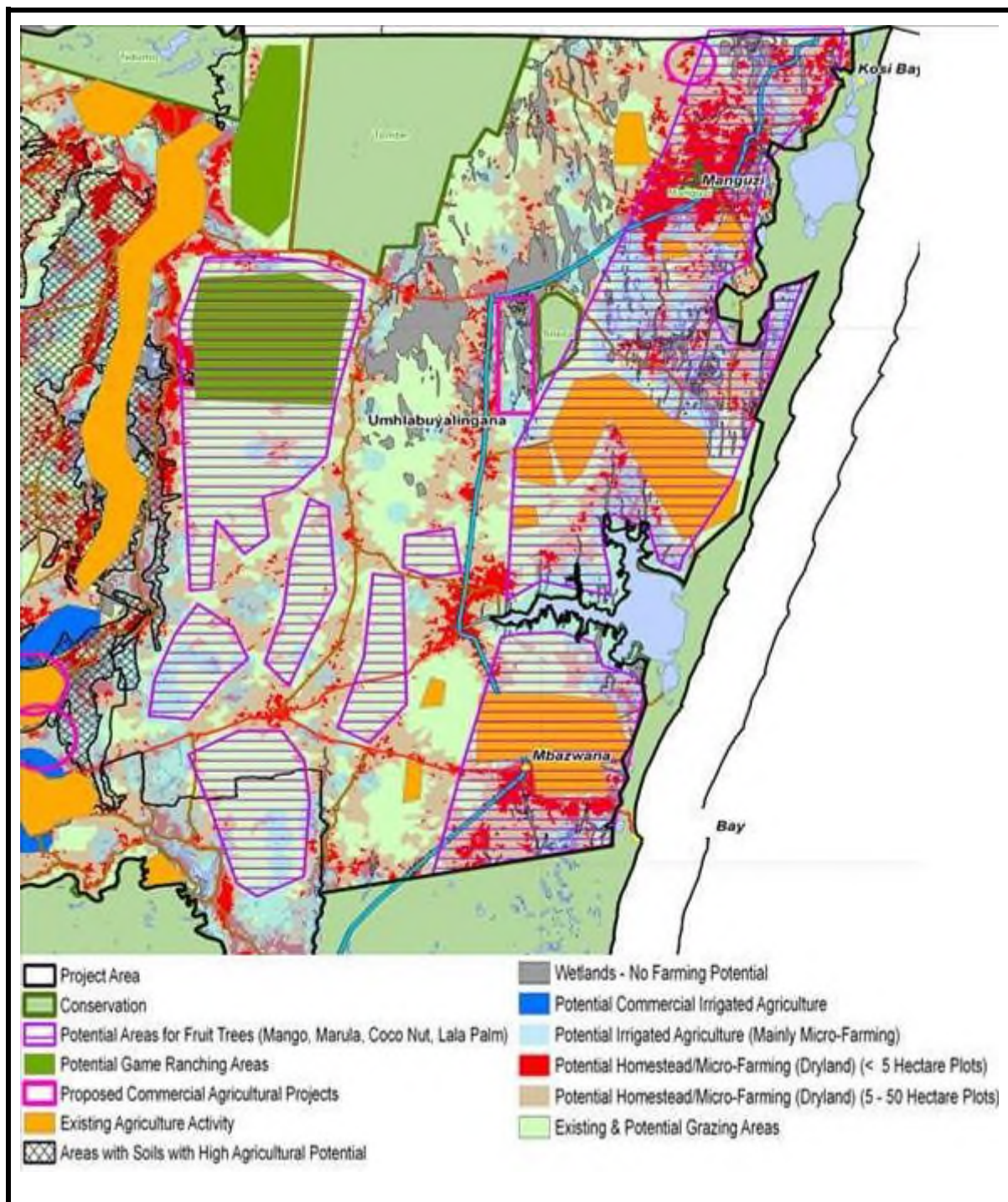
MAP 8: PROTECTED AREAS

ENVIRONMENTAL SENSITIVE AREAS MAP



- The environmentally sensitive corridor along the coastline in the eastern part of the Municipality (mainly the iSimangaliso Wetland Park);
- The Makhathini flats along the Pongola River, which forms the western boundary of the Municipal area;
- The Tembe Elephant Park between the P522 provincial road and the Municipality's border with Mozambique, in the north-western part of the Municipal Area.

MAP 9: ENVIRONMENTAL SENSITIVE AREAS



MAP 10: AGRICULTURAL POTENTIAL IN UMHLABUYALINGANA LM (SOURCE: URBAN-ECON, AGRICULTURAL POTENTIAL MAP - MAKHATHINI INTEGRATED DEVELOPMENT PLAN 2007)

Agriculture is one of the two key drivers of economy in Umhlabuyalingana LM, the other being tourism. The majority of the population in Umhlabuyalingana LM is involved in these two sectors. Agriculture in the municipality is based on commercial agriculture and consumption agriculture which is directed towards meeting consumption needs the population.

The Umhlabuyalingana LM consists of 9 bio resource units. It has fairly flat land with good soil conditions with weather conditions that influences the agriculture production in this municipality.

The Umhlabuyalingana LM also falls under the Makhathini Flats area which is also characterized by its flat land and rich soils which make it suitable for agricultural production. Commercial farming has become a key area where investment has been directed in the Makhathini Flats and there has been much focus on development and job stimulation in the agricultural sector in this area.

The Makhathini Integrated Development Plan is one such programme that is being implemented in the area which is focused on the provision of agricultural infrastructure to optimize opportunities for crop and animal production in the Makhathini Flats. Although this programme started in the 2009/2010 financial year, efforts for infrastructure development intensified in the 2010/2011 financial year. According to the MEC Johnson's Budget Speech (2011)¹ the main infrastructure projects supported in 2010/2011 include improvement of farm access roads, refurbishment of pumps and irrigation infrastructure, construction of drainage canals and construction of livestock centres in Jozini and Umhlabuyalingana Municipalities. Improvement of irrigation infrastructure will stop water-losses due to leaking pipes while the construction of drainage canals will address water logging currently affecting 2500ha. Livestock centres aim to support livestock farmers in the Makhathini Flats to improve animal production and enhance local economic development. Implementation of these infrastructure projects created 192 job opportunities for the local people.

The agricultural potential of the land varies throughout Umhlabuyalingana LM; where relative to the eastern sea board, the area with high potential for dry land agriculture is closest to the sea and the one with low potential furthest from the sea with the moderate potential area falling in-between.

Agricultural development in areas in Umhlabuyalingana LM that have a high agricultural potential are hindered by the limited availability of land due to the sandy nature of the soils, by the settlements present in these areas and the fact that these areas often fall within the environmentally protected spaces of the municipality.

Access to water resources also plays an important role in both commercial and consumption agriculture and determines what types of crops that can be grown and where it can be grown. The limited and lack of access to water can further hinder development in the agricultural sector. The major surface water resources in Umhlabuyalingana LM are as follows.

The Pongola River- which provides opportunities for irrigation along the Pongola floodplains. It is also evident that the Pongola floodplains has been a draw card for settlements that have settled informally and have increased in density in areas close to the floodplains which reinforces the fact that people are dependent on natural resources for their survival in the Umhlabuyalingana LM. Usutu River which runs along the north-western boundary of Umhlabuyalingana LM. The coastal fresh water lakes and swamps which includes Lake Sibaya and Kosi Bay

Water sources, in the form of large water bodies, reside on the peripheral ends of the Municipality and include areas such as the Kosi lake system, Lake Sibaya, Bhangazi and the St Lucia system¹³. In recent years efforts have been made to improve the irrigation systems in the Makhathini Flats area however research has indicated that the lack of reliable sources of water for irrigation poses a major constraint on commercial agriculture projects such as the Mboza groundnuts project.

The predominant and forms of agricultural activities that take place in Umhlabuyalingana can broadly be categorized as follows:

Homestead and community gardens dominated by the production of fresh vegetables. Crop production systems (groundnuts, maize, cassava, cowpea, taro (amadumbe), sweet potato (red, white & yellow), jugo (izindlubu and sugar beans). Forestry Plantations (pine and eucalypt); Livestock farming; and Commercial forestry plantations

There is evidence of commercial forestry plantations that are located at Mbazwana and Manzengwenya along the coast. Although the predominant commercial agriculture activities are limited to the production of cashew nuts, ground nuts and a few other niche products is poorly developed, there is potential to expand and this is dependent on a number of factors such as improving the accessibility to water, access to defined blocks of land that are designated to agricultural activities, etc. As consumption agriculture is important activity in the Umhlabuyalingana LM area, community garden initiatives have been established in Umhlabuyalingana LM and play an important role in alleviating poverty and ensure food security. The community gardens are the important generators for fresh vegetables in the area that is directed toward consumption needs. However, the poor design of these community gardens have resulted in a number of problems such and range from lack of infrastructure and funds to group dynamics

Production systems are considered to include the activities that are coordinated either by the government or private companies and such activities in Umhlabuyalingana include the production of:

- Cotton which is concentrated mainly in the Makhathini Flats area;
- Pineapples which are in a process of being introduced in the Umhlabuyalingana;
- Ground nuts;
- Essential oils;
- Honey
- Cashew nuts.

Households involved in consumption agriculture are involved in the production of a range of crops for household consumption which includes crops such as maize, amadumbe, sweet potatoes, etc. The type of crops grown in the various households throughout Umhlabuyalingana is again dependent on accessibility water resources and the type of soil conditions. Research has indicated that there is potential to commercially produce these crops but this is dependent on technology and the supply of water, for example, the provision of water irrigation systems. Livestock production also forms an integral part of community activities that ensure food security and also as an income generating resource includes livestock such as chickens, cattle and goats.

1.2.11.14 AGRICULTURAL PROJECTS AND POTENTIAL AREAS FOR AGRICULTURAL DEVELOPMENT

The areas for potential agricultural development in Umhlabuyalingana LM. it is evident that the full potential of the agricultural sector has not been fully realized in Umhlabuyalingana as the areas of existing agricultural activities is small in comparison to the areas that have agricultural potential. It is evident that Umhlabuyalingana has the opportunity to expand its agricultural sector in the following areas:

- Fruit tree farming - fruits that can be grown in the municipality include mango, amarula, coconut and lala palm

- Game ranching - such a development can impact on both the agriculture sector and the tourism sector.
- Irrigated farming
- Homestead farming in areas that have plot sizes of less than 5 hectares
- Homestead farming in areas that have plot sizes of between 5 and 50 hectares

1.2.11.15 CASHEWS NUTS PROJECT AND ITS SPIN-OFFS

Cashew nuts is an important part of the commercial agriculture sector in Umhlabuyalingana and it is grown in the areas around Umhlabuyalingana LM where the soils are most favourable. Cashew nuts have been in production in the Maputaland area since the 1980.s and began as part of a research project the Industrial Development Corporation. A joint partnership with Ithala Development Corporation was formed and Coastal Cashew (Pty) Ltd. Was established. In 1994 the scheme of this venture under Coastal Cashew (Pty) Ltd was extended into Manguzi in 1994 to include and is still in operation today. The development of the cashew nut out grower block has stimulated development and interest in other agricultural production initiatives for the Umhlabuyalingana LM and surrounding areas in the Maputaland region which includes:

- Essential oils
- Peanuts
- Honey
- Cashews
- Ground nuts

1.2.11.16 GROUND NUTS

The favourable coastal climate and sandy soils increases the potential for ground nuts production in the Maputaland area. Ground nuts projects have currently been established in Umhlabuyalingana LM where large tracts of land have been made available for this type of projects in areas such as Mboza.

1.2.11.17 BEE-KEEPING AND HONEY PRODUCTION ACTIVITIES

According to the MDIC (2012) bee keeping and honey production activities have been exclusively practiced the community in the forests that are owned by Sappi and Mondi in the Umhlabuyalingana LM. The MDIC further indicates that .honey production can be a lucrative business venture for community development [as] it has very little initial capital cost, little management is required [and it] promotes the retaining of indigenous trees in the area. It is ideal for resource poor farmers, as it requires low cost technology, minimum infrastructure and no land ownership. Eucalyptus trees provides excellent source for pollen and these are found extensively in the [uMkhanyakude] District and another opportunity exists in the natural forests in the game parks.

1.2.11.18 PALMS

Umhlabuyalingana LM is notable for the prolific growth of palms in this area. These palms are used by the local people for the manufacturing of handcrafts, while a significant quantity of the palm fronds (in particular the Lala Palm) is exported to other regions for use by craft workers. The sap of Wild Date Palm, and in particular the Lala Palm is used for the production of palm wine. The over-harvesting of palm could be a problem but current controls and active planting of palms are ensuring their sustainability. However, sale of palm material for craftwork outside of the district should be restricted.

1.2.11.19 CONSTRAINTS AND LIMITS TO THE DEVELOPMENT OF THE AGRICULTURAL SECTOR

A number of constraints that impede or limit commercial agricultural development in Umhlabuyalingana LM were identified in Umhlabuyalingana LM. Local Economic Development Strategy in 2007 and includes, but is not limited, to the following:

Access to adequately sized agricultural land is limited. Dispersed settlement patterns with no formal defined areas designated for agricultural production further limits agricultural production activities as well as access to sufficient land in areas under traditional leadership is limited. Settlements which are dense also occur primarily in high potential agricultural areas, limiting land availability for agricultural activities.

Land Claims - large portions of land under state authority cannot be developed until land claim issues are resolved. This is largely limited to the coastal forestry reserve and the Pongola flood plains.

Management and control of communal grazing areas for livestock. The management and stock of communal grazing land is difficult. This is largely due to overstocking of livestock in some areas which leads to the degeneration of land, the land that is available for grazing is not managed or maintained, livestock are often not contained in a specific area and their movements are not controlled and negatively impact on other areas such as croplands and conservation areas.

Consumption agriculture - Food security is naturally the prime motivation for crop selection and general agricultural practice. The change to producing a commercial cash crop has real risks associated with it, and it is difficult to overturn the habits and rituals of many generations. Way of minimizing risks and appropriate ways of introducing commercial ventures into the areas where consumption agriculture is practiced need to be employed.

Technical and financial support there is a lack of technical expertise and knowledge where the production of high value cash crops or niche market products is required.

Lack of sector strong organization. Although farmers groups do exist, and some activities such as ploughing may rely on the sharing of resources, there are generally not strong and effective agricultural organizations within the tribal areas. This denies the farmers benefits that could be derived from joint buying of seeds or fertilizer's, collective use of machinery, collective marketing and transport strategies.

Inadequate Processing and Storage Facilities. Processing and storage facilities are absent or lacking within Umhlabuyalingana LM, especially if high valuable, perishable and/or produce requiring processing is required. This is particularly so in the more remote, north eastern parts of the area, where the conditions are most conducive to tropical fruit production and aquaculture, where these facilities would be in the most demand (PS2 Consortium 2001:78 in Umhlabuyalingana LM 2007).

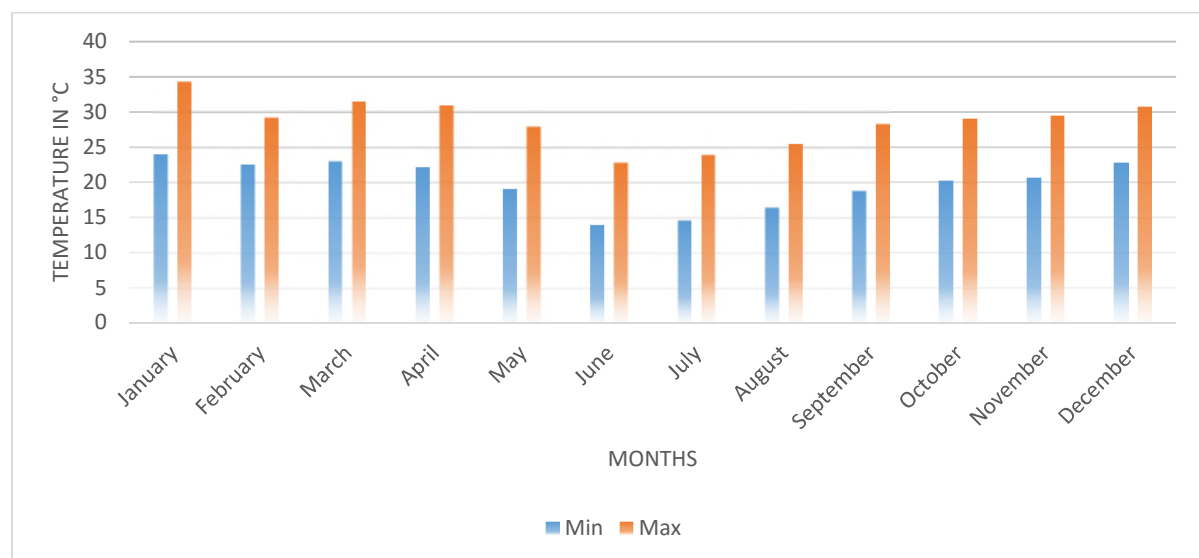
1.2.11.20 AIR QUALITY

There is no data for air quality and will be incorporated during 2017/18 financial year.

1.2.11.21 CLIMATE

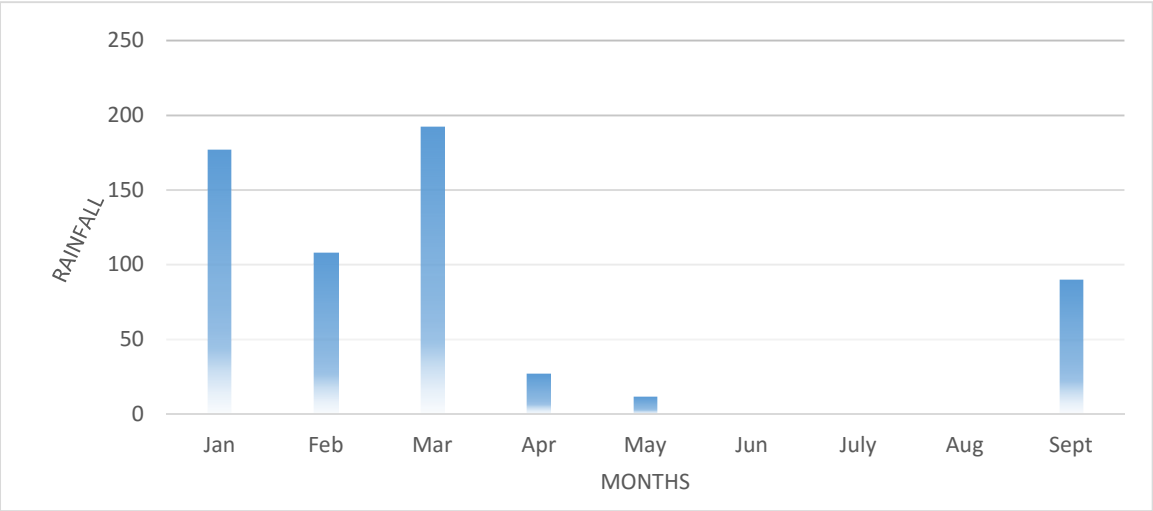
The climate condition of Umhlabuyalingana Municipal area is always warm and humid and is normally frost free.

GRAPH 1: MIN & MAX TEMPERATURES



The graph indicating a rainfall recorded from January to December 2011

GRAPH 2: THE GRAPH INDICATING A RAINFALL RECORDED FROM JANUARY TO DECEMBER 2011



1.2.12 STRATEGIC ENVIRONMENTAL ASSESSMENT

1.2.12 .1 TOPOGRAPHY

The general topography within Umhlabuyalingana municipal area is flat to gently rolling. This normally implies that there are limited hindrances for development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or ground cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

1.2.12 .2 SOIL

The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are unstable and are susceptible to erosion. Thus the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It would be necessary to ensure that soil erosion prevention measures are planned and vegetation removal is kept to only areas where it is absolutely necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

1.2.12 .3 GEOLOGY

The geology of the central part of Umhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths in excess of 30 metres below existing ground level and is characterised by the presence of a shallow water table. The uppermost portion of these soils (i.e. $\pm 3\text{m}$ below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are anticipated to classify as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).

The most predominant geological feature is Cenozoic sediments, which is comprised of a 1–20 kilometre wide band of Cretaceous age rocks and is further subdivided into the Mzinene Formation, which consists of a siltstone with shelly concretionary layers. These soils are anticipated to extend to depths in excess of approximately 25 metres below existing ground level and are characterised by the presence of a shallow water table. The geology of the area is characterised essentially by glauconitic siltstone, which was deposited during the Cretaceous age respectively (Figure 1.19).

1.2.12 .4 RIVERS & WETLANDS

The area has limited drainage lines and rivers with the exception of the Pongola River that runs on the western edge of the municipal boundary. However, there are extensive wetlands with the presence of typical wetland vegetation species like the Juncus species (Nncema). These hydrologically sensitive areas are mainly in the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is the wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services, which for the area under investigation will, to a large extent, be the provision of grass for crafts and household uses and flood attenuation. Thus maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

1.2.12 .5 LAND COVER & GRASSLAND

The general vegetation type of the area is described as Maputaland Coastal Thicket (Figure 1.21). This vegetation type is said to be vulnerable within KwaZulu-Natal. According to the KZN Wildlife vegetation classification, the province has an estimated 148 840 hectares of this vegetation type of which 11, 2 percent is protected. It is estimated that approximately 9,684 percent of this vegetation type in the province is completely transformed and a further 17, 44 percent degraded. It is said that a total of approximately 73, 25 percent of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care needs to be taken in order protect its conservation significance in the province and in the country as a whole.

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The settlement activities in the area have resulted in a significant degradation of the vegetation, especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorisation from the Provincial Department of Agriculture and Environmental Affairs. Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances do not occur on the untransformed thicket and grassland.

Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

1.3 SERVICE DELIVERY OVERVIEW

BASIC SERVICES

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the 2001 Census and 2007 Community Survey results are the basis for the information below.

1.3.1 SERVICE DELIVERY ACHIEVEMENTS TRANSFORMATION AND CHALLENGES ACCORDING 6 KPA'S

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
NO.	CHALLENGES	INTERVENTIONS
1	Slow progress w.r.t. implementation of Retention Strategy and OPMS Framework IPMS Policy-	The municipality is currently in a process of developing Retention Strategy which will look at the current challenges facing the municipality and focal areas which can boost the morale of its employees and encourage them to participate fully in running of the institution. The focus areas include amongst others; employee assistance programmes, training and capacity building, implementation of Performance Management System (PMS) with non-monetary rewards and encouraging job rotation where possible.
2	Slow progress in finalization of TASK Job Evaluation hampering the grading of posts within the municipality and causing unrest.	Communication has been established with UThungulu Job Evaluation Committee and budget has been set aside in 2016/2017 draft budget for obtaining license for staff job descriptions to be evaluated.
3	Network infrastructure resulting in poor ICT (Poor infrastructure, geographical location and cable theft posing challenges).	Alternate methods of internet connectivity are being explored to cater for unique ICT needs of Umhlabuyalingana which are mostly attributed to geographical location, slow progress in development, cable theft and poor infrastructure. Alternative methods like towers and satellite connection are being explored.
4	Limited funding towards structured trainings and capacity building programmes which will assist the employees to enhance capacity.	There is an on- going consultation with relevant stakeholders like LGSETA to apply for grant funding where possible and to cease opportunities where stakeholders like SALGA and COGTA can provide such assistance. The funding

		set aside from municipal budget is inadequate to cover all training needs. The establishment and sustainability of government funded training institutions will have positive impact in overcoming this challenge.
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
1.	Electricity capacity constraint	ESKOM is putting infrastructure in place to boost electricity capacity.
2.	Water shortage due to poor planning at a district level, i.e. alignment of RBUBIG and MIG	COGTA has intervened in the District municipality to the extent that UMGENI water and UMHLATHUZI water are appointed as support entities in the entire district
3	Sanitation backlog	District function
4.	Poor coordination between the local and provincial sphere (department of Transport) thus leading to unsatisfactory road conditions in Umhlabuyalingana, this despite the efforts from the local municipality	Umhlabuyalingana municipality is in a process of developing a capital investment framework, in line with the SDF with express intention to identify all areas that require attention and then elevate to the relevant authorities through the IGR meetings
5.	Poor maintenance of existing public facilities	The municipality is putting more funds to address public facilities.
LOCAL ECONOMIC DEVELOPMENT		
1	High rate of the economically active population receives either no income, or less;	Introduction of more responsive training opportunities to capacitate the business population.
2	Household income levels in the municipality are extremely low;	Identification and implementation of more labour intensive catalytic projects

3	Unsustainable agricultural economy and reduced tourist length of stay due to restrictions on various tourism experiences.	Development of an inclusive LED strategy monitoring plan with clear institutional arrangements that will focus on agricultural production sustainability while also unlocking tourist experience in a responsible manner.
4	Non-compliant business operators and high rate of illegal immigrants taking over on local enterprises.	Enforcement of trading by-laws to enhance competitive and compliant trading environment.
5	Limited energy supply which compromises investment rate;	Enforcement of a responsive renewable energy technology plan to boost the current gap between energy supply and demand private sectors
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT		
1	Low revenue base and highly dependent on Grant Funding owing to financial constraints.	Implementation of revenue enhancement strategy.
2	Poor revenue enhancement strategy	Implementation of revenue enhancement strategy.
3	Un-co-operative business community in the implementation of the MPRA	Awareness campaigns that aim to educate and involve the business community on the impact thereof.
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
1	Poor functioning of IGR structures	Promote participative, facilitative and accountable governance. Policy and strategy co-ordination IGR
2	Lack of comprehensive understanding of the role and responsibilities of the MPAC	Facilitate capacity building programmes directed to MPAC roles and responsibilities

3	Functionality of ward committees is not consistent across all wards	Improve the administration of ward committees through reviewing the organogram to reflect the administrative aspect of ward committees
CROSS CUTTING INTERVENTION		
1	Lack of intergovernmental linkages	Improve IGR participation
2	Slow progress in the formalization of towns (Manguzi and Mbazwana) as approved by the KwaZulu Natal Cabinet in 2011	Umhlabuyalingana Spatial Development Framework identifies important nodes, such as Mbazwana (Primary Node), Manguzi (Primary Node), etc. Obviously, these nodes have different functions or roles in the development of Umhlabuyalingana. The successful development of Manguzi and Mbazwana Towns would have many economic benefits for the people of Umhlabuyalingana. In five years' time, Umhlabuyalingana would have made significant progress in terms of attracting investors to the towns, thereby creating a platform for a sustainable revenue base for the municipality.
3	Response to climate change	Sound and effective disaster management Increase productive use of land resource.
4	Umhlabuyalingana Municipality is currently experiencing problems with poor response public involvement in the implementation of the land use scheme and land management.	Preparation of the wall to wall scheme as required in terms of the KwaZulu Natal Planning and Development Act is set to be underway in 2016/17 financial year.

1.3.2 WATER

Table 9 illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, although the majority of households still rely on natural resources for their water supply. Only 10 percent of households have access to piped water inside their dwellings.

TABLE 9: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED (TAP) WATER FOR 1996, 2001 AND 2011

Municipality	Piped (tap) Water inside Dwelling/Yard			Piped (tap) Water on a Communal Stand			No Access to Piped (tap) Water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	1 149	3 394	10107	1 633	4 974	9 278	16382	17955	14472

(Stats SA: Census)

1.3.3 SANITATION

The type of sanitation facility utilised by households is illustrated in Table 10. There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

TABLE 10: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY FOR 1996, 2001 AND 2011

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	214	3 159	7 400	5 461	4 615	18 933	122	218	476	13 542	18 333	6 226

(Stats SA: Census)

1.3.4 ELECTRICITY

The energy source used by households for cooking and lighting purposes. It is estimated that only 2 480 and 3 474 households have a supply of electricity for cooking and lighting purposes respectively.

1.3.5 TRANSPORT INFRASTRUCTURE

At a regional level, Umhlabuyalingana has a well-established road connectivity comprising national and provincial, which link different areas within the municipality. The routes that currently provide this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns, which include Mbazwana, Manguzi, Somkhele and Phelandaba. The R22, in particular, links the area with Hluhluwe town, N2 and a number of towns towards the south of Umhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improved accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development.

However the same cannot be said about the other three significant connector routes. The P522 links the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretch for many kilometres. It appears as if more focus has been placed on temporarily patching the potholes without addressing the root cause of the road situation, i.e. to re-tar and reseal the entire route since it has exceeded its life span. The P447 and P444 are provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently gravel 'sandy' roads which need serious attention. It should also be borne in mind that light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment report of the municipal road network completed in 2007, the Umhlabuyalingana Municipality has a total of 346 kilometres of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8 percent of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the Umhlabuyalingana Municipality has 152 kilometres of paved roads, 169 kilometres of gravel roads and 26 kilometres of tracks.

With exception of the road from Mbazwana to Manguzi, the road network is in a poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads are mere tracks.

According to uMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes within Umhlabuyalingana. The "bakkies", which are considered to be illegal passenger transport vehicles, still provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to travel due to the poor quality of the roads. No bus termini facilities are provided within the area. Table 1.8 gives an indication of the accessibility of public transport within the municipality.

TABLE 11: PUBLIC TRANSPORT WITHIN UMHLABUYALINGANA (uMKHANYAKUDE DISTRICT MUNICIPALITY PUBLIC TRANSPORT PLAN REPORT, SEPTEMBER 2006)

Main Route	Main Route Description	Number of Passengers per Peak	Percentage of Active Seats Used	Number of Trips	Average Occupancy per Vehicle
KZN-R0032F-U	Jozini to Sikhemelele	224	100,00	15	14,9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95,96	38	15,0
KZN-R0061F-U	Mbazwane to Mseleni	285	100,00	19	15,0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100,75	20	13,4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116,47	17	11,6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. When commuting, whether by motorized or non-motorized means, people face many challenges within the municipal area.

These can be summarised as follows:

- Poor conditions of roads;
- Inadequate pedestrian signs and markings and off-loading areas, especially within the few urban areas;
- Limited traffic calming measures within high accident areas;
- Absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention include improving pedestrian signs, markings and off-loading areas, especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights, especially at major intersections, should be provided.

Umhlabuyalingana does not have an established public and goods rail transport system. The railway line runs parallel to the N2 within the uMkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but it passes outside of the Umhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

Umhlabuyalingana does not have an established or operational air transport system. Small landing strips (airstrip) exist within both Mbazwana and Sodwana Bay. However, the condition of these facilities is currently unknown.

1.3.6 ACCESS TO COMMUNITY FACILITIES

Umhlabuyalingana Municipality is served by two hospitals and 17 clinics. The hospitals are located in Mseleni and KwaNgwanase, while the clinics are strategically placed in the areas of greater population densities. By applying the same principle as above, with radiuses of 10 kilometres for clinics and 50 kilometres for hospitals, it appears that 91, 6 percent of municipal households have access to health facilities. The application of another form of planning standards suggests that a population of 50 000 people is required for a hospital while a clinic should be provided for every 6 000 people. This therefore suggests that ideally the area is supposed to be serviced by three hospitals and 26 clinics, which suggests a backlog of a hospital and nine clinics. It must be noted that these standards tend to be difficult to comprehend in a rural context, especially in an area such as Umhlabuyalingana which is characterised by sparsely populated settlements.

There are currently 98 primary schools and 36 secondary schools in the Umhlabuyalingana municipal area (Figure 1.17). The uMkhanyakude Spatial Development Framework analysed the placement of these schools in relation to the settlement pattern within the municipality, to determine accessibility to these facilities. The method used was to apply a buffer of 2 000 metres around a primary school and 5 000 metres around a secondary school, and all households falling outside the buffer were deemed not to have access to education facilities. From the analysis it was determined that 29, 7 percent of households within the municipality do not have access to education facilities.

This figure might seem acceptable in terms of service standards for rural areas, except for the fact that the learner/teacher ratio in the municipality is between 38 to 40 learners per teacher. The average number of learners per classroom varies from 54 to 56, which is unacceptable in terms of the Department of Education standards.

Application of other planning standards for education facilities suggests that there should be one primary school per 600 households and one secondary school for every 1 200 households. This suggests that the area should have 272 primary schools and 136 secondary schools. This suggestion indicates a backlog of 174 primary schools and 100 secondary schools. Once again these standards are more applicable in the urban context.

1.3.7 CEMETERIES

There is very little data regarding the need for cemeteries, since neither the district nor the municipality has compiled a cemeteries master plan. The general observation regarding the placement of cemeteries is that the placement of these facilities is closely related to cultural and religious traditions. These facilities are normally located close to areas of settlement. It is custom in rural areas to bury the dead close to the homestead in which the individual lived, and specifically within the boundaries of a specific traditional authority.

There is need to ensure that all communities have access to adequate burial facilities in the most proper way. This would include the identification of cemetery sites within the small towns or emerging nodes (Manguzi, Mbazwana, Skhemelele and Phelandaba) since home burial cannot be considered to be an ideal situation in those cases. Such cemeteries will need to be fenced and

maintained. Cemeteries also need to be secured in order to ensure preservation of heritage and prevent vandalism of graves and tombstones.

1.3.8 SPORTS FACILITIES

The municipality is comprised of mainly a youthful population and this warrants that specific attention should be given to the development of sport and recreation facilities and initiatives. Currently there are no formal sport stadiums within the area. These facilities will need to be constructed and maintained as and when required.

1.3.9 PUBLIC SAFETY & SECURITY

1.3.9.1 POLICE SERVICES

There are two police stations in Umhlabuyalingana that is Mbazwana and Manguzi. South African Police Service (SAPS) is currently investigating the feasibility of developing another police station in Ntshongwe and have erected a mobile police station at Skhemelele. This will improve access to police services and public safety and address increasing levels of crime. According to SAPS (2011 Crime Statistics), the most common crimes in the area include: at residential premises; and assault with intention to inflict grievous bodily harm.

1.3.9.2 ROAD SAFETY

A Traffic Law Enforcement and Licensing Unit was established in 2009 and entrusted with the following responsibilities:

- Learners licences – all codes
- Driving licences for light and heavy motor vehicles
- Renewal of driving licences and professional driving permits.
- Replacement of temporary driving licences and learners licences
- Conversion of foreign driving licences
- Enforcement of municipal by-laws.

The municipality is in the process of developing vehicle testing station which will issue vehicle certificate of roadworthiness and certificate of fitness.

1.3.9.3 DISASTER MANAGEMENT

Umhlabuyalingana Local Municipality established a Disaster Management Unit in 2011 with the assistance of the Provincial Disaster Management Centre following the cancellation of a service level agreement with Rural Metro in 2009. It is noted that disaster management is a district function, but uMkhanyakude District does not have the capacity to assume this function. It is only recently that the district initiated a process to formulate a Disaster Management Framework.

With all the incidents that have occurred in Umhlabuyalingana over the past few years, the district has failed to assess these incidents and where applicable, declare a disaster situation.

The common disasters within Umhlabuyalingana are as follows:

- Veld fires – the area is generally dry and prone to veld fires
- Lightning
- Drought
- Floods
- Accidents – some of which are caused by stray animals.

Some of these are common disasters throughout the uMkhanyakude District. As a response to this and in compliance with the requirements of the Disaster Management Act (Act No. 57 of 2002), which requires each metropolitan and each district municipality to establish and implement a policy framework for disaster risk management within its area of jurisdiction, uMkhanyakude District has initiated a process. The Act further prescribes the consultation and participation of local municipalities in the development and establishment of District Disaster Risk Management Policy Frameworks. Accordingly, the uMkhanyakude District Framework is being finalised with Umhlabuyalingana as one of the participating municipalities. It is expected that the final framework will clarify roles and responsibilities and the future role of the Umhlabuyalingana Disaster Management Unit.

1.3.10 HUMAN SETTLEMENTS

1.3.10.1 SETTLEMENT PATTERN

The spatial pattern of the area has developed as a result of various factors including, the settlement pattern, natural features and infrastructure. Umhlabuyalingana is generally rural in character. It is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes. This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (*Vara, Wendy Force and Associates*, etc.).

1.3.10.2 INFORMAL SETTLEMENTS

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99 percent of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with the poor road infrastructure interlinking them.

Dwelling units constructed of traditional material are still prevalent in the area, however, the municipality does not consider these to be “informal settlements” for the simple reason that

these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

1.3.10.3 SUITABLE LAND FOR HOUSING DEVELOPMENT

The Local Municipality of Umhlabuyalingana area of jurisdiction spreads for approximately 3 613km² in land magnitude. In terms of land tenure, an estimated 60 percent of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40 percent consisting of commercial farms and conservation areas (*Source: Stats SA, Census 2011*).

Like many rural municipalities in South Africa, Umhlabuyalingana was established [i]to the Municipal Systems Act 32 of 2000] at the time when unplanned small rural towns/villages (organic towns/villages) had already emerged and as such the culture of identifying suitable land for housing purposes has never been practiced. It is imperative to sensitise the afore when one has to infomercial exhaust this vein, as is, the municipality is currently crafting a wall-to-wall Spatial Development Framework (SDF) and scheme(s) for Manguzi and Mbazwana towns respectively. This is a two-fold exercise that will involve a high level land identification and designation wherein, feasible land for future housing expansions will be identified and other subsequent specialist investigations will have to be undertaken for each specific land parcel.

Parallel to this the District Municipality of uMkhanyakude is currently developing a district wide Environmental Management Framework which will also serve as informant for decision-making for future identification of feasible land for housing expansion. There is currently one housing project in the rural area that is under construction, i.e. Mabaso. There are however plans for additional projects in the traditional authority areas.

1.4 FINANCIAL HEALTH OVERVIEW

The municipality's own revenue in 2016/17 financial year reflect 21% decrease as compared to 2015/16 and this is largely due to decrease in Property rates after there was a change in property rates tariffs as well as the Valuation Roll. The operating expenditure has also increased by 45% as compared to 2014/15 financial year which is due to a significant increase in repairs and maintenance and general expenses.

TABLE 12: FINANCIAL OVERVIEW

Financial Overview: Year 2016/17			
		R' 000	
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	181 477 000	192 026 889	187 685 904
Taxes, Levies and tariffs	21 434 425	19 516 725	19 118 068
Other	14 596 563	13 119 472	12 294 326
Sub Total	217 507 988	224 663 086	219 098 298
Less: Expenditure	211 522 235	210 699 077	214 259 747
Net Total*	5 985 753	13 964 009	4 838 551

Employee costs represent 29% of the total operating expenditure, which is somehow within the norm. The Repairs and Maintenance 11% and Finance charges 0% of the total operating expenditure.

TABLE 13: OPERATION RATIOS

Operating Ratios	
Detail	%
Employee Cost	29%
Repairs & Maintenance	11%
Finance Charges & Impairment	0%

TABLE 14: TOTAL CAPITAL EXPENDITURE

Total Capital Expenditure: Year 2016/17		
	R' 000	R' 000
Details	2015/2016	2016/2017
Original Budget	84 954	74 380 363
Adjustment Budget	94 954	82 087 594
Actual	50 813	72 871 093

The overall expenditure percentage against the Original Budget is 98% and the overall expenditure percentage against the Adjustment budget is 89% which means there was an under expenditure in the Capital Budget.

The variance between the Original Budget vs the Actual expenditure is 105% and the variance between the Adjustment budget vs the Actual expenditure is 95% which means there was an under expenditure in Capital Budget

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 MUNICIPAL ADMINISTRATION

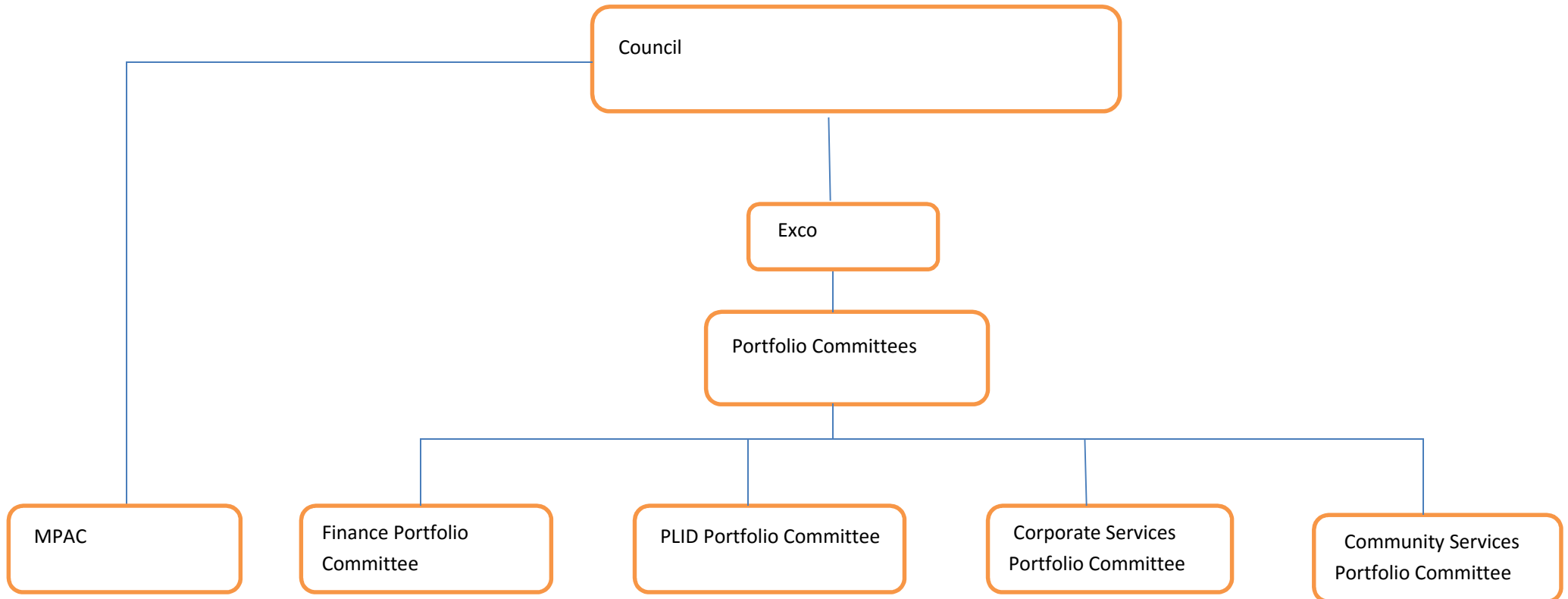
1.5.1.1 ORGANISATIONAL STRUCTURE

The municipality has developed and approved an organogram based on the mandate, powers and functions and need for effective administration. The organogram defines organisational structure and makes provision for the following departments and strategic programmes:

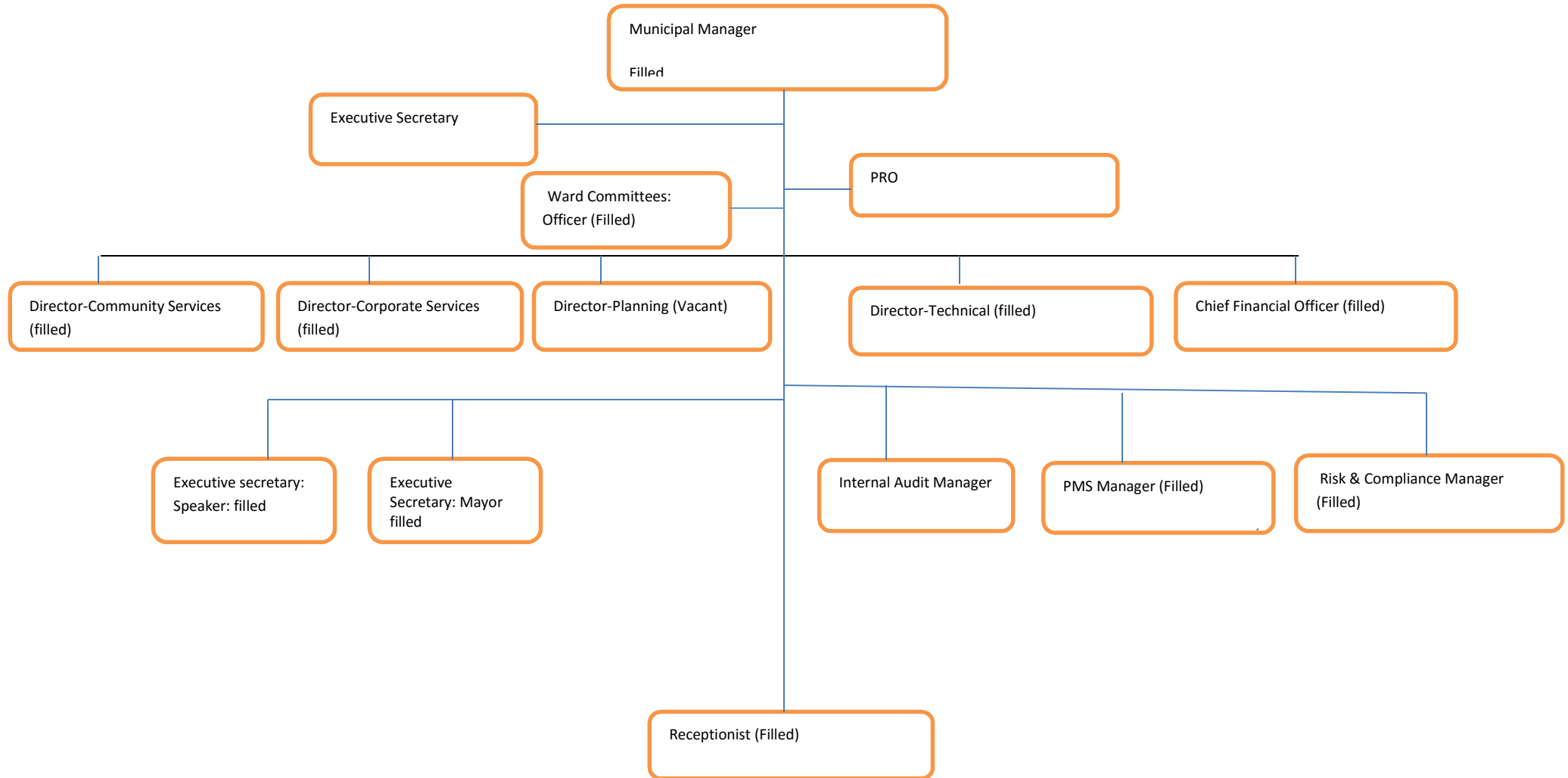
- The Office of the Municipal Manager
- Corporate Services Department
- Technical Services Department and Local Economic Development
- Finance Department
- Community Services Department

The implementation of the organogram is a priority for the municipality given a need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. This could be ascribed to the remote location of the area in relation to major urban centres and the limited resources available to the municipality for staff remuneration.

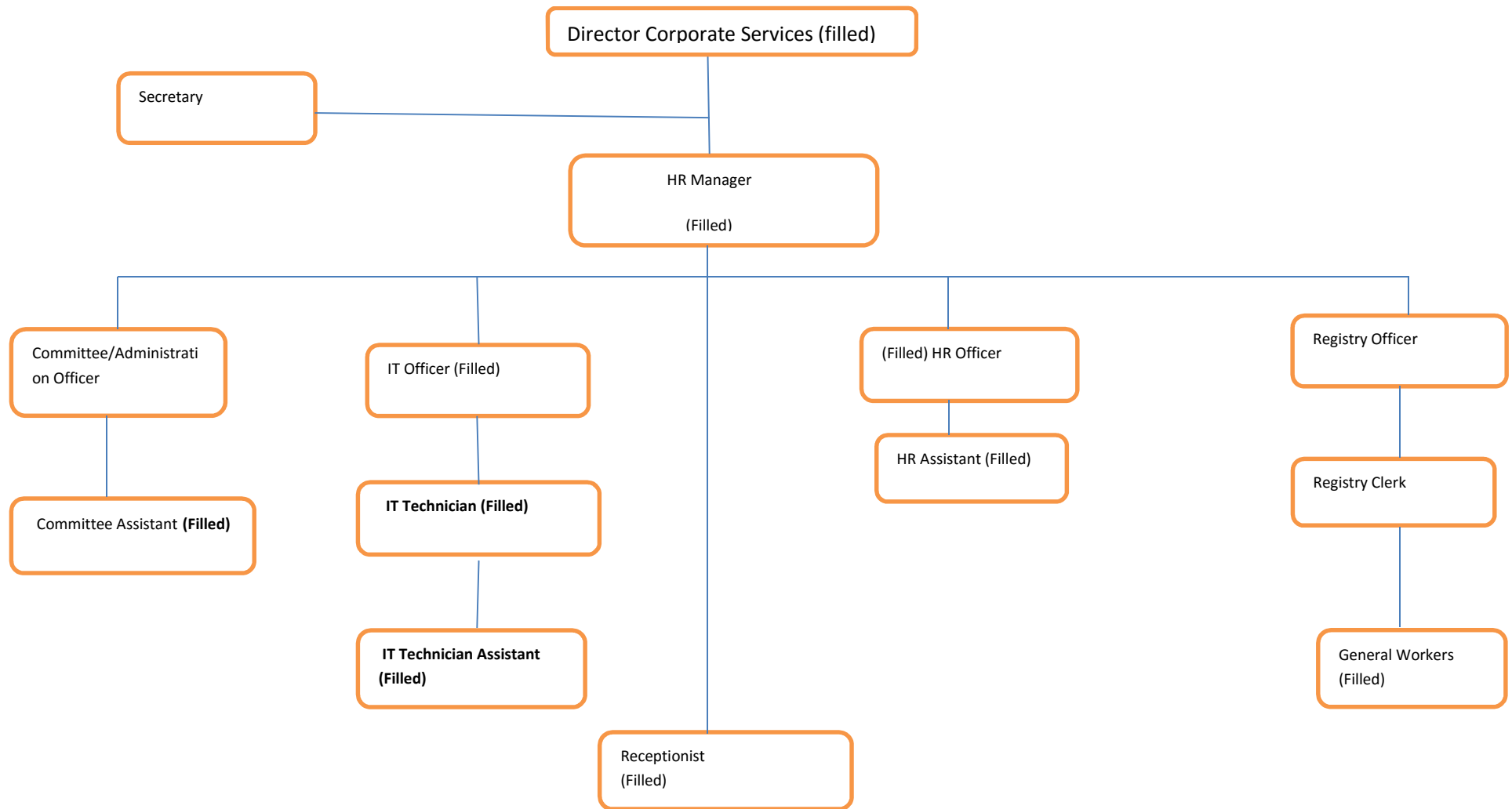
UMHLABUYALINGANA MUNICIPAL ORGANOGRAMME



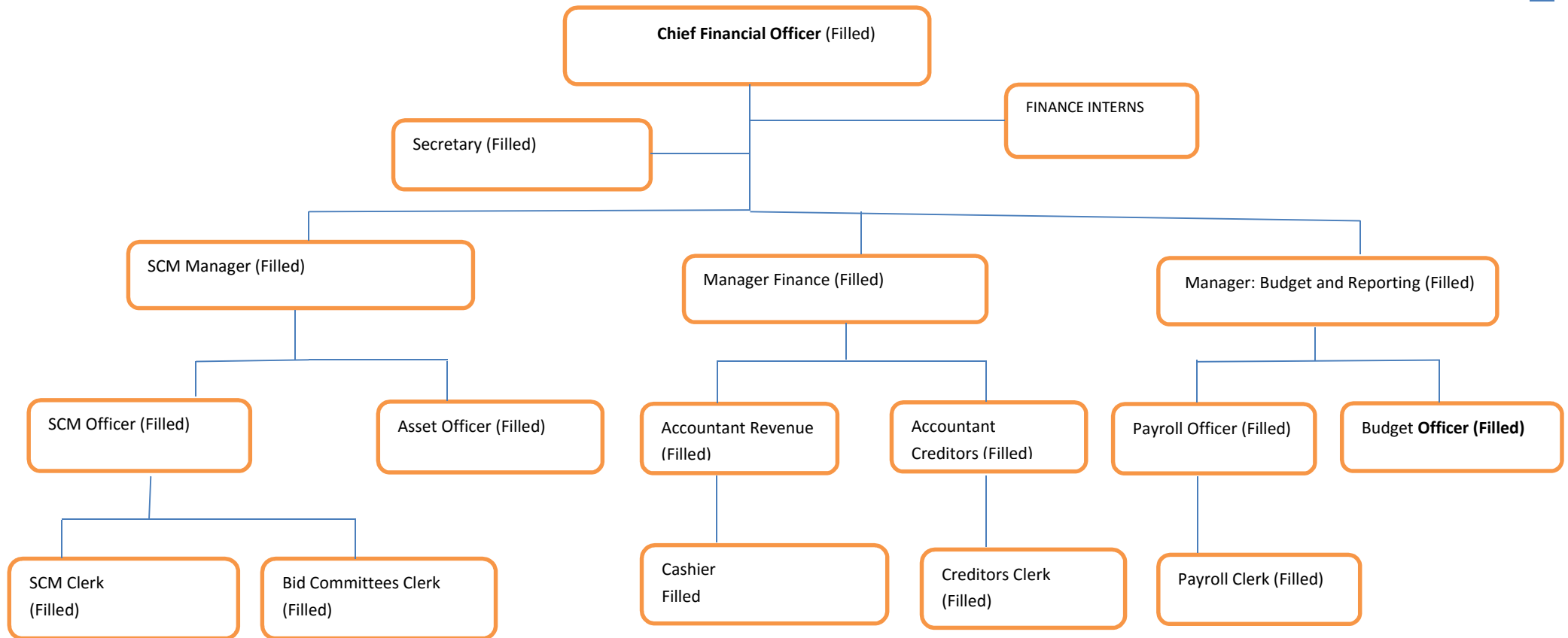
CURRENT: MANAGEMENT DEPARTMENT



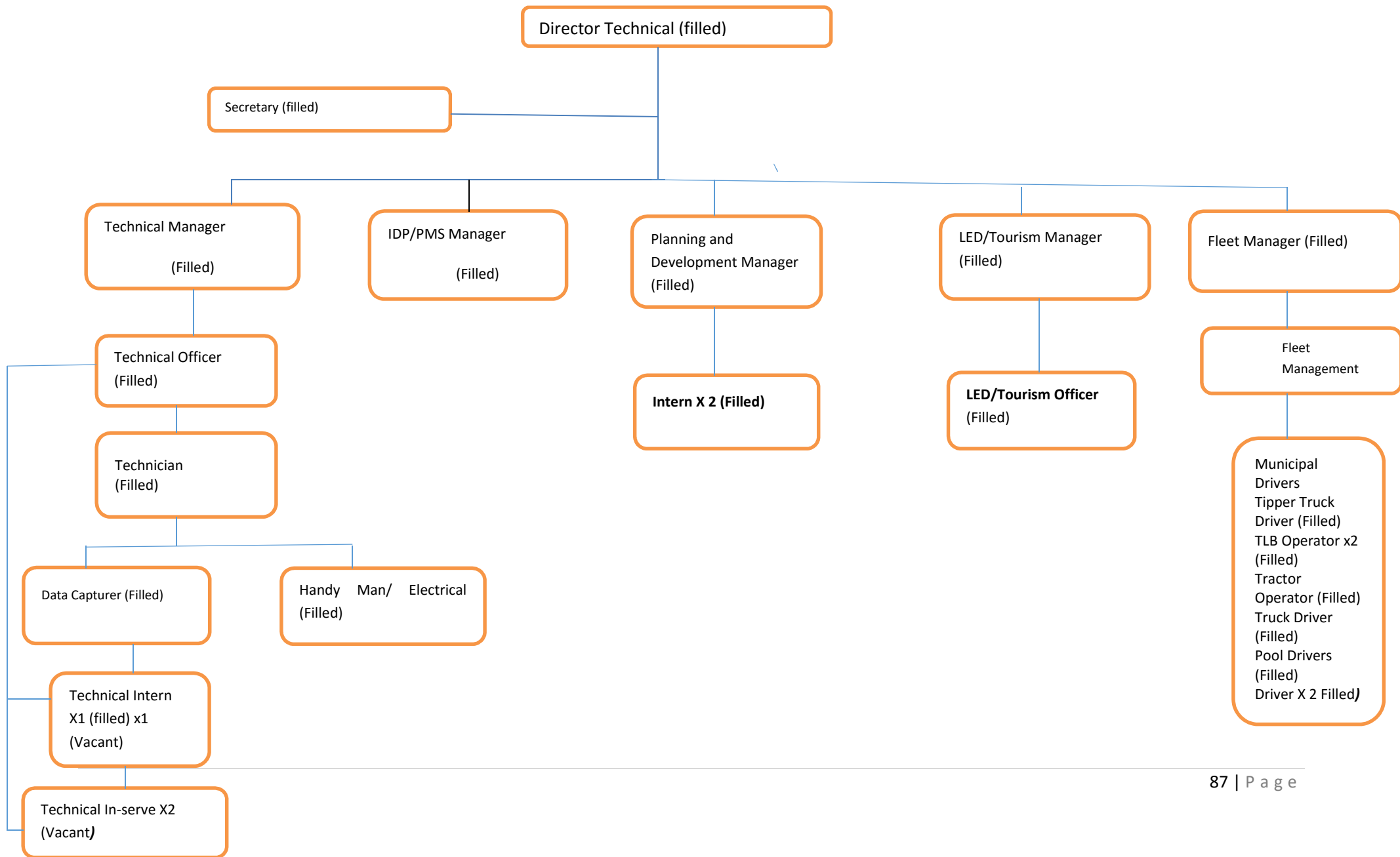
CURRENT: CORPORATE SERVICES:



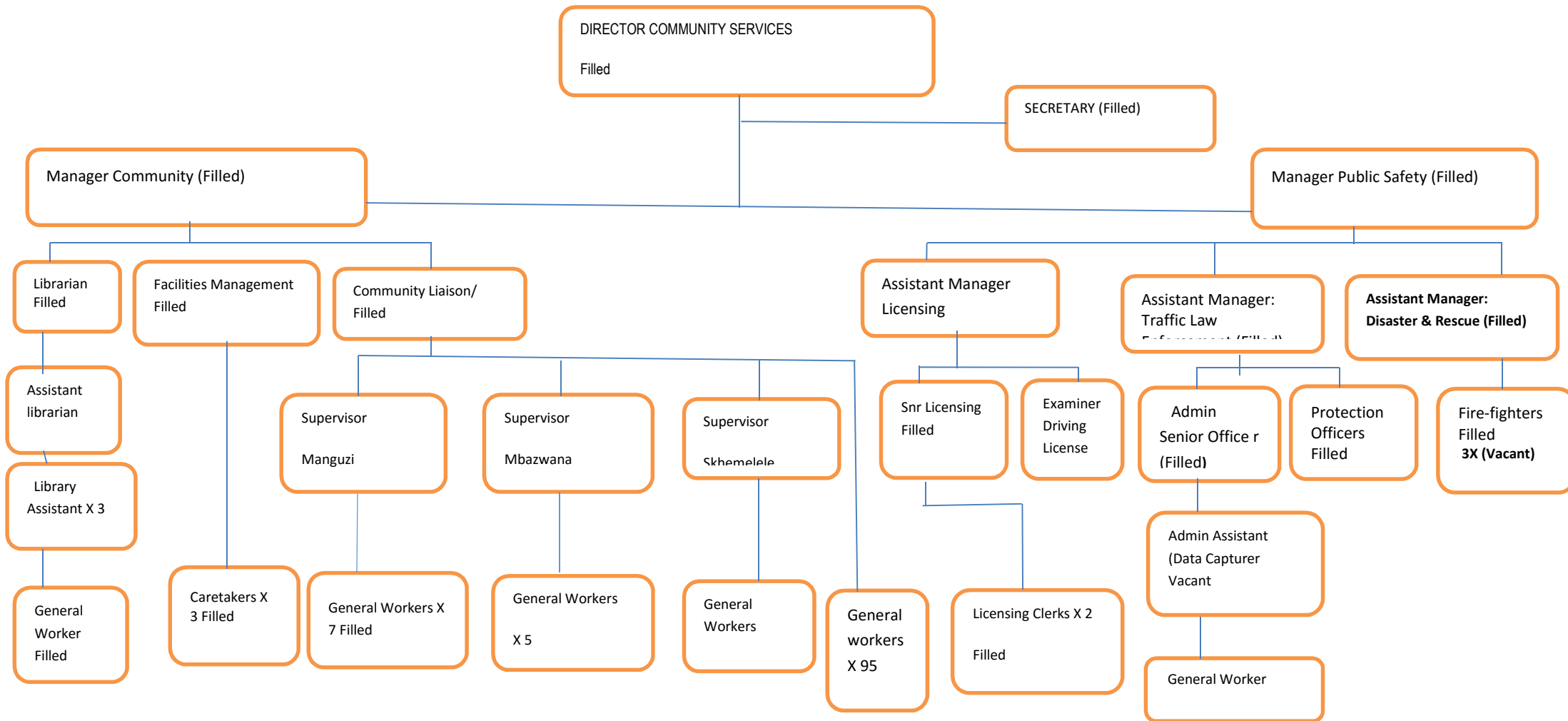
CURRENT: FINANCE DEPARTMENT:



CURRENT: TECHNICAL SERVICES



CURRENT: COMMUNITY SERVICES



1.6 AUDITOR GENERAL'S REPORT

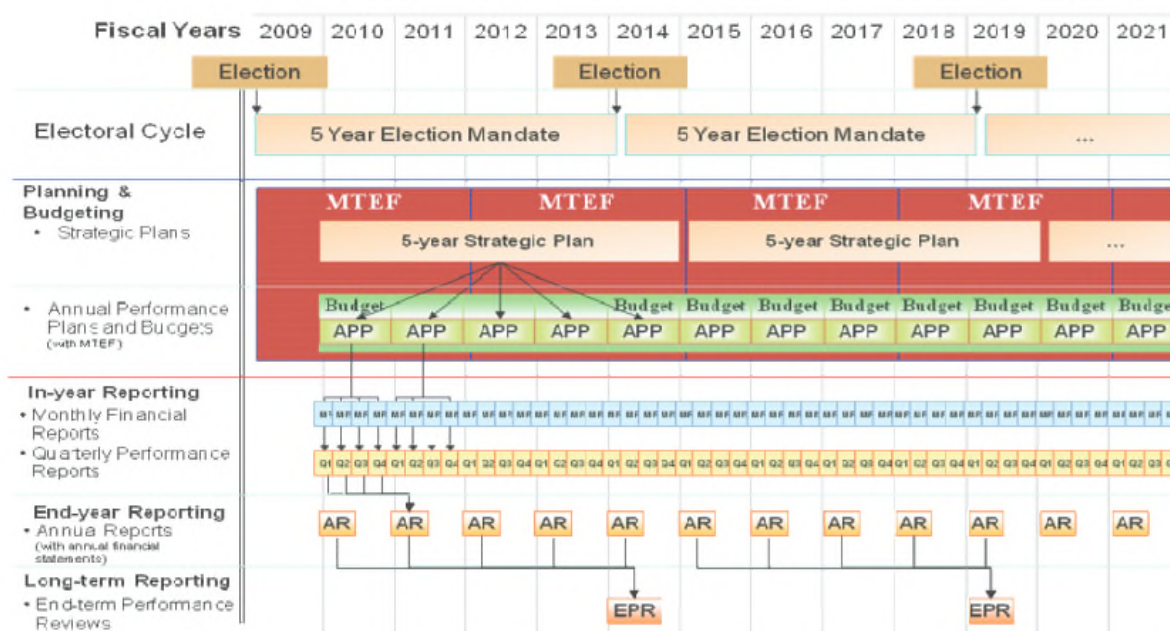
The municipality received a clean audit opinion with emphasis of matter in respect of material underspending on the capital budget during 2015/2016. It is the intention of the municipality to maintain and sustain a clean audit opinion in 2016/2017 financial-year. The audit report is contained in Chapter 6 of this annual report.

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2016
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2016
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	

11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2016
12	Municipalities receive and start to address the Auditor General's comments	November 2016
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December 2016
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January 2017
T 1.7.1		

1.7.1 THE RELATIONSHIP AND TIMING OF THE DIFFERENT ACCOUNTABILITY



1.7.2 STRATEGIC PLANS

The municipality conducted a strategic planning session during 2015, setting out the municipality's policy priorities, programmes and project plans for a five-year period, as approved by its executive authority, within the scope of available resources.

The strategic plan focused on strategic outcomes oriented goals for the municipality as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

A strategic plan covers a period of five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they are revised every five years, and a draft new or revised strategic plan was prepared for consideration. Departments tabled their strategic plans for budgeting purpose. Linked to a strategic plan is the consideration of the MTSF, the provincial growth and development strategies, IDPs of the municipality, Performance Agreements and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long term government plans. The municipality's resources and capabilities were also considered. The document lays the foundation for the development of Annual Performance Plans.

1.7.3 ANNUAL PERFORMANCE PLANS / SDBIPS

Annual Performance Plan setting out what the municipality intends doing in the upcoming financial year and during the MTEF to implement its strategic plan.

The SDBIPs sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the municipality realizing its goals and objectives set out

in the Strategic Plan. Where appropriate, the plan has quarterly breakdown of performance targets for the upcoming financial year.

To simplify performance tracking, in-year changes to the plan should be made during the mid-year review. Where the municipality's performance exceeds or misses targets due to in-year budget changes or for another reason, this is noted and documented in the mid-year report. In-year monitoring of the Annual Performance Plans/SDBIPs is conducted through the quarterly performance reports and end-year reporting is made in the programme performance section of the institution's annual report.

1.7.4 LEGAL REQUIREMENTS AND GUIDELINES

Chapters 5 and 30 of the Treasury Regulations set out the legal requirements.

1.7.5 ANNUAL BUDGET AND MTEF

The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections. The annual budget indicates the resource envelope for the year ahead, and sets indicative future budgets over the MTEF. The budget covers the current financial year and the following two years.

1.7.6 QUARTERLY PERFORMANCE REPORTS

Quarterly performance reports provide progress updates on the implementation of the municipality's Annual Performance Plan/SDBIPs in the previous quarter, with particular reference to monitoring delivery against quarterly performance targets.

A quarterly performance report provides with information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

1.7.7 TIMEFRAMES

Quarterly reports were prepared for each quarter. Changes to planned targets are not made in quarterly performance reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year. Legal requirements and guidelines Chapters 5 and 30 of the Treasury Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

1.7.8 ANNUAL REPORTS

The Annual Report provides information on the performance of the institutions in the preceding financial year for the purposes of oversight. It looks at the municipality's performance relative to the targets set in the Annual Performance Plan/SDBIPs and provides the audited annual financial

statements. It reveals how the budget was implemented and the state of the institution's financial management systems, and should include relevant background statistics and administrative data series.

The timeframes are set out in the MFMA and the Treasury Regulations. Linked to The Annual Report should be linked to the implementation of the Annual Performance Plan/SDBIPs and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

1.7.9 PERFORMANCE AGREEMENTS

A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position, and include a performance-related incentive and reward system for managing an official's job performance. A performance agreement specifies individual performance targets for the accounting officer and other HODs.

Performance agreements are signed by the end of July. Linked to Performance Agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan, and the annual budget. At the end of the financial year each official's performance are reviewed in relation to the agreement.

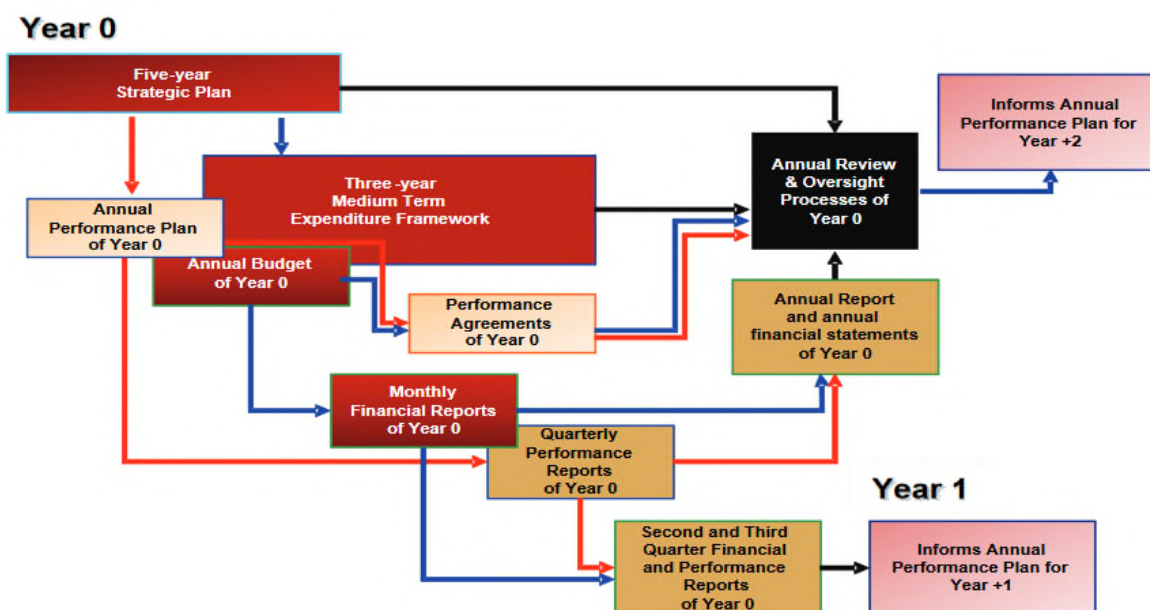
1.7.10 END-TERM REVIEWS

The municipality conducts an end-term review towards the end of the period covered by its Strategic Plan. The review follows the format of the plan. The municipality reports on the extent to which it has succeeded in achieving each of the strategic outcome oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

1.7.11 INFORMATION FLOW AND RELATIONSHIP BETWEEN PLANS AND BUDGETS

The figure below shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.

1.7.12 LINK BETWEEN PLANNING, BUDGETING AND REPORTING



At the end of the financial year, the accounting officer compiles annual financial statements reporting on the implementation of the budget, and an annual report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, are incorporated into an annual review and oversight process involving the Public Accounts Committee. Recommendations are made about future performance targets which would feed into the planning and budgeting process for the following year.

CHAPTER 2: GOVERNANCE

POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTERGOVERNMENTAL RELATIONS

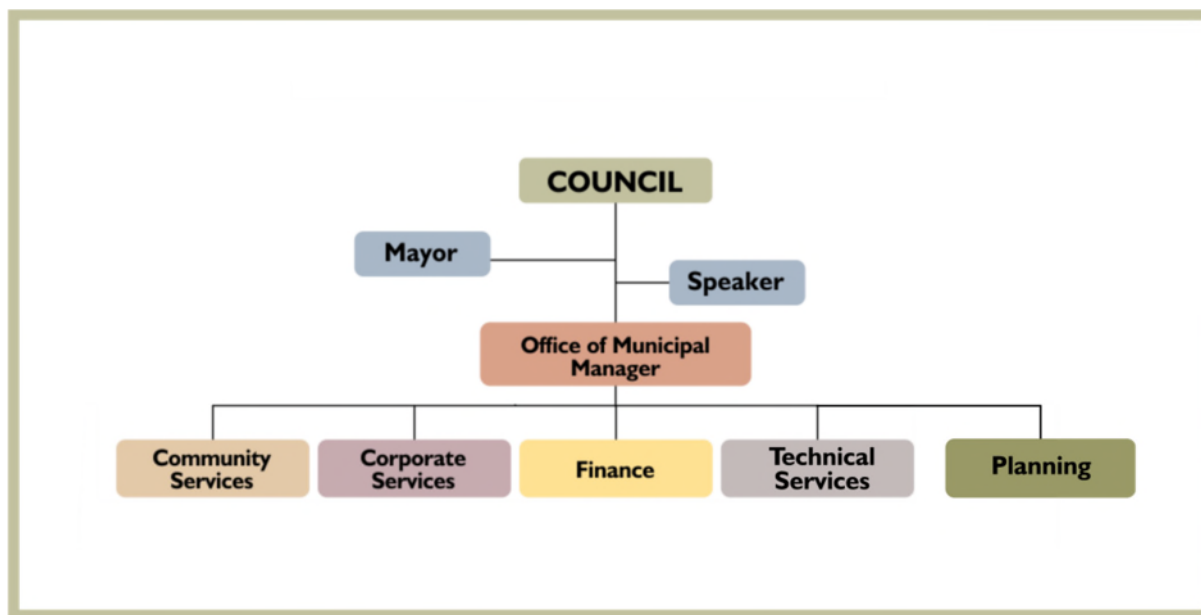
PUBLIC ACCOUNTABILITY AND PARTICIPATION

CORPORATE GOVERNANCE

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

Umhlabuyalingana Municipality political governance structure consists of Portfolio Committees, EXCO, MPAC and Council.



In addition, the Council is constituted by 5 political parties in a form of public representation, which is as follows:

TABLE 15: REPRESENTATION OF POLITICAL PARTIES

Political Party	Number of Representatives/Councillors
African National Congress	22
AIC	1
Inkatha Freedom Party	10
Democratic Alliance	1
Economic Freedom Fighters	1
TOTAL	35

EXECUTIVE COMMITTEE



CLLR NS MTHETHWA - MAYOR



CLLR BT TEMBE - SPEAKER



CLLR FG MLAMBO-DEPUTY MAYOR



CLLR BN NTSELE



CLLR MD MATHENJWA



CLLR MZ MHLONGO



CLLR ZM MHLONGO



CLLR NS TEMBE

PR COUNCILLORS



CLLR BC ZIKHALO



CLLR BJ TEMBE



CLLR BT TEMBE



CLLR FG MLAMBO



CLLR JG NGUBANE



CLLR LE MKHWANAZI



CLLR MD MATHENJWA



CLLR MJ MTHEMBU



CLLR TL MLAMBO



CLLR SS GUMEDE



CLLR SM NDOVU



CLLR MZ MHLONGO



CLLR SP MTHETHWA



CLLR TS KHUMALO



CLLR TS MYENI

WARD COUNCILLORS



WARD 1 - CLLR KO TEMBE



WARD 2 - CLLR BN NTSELE



WARD 3 - CLLR TN MAGAGULA



WARD 4 - CLLR LD TEMBE



WARD 6 - CLLR MD MATHENJWA



WARD 7 - CLLR SG NXUMALO



WARD 8 - CLLR GS MTHEMBU



WARD 9 - CLLR DA TEMBE



WARD 10 - CLLR MI MTHEMBU



WARD 11 - CLLR NS MTHETHWA



WARD 12 - CLLR N VUMASE



WARD 13 - CLLR JB GWALA



WARD 14 - CLLR NJ NDABENI



WARD 15 - CLLR NC MOLETSHI



WARD 16 - CLLR EG MHLONGO



WARD 17 - CLLR NS TEMBE



WARD 18 - CLLR JE SITHOLE



CLLR HK GUMEDE



CLLR ZM MHLONGO

2.2 INTER-GOVERNMENTAL RELATIONS

All service delivery matters involving other government departments, private sector, development agencies, etc. are co-ordinated through the District IGR-Forum. Other Forums that are established at District Level are Mayors, Forum, Municipal Managers Forum, Planners Forum, Finance Forum, Technical Services Forum, Corporate Services Forum, etc. A revised Terms of Reference for all these committees is in place and annual calendar for forum meetings is prepared by the District. Umhlabuyalingana Local Municipality has its own IGR to address local services delivery matters with the relevant sectors.

The Provincial Department COGTA provided grant funding to support Umkhanyakude family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate smooth operations for these forums have been developed. Dates of IGR meetings are incorporated in the District Events Calendar. Protocol Agreements was signed by all the Mayors and Municipal Managers in December 2013. Technical Forum and Sub Committee are meeting frequently. Local municipalities have appointed IGR Champions to strengthen communication.

2.3 PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3.1 THE STATUS OF THE STRUCTURES ESTABLISHED AS PER IDP PROCESS PLAN

The structures listed below participated in the municipal IDP Programmes. The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All municipal Councillors
- The municipal council
- The Executive Committee
- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized Farm-workers structures
- Private sector

2.3.2 UMHLABUYALINGANA MUNICIPAL COUNCIL

The Council is responsible for the following:

- Adoption of the IDP Process Plan
- Adoption and approval of the reviewed IDP,
- Amendment of the IDP in accordance with the comments by sector departments and MEC,
- Approval of the various review phases,
- Ensuring that the IDP is linked to the PMS and Municipal Budget

2.3.3 THE EXECUTIVE COMMITTEE

The Executive Committee has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP.
- Overall management of the IDP Review process,
- Monitoring the IDP review process

2.3.4 THE IDP MANAGER

The IDP Officer is assigned the following responsibilities:

- Management and Co-ordination of the IDP process
- Ensure that there's vertical and horizontal alignment,
- Management of the consultants,
- Ensuring all stakeholders are informed of the process and their involvement,
- Create a conducive environment for public participation

2.3.5 IDP/BUDGET STEERING COMMITTEE

The IDP Steering Committee is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding,
- Support the IDP Manager in the management and co-ordination of the IDP,
- Discussion of input and information for the IDP review,
- Ensuring the monitoring and evaluation of the gathered information,
- Attending to MEC's comments

2.3.6 IDP REPRESENTATIVE FORUM

The IDP Representative Forum is assigned the following responsibilities:

- Recommend reports for approval / adoption,
- Representing interests of the constituents,
- Present a forum for communication and participation for all stakeholders,
- Monitoring the IDP review process.

This is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

Chairperson	: The Mayor
Secretariat	: Umhlabuyalingana IDP Steering Committee
Members	: All Municipal Councillors
	: The Executive Committee
	: Councillors and Officials from Umkhanyakude District
	: Municipal Manager and Municipal Officials
	: Traditional Leaders within Umhlabuyalingana Municipality
	: Ward Committees Representatives
	: Community Development Workers (CDWs)
	: Parastatals and Service Providers
	: NGOs and CBOs
	: Sector Departments
	: Neighbouring Municipalities
	: Neighbouring Countries
	: Farmers Associations
	: Traditional Healers
	: Churches
	: Private sector

2.3.7 UMKHANYAKUDE DISTRICT MUNICIPALITY PLANNING AND DEVELOPMENT FORUM

The uMkhanyakude District Municipality forms a district-wide Planning and Development Forum for the purpose of alignment with all the local municipalities within the district:

2.3.8 MUNICIPAL OFFICIALS

The municipal officials are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They have to provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.

2.3.9 WARD COMMITTEES

The Ward Committees have a crucial role of identifying the needs and service delivery gaps in the community and meet on a monthly basis, submit their sectorial reports and report to the Ward Councillor.

Umhlabuyalingana Local Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

The functions and powers of Umhlabuyalingana Local Municipal Ward Committees through the municipal policy in line with the provisions of Section 59 of the Municipal Systems Act. Any Powers delegated in terms of the adopted policy are as follows:

- To serve as an official specialized participatory structure in the municipality;
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
- Advise and make recommendations to the ward councillor on matters and policy affecting the ward;
- Assist the ward Councillor in identifying challenges and needs of residents;
- Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties;
- Receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's response;
- Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums; and Interact with other forums and organizations on matters affecting the ward.

To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:

- Attending to all matters that affect and benefit the community;
- Acting in the best interest of the community;
- Ensure the active participation of the community in:
- Service payment campaigns;
- The integrated development planning process;
- The municipality's budgetary process;
- Decisions about the provision of municipal services; and
- Decisions about by-laws.
- Decisions relating to implementation of Municipal Property Rates Act (MPRA)
- Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A ward committee consists of the Councillor representing that ward in the council who is also the chairperson of the committee, and not more than ten other persons.
- In the process of election of Ward Committee we also take into account the need for women to be equitably represented in a ward committee and for a diversity of interests in the ward to be represented.
- Gender equity was also pursued by ensuring that there is an even spread of men and women on a ward committee.

TABLE 16: PUBLIC MEETINGS

EVENT	DATE	TIME	VENUE
IDP/BUDGET STEERING COMMITTEE MEETNG	23-08-16	9H00	MUNICIPAL OFFICES
IDP/BUDGET REPRESENTATIVE FORUM	20-09-16	10H00	MUNICIPAL OFFICES
IDP/BUDGET PUBLIC PARTICIPATION	12/10/2016	10H00	CLUSTER 1
IDP/BUDGET PUBLIC PARTICIPATION	13/10/2016	10H00	CLUSTER 2
IDP/BUDGET PUBLIC PARTICIPATION	14/10/2016	10H00	CLUSTER 3
IDP/BUDGET PUBLIC PARTICIPATION	26/10/2016	10H00	CLUSTER 4
IDP STEERING COMMITTEE MEETING	09-11- 2016	10H00	MUNICIPAL OFFICES
IDP/BUDGET REPRESENTATIVE FORUM	22-11-2016		
IDP STEERING COMMITTEE MEETING	06-12-2016	10H00	MUNICIPAL OFFICES
STRATEGIC PLANNING	04/11/2016 to -08/12/2016	08H00	Still to be confirmed
ANNUAL REPORT PUBLIC PARTICIPATION	16/01/2017	10H00	CLUSTER 1
ANNUAL REPORT PUBLIC PARTICIPATION	17/01/2017	10H00	CLUSTER 2
ANNUAL REPORT PUBLIC PARTICIPATION	18/01/2017	10H00	CLUSTER 3
ANNUAL REPORT PUBLIC PARTICIPATION	19/01/2017	10H00	CLUSTER 4
ANNUAL REPORT PUBLIC PARTICIPATION	20/01/2017	10H00	CLUSTER 1
ANNUAL REPORT PUBLIC PARTICIPATION	01/02/2017	10H00	CLUSTER 2
ANNUAL REPORT PUBLIC PARTICIPATION	02/02/2017	10H00	CLUSTER 3
ANNUAL REPORT PUBLIC PARTICIPATION	03/02/2017	10H00	CLUSTER 4
IDP STEERING COMMITTEE MEETING	25-01-2017	10H00	MUNICIPAL OFFICES
IDP REPRESENTATIVE FORUM	21-02-2017	09H00	MUNICIPAL OFFICES
IDP STEERING COMMITTEE MEETING	08-03-2017	09H00	MUNICIPAL OFFICES

IDP/BUDGET CONSULTATIVE MEETING	18-04-2017	10H00	CLUSTER1
IDP/BUDGET CONSULTATIVE MEETING	19-04-2017	10H00	CLUSTER2
IDP/BUDGET CONSULTATIVE MEETING	20-04-2017	10H00	CLUSTER3
IDP/BUDGET CONSULTATIVE MEETING	21-04-2017	10H00	CLUSTER4
IDP STEERING COMMITTEE MEETING	04-05-2017	09H00	MUNICIPAL OFFICES
IDP REPRESENTATIVE FORUM	11-05-2017	09H00	MUNICIPAL OFFICES

2.3.10 PARTICIPATION OF AMAKHOSI IN COUNCIL MEETINGS AND TRADITIONAL COUNCILS

There is still a challenge with regard to participation of Amakhosi in Council Meetings in line with Section 81 of Municipal Structures Act. The Traditional Councils work as a link between the community and Ward Councillors and matters of service delivery and needs of the people. This could assist in providing information with regard to land rights and possible available areas for future development. The issue of travel allowance for Amakhosi will be addressed during 2017/2018 financial year.

2.3.11 SECTOR DEPARTMENTS

The Sector Departments have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

2.3.12 WARD COUNCILLORS

Ward Councillors are an important link between the municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors will be responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

2.4 COMMUNICATION PLAN/STRATEGY

- Newsletter - will be used to communicate the projects, programmes and development.
- Suggestion boxes in all the municipal facilities
- Local and National Newspaper - This medium will be used to communicate various messages that concerns the municipality especially service delivery.
- Local and National Radio
- Ward Community Meetings - This institution will be used effectively to promote maximum community participation in municipal affairs.
- Public meetings (Izimbizo) - These meetings will be staged to provide a platform for the municipality to communicate the level of projects and programmes undertaken by council and further solicit input from communities and their (communities) buy-in thereof.

- Annual Report - The annual report will be distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information.
- Website - Through this tool various stakeholders such as business community, foreign investors, NGO's and community at large will more access to information regarding the municipality and its area.
- IDP Structures are also used for public participation and implementation of Umhlabuyalingana Communication Strategy

2.5 COMMUNICATION PLAN FOR PUBLIC PARTICIPATION

The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

2.5.1 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
* Section 26 Municipal Systems Act 2000	

2.6 COMPONENT D: CORPORATE GOVERNANCE

2.6.1 COUNCIL

During 2016/2017 financial year, Umhlabuyalingana Municipality comprised of 34 Councillors. The Councillors are allocated to different portfolios where they serve in accordance with internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

2.6.2 EXCO

Executive Committee meets on monthly basis and consider reports from respective portfolio committees prior to these reports and items being presented to Council.

2.6.3 PORTFOLIO COMMITTEES (REPRESENTATIVES AND FUNCTIONALITIES)

Portfolio Committees exercise political oversight on respective departments within the municipality where departmentally the members have monthly meetings where issues are tabled, discussed and recommendations are made to EXCO and to Council for approval. The portfolio committees have been arranged as follows:

1. Corporate Portfolio
2. Finance Portfolio
3. Planning, LED and Infrastructure Development Portfolio
4. Community Portfolio

2.6.4 MPAC

Municipal Public Accounts Committee (MPAC) established in terms of Section 79 of the Structures Act, convenes on quarterly basis as prescribed to consider matter related to exercising oversight on financial and governance matters, as promulgated in Council adopted terms of reference.

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This also includes oversight over municipal entity. This committee is functional but still needs to improve on its functionality as its meetings do not sit as per approved municipal calendar

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity.

The primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.
- The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

MEMBERS OF THE MPAC	GENDER	AFFILIATION
Cllr S.P Mthethwa	Male	ANC
Cllr B.C Zikhali	Male	AIC
Cllr S.G Nxumalo	Male	IFP
Cllr M.J Mthembu	Male	IFP
Cllr N.C Mdletshe	Male	ANC
Cllr K.O Tembe	Male	ANC

2.6.5 INTERNAL AUDIT

Section 165 of the MFMA No 56 of 2003, states that each municipality must have an internal audit unit .The internal audit unit must:

- (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 relating to:

- Internal audit
- Internal controls
- Accounting procedures and practices
- Risk and risk management
- Performance management and
- Loss control
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and

- (c) Perform such other duties as may be assigned to it by the accounting officer.

The municipality appointed Ntshidi & Associates as Internal Auditors during 2013/2014 financial years and the next three years. Each financial year a risk based internal audit plan is prepared and approved by the Audit Committee. The Internal Audit Activity reports to the Performance and Audit Committee on the implementation of the risk based internal audit plan and matters relating to, internal audit, internal controls, accounting procedures and practises, risk and risk management, performance management, loss control and compliance with the relevant legislations.

2.6.6 AUDIT/PERFORMANCE COMMITTEE

The Audit and Performance Committee was appointed to assist Council in strengthening its role, the committee meets on quarterly basis and as at and when required to deal with matters at hand. The Committee has Chairperson for Audit Committee and a Chairperson for Performance which covers all regulated matters to be considered by the committee.

Section 166 (1) of the MFMA No. 56 of 2003 require each municipality and each entity to have an audit committee.

The Municipality considered appropriate in terms of economy, efficiency and effectiveness to consolidate the functions of the aforementioned committees and establish a Performance and Audit Committee (PAC). The Umhlabuyalingana Municipality's PAC consists of three independent members with appropriate experience in the field of Auditing, Local Government Finance, and Administration. Legal and Performance Management System. In terms of its approved Terms of Reference, Charter, the Performance and Audit Committee is required to meet at least four times a year.

The PAC is an independent advisory committee appointed by Council in February 2014 to create a channel of communication between Council, management and the auditors both internal and external. It provides a forum for discussing accounting practices, business risk control issues and performance management. This Committee reports directly to Council.

The primary objective of this committee is to advise the municipal Council, the political office – bearers, the accounting officer and the management staff of the municipality on matters relating to:

- Internal financial control
- The Safeguarding of assets
- The maintenance of an adequate control environment and systems of internal control
- The successful implementation of the council's risk management Strategy and effective operation of risk management processes
- The preparation of accurate financial reporting in compliance with all legal requirements and accounting policies and standards
- Effective corporate governance
- The effectiveness of the municipality's performance management system in ensuring the achievements of objectives set as per the Municipality's IDP.
- Any other issues referred to it by the municipality.

- The detailed Internal Audit Chapter which clearly defined the roles and responsibilities, composition of the committee as well as meetings has been adopted.

MEMBERS OF THE PERFORMANCE AND AUDIT COMMITTEE
Mr B Mabika
Ms PP Sithole
Ms ZP Khanyile

2.7 RISK MANAGEMENT COMMITTEE AND MEMBERS

The municipality has established a Risk and Compliance Unit and is fully capacitated as Manager Risk and Compliance has been appointed. The risk management activities are currently performed by the Risk and Compliance Manager. The Risk assessment was conducted for 2015/16 financial year by Provincial Treasury and a Risk Register was developed and implemented during 2016/17 financial year. The Municipality reviewed Risk Management Policy and Strategy and was taken to Council for approval. The Risk Register is monitored quarterly by Manager Risk and Compliance as well as Internal Auditors. The Risk Committee was appointed and in terms of its Terms of reference the Committee is supposed to sit quarterly.

2.8 ANTI-CORRUPTION AND FRAUD

The municipality has a council approved Anti-Corruption and Fraud Policy. The policy was to the Councillors and municipal officials. The policy is also available in the municipal website.

2.9 SUPPLY CHAIN MAGAGEMENT

The municipality has established fully functional Bid Committees and are as follows:

- Bid Specification
- Bid Evaluation; and
- Bid Adjudication

The Bid Committee have a standing schedule of meetings and they meet according to their schedule.

Umhlabuyalingana Municipality have a central SCM Unit which is under the management of the CFO. The unit have 4 officials, 3 of these officials have done training on the prescribed level of competency requirements but still waiting for their competency certificates

2.10 BY-LAWS

The municipality drafted two LED related By-Laws which have been adopted by council. The said by-laws have been adopted and gazetted in the provincial gazette.

2.10.1 UMHLABUYALINGANA INFORMAL TRADERS BY-LAW

After the informal economy policy formulation, the informal traders' by-laws was produced. The main purpose is to utilize the subject by-laws for technical enforcement. It clearly outlines terms and conditions that each informal trader within the jurisdiction of Umhlabuyalingana should adhere to. This by law completely complies with the Business Act 71 of 1991.

The council has confidently consulted with the interested and affected individuals regarding the contents of the draft by law. The notice was printed and advertised to the public newspaper (Ilanga, dated 04-06 February 2016). Furthermore, the By-Laws were gazetted in the provincial gazette (gazette no 1842) dated the 29th of June 2017.

2.10.2 UMHLABUYALINGANA LIQUOR AND BUSINESS LICENSING BY-LAWS

Through the Liquor and Business Licensing by-laws, the Umhlabuyalingana municipality mandates every kind of formal business to occupy a business licence in terms of the Business Act 71 of 1991, section 6A (Powers of the local authority). The business license is specifically required for businesses that need to comply with health and safety regulations. The businesses will need to meet the set criteria of requirements, especially, zoning; health; and safety. As such this by law deals with any other matters governing both formal and liquor trading within the concerned areas, including but not limited to-

- main implicated formal trading areas and ideal trading times;
- the manner in which socio-economic development of the liquor traders within Umhlabuyalingana area will be facilitated;
- how neighbouring business; social; and environmental structures around the trading area will be protected; and
- How the implicated businesses will be expected to operate within the municipal compliance plans.

TABLE 17: BY- LAWS INTRODUCED DURING 2016/17

By-laws introduced during 2016/17					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Umhlabuyalingana Business Licensing by-laws	Yes	Yes	04/02/2016	Yes	29/06/2016
Umhlabuyalingana Informal Traders by-laws	Yes	Yes	04/02/2016	Yes	29/06/2016
Property rates by-laws	Yes	Yes	April 2017	Yes	29/06/2016
Waste By-laws	Yes	Yes	September 2015	Yes	16/01/2016
*Note: See MSA section 13					

This by law completely complies with the Business Act 71 of 1991. The council has confidently consulted with the interested and affected individuals regarding the contents of the draft by law. The notice was printed and advertised to the public newspaper (Ilanga, dated 04-06 February 2016). Furthermore, copies were placed to all three trading or economic zones of Umhlabuyalingana (Manguzi; Skhemelele; and Mbazwana), informing the public that the business licence by-law is available for inspection at a specified location.

2.11 WEBSITE

The municipal website is in place and operational.

TABLE 18: MUNICIPALITY WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes (Community/Technical Agreements)
All long-term borrowing contracts (Year 0)	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public private partnership agreements referred to in section 120 made in Year 0	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes
<p>*Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above.</p> <p>Municipalities are, of course encouraged to use their websites more extensively than this to keep their Community and stakeholders abreast of service delivery arrangements and municipal developments.</p>	

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

TABLE 19: PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Satisfaction Surveys Undertaken during: Year – 1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2016/17	All municipal wards	Satisfaction
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
Satisfaction with:				
(a) Refuse Collection	None	None	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Better
(d) Water Supply	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2016/17	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				

CHAPTER 3
SERVICE DELIVERY PERFORMANCE
(PERFORMANCE REPORT PART 1)

INTRODUCTION: BASIC SERVICES

In accordance with the Local Government: PMS Regulations 2001 and 2006, the municipality is obliged to perform the organizational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a predetermined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that has been put in place as corrective measures in cases where the set targets have not been achieved accordingly. This framework reflects the linkage between the IDP, budget, SDBIPs and service providers' performance.

The National Key Performance Areas are as follows:

- Basic Service and Infrastructure
- Local Economic and Social Development
- Financial Viability and Financial Management
- Municipal Transformation and Institutional Development
- Good Governance and Public Participation
- Cross Cutting Interventions

COMPONENT A: BASIC SERVICES

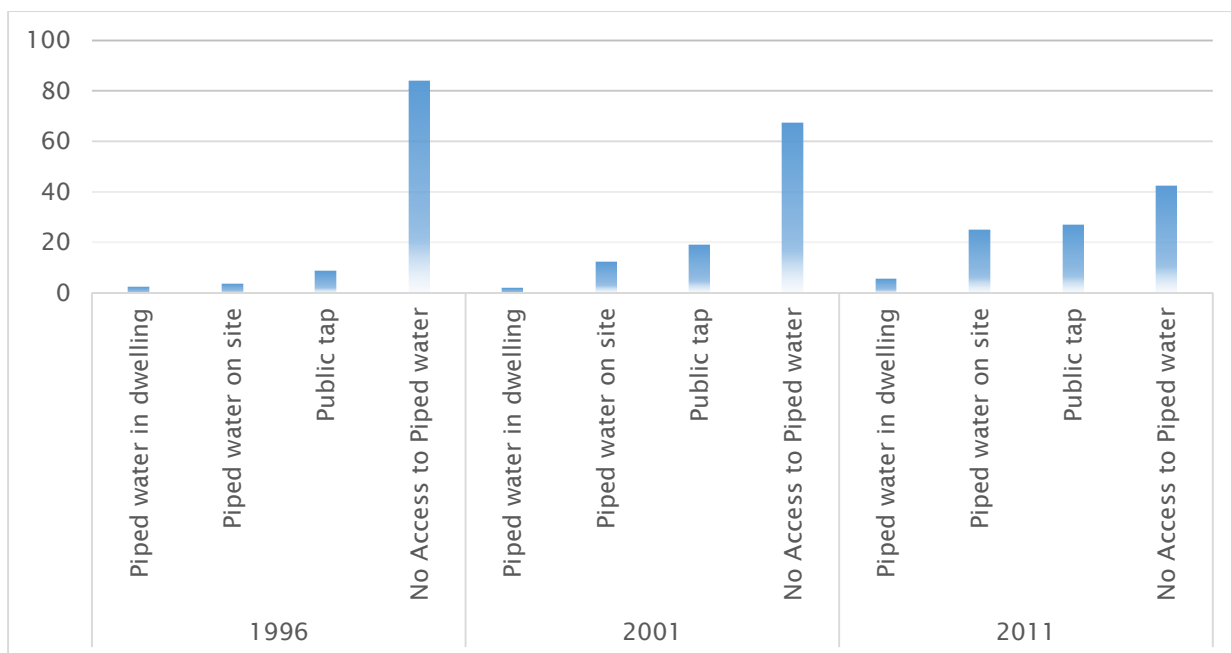
This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

3.1 WATER PROVISION

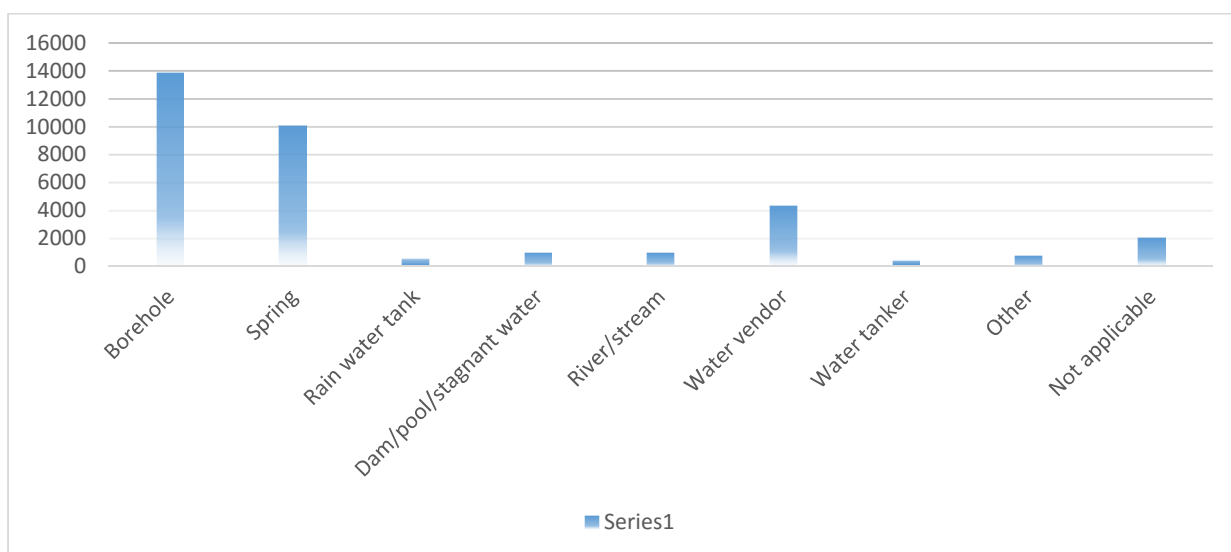
The table below illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, the majority of households still rely on natural resources for their water supply. Only 10% of households have access to piped water inside their dwellings.

TABLE 20: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED (TAP) WATER AND MUNICIPALITY 1996, 2001 AND 2011

Municipality	Piped (tap) water inside dwelling/yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: Umhlabuyalingana	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472



Source of water: 2011 census

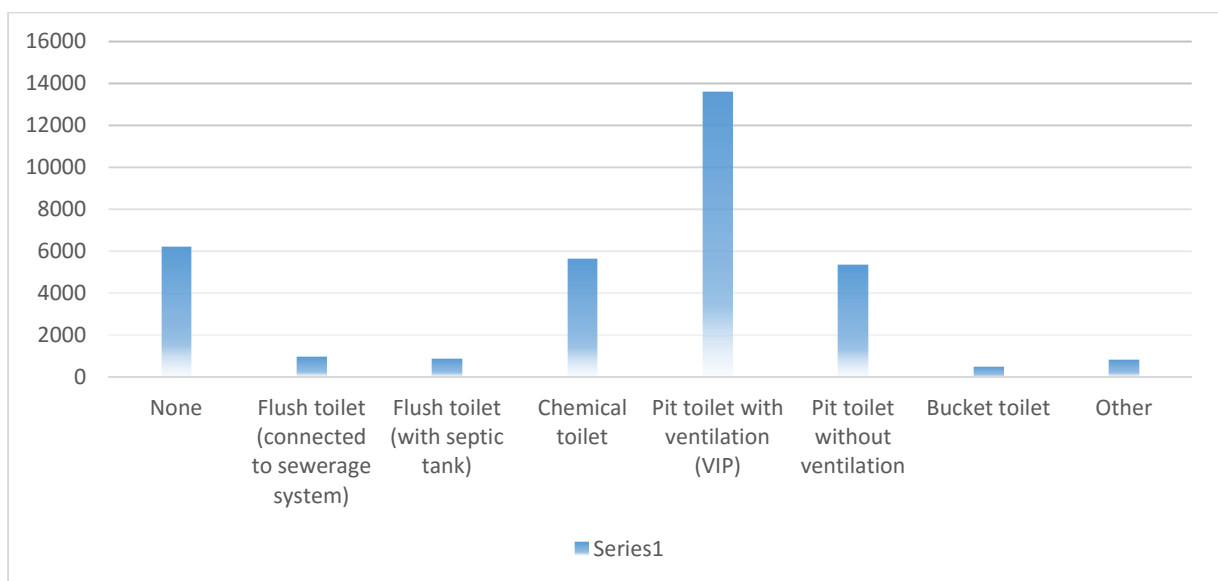


3.2 WASTE WATER (SANITATION) PROVISION

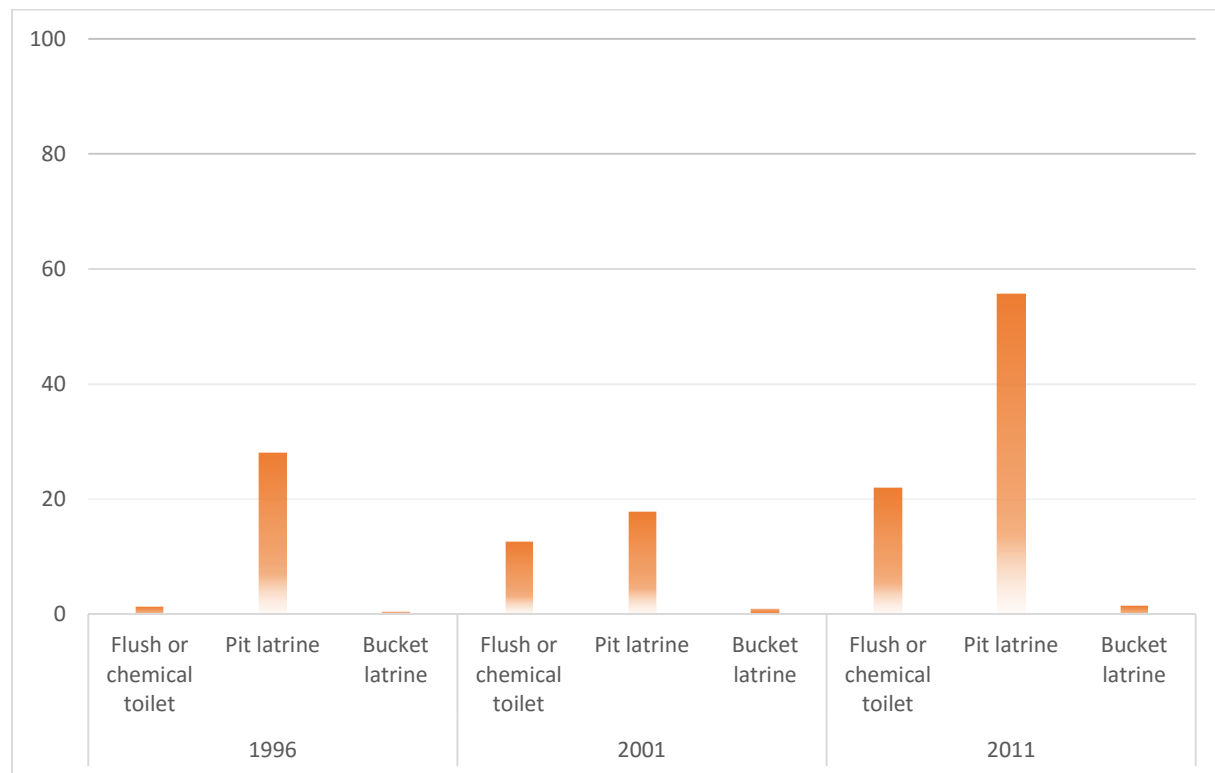
The table below illustrates the type of sanitation facility utilized by households. There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

TABLE 21: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY AND MUNICIPALITY- 1996, 2001 AND 2011

Municipality	Flush or chemical toilet			Pit latrine			Bucket latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: Umhlabuyalingana	2146	3159	7400	5461	4615	18933	1226	2181	4761	13542	18333	6226



GRAPH 3: TOILET FACILITIES: SOURCE STATS SOUTH AFRICA: CENSUS 2011



3.3 ELECTRICITY

Electricity is a function of ESKOM and not the Umhlabuyalingana Municipality. There is a lack of capacity of existing infrastructure in terms of bulk and reticulated electricity. However this is a national issue and ESKOM is putting infrastructure in place to boost capacity and there has been progress in extending basic services through the infrastructure programme with approximately 200 000 households being connected to the national electricity grid in 2012. Electrification projects in the Municipality for the 2016/17 financial year are shown in the following table.

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 2016/2017				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
327 households electrified at Mboza with engineers close-out report by 30 June 2017	R4 000 000	R0	R 2 154 866.10	R 1 845 133.82	R 8 952 895.98
250 households electrified in Ward 8 by 30 June 2017 with engineers closeout report	R3 500 000	R0	R 3 260 349.11	R 239 650.89	R8 198 948.39
280 households electrified at Ward 4 with engineers close-out report by 30 June 2017	R 7 000 000	R 3 334 610.41	R10 334 610.41	R 0	R10 334 610.41
240 households electrified at	R 6 000 000	R 2916 22.75	R 3 083 777.25	R0	R12 600 022.01

Manaba with engineers close-out report by 30 June 2017					
60 Streetlights installed at Manguzi with engineers close-out report by 30 June 2017	R 3000 000	R0	R 3 098 654.52	R 098 654.52	R3 270 705.60
280 households electrified at Mseleni with engineers close-out report by 30 June 2017	R 7 000 000	R 1 156 307.20	R 8 156 307.20	R0	R 8 156 307.20

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

Umhlabuyalingana is a rural local municipality; it is part of the family of five municipalities under uMkhanyakude District Municipality. In terms of the National Environmental Management: Waste Act 59 of 2008, Umhlabuyalingana is doing its best to collect solid waste from 51 businesses and 31 households on a weekly basis. These businesses and households are situated in and around the three towns of Umhlabuyalingana namely, Manguzi town, Mbazwana town and Skhemelele town.

The area of Umhlabuyalingana is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m² waste skips and 240 litre waste bins have been placed. In so far as the Waste transport infrastructure, the municipality has two waste trucks and one tractor with a trailer which are used for the collection of refuse in the three towns. The collection of refuse is now carried out daily during working days. The municipality has employed 110 general workers who are doing refuse collection in the three towns.

It also has 108 EPWP workers who are working at the three dump sites. The municipality has 1 fully licenced dump sites /landfill sites. Skhemelele dumpsite was licenced so that it is closed or decommissioned but with an intention to turn it into a Waste Transfer Station. The Municipality, in terms of Waste Act 59 of 2008, has developed the Integrated Waste Management Plan and was adopted and approved by Council. Presently the municipality is in the process of the implementation of the IWMP.

Employees: Solid Waste Management Services					
Job Level	Year 2015/2016	Year 2016/2017			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Supervisor	3 supervisors	3	3	0	n/a
General Workers	113 general workers	95 (on contract 3 (permanent at Skhemelele) 4 (permanent at Mbazwana) 5 (permanent at Manguzi) 3 permanent at Main Offices)	110	0	n/a

3.5 HOUSING

Umhlabuyalingana is one of the four local municipalities located in the uMkhanyakude District Municipality (DC27) and is approximately 3 693km². It has Mozambique along its northern boundary, the Indian Ocean to the east and the local municipalities of Jozini to the west and The Big Five Hluhluwe and KZDMA27 to the south. The urban areas include towns such as Mbazwana, Sodwana Bay and KwaNgwanase (Manguzi). Ingonyama Trust land, which includes members of the Tembe, Mashabane, Mabaso and Zikhali traditional councils, dominates the area of jurisdiction of the municipal area.

The municipality has no proclaimed township, with the municipal jurisdiction being made up of 18 wards with little or no economic base. Most members of these communities are dependent on subsistence agriculture or income from migrant workers. The municipality has evenly scattered spatial patterns.

CURRENT HOUSING PROJECTS					
PROJECT NAME	PROJECT NUMBER	UNITS	IMPLEMENTING AGENT	DEVELOPER	STATUS
Mashabane Rural Housing	K11060005/2	3986	Terraplan Associates KZN	Umhlabuyalingana Municipality	Construction Phase 2
Kwa-Mbila Rural Housing	K12100003	3000	Fezeka Business Services	Umhlabuyalingana Municipality	Construction Phase 1
Kwangwanase Rural Housing Phase 2	K13080004	2000	UMpheme Development Agency	Umhlabuyalingana Municipality	Planning complete (waiting for construction approval by MEC)
KwaNgwanase (North)	Not yet applicable	2000	Ezonsundu	Umhlabuyalingana Municipality	Pre-feasibility
KwaNgwanase (West)	Not yet applicable	2000	Ubuqotho	Umhlabuyalingana Municipality	Pre-feasibility
KwaNgwanase (South)	Not yet applicable	2000	Moteko	Umhlabuyalingana Municipality	Pre-feasibility
OSS/Disaster Housing	K16060011/1	170	Legna Creative Enterprises	Umhlabuyalingana Municipality	Households Co-ordinates collection

3.5.1 POPULATION GROWTH TRENDS AND CHALLENGES

According to the Stats SA, Census 2011 the population is 156 736 people, with an average household size of 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias as they host certain ethic groups, which is a huge segregation era threat.

3.5.2 INFORMAL SETTLEMENTS

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when one looks at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area however, the municipality does not consider these to be “informal settlements” and for the simple reason that

these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

3.5.3 IDENTIFICATION OF LAND FOR FUTURE HOUSING DEVELOPMENT

The Local Municipality of Umhlabuyalingana area of jurisdiction spreads for approximately 3 621km² in land magnitude. In terms of land tenure, it is estimated that 60% of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40% consisting of commercial farms and conservation areas.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

With regards to the indigent support, the municipality is in the process of updating the Indigent Support Policy, which caters amongst other services, the burial service. Needy families are assisted with coffins, transportation of the deceased and groceries, depending on the need of the respective family. The Councillors would offer tents for the church service during the funeral.

The municipality has developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

The municipality has also made budget available to assist learners who are needy but are unable to register in tertiary institutions, as a result hundreds of young people from Umhlabuyalingana have had access to tertiary education and many have graduated through this initiative. Ward Councillors have played a big role in the identification of learners in their communities.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS

The Umhlabuyalingana Municipality is situated in the north eastern part of KwaZulu-Natal. The municipality has an area of 3 621km² and a population of 172 077 people, with an average household size of 5 people per household, according to the Statistics South Africa 2011 Census. The municipality is one of five municipalities that constitute the uMkhanyakude District Municipality. The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 18 wards.

Nearly 60% of the municipal area falls under traditional authority ownership, with the remaining 40% consisting of commercial farms and conservation areas.

The Umhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor condition, and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4x2 vehicle.

The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints this municipality has a huge backlog demand on its local roads. But, during the financial year 2013/2014, this municipality was able to address this by constructing a number of gravel roads that are believed to create economic benefit for the people of Umhlabuyalingana. These include, Qongwana 1,2km road, Mbubeni 4km road, Mlambula 5km road and Zangomeni Mngomezulu 5km road.

TABLE 22: GRAVEL ROAD INFRASTRUCTURE OVER A THREE YEAR PERIOD

Gravel Road Infrastructure Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2014/2015	45.5km	17.5km	0km	45.5km
2015/2016	98.6km	18.6km	0km	98.6km
2016/2017		14,5km	0.km	169km

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

3.8.1 EXISTING AND FUTURE TRANSPORT INFRASTRUCTURE

At a regional level, Umhlabuyalingana has a well-established road connectivity comprising national and provincial which link different areas within the municipality. The routes that currently play this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns which include Mbazwana, Manguzi, Somkhele and Phelandaba. R22 in particular link the area with Hluhluwe town, N2 and a number of towns towards the south of Umhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improves accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development.

However the same cannot be said about the three other significant connector routes. P522 link the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretches for many kilometres. It appears as if the more focus has been placed on temporally patching the potholes without addressing the root cause of the road situation i.e. to re-tar and reseal the entire route since it has exceeded its lifespan. P447 and P444 are the provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently the gravel 'sandy' roads which need serious attention. This also bears in mind the fact that the light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment of municipal road network report completed in 2007, the Umhlabuyalingana municipality has a total of 346 km of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8% of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the Umhlabuyalingana municipality has 152 km of paved roads, 169km gravel roads and 26km of tracks. With exception of the road from Mbazwana to Manguzi, the road network is poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads exist as tracks.

3.8.2 ROADS

The Umhlabuyalingana Municipality is situated in the north eastern part of KwaZulu-Natal. The municipality has an area of 3 621km² and a population of 172077 people, according to the Community Survey 2016.

The municipality is one of five municipalities that constitute the uMkhanyakude District Municipality. The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 18 wards.

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The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints this municipality has a huge backlog demand on its local roads. But, during the financial year 2016/2017, this municipality was able to address this by constructing a number of gravel roads that are believed to create economic benefit for the people of Umhlabuyalingana. These include, Ekuthukuzeni-Masondo 7.5km road, and Nondwayiza-Phakamani 7km road.

TABLE 23: GRAVEL ROAD INFRASTRUCTURE OVER A THREE YEAR PERIOD

Gravel Road Infrastructure Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2014/2015	45.5km	17.5km	0km	45.5km
2015/2016	98.6km	18.6km	0km	98.6km
2016/2017		14km	0km	169km

3.8.3 TRANSPORTATION ANALYSIS

According to UMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes Umhlabuyalingana. The “bakkies” which are considered to be illegal passenger transport vehicles still they provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to move onto due to the weak quality of the roads. There are no bus termini facilities that are provided within the area. The table below gives an indication of accessibility of public transport within the municipality.

Main Route	Main Description	No. of passengers per peak	% of active seats used	No. of trips	Average occupancy per vehicle
KZN-R0032F-U	Jozini to Sikhemelele	224	100.00	15	14.9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95.96	38	15.0
KZN-R0061F-U	Mbazwane to Mseleni	285	100.00	19	15.0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100.75	20	13.4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116.47	17	11.6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. Transport whether motorized or non-motorized faces many challenges within the Municipal area. These can be summarized as follows:

3.8.4 POOR CONDITIONS OF ROADS

- Inadequate pedestrian signs and markings and off-loading areas especially within the few urban areas;
- An absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.
-

The areas that should be considered for intervention should include improving pedestrian signs, markings and off-loading areas especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights especially at major intersections should be provided.

3.8.5 POOR ROAD LINKAGES

An efficient and effective road network enables people and goods to traverse to and from all areas within the Municipal area. It opens up development opportunities which could lead to economic growth and associated job creation.

Poor critical road linkages, which includes the non-existence of critical linkages and existing roads that are in poor to inaccessible condition, have been identified within the Umhlabuyalingana LM: Poorly maintained existing gravel road between Madonela and Sikhemelele. Significant denser settlement occurs all along this road, which runs in close proximity and parallel to the Pongola River and its rich flood plains. Intensive agriculture, mainly subsistence, occurs along the river and the road. In heavy rains, this road is nearly impassable. What is also important to note is that this settlement corridor joins up with the P522 provincial main road between Ingwavuma and Manguzi. At this juncture, the urban characterized settlement of Sikhemelele has developed over time. Sikhemelele settlement, as well as the Mboza to Sikhemelele Corridor, is the most densely settled area within the Umhlabuyalingana LM;

The existing road linkages between Madonela and Tshongwe are poor and do not support a direct primary route from Tshongwe through the agricultural development corridor leading to Sikhemelele. This is considered very important link, since it will provide an alternative south-north route, from Hluhluwe, within the Umhlabuyalingana Municipality. This route is deemed more economical for the conveyance of fresh goods and value-added products from the identified agricultural corridor to the major markets of Richards Bay and Durban

The east-west road linkages are primarily located in the north (P522 Main Road linking Ingwavuma with Manguzi) and in the south (P444 and P447 linking Mbazwana with Mkhuze) of the Umhlabuyalingana Municipal Area. The east-west road linkages in the central western part of the Municipal area exist only as a local road (essentially a track). In order to contribute towards a road network that is both effective and efficient – particularly in light of the recommended

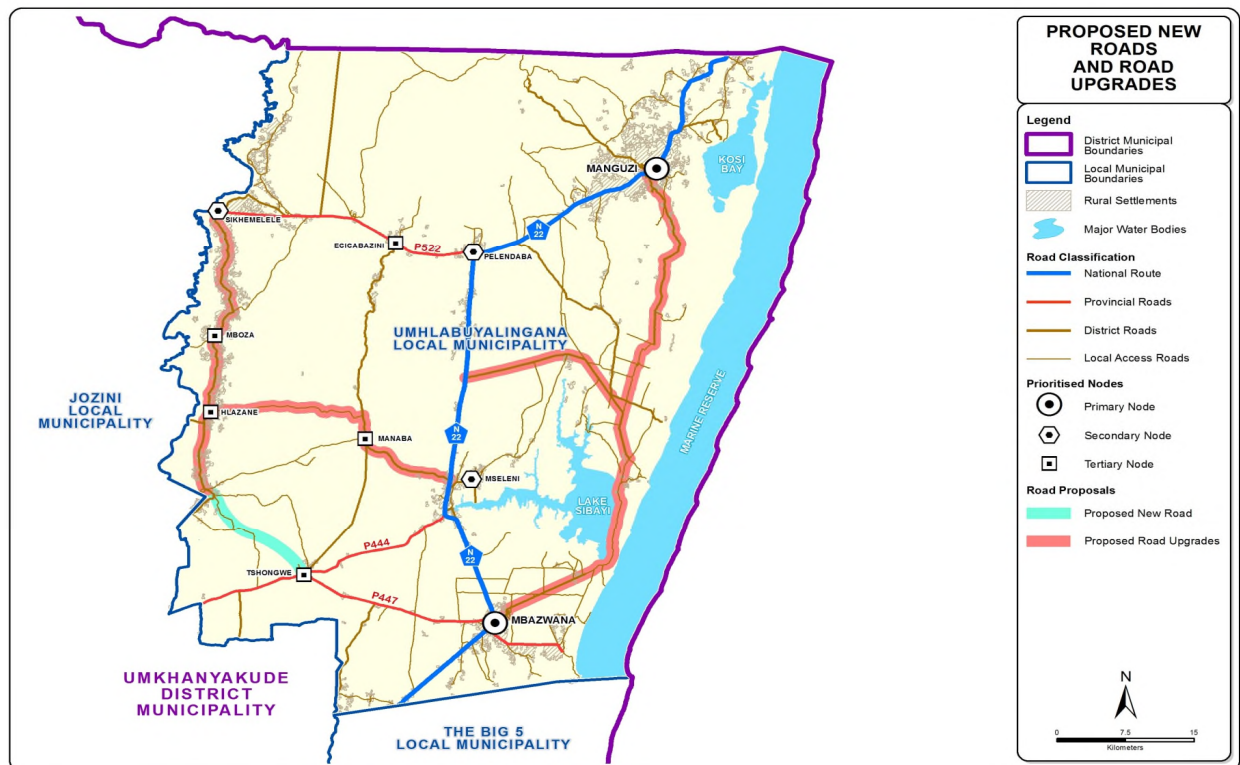
upgrade of the Madonela – Sikhemelele road – it is recommended that the road between Hlazane to Manaba to Mseleni be upgraded, functioning as an additional east-west centrally located link;

In order to expose the unique environment along the Municipality's east coast, which is administered by Isimangaliso Trust, to a broader audience which will result in further tourism – related development, the road from Mbazwana, pass Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi need be upgraded and made freely accessible to the public.

Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya. This will provide an improved west-east link to the coastal areas.

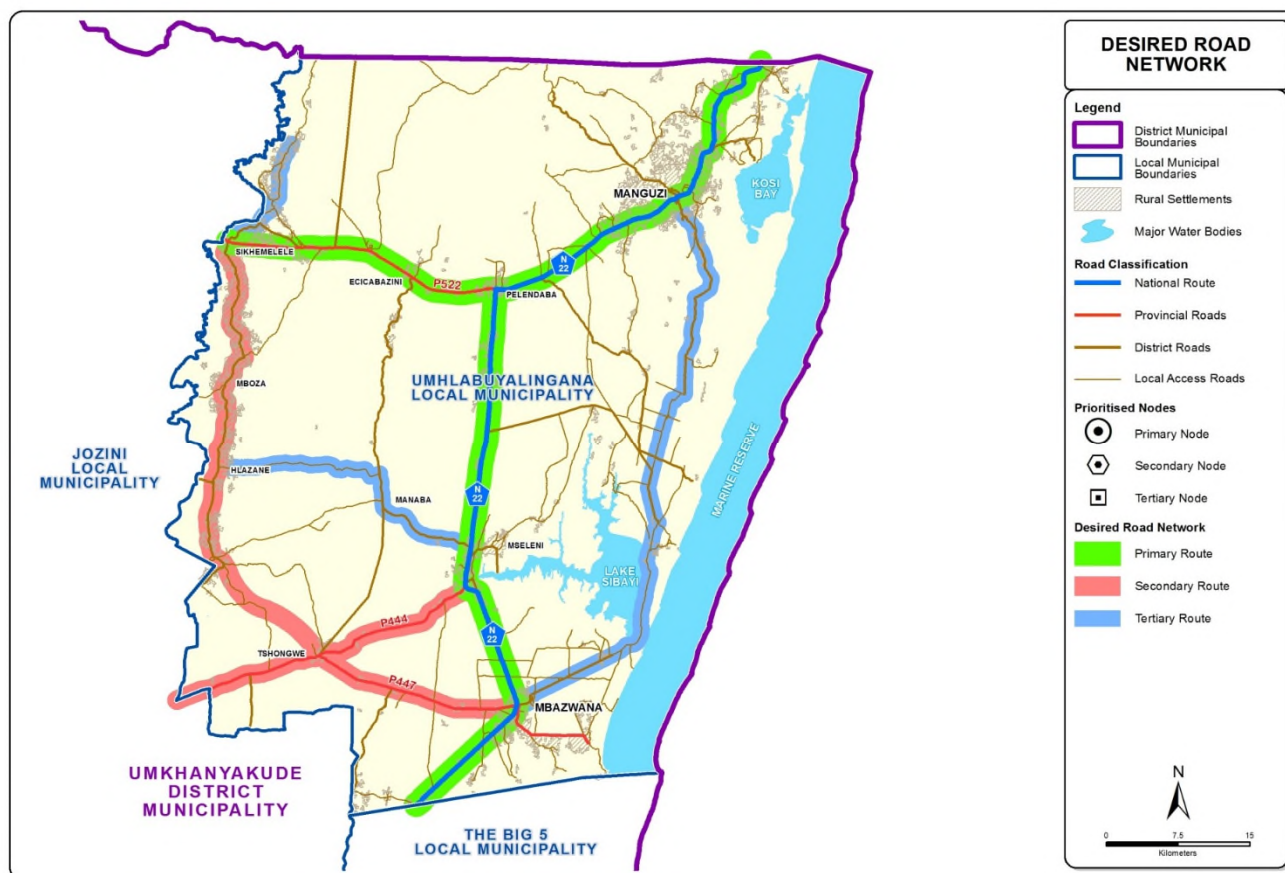
3.8.6 A WELL-DEVELOPED ROAD NETWORK, IMPROVING ACCESSIBILITY:

- Upgrade the existing gravel road between Madonela and Sikhemelele to a blacktop road
- Develop a blacktop road between Tshongwe and Madonela
- Upgrade the road between Hlazane and Manaba
- Upgrade the road between Manaba and Mseleni
- Upgrade of the road from Mbazwana , pass Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi
- Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya



MAP 11: PROPOSED NEW ROADS AND ROAD UPGRADES (UMHLABUYALINGANA SDF)

Map 12: Desired Road Network (Umhlabuyalingana SDF)



3.8.7 RAIL

Umhlabuyalingana does not have an established public and goods rail transport system. The railway line runs parallel N2 within UMkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but is passes outside of Umhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

3.8.8 AIR TRANSPORT

Umhlabuyalingana does not have an established and operational air transport system. The small landing strip (airstrip) exists within both Mbazwana and Sodwana Bay. However the condition of these facilities is currently unknown.

3.8.9 INSTITUTIONAL RESPONSIBILITY FOR TRANSPORT INFRASTRUCTURE

The institutional responsibility for transport infrastructure is categorized as national, provincial and local on maps

3.8.10 OPERATIONS AND MAINTANANCE

The municipality will participate in the Review of the Road Maintenance Plans of Sanral, DoT and DM in order to ensure a well maintained road network, improved accessibility and full alignment with the SDF.

The municipality has a Council approved Operations and Maintenance Plan as most of the gravel roads within Umhlabuyalingana Municipal Area are in poor condition and in-accessible on occasions, especially after heavy rains. This impacts on the free movements of goods and people on the one hand and results in increased operating costs to the road users. Further, road safety conditions are adversely affected.

3.9 WASTE WATER (STORMWATER DRAINAGE)

The lack of waste management is clearly evident in the extensive visible litter along the majority of all roads and denser settlements.

There are no registered landfill sites or transfer stations towards which waste can be disposed of. Waste collection is only in place in isolated areas and such waste is then disposed of at illegal locations. This could lead increased health and environmental risks. Further, visible waste in towns and nodes could lead to investment opportunities being lost. It also affects the tourism marker adversely.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

Municipal wide draft Spatial Development Framework (SDF) and a LUMS for Mbazwana and Manguzi have currently been adopted by Council. Enforcement of both these land use management tools is to be enforced and a municipal wide scheme to be planned for in order to meet the prerequisites of the KZN Planning and Development Act. The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

TABLE 24: APPLICATIONS FOR LAND USE MANAGEMENT

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	Year 2013	Year 2014	Year - 2014	Year 2015	Year 2015	Year 2016
Planning application received	0	0	0	0	2	2
Determination made in year of receipt	0	0	0	0	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year	0	0	0	0	0	0

Capital Expenditure Year 2016/2017: Planning Services					
Capital Projects	Year 2016/2017				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Spatial Development Framework	R200 000	-			
Housing Sector Plan	R200 000	-			
Capital Investment Framework	R200 000				
Strategic Environment Assessment	R200 000	-			
Manguzi Precinct Plan	R200 000	-			

3.10.1 INTEGRATED DEVELOPMENT PLANNING IN UMHLABAYALINGANA

Chapter 5 and Section 25 of Local Government Municipal Systems Act (32 of 2000), requires that the municipal council must, within a prescribed period after the start of its elected term, adopt a single, all inclusive and strategic plan for the development of the municipality, and that the plan be reviewed annually. Accordingly, Umhlabuyalingana Municipality has initiated a process towards the preparation of a credible Integrated and Development Plan (IDP) as a five year

strategic plan to guide service delivery and investment (both private and public sector) within the area.

Umhlabuyalingana Municipality IDP will serve as a strategic guide during the term of office of the current councilors to the end of its term. It is based on the issues articulated by the stakeholders and is aligned with the national and provincial development imperatives such as the National Development Plan and the Provincial Growth the Development Strategy (PGDS). Its objectives are as follows:

- To guide decision making in respect of service delivery and public sector investment.
- To inform budgets and service delivery programs of various government departments and service agencies.
- To coordinate the activities of various service delivery agencies within Umhlabuyalingana Municipality area of jurisdiction.
- To engage communities and other key interested and affected parties in municipal affairs, particularly continuous integrated development process.
- To position the municipality to make a meaningful contribution towards meeting the district and provincial development targets and priorities.

3.10.2 PROVINCIAL SPATIAL ECONOMIC DEVELOPMENT STRATEGY

The Provincial Spatial Economic Development Strategy (PSEDS) recognises that social and economic development is never evenly distributed and spatial disparities will always exist due to the spatial distribution of natural resources, historical imperatives and cultural factors. These spatial disparities have been aggravated by apartheid spatial planning. This has resulted in a disjuncture between where people live and where social and economic opportunities are concentrated. This spatial marginalization from economic opportunities of the majority of the population needs to be addressed in order to reduce poverty and inequality and ensure shared growth. The sectors of the provincial economy identified as the drivers of growth of the province to address unemployment and poverty are the following sectors:

- Agriculture – including agri-industry
- Industry including heavy and light industry and manufacturing
- Tourism including domestic and foreign tourism
- Service sector including financial, social, transport, retail and government

The PSEDS builds on the concept of developing a comprehensive network of centres throughout the province which would support the delivery of services. In identifying the hierarchy of places existing service centres are strengthened and new or emerging service centres are developed.

3.10.3 STRATEGIC ALIGNMENT WITH GOVERNMENT PRIORITIES

Umhlabuyalingana Municipality strategic focus is influenced by the Millennium Development Goals, National Development Plan, PGDS, DGDP, Umhlabuyalingana Municipal Development Goals and municipal vision.



3.10.11 SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA), 2013

The purpose of the Act is to provide for a framework for spatial planning and land use management in the republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for inclusive developmental, equitable and efficient spatial planning at the different spheres of government; to provide a framework of monitoring, co-ordination and review of spatial planning and land use management system.

To provide a framework for policies, principles, norms and standards for spatial planning and land use management; To address past spatial and regulatory imbalances; To promote greater consistencies and imbalances in the uniformity application procedures and decision making by authorities responsible for land use decisions and development applications. To provide for the establishment, functions and operations of municipal planning tribunals, to provide for the facilitation and enforcement of land use and development measures and to provide for matters connected therewith the area.

3.10.12 SPLUMA PRINCIPLES

The following principles are relevant to Umhlabuyalingana Municipality as contained in the SPLUMA (Spatial Planning and Land Use Management Act):

(a) The principle of **spatial justice**, whereby –

- past spatial and other development imbalances must be redressed through improved access to and use of land;
- spatial development frameworks and policies at all spheres of government must address the inclusion of persons and areas that were previously excluded, with an emphasis on informal settlements, former homeland areas and areas characterized by widespread poverty and deprivation;
- spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons;
- land use management systems must include all areas of a municipality and specifically include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements and former homeland areas;
- land development procedures must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas; and
- a Municipal Planning Tribunal considering an application before it, may not be impeded or restricted in the exercise of its discretion solely on the ground that the value of land or property is affected by the outcome of the application.

(b) The principle of **spatial sustainability** whereby spatial planning and land use management systems must –

- Promote land development that is within the fiscal, institutional and administrative means of the Republic;
- Ensure that special consideration is given to the protection of prime and unique agricultural land;
- Uphold consistency of land use measures in accordance with environmental management instruments;
- Promote and stimulate the effective and equitable functioning of land markets;
- Consider all current and future costs to all parties for the provision of infrastructure and social services in land developments;
- Promote land development in locations that are sustainable and limit urban sprawl; and
- Result in communities that are viable.

(c) The principle of **efficiency**, whereby –

- Land development optimises the use of existing resources and infrastructure;
- Decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and
- Development application procedures are efficient and streamlined and timeframes are adhered to by all parties.

(d) The principle of spatial resilience, whereby flexibility in spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.

(e) The principle of **good administration**, whereby –

- All spheres of government ensure an integrated approach to land use and land development that is guided by the spatial planning and land use management systems as embodied in this Act;
- All government departments must provide their sector inputs and comply with any other prescribed requirements during the preparation or amendment of spatial development frameworks;
- The requirements of any law relating to land development and land use are met timeously;
- The preparation and amendment of spatial plans, policies, land use schemes as well as procedures for development applications, include transparent processes of public participation that afford all parties the opportunity to provide inputs on matters affecting them; and
- Policies, legislation, and procedures must be clearly set in order to inform and empower members of the public.

3.10.13 IMPLEMENTATION OF SPLUMA IN UMHLABUYALINGANA MUNICIPALITY

The municipality has not established a Municipal Planning Tribunal (MPT/JMPT). A Joint MPT has been adopted by Umhlabuyalingana Council. However it has not yet been established at District Level. The MPT/JMPT is not functional. Umhlabuyalingana Municipality has complied with SPLUMA Regulation 14 and a Municipal Planning Authorised Officer is not appointed yet and this will be done in 2017/2018 financial year.

Umhlabuyalingana Municipality has not yet resolved on the Appeal Authority and this will be done during the review of delegations process. The municipality has amended the delegations for KZNPD to SPLUMA Bylaws and the applications been categorized. The SPLUMA Bylaws have been adopted and the SPLUMA Bylaws have been gazetted.

3.10.14 INTER-GOVERNMENTAL RELATIONS

Umhlabuyalingana Local Municipality is responsible for facilitating inter-governmental relations within its area of jurisdiction. In line with the Intergovernmental Relations Framework Act, the municipality has taken upon itself to improve intergovernmental engagements to ensure that proper intergovernmental planning guides public, private and donor investment in the district.

The municipality is part of the District Manager's Forum "a key forum for strategic alignment, coordination and integration" that serves as an inter-governmental structure where the Sector Departmental Managers in the district meet with their municipal counterparts. The relationship between the municipality and sector departments is improving. There are also inter-municipal structures (i.e. District Planning Forum; Municipal Managers' Forum) that discuss and resolve issues on cutting across all municipalities.

There are, however, grey areas on how the hierarchical inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, the municipality cannot hold any sector department accountable for the non-implementation of projects which are submitted for inclusion in the IDP document.

3.10.15 TOWN PLANNING SERVICES

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	Year-1	Year 0	Year-1	Year 0	Year-1	Year 0
Planning application received	0	0	0	0	4	3
Determination made in year of receipt	N/A	N/A	N/A	N/A	N/A	N/A
Determination made in following year	N/A	N/A	N/A	N/A	N/A	N/A
Application withdrawn	N/A	N/A	N/A	N/A	N/A	N/A
Applications outstanding at year end	N/A	N/A	N/A	N/A	2	4

3.10.16 BUILDING REGULATIONS AND ENFORCEMENT

Building Regulation and Enforcement						
Detail	2014/2015		2015/2016		2016/2017	
	2014	2015	2015	2016	2016	2017
Building Plans Received	N/A	N/A	N/A	N/A	19	17
Building Plans Approved	N/A	N/A	N/A	N/A	09	08
Building Plans Not Approved	N/A	N/A	N/A	N/A	10	09
Notices/Enforcement	N/A	N/A	N/A	N/A	09	18
Applications outstanding at year end	N/A	N/A	N/A	N/A	10	09

3.10.17 TOP 3 SERVICE DELIVERY PRIORITIES AND IMPACT

Three Priorities					
Service	2014/2015		2015/2016		2016/2017
	2014	2015	2015	2016	
SDF	Yes	Yes	Yes	Yes	Yes
Land use Scheme	Yes	Yes	Yes	Yes	Yes
Implementation of SPLUMA	Yes	Yes	Yes	Yes	Yes
Planning Bylaws	Yes	Yes	Yes	Yes	Yes
Impact thereof:					

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.11.1 LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS

Local Economic Development (LED) is one of the key tasks that Umhlabuyalingana Municipality engages on through a variety of packages. It remains factual that success of this initiative is mostly contingent to alliance level obtained from different stakeholders.

The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

3.11.2 OBJECTIVES OF LED

The short term goal of the municipality is to provide financial, skills and capacity to local businesses to help them create stability for their own businesses, and a long term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

Economic Activity by Sector			
Sector	Year 2014/2015	Year 2015/2016	Year 2016/2017
Agriculture	<ul style="list-style-type: none"> • Sicabazini indigenous nursery • Vimbukhalo commercial garden • Co-operatives training 	<ul style="list-style-type: none"> • Vimbukhalo commercial garden • Mvelabusha commercial garden project • Hlokoheko commercial garden project • Lulwane commercial garden project 	<ul style="list-style-type: none"> • N/A
Tourism	<ul style="list-style-type: none"> • Community tourism organization • Art gallery • Recreation park 	<ul style="list-style-type: none"> • Manzanyma community tourism campsite • Dapha community tourism campsite 	<ul style="list-style-type: none"> • Hosting of the Tourism Shot' Left Campaign • Manzanyma Community Tourism Camp site
SMME Support	<ul style="list-style-type: none"> • UMhlabuyalingana Business Chamber • SMME Trainings • LED Indaba & business gala dinner • Co-operatives database • Business licensing by-laws 	<ul style="list-style-type: none"> • UMhlabuyalingana Business Chamber 	<ul style="list-style-type: none"> • Incubation Programme Implementation
Informal Trading	<ul style="list-style-type: none"> • Informal economy policy & Informal traders by-laws 	<ul style="list-style-type: none"> • Informal traders bylaws public participation 	<ul style="list-style-type: none"> • Gazetting of the Informal Traders by-laws and Business Licensing by-laws

3.11.3 Job creation through Extended Public Works Programme (EPWP) projects, including CWP, over a three year period

TABLE 25: JOB CREATION THROUGH EXTENDED PUBLIC WORKS PROGRAMME (EPWP) PROJECTS, INCLUDING CWP, OVER A THREE YEAR PERIOD

Job creation through EPWP and CWP projects		
Year	EPWP Project Details	Total Number of Job opportunities created
Year 2014/2015	<ul style="list-style-type: none"> • Tourism buddies • Environmental management (landfill sites) • Working for river • UMfolozi intensive skills training • Housing intensive skills development • CWP 	2185
Year 2015/2016	<ul style="list-style-type: none"> • Waste Management (landfill sites workers) • Town beautification (general works) • Beach monitoring • CWP 	2229
Year 2016/2017	Waste Management (landfill sites workers)	108
	Town beautification (general works)	95
	Beach monitoring	200
	CWP	1 670
	Security Services	35
	Ward Committees	110
	Infrastructure	100
	TOTAL	2318

The overall performance of the municipal Local Economic Development unit has reflected an acceptable level of the municipal competency. This is informed by the growth in number of job opportunities created each year and implementation of responsive programmes towards economic development. Progressively, the municipality is working on a sustainable monitoring plan for each implemented programme or project that is within its powers. Furthermore, the council is establishing other new economically responsive platforms to engage on in order to advance its competency level.

3.12 COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12.1 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Umhlabuyalingana Municipality has 1 main library and a satellite library. The following services are provided at these libraries. (Manguzi and Mseleni library)

The following services are provided at these libraries.

TABLE 26: SERVICES PROVIDED AT LIBRARIES

Libraries, Other Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	Year 2015/2016		Year 2016 /2017	
		Target	Actual	Target	Actual
Service Objective					
Internet access for the community	This is the one of the top services due to the rural nature of the area. The community needs access to the internet for a number of reasons	720	3 488	720	2305
Promotions	Outreach programmes that travel out to schools because some schools are situated very far from the library.	8	8	8	8
Computer classes	Free services to the community to receive basic background in computer skills and it also makes a good impact on the community.	360	402	360	414

Library Employees

TABLE 27: LIBRARY EMPLOYEES

Employees: Libraries					
Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
Librarian	1	1	1	0	0%
Library Assistant (Manguzi = 1, Mseleni = 2)	3		3	1	0%
Cyber Cadet	1	1	1	0	0%
Assistant librarian	1	1	1	0	0%

3.12.2 CEMETORIES AND CREMATORIUMS

There are no formal registered cemeteries within the Municipal area. Currently there is significant densification of settlements occurring in a number of places with the Municipal area. This is particularly evident at Manguzi, Mbazwana, and between Mboza and Sikhemelele. The traditional manner of burial of deceased loved ones at the homesteads is becoming increasingly problematic due to limited space. This practice increases the health risks, as this may result in contamination of the groundwater.

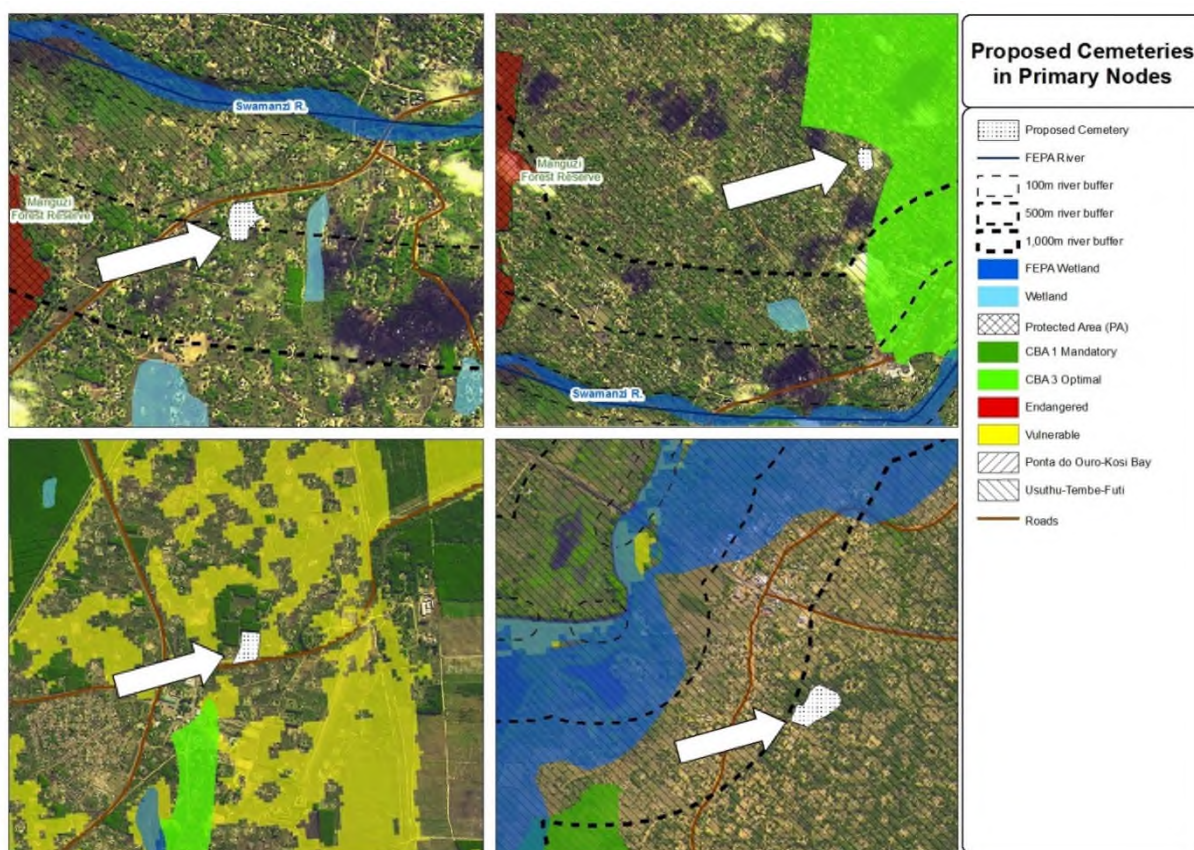


TABLE 28: PROPOSED CEMETERIES IN PRIMARY NODES

3.12.3 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

- Formation of **Local Aids Council** to deal with issues such as HIV/AIDS, Teenage pregnant, and TB.
- Establishment of **Women's Forum** to deal with all women related issues under Umhlabuyalingana Municipality
- Establishment of **Youth Council and appointment of Youth Manager** to deal with all youth related issues under Umhlabuyalingana Municipality, e.g. career guidance exhibition.
- Establishment of **Disability Forum** to look into all issues pertaining to people living with disabilities.
- Establishment of a **Sports Committee**, participate in Mayoral cup, SALGA Games, to encourage youth to stay away from drugs.

- **Sports Programs** in wards 2 and 3 where the leagues are being funded through the poverty alleviation fund by the respective Councillors.

3.13 COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.13.1 POLLUTION CONTROL

Pollution control is a function of the Department of Agriculture and Environmental Services.

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

A significant proportion of the Umhlabuyalingana Municipal Area falls within formerly protected areas (approximately 28%). This includes Tembe National Elephant Park, Manguzi Forest Reserve, and Sileza Nature Reserve, as well as, portions of the Ndumo Game Reserve and Isimangaliso Wetland Park. These are under threat from land invasions, poaching, and illegal harvesting of natural products (e.g. medicinal plants). These activities threaten the biodiversity.

A number of areas are in the process of being declared protected areas in terms of the National Environmental Management: Protected Areas Act (2003) as this affords them a greater level of protection against development, land invasions, poaching, and illegal harvesting of natural products. The declaration of protected areas is however not a simple process as there are a number of conditions which need to be met.

The exploitation of these areas results in the degradation, which reduces the ability of these natural areas to provide ecosystem services. There are a number of factors which contribute to the degradation of the natural environment, such as overgrazing, overharvesting, inappropriate burning, inappropriate development, and pollution. In general, the underlying driver of these factors is the exploitation of the natural environment in the short-term without considering the long-term implications.

The objective is for the Municipality to partner with the Department of Agriculture and Environmental Affairs in the following;

1. Implement environmental education programme in schools.
2. Identify and educate communities that are over-exploiting local natural resources.
3. Identify and take appropriate action against individuals / companies that maliciously pollute or degrade the natural environment.

3.14 COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.14.1 CLINICS

Clinics are well distributed throughout the Municipality, located mainly along national, provincial and district roads. 36 clinics (including mobile-clinics) were identified, servicing approximately 4,547 people per clinic (this ratio excludes mobile-clinics). Predominant illnesses treated by the clinics in the Umhlabuyalingana Municipality are abdominal pain, TB, HIV/AIDS, general injuries, sicknesses and infections.

3.14.2 AMBULANCE SERVICES

The Municipality needs to provide more information on this component however there are two hospitals located in the eastern half of the municipal area with moderate accessibility.

3.14.3 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Licensing and control of the above undertakings is a function area of exclusive Provincial competence.

3.15 COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

3.15.1 POLICE

The mission of the Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic servicing and in rendering a service to the community of Umhlabuyalingana and its visitors by ensuring a free flow of traffic and creating a safe environment.

3.15.2 TRAFFIC LICENCING AND LAW- ENFORCEMENT

During the year 2016/2017 a large number of offences were dealt with. The main purpose of this section is not only to prosecute but also to educate offenders and community.

The activities under traffic licencing and law enforcement were as follows:

1. Apprehending offenders talking to cell phones while driving,
2. Stop Street violations,
3. Failure to wear seat belts,
4. Excessive speeding taxis,
5. Red light and yellow lines offenders,
6. All the aforementioned contributing to a high accident rate,
7. Illegal number plates,
8. And driving under the influence of alcohol.

Corrective measures were taken inter-alia include the commissioning speed violation cameras, selective law enforcement on safety belt, cell phones, number plates and the public transport. This included regular road blocks in conjunction with the South African Police Services (SAPS).

The introduction of roving law enforcement to attend to moving violations and to have desired effect. Traffic Safety Awareness with the Disaster Management unit and various institutions to address irresponsible driver behaviour and pedestrian safety.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit has plans in place for a day to day traffic management operation programme to ensure safety and security and to minimise road accidents within the Umhlabuyalingana municipal community area.

Municipal Police Service Data		
Details	Year 2016/2017	
Number of road traffic accidents during the year	71	
Number of by-law infringements attended	Nil	
Number of police officers in the field on an average day	4	
Number of police officers on duty on an average day	4	

Employees: Police Officers 2016/2017					
Police	Number of Employees No.	Number of Posts	Number of Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Public Safety Manager	1	1	1	nil	nil
Other Police Officers	7	7	7	nil	Nil
Superintendent	2	2	2	nil	Nil

3.15.3 FIRE

Functionally, the Disaster Risk Management unit is divided into four areas namely, Operations, Support Services, Fire Safety, and Disaster Risk Management

Within these functional areas, the following activities take place or are conducted:

Operations: The unit operate a 24 hour service which respond and deal with all fire, Rescue and Disaster incidents in the Municipal Area within the predetermined time. The unit does not have a Fire Station currently but operate from the municipal buildings.

Service delivery priorities focus on the following:

Fire Safety: The division focus on Fire Safety and building inspections in Business and Government institutions.

Compliance: The unit has to ensure compliance with the National Building regulation, building standards Act and related bylaws and Issuing Fire Safety Compliance letters.

Disaster Risk Management: The service delivery priority is aimed at the annual review of the Municipal Disaster Management plan which was reviewed and submitted for final approval and implementation.

The municipality renders relief services to Disaster victims by handing out relief material, e.g. Food parcels, lightning conductors, blankets, temporally shelters.

Fire Service engages in public and life safety education through awareness campaigns. In line with the Disaster Management Act (Act No. 57 of 2002) Umhlabuyalingana Municipality is trying its best to ensure that disaster management is part of it priorities thus it has established the Disaster Management Unit with well-trained personnel and has established the Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

Municipal Fire Service Data		
Details		Year 2016/2017
	Total fires attended in the year	80
	Total of other incidents attended in the year	355
	Average turnout time	30 minutes

Employees: Fire Services and Disaster Management					
Fire Fighters	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Fire Officer	Nil	Nil	Nil	Nil	Nil
Other Fire Officers	6	11	8	3	33%
Disaster Risk Management	1	1	1	Nil	Nil

3.15.4 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

A Disaster Management Plan is in place and approved by the Council. Other functions are not performed by Umhlabuyalingana Municipality.

3.16 COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.16.1 SPORTS AND RECREATION

The municipality had built a number of sports fields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports. The municipality has supported the SAFA in domestic male soccer leagues, in female netball and volleyball (male and female) in three wards, namely Wards 2, 3 and 15.

The municipality has also participated successfully in the SALGA Games which provides the youth of Umhlabuyalingana with an opportunity to showcase their sporting talent.

3.17 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.17.1 EXECUTIVE AND COUNCIL

The Executive Committee meet monthly to consider reports from the various portfolio committees. There are 34 Councillors that serve the Wards in the Umhlabuyalingana Municipality and are allocated to internal portfolios and functions.

3.17.2 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management, Asset Management and Supply Chain Management. The Department is also responsible for the Valuation Roll. The Municipality's debt recovery rate decreased by 12% when compared to the previous year rate. The activities of this section are detailed under Financial Performance (Chapter 5).

Debt Recovery							
R'000							
Details of the types of account raised and recovered	2014/2015		2015/2016			2016/2017	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected
Property rates	29 543,512	42%	17,183,838	10,065,776	59%	19,118,068	13,825,236
Electricity - B	-	-					
Electricity - C	-	-					
Water - B	-	-					
Water -C	-	-					
Sanitation	-	-					
Refuse	79,766	227%	201,968	181,174	90%	201,968	247,272
Other	968,200	97%	2,328,675	655,946	28%	1,963,420	559,120

3.18 HUMAN RESOURCE SERVICES

Human Resources as a component deals mainly with recruitment and selection, which includes staffing, human resources development, health and safety, maintaining health and sound employer-employee relations, human resources administration and benefits management. The Human Resources Strategy in place drives programmes and projects to deploy capable municipal staff to achieve service delivery objectives.

The Strategy is aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen human resources role and visibility within the organisation. The Municipality has a 5 year Employment Equity Plan and a Workplace Skills Plan drafted for 2016/2017 focusing on organisational development and change management. Furthermore the municipality has taken initiative in 2015/2016 to cascade Individual Performance System to some staff members and as part of Personal Development Plan (PDP); employees identify their skills gap, which in turn assist in identifying training needs. An annual skills audit is conducted to identify the skills gap and ensure training to bridge the skills gaps Municipal officials have gained skills capacity through this process.

All critical positions during the 5 year term were filled in order to ensure successful implementation of the municipality's vision. The following positions constituted the Umhlabyalingana senior management structure.

- Municipal Manager
- Director Technical Services
- Director Corporate Services
- Chief Financial Officer
- Director Community Services
- Technical Manager
- Manager: Town Planning
- IDP/PMS Manager
- Finance Manager

3.18.1 HUMAN RESOURCES SERVICES POLICY OBJECTIVES

TABLE 29: OBJECTIVES AND TARGETS OF HUMAN RESOURCES SERVICES

Service Objectives	Service Targets	2014/2015		2015/2016		2016/2017	
		Target	Actual	Target	Actual	Target	Actual
To create and retain sufficient capacity for an effective administration	Fill-in the priority vacant posts as per the approved organogram	5	5	2	2	2	2
Develop Workplace Skills Plan for efficient administration	Development of the Work Skills Plan	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes
To keep records and create institutional memory	Improve registry system	Develop File Plan	1	Improve registry system	Develop a system to store and manage documents prepared by and on behalf of the municipality	Develop a knowledge management system	

3.18.2 VACANCY RATE

TABLE 30: APPROVED AND VACANCY POSTS

Designations	Total Approved Posts	Total Vacant Posts
Municipal Manager	1	0
Chief Financial Officer	1	0
Other Section 56 Managers	3	1
Managers	17	0
Traffic Officers	7	10
Fire fighters	7	3
Officers	20	4
Clerical	21	8
Other	21	10
Total	219	36

3.18.3 TURNOVER RATE

TABLE 31: RATE OF TERMINATION BY STAFF

Year	Total Appointments as at Beginning of Year	Terminations During Financial Year	Percentage
Financial year 2016/2017	34	4	11.8%

3.19 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Umhlabuyalingana Municipality has been using outsourced ICT Services but during the 2013/2014 financial year, appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management and transparent reporting on IT related risks. The municipality has also outsourced IT services because of capacity issues.

3.20 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The revenue enhancement strategy was reviewed in 2015/2016 financial year and implemented in the 2016/2017 financial year. The measures have been made by management to encourage the rate payers to pay their property bills for the municipality, meetings have been held and discounts were issued by council to try and enhance collection. The municipality has realized improvements in the revenue collections after the engagements made above.

The successful implementation of the council's risk management Strategy and effective operation of risk management processes is undertaken by the Performance and Audit Committee. The Risk assessment was conducted for 2015/16 financial year by Provincial Treasury and a Risk Register has been developed and this activity will be implemented during 2016/17 financial year. The Municipality reviewed the Risk Management Policy and Strategy and was tabled to Council for approval. The municipality has recently established the Risk and compliance unit by appointing Risk and Compliance Manager, who is responsible for the monitoring of Risk Register prepared by Provincial Treasury. An update on risk register has been tabled to Council on quarterly bases.

3.21 COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises. This section is not applicable in Umhlabuyalingana Municipality.

3.22 COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

										UMHLABUYALINGANA MUNICIPALITY ANNUAL PERFORMANCE REPORT 2016-2017			
NATIONAL KEY PERFORMANCE AREAS	OUTCOME 9	KZN-PGDS	IDP OBJECTIVE	STRATEGY	IDP / SDBIP NO.	PROGRAMME/ PROJECTS	PROJECT NO.	UNIT OF MEASURE/ INDICATOR	ANNUAL TARGET PROJECTED	ANNUAL BUDGET	ACTUAL	REASON FOR NOT MEETING	POE
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT													
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	MTID-01/16-17	Human Resource Administration (leave and staff attendance register)	1	Number of staff monthly leave reports and attendance register)	12 monthly leave reports and 12 attendance register) submitted by 30 June 2017	N/A	Target Achieved 12 analysis reports compiled and attached		12 Monthly leave reports and 12 attendance registers
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	MTID-03/16-17	Performance Agreements and Performance Work Plans for Section 54 & 56 Senior Managers	2	Number of Section 54 and 56 performance agreements approved by Council	5 Section 54 and 56 Senior Managers Performance Agreements (2016/2017) approved by Council and submitted to COGTA by 31 July 2016 and 5 Draft Performance Agreements of Senior Managers 2017/2018 (Section 54 and 56) to Mayor by 28 June 2017	N/A	Target Achieved (5 Section 54 and 56 Senior Managers 16/17 Performance Agreements approved by Council by 31 July 2016 and submitted to CoGTA by 31 July 2016; and 5 Draft 2017/18 Performance Agreements of Senior Managers (Section 54 and 56)		Council Resolution and Acknowledgement Letter from COGTA and Exco Resolution for draft Performance Agreement

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	MTID-03/16-17	Section 54 & 56 Managers Performance Evaluation and Reviews	3	Number of Council Adopted Quarterly Performance Evaluation and Review Reports Submitted	2 Council Adopted Quarterly Section 54/56 Manager's Performance Evaluation and Review Reports Submitted by 30 June 2017	N/A	Target achieved (2 Council Adopted Quarterly Section 54/56 Manager's Performance Evaluation and Review Reports Submitted by 30 June 2017)	2 Performance Evaluation and Review Reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance with relevant legislations and policies	MTID-04/16-17	Secretarial support to Council committees	4	No. of Council Committees (Council, Exco and Portfolio) Meetings Held	64 Council Committees (4 Council, 12 Exco and 48 Portfolio) Meetings Held by 30 June 2017	N/A	Target Achieved (12 Ordinary EXCO meetings held by 30 June 2017) Target Achieved (4 Ordinary Council meetings held)	Delivery Registers, Attendance Registers and approved minutes
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	MTID-04/16-17	Management Committee Meetings	5	No. of MANCO Meetings held	12 MANCO Meetings held by 30 June 2017	N/A	Target achieved (12 MANCO Meetings held by 30 June 2017)	Reports, Delivery register, attendance register and minutes

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-04-16/17	Secretarial support to Council Committees	6	Council Approved Standing Rules and Orders and Roles and responsibilities (Councillors)	Council Approved Standing Rules and Orders and Roles and responsibilities (Councillors) by 31 September 2016	N/A	Target Not Achieved (Council approved Role and responsibilities. Standing Rules and Orders presented to Public participation meeting held on the 29 of May 2017, however not gazetted	There was a delay in gazetting the standing rules and orders which was due to delayed public participation meetings	Council Resolution on Standing Rules and Orders as well as Roles and Responsibilities
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-04/16-17	Municipal Calendar (Municipal year Plan)	7	Number of Council Approved Municipal Calendar	1 Council Approved 2017/2018 Municipal Calendar by 30 June 2017	N/A	Target Achieved Council approved 2017/2018 Municipal Calendar		Council Resolution on Municipal Calendar
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT													
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Review of Organogram	8	Council approved Organogram	Council Approved Organogram by 30 June 2017	N/A	Target Achieved (organogram tabled to Council meeting on the 30/05 /2017)		Council Resolution and Approved organogram

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Filling of vacant positions as per approved organogram	9	Number of vacant positions filled	18 vacant positions filled as per approved organogram by 30 June 2017 (Internal Audit Manager, Fleet Manager, Waste Manager, Youth Manager, Assistant Manager IDP/PMS, Assistant Manager Special Projects, Senior Admin Clerk, Budget Officer, Ward Committee Officer, Technical Services Interns x2, building inspector, finance Intern, Town Planning Internsx2, IT Technician, Municipal driver & Tractor driver)	N/A	Target not achieved	Candidates for Technical In-service did not meet the requirements	Adverts, Appointment letters, Acceptance letters
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Employment Equity Reports	10	Number of Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act	1 Employment Equity Report submitted to Department of Labour in compliance to Employment Equity Act by 31 January 2017	N/A	Target Achieved (target achieved 4 quarterly reports on Employment Equity report compiled and attached		Acknowledgement of receipt from Department of Labour and 4 Implementation Reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Employment Equity Plan and Policy	11	Council approved reviewed Employment Equity Policy and Plan	Council approved Reviewed Employment Equity Plan by 31 December 2016	N/A	Target Achieved (reviewed Employment Equity Plan and policy approved by council on the 14/12/2016		Council Resolution and Approved Reviewed Employment Equity Plan and Policy

UNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Employment equity target groups	12	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the a municipality's approved employment equity plan	4 -people from employment equity target groups appointed in the three highest levels (Internal Audit Manager, Youth Manager, Fleet Manager and Waste Manager) in compliance to Approved Employment Equity Plan by 30 June 2017	N/A	Target Achieved (4 people from EE group appointed in the three highest levels (2 people from EE groups Waste Manager- 1 - Female and Fleet Manager1 - Male) and (1 X Internal Audit Manager - Female and 1 X Youth Manager appointed - Young African Male) in compliance to Approved Employment Equity Plan)	Appointment letters, acceptance letters and ID Copies of incumbents
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Employment Equity Committee	13	Number of Employment Equity Committee established (as a sub- committee of Local Labour Forum) and Number of EE Committee Reports	1 Employment Equity Committee established (as a sub-committee of Local Labour Forum) and 4 EE Committee Reports by 30 June 2017	N/A	Target Achieved (Employment Equity tabled to LLF meetings on the 16/09/2017, 11/11/2016,09/03/2017 and 19/06/2017	Quarterly reports, LLF Minutes and council resolution

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Retention Strategy	14	Number of reports on implementation of Council Retention Strategy	4 Reports on implementation of Council Retention Strategy by 30 June 2017	N/A	Target Achieved (4 Reports on Employment Equity tabled to Council)		Implementation Reports on Retention Strategy
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To create and retain sufficient capacity for effective administration	MTID-01-16/17	Human Resources Administration	15	Number of Human Resources Reports (Leave, staff attendance registers)	24 Human Resources Reports (Leave, Staff attendance registers) by 30 June 2017	N/A	Target achieved (24 Human Resources Reports (Leave, Staff attendance registers) by 30 June 2017)		Leave analysis report and Staff attendance reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan : Expenditure	16	Percentage of municipality's payroll budget actually spent on implementing Workplace Skills Plan	1 % of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2017	N/A	Target Achieved (1% of Municipality's payroll budget actually spent on implementing workplace Skills Plan)		Expenditure Reports on training vote
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan and Skills Audit	17	Number of WSP submitted to LGSETA and proof of submission, 1 Report on skills audit	1 Workplace Skills Plan submitted to LGSETA by 30 April 2017 and 1 Report on skills audit by 31 March 2017	N/A	Target Achieved (Workplace skills Plan submitted to LGSETA and Proof of Submission to LGSETA and Skills Audit Report and council resolution		Proof of Submission to LGSETA, Skills Audit Report and council resolution

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan: Induction	18	Number of reports on induction programmes rolled out to newly appointed staff	2 reports on induction programme rolled out to newly appointed staff by 30 June 2017	N/A	Target achieved (2 reports on induction programme rolled out to newly appointed staff)		Proof of attendance and reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan: Training and Capacity Building	19	Number of trainings and capacity building programmes rolled out to Councillors and staff	12 trainings and capacity building programmes rolled out to Councillors and staff by 30 June 2017	N/A	Target not Achieved (10 training and capacity building programme rolled out to councilors)		Proof of attendance, certificates and/or statement of results
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan: Training Committee	20	Number of Training Committee established as Local Labour Forum sub-committee and number of Meetings and reports	1 Training Committee established as Local Labour Forum sub-committee, 4 meetings and reports by 30 June 2017	N/A	Target achieved (1 Training Committee established and 4 meetings and reports by 30 June 2017)		Council resolution on established Training committee, Minutes and reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	MTID-02-16/17	Workplace Skills Plan: Human Resource Training Plan	21	Number of Council Approved Human Resources Training Plan as per WSP.	1 Council Approved Human Resources Training Plan as per approved WSP by 30 September 2016	N/A	Target Achieved (H RTP tabled to Council on 30 September 2016)		Council Resolution and approved H RTP
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	MTID-04-16/17	Labour Relations	22	Number of Local Labour Forum Meetings	12 Local Labour Forum Meetings held by 30 June 2017	N/A	Target Achieved (12 Local Labour Forum Meetings held by 30 June 2017)		LLF Minutes and attendance registers

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	MTID-04-16/17	Develop and Review Municipal Policies	23	Number of Municipal Policies developed and reviewed	Develop 4 Municipal Policies & Review 5 Municipal Policies by 30 June 2017 (Develop- 1. Leave Policy 2. Telephone and Cellphone Policy 3. Access to Information Policy 4. Acting Allowance) Review- 1. Confidentiality 2. Communication Policy 3. In-service training Policy 4. Use of Municipal Assets and Resources Policy & Review 5-OPMS-Framework and IPMS-Policy	R 650 000,00	Target Achieved (4 policies developed and 5 policies reviewed)		Council Resolution on all developed and reviewed policies
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations	MTID-04-16/17	Functional council committees	24	Number of Council approved draft and final Standing Rules and Orders and Roles and Responsibilities (Councillors) gazetted	1 Council approved standing rules and orders and 1 roles and responsibilities (councillors) gazetted by 30 June 2017	N/A	Target Not Achieved (Council approved Role and responsibilities. Standing Rules and Orders presented to Public participation meeting held on the 29 of May 2017, however not gazetted	There was a delay in gazetting the standing rules and orders which was due to delayed public participation meetings	Council resolution on Draft Standing Rules and Orders and Roles and Responsibilities (councillors), advert , and gazetting number

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-04-16/17	Occupational Health and Safety	25	Number of Health and Safety Committee as Local Labour Forum sub-committee Meetings and reports	4 Quarterly Health and Safety Committee as Local Labour Forum sub-committee Meetings and reports by June 2017	INHOUSE	Target achieved (4 Quarterly Health and Safety Committee Meetings and reports by June 2017)		Minutes and reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	to develop and introduce an intergrated information management system in compliance with Section 75 of the MFMA	MTID-05-16/17	Website Management and Reporting	26	Percentage of Compliance to Section 75 of the Municipal Finance Management Act and Reports	100% Quarterly Compliance to Section 75 of the Municipal Finance Management Act and 4 Reports by 30 June 2017	N/A	Target not Achieved	The service provider has been suspended and the new service provider has been recently appointed with effect from 01/04/2017	Monthly reports on municipal website updates/uploads
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To adminster the affairs of the municipality in accordance to relevant legislation and policies	MTID-05-16/17	Information Security Management	27	Council Approved ICT Governance framework (Review)	Council Approved ICT Governance framework (Review) by 31 March 2017	N/A	Council Resolution adopting Reviewed ICT Governanc e Framework and attendance register		Council Resolution adopting Review ICT Governance Framework and attendance register

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To develop and introduce an integrated information management system in compliance with section 75 of the MFMA	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-05-16/17	Develop and Review ICT Policies	28	Number of IT Policies Developed & Reviewed	Review 19 IT Policies by 30 June 2017 (1. Activity Monitoring Policy and Proedure2. Firewall Management Policy 3. Helpdesk and Incident Management Policy 4. IT Change Management Policy and Procedure 5. IT Performance and Capacity Management Policy 6. Patch Management Policy 7. Physical Security and Environmental Controls Policy 8. Service Level Management Policy 9. IT Security Policy 10. IT Risk Management Policy 11. IT Charter 12. Backup and Restore Policy 13. End User Policy 14. IT Strategy 15. IT Project Management Policy 16. Disaster Recovery Plan Policy 17. Anti-Virus Management Policy 18. Windows server security standards 19. IT Goverenance Framework	N/A	Target Achieved (Reviewed and developed 19 IT Policies		Council Resolution on approved policies
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MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To keep records and create institutional memory	MTID-06-16/17	Implementation of File Plan	29	Quarterly reports on implementation of file plan and electronic records management	4 Quarterly reports on implementation of file plan and electronic records management by 30 June 2017	N/A	Target Achieved (4 Quarterly reports on implementation of file plan and electronic records Management)		Reports on implementation of file plan and electronic records management
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To keep records and create institutional memory	MTID-06-16/17	Records Management Policy	30	Council Approved Reviewed Records Management Policy and Procedure in line with Electronic records management system	Council Approved Reviewed Records Management Policy and Procedure in line with Electronic records management system by 31 December 2016	N/A	Target Achieved (draft records management policy and procedure tabled to Council on the 14/12/2016)		Council Resolution on reviewed records Management Policy and Procedure
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-07-16/17	Provision of Legal Services	31	Number of reports of legal services provided	4 reports of legal services provided by 30 June 2017	R 600 000	Target Achieved (4 Quarterly reports of legal services provided compiled and attached by 30 June 2017)		legal advisor reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To administer the affairs of the municipality in accordance to relevant legislations and policies	MTID-07-16/17	Management of Service level agreements and contracts	32	Number of quarterly reviewed reports on contracts of service providers tabled to Council	4-quarterly reports on contracts of service providers submitted to Council by 30 June 2017	INHOUSE	Target Achieved (4 Quarterly Reviewed Reports on contracts of service providers tabled to Council by 30 June 2017)		4 Quarterly reviewed reports on contract management and council resloution

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administrative & Human Resources Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To render employee assistance support	MTID-08-16/17	Employee Assistance Programme- Reports	33	Number of EAP quarterly Reports	4 Quarterly reports on Employees Assistance Programme by 30 June 2017	INHOUSE	Target Achieved (4 Quarterly reports on Employees Assistance Programme by 30 June 2017)		4 Employee Assistance Programme reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved Administration & Human Resources Administration Management Practices	Governance and Policy	To attract and retain qualified and experienced staff across the staff establishment	To render employee assistance support	MTID-08-16/17	Wellness Support Programme	34	Date of Wellness Day	1 Wellness day held by 31 December 2016	R 450 000	Target achieved Wellness day held on the 24 of November 2016		Report and Attendance Register
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	Facilitate the delivery of basic services	BSDID-01-16/17	Monitor implementation of water and sanitation projects within KZN 271	35	Number of reports tabled to Portfolio Committee	4 quarterly reports tabled by Water Scheme Manager to Portfolio Committee by 30 June 2017	N/A	Target achieved 4 One report tabled by Water Scheme Manager to Portfolio meeting		4 Quarterly Reports
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To develop long term infrastructure development plans	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-02-16/17	Implementation of Housing sector plans	36	Number of Housing Forum meetings held and quarterly reports submitted	4 quarterly housing forum meetings held and 4 quarterly reports submitted to Mayor by 30 June 2017	N/A	Target achieved 4housing forum meeting held and 4 quarterly reports submitted		4 quarterly housing forum meeting minutes, Attendance Registers and 4 Quarterly Reports
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To develop long term infrastructure development plans	BSDID-02-16/17	Infrastructure and maintenance plan	37	Review infrastructure and maintenance plan	Council approved reviewed infrastructure and maintenance plan by 30 September 2016	N/A	Target achieved infrastructure and maintenance plan has been approved		Council resolution on approved maintenance infrastructure plan

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Manguzi Multi-purpose Centre	38	Area of multi-purpose Centre constructed	Construction of 1500m² of Manguzi Multi-purpose Centre to roof level by 30 June 2017	R 6 500 000,00	Target not achieved	delay from the contractors	Project Progress Reports.
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Thengane community Centre	39	Area of community Centre constructed	Completion of 290m² of Thengane community Centre by 30 June 2017 with engineer's completion certificate.	R 3 500 000,00	Target achieved project has completed with engineers completion certificate		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Phelandaba community Centre	40	Area of community Centre constructed	Completion of 290m² of Phelandaba community Centre by 30 June 2017 with engineer's completion certificate.	R 3 500 000,00	Target achieved project has completed with engineers completion certificate		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Masondo community Centre	41	Area of community Centre constructed	Completion of 290m² of Masondo community Centre by 30 June 2017 with engineer's completion certificate.	R 3 500 000,00	Target achieved project has completed with engineers completion certificate		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Lulwane community Centre	42	Area of community Centre constructed	Completion of 290m² of Lulwane community Centre by 30 June 2017 with engineer's completion certificate.	R 2 000 000,00	Target achieved project has completed with engineers completion certificate		Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of welcome community Centre	43	Area of community Centre constructed	Completion of 290m² of Welcome community Centre by 30 June 2017 with engineer's completion certificate.	R 500 000,00	Target achieved project has completed with engineers completion certificate		Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of Manzibomvu Community Centre	44	Area of Community Centre constructed	Completion of 290m² of Manzibomvu Community Centre by 30 June 2017 with Engineers completion certificate	R3 500 000.00	Target not achieved	late approval of the EIA	Copy of advert, copy of appointment letters, project progress report and engineers works completion certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Construction of KwaMbila Multi-Purpose Community Centre	45	Area of multi-purpose community Centre constructed	Construction of 1500m² of KwaMbila multi-purpose community Centre to roof level by 30 June 2017	R 6 000 000,00	Target not achieved	Late appointment of contractor	Progress Reports

SPORTS FACILITIES													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To facilitate bulk infrastructure development in support of economic development initiatives	BSDID-07-16/17	Re-grassing of Zama-Zama sport field/public facilities	46	Area of sport field completed	9600 square meters of Zama-Zama Sports field completed by 30 June 2017 with engineer's completion certificate.	R 1 000 000,00	Target not achieved	There is a legal dispute between client and contractor hence the project is still on hold	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
MUNICIPAL ACCESS ROADS													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To provide access and facilitate vehicular movement in uMhlabyalingana	to facilitate bulk infrastructure development in support of economic development initiatives	BSDID-05-16/17	Construction of Ekuthukuzeni-Masondo gravel road/Roads, pathways and storm water.	47	No. of km's of gravel road constructed	Completed 5km of Ekuthukuzeni-Masondo gravel road by 30 June 2017 with engineer's completion certificate.	R 4 000 000,00	Target achieved project has reach completion certificate		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To provide access and facilitate vehicular movement in uMhlabyalingana	to facilitate bulk infrastructure development in support of economic development initiatives	BSDID-05-16/17	Construction of Nondwayiza-Phakamani gravel road/Roads, pathways and storm water.	48	No. of km's of gravel road constructed	Completed 3km Nondwayiza_Phakamani gravel Road by 30 June 2017 with engineers completion certificate.	R 5 560 363,00	Target achieved project has reach completion certificate		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
ELECTRIFICATION													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To develop long term infrastructure development plans	BSDID-02-16/17	Electricity project implementation plan	49	Number of, (3) three year electricity plan submitted	One-, (3) three year electricity plan submitted to Department of Energy (DOE) by 30 September 2016	N/A	Target achieved three year electricity plan has been prepared		Three year electricity plan and proof of submission

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/17	Electrification of Mboza phase 2/Electricity and alternative sources of power	50	Number of households electrified	327 households electrified at Mboza with engineers close-out report by 30 June 2017	R 4 000 000,00	Target not achieved	delays of obtaining tree cutting permit and delays of issuing outage date	Project Progress Reports and Engineers close-out report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/17	Electrification of Ward 8/Electricity and alternative sources of power	51	Number of households electrified	250 households electrified in Ward 8 by 30 June 2017 with engineers closeout report	R 3 500 000,00	Target achieved	project reach engineers close out report	Project Progress Reports and Engineers close-out report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/17	Electrification of Ward 4/Electricity and alternative sources of power	52	Number of households electrified	280 households electrified at Ward 4 with engineers close-out report by 30 June 2017	R 7 000 000,00	Target not achieved	late approval of designs resulted to the late start of construction, delays by Eskom on issuing Mou and WBS no has resulted to non issuing the outage date	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers close-out report

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/17	Manaba phase 2 electrification/Electricity and alternative sources of power	53	Number of household electrified	240 households electrified at Manaba with engineers close-out report by 30 June 2017	R 6 000 000,00	Target not achieved	late approval of designs resulted to the late start of construction, delays by Eskom on issuing Mou and WBS no has resulted to non issuing the outage date	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers close-out report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/18	Manguzi street light electrification/Electricity and alternative sources of power	54	Number of streetlights installed	60 Streetlights installed at Manguzi with engineers close-out report by 30 June 2017	R 3 000 000,00	Target achieved project has reach engineers closeout report		Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers close-out report

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To facilitate the provision of reliable sources of energy to uMhlabuyalingana Communities	BSDID-03-16/17	Mseleni phase 2 electrification/Electricity and alternative sources of power	55	Number of households electrified	280 households electrified at Mseleni with engineers close-out report by 30 June 2017	R 7 000 000,00	Target not achieved	late approval of designs resulted to the late start of construction, delays by Eskom on issuing Mou and WBS Number has resulted to non issuing the outage	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers close-out report
Waste Management													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Alleviate poverty and improve social welfare	To facilitate delivery of basic service to RDP Standard	To improve access to free basic services among the indigent	BSDID-04-16/17	Indigent register and policy	56	Number of Council approved indigent register and policy	Updated and approved indigent register, council approved indigent policy and 100 house hold with access to free basic indigent services by 30 June 2017	R 437 570,00	Target not achieved	The tender for indigent register was advertised and the tender was non responsive	Updated indigent register, policy, reports and Council Resolution
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	BSDID-07-16/17	Registration of Landfill Sites	57	No. of reports on registration of Landfill sites and no. of licenses obtained (Mbazwana and Skhemelele)	4 reports on registration of Landfill sites and 2 licenses obtained (Mbazwana and Skhemelele) by 30 June 2017	R 600 000,00	Target achieved (4 reports on registration of Landfill sites and 2 licenses obtained		licenses of 2 dumpsites and reports

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	BSDID-07-16/17	Waste Management Policy, bylaw and tariffs	58	No. of Waste management policies, by-laws and tariffs reviewed	1 Waste management policy, 1 by-law and 1 tariff reviewed by 30 June 2017	N/A	Target achieved (1 Waste management policy, 1 by-law and 1 tariff reviewed by 30 June 2017)		council resolution on reviewed policy, by law and tariffs
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	BSDID-07-16/17	Refuse removal agreements	59	No. of Refuse removal agreements for businesses signed and no. of business with access to waste removal	51 businesses signed Refuse removal agreements and 51 businesses with access to waste removal by 30 June 2017	R1 100 000	Target not achieved: 23 refuse removal agreement signed by end of June 2017	The businesses refused to sign the agreement. The municipality resolved to introduced a simple form to be completed by all businesses who received the refuse removal services in 2017/18	Signed register agreements and collection register
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	BSDID-07-16/17	Refuse removal Awareness Campaigns	60	Refuse removal Awareness Campaigns	4 refuse removal awareness campaigns conducted by 30 June 2017	N/A	Target achieved (4 refuse removal awareness campaigns conducted by 30 June 2017)		Attendance registers and reports and campaigns

MUNICIPAL FACILITIES													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	strategic Infrastructure	To facilitate an improvement in access to community/public facilities to minimum standards	To deliver services efficiently and effectively	BSDID-07-16/17	Municipal Facilities	61	number of reports on Municipal facilities maintained	4 reports on 20 municipal facilities maintained(2 public libraries,6 municipal offices, 4 community halls and 10sportsfield) by 30 June 2017	R700 000	Target achieved: 4 Report on maintenance of municipal facilities by end of June 2017		Reports on municipal facilities maintained
DISASTER MANAGEMENT, FIRE AND OCCUPATIONAL HEALTH AND SAFETY (OHS)													
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Environmental Sustainability	To provide effective support to environmental management initiative in the area	To Prevent and reduce the impact of disaster in uMhlabuyalingana	CCI-04-16/17	Disaster Risk Reduction Advisory forums	62	No. of municipal disaster management advisory forum meetings	4 Municipal Disaster Management advisory forum meetings by 30 June 2017	N/A	Target achieved: 04 Municipal disaster advisory forum held by end of June 2017		Reports, Minutes and Attendance Register
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Environmental Sustainability	To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in uMhlabuyalingana	CCI-04-16/17	Disaster incident reports	63	No. of incidents reports compiled	12 monthly incidents reports by 30 June 2017	N/A	Target achieved: 12 monthly incidents reports compiled by end of June 2017		incidents reports
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Environmental Sustainability	To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in uMhlabuyalingana	CCI-04-16/17	Disaster risk reduction awareness campaigns	64	No. of risk reduction awareness campaigns conducted	12 monthly risk reduction awareness campaigns conducted by 30 June 2017	N/A	Target achieved (12 monthly risk reduction awareness campaigns conducted by 30 June 2017)		Reports and attendance registers

CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Environmental Sustainability	To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in uMhlabuyalingana	CCI-04-16/17	Fire Drills	65	No. of Fire Drills Conducted	4 Fire Drills Conducted in Municipal Boundaries by 30 June 2017	N/A	Target achieved: 15 Fire Drill in Municipal Boundaries conducted by end of June 2017		Quarterly Reports and attendance registers
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Environmental Sustainability	To provide effective support to environmental management initiative in the area	Prevent and reduce the impact of disasters in uMhlabuyalingana	CCI-04-16/17	OHS- Safety evaluation of municipal buildings and offices	66	No. of OHS evaluation Reports on Municipal Buildings and offices	4 OHS evaluation reports on municipal building by 30 June 2017	N/A	Target achieved: 06 OHS evaluation Reports on Municipal Buildings and offices		OHS Evaluation Reports
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-04-16/17	Fire compliance inspections in businesses and government institutions	67	No. of reports on compliance fire inspections in businesses and government institutions	24 reports on fire compliance inspections in businesses and government institutions by 30 June 2017	N/A	target achieved: 40 Fire compliance inspection reports on businesses and government institutions		Fire compliance Inspection reports
ROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	strategic Infrastructure	To facilitate bulk infrastructure development in support of economic development initiative	To provide and improve access to community/public facilities to minimum standards	CCI-04-16/17	Occupational health and safety	68	No. Of reports on OHS Equipment (fire extinguishers and safety signs	1 report on OHS equipment serviced (fire extinguishers and safety signs) by 30 June 2017	R100 000.00	Target achieved: 06 reports on OHS Equipment serviced by end of June 2017		Service report and certificates

CROSS CUTTING INTERVENTIONS	Improved Access to Basic Services	strategic Infrastructure	To provide effective support to environmental management initiative in the area	To prevent and reduce the impact of disaster in uMhlabuyalingana	CCI-04-16/17	Disaster Management Plan	69	Council resolution on reviewed disaster management plan	Council approved and reviewed Disaster Management Plan by 30 June 2017	N/A	Target achieved: disaster Management Plan was reviewed and adopted by the Council		Council Resolution
ROAD SAFETY AND PROTECTION SERVICES													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Road Blocks	70	No. of Vehicles Stopped and Checked	18000 Vehicles Stopped and Checked by 30 June 2017	N/A	Target achieved (18000 Vehicles Stopped and Checked by 30 June 2017)		daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Community Road Safety Forums	71	No. of Community Road Safety Forums attended.	4 Community Road Safety Forums attended by 30 June 2017	N/A	Target achieved: 04 Participate Community Road Safety Forum by end June 2017		Minutes and Attendance Register
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Community Safety Plan	72	Council Approved Community Safety Plan.	Council Approved Community Safety Plan by 30 June 2017	N/A	target not achieved	The Municipality has no capacity to develop the plan, therefore it will be outsource	Copy of Community Safety Plan and Council resolution

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Drivers Screening for Alcohol	73	No. of Drivers Screened for Alcohol usage	9000 Drivers Screened for Alcohol usage by 30 June 2017	N/A	Target achieved: 9238 Drivers Screened for Alcohol usage by end of June 2017		daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Vehicle Speed Screening	74	No. of Vehicles Speed Screened	9000 Vehicles Screened for Speed Timing by 30 June 2017	N/A	Target achieved: 9313 vehicles screened for speed by end of June 2017		daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Multi-Disciplinary Road Blocks	75	No. of Multi-Disciplinary Roadblocks	24 Multidisciplinary Roadblock conducted by 30 June 2017	N/A	Target achieved: 32 Multi-Disciplinary Road Blocks by end of June 2017		authorizations and repots
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Direct Charge Drunken/Speed Drivers	76	No. of Direct Charge Drunken/Speed Driving	60 Direct Charge Drunken Driving/Speed by 30 June 2017	N/A	Target achieved: 121 Direct Charges issued for Drunken/Speed Drivers by end of June 2017		Completed Direct charge forms

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Unroadworthy Vehicles	77	No. of Charge per enforcement hour	1 charge per enforcement hour by 30 June 2017	N/A	Target not achieved: 0,36 charge per enforcement hour	There was increase in the number of special duties cause by unfavorable weather and government functions	monthly/daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	High visibility patrol	78	Number of hours on law enforcement	6500 hours spent on Law Enforcement by 30 June 2017	N/A	Target not achieved: 5718 hours spend on Law enforcement	There was increase in the number of special duties cause by unfavorable weather and government functions	monthly/daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Road safety education	79	Number of road safety awareness campaigns	12 road safety awareness campaign 30 June 2017	N/A	Target achieved: 14 road safety awareness campaign by end of June 2017		reports and attendance register

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Routine roadside roadblocks	80	No. of routine roadside roadblocks conducted	720 routine roadside roadblocks conducted by 30 June 2017	N/A	Target achieved: 1048 routine roadside roadblocks conducted by end of June 2017		monthly/daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Speed operations	81	No. of speed operations conducted	240 speed operations conducted by 30 June 2017	N/A	Target achieved: 268 speed operations conducted by end of June 2017		monthly/daily crime return
LEARNERS AND DRIVING LICENCES													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Learner Driver's License	82	No. of Learners License Issued	3960 Learners License Issued by 30 June 2017	N/A	Target not achieved: 3486 learners licenses issued by end of June 2017	We have lost 35 working days due to eNatis network failure which was beyond our control. The Municipality also reduced overtime in the last quarter which result to loss of 16 working days	System generated licencepro report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Driving License	83	No. of Applicants Tested	5400 Applicants Tested for Driving Licenses by 30 June 2017	N/A	Target achieved: 5466 applicants tested for driving licenses by end of June 2017		System generated eNatis report

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Temporal Driving License	84	No. of Temporary Driving Licenses Issued	880 Temporary Driving Licenses Issued by 30 June 2017	N/A	Target not achieved: 858 temporary driving licenses issued by end of June 2017	We have lost 35 working days due to eNatis network failure which was beyond our control. The Municipality also reduced overtime in the last quarter which result to loss of 16 working days	System generated eNatis report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislations	To ensure effective traffic management within the municipality	BSDID-08-16/17	Duplicate Learners license	85	Number of Duplicate Learners Licenses Issued	96 duplicate learners licenses issued by 30 June 2017	N/A	Target not achieved: 77 duplicate learners licenses by end of June 2017	Target could not be achieved due to network problems.	System generated eNatis report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Strategic Infrastructure	To comply fully with all municipal legislation	To ensure effective traffic management within the municipality	BSDID-08-16/17	Professional Driving Permit (PrDP)	86	Number of PrDP issued	900 Professional Driving Permit (PrDP) issued by 30 June 2017	R1 915 100.00	Target achieved: 965 Professional Driving Permit issued by end of June 2017		System generated eNatis report

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Enhance Safety and Security	To comply fully with all municipal legislation	To ensure effective traffic management within the municipality	BSDID-08-16/17	Driver's License (Renewal)	87	Number of Drivers Licenses Renewed	1320 Drivers Licenses Renewed by 30 June 2017	N/A	Target achieved: 1460 drivers license renewals by end of June 2017		System generated eNatis report
LIBRARY SERVICES													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved Access to Basic Services	Improved early childhood development, primary and secondary education	To facilitate an improvement in access to public facilities to minimum standards	To provide an improved access to community/public facilities to minimum standards	BSDID-09-16/17	Promotion of Library Services	88	Number of reports on operation of municipal libraries	12 reports on operation of municipal libraries submitted by 30 June 2017	N/A	Target achieved (12 reports on operation of municipal libraries submitted by 30 June 2017)		System Generated Reports, list of books exchange, and attendance registers
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs in a structured manner	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	GGPP-04-16/17	Career Exhibition and Youth day Celebration events	89	Number of youth programmes implemented	3- Youth projects implemented (Youth Summit, Career Exhibition, and June 16 Celebration) by 30 June 2017	R2000 000,00	Target achieved (3- Youth projects implemented by 30 June 2017)		Reports and Participants attendance registers
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs in a structured manner	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	GGPP-04-16/17	Coaching of artist of 5 genres (kwaito,HIP HOP, Traditional dance, gospel and Maskandi) and moral regeneration (Reed dance)	90	Number of Artists coached on music genres (kwaito,HIP HOP, Traditional dance, gospel and Maskandi) and number of reed dance supported	2 reed dance supported (Nongoma and Ingwavuma) by 30 September 2016 and 20 artists coached on 5 genres (kwaito,HIP HOP, Traditional dance, gospel and Maskandi) by 30 June 2016		Target achieved (2 reed dance supported and 20 artists coached on 5 genres by 30 June 2016		Reports on reed dance and festivals, letter from DAC and participants register

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To develop efficient and effective public structures	GGPP-02-16/17	Ward Committee Meetings and Reports	91	Number of Ward Committee Meetings Held and Reports submitted	216 Ward Committee Meetings held and 12 reports submitted by June 2017	N/A	Target not achieved; 106 ward committee meetings held	There was a delay in the finalization of ward committees due to dispute by community members.	12 Attendance Register, Minutes and Reports
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To create programmes for the designated groups such as youth, women, disabled and other vulnerable groups	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	GGPP-04-16/17	Special Programmes (Sports Code)	92	Number of Reports on Sports programmes (volleyball, soccer, athletics and netball codes)	Establishment of 4 Leagues (volleyball, soccer, Athletics and netball codes) by 30 June 2017	R 2 660 000,00	Target not achieved Establish ment of 4 Leagues (only volleyball & soccer were establishe d) by 30 June 2017	There was a challenge in establishing netball league due to non-functionali ty of the Netball SA structure of uMkhanya kude. The municipalit y is still in the process to establish the Athletic Associatio n	Log and fixture, minutes, attendance registers, Participants register in 4 sports codes (volleyball, soccer, athletic, and netball)

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs in a structured manner	To provide programmes for designated groups such as youth, women, disabled and other vulnerable groups	GGPP-04-16/18	Special Programmes (Women, disability, gender, HIV/AIDS/TB, Arts and Culture)	93	Number of reports on implementation of 5 special projects	15 reports on 5 special projects implemented (Women, disability, gender, HIV/AIDS/TB, Arts and Culture) by 30 June 2017	N/A	Target not achieved (15 reports on 5 special projects implemented (Women, disability, gender, HIV/AIDS/TB, Arts and Culture) by 30 June 2017		reports and attendance registers
LOCAL ECONOMIC DEVELOPMENT													
SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create an environment conducive for investment and economic growth	Use municipal and government funded projects as means to create jobs and reduce poverty	SED-01-16/17	Community Works Programme (CWP)	94	Number of quarterly reports on CWP implementation; and number of Local Reference Committee (LRC) meetings held	4 quarterly reports on CWP implementation; and 12 Local Reference Committee meetings (LRC) held by 30 June 2017	N/A	Target not Achieved.		Reports, Minutes and Attendance Register
SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create an environment conducive for investment and economic growth	Use municipal and government funded projects as means to create jobs and reduce poverty	SED-01-16/17	Expanded Public Works Programme (EPWP)	95	Number of EPWP quarterly evaluation reports on number of job opportunities created	4 EPWP quarterly evaluation reports on number of job opportunities created and submitted to COGTA by 30 June 2017	N/A	Target Achieved (4 EPWP quarterly evaluation reports on number of job opportunities created		EPWP Evaluation Reports, Annual Reports

SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create an environment conducive for investment and economic growth	Facilitate development and growth of SMMEs	SED-02-16/17	Local Economic Development Strategy	96	Council adopted reviewed LED Strategy	Council adopted reviewed LED Strategy by 30 June 2017	N/A	Target Achieved (Council adopted reviewed LED Strategy by 30 June 2017)		Council Resolution, Inception report and Reviewed LED Strategy
SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create an environment conducive for investment and economic growth	Facilitate development and growth of SMMEs	SED-02-16/17	By-laws (Business Licensing & Informal Traders)	97	Number of By-laws gazetted	2 By laws gazetted (Informal Traders, Business Licensing) by 30 June 2017	R 875 000,00	Target Achieved (2 By laws gazetted (Informal Traders, Business Licensing) by 30 June 2017)		Public participation Reports, attendance registers and copy of a government gazette
SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create an environment conducive for investment and economic growth	SMME Support and capacity building	SED-02-16/17	SMME Support	98	No of quarterly reports of incubated SMMEs, Co-ops and Informal Traders	4 quarterly reports on the performance of incubated SMMEs, Co-ops and Informal Traders tabled to council by 30 June 2017	N/A	Target not Achieved	Trainings were held but the programme implementation process could not be completed due to budget constraints	Approved list of SMMEs/Co-ops and Informal traders

SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To promote and support ecotourism as a means to increase market share	To identify and implement tourism catalytic projects	SED-05-16/17	Manzamnyama Community Tourism Campsites	99	No of Community Tourism Campsite supported	1 Community Tourism Campsite supported by 30 June 2017 (Manzamanyama Community Tourism Campsite)	N/A	Target not Achieved	The Project has been discontinued due to failure to obtain development rights from Isimangaliso	Report, Appointment letter
SOCIAL AND ECONOMIC DEVELOPMENT	Community Work Programme Implemented and Co-operatives Supported	Job Creation	To create safe, healthy and sustainable living environment	To promote and support ecotourism as a means to increase market share	SED-05-16/17	Tourism Safety and Shot left campaign	100	No of Tourism Safety and Shot Left Campaigns conducted	2-Tourism Safety and Shot Left Campaigns conducted and 2-reports submitted by 30 June 2017	R 840 000	Target not Achieved.	The campaigns could not be held due to but the trainings on Tourism Development/ Hospitality were held to enhance tourism understanding locally prior the campaign	2 Reports and attendance registers

FINANCE													
ITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	Enhance effective internal controls and standard operating procedures	FVFM-01-16/17	Financial Policies	101	Number of finance policies reviewed and adopted	13 financial policies (1. Petty Cash policy 2. Virement policy 3. Rates policy 4. SCM Policy 5. Credit control policy 6. Debtors control policy 7. Asset disposal policy 8. Cash and investment policy 9. Budgeting Policy 10. Tariffs policy 11. Banking policy 12. Fraud prevention Policy 13. Asset Management policy reviewed and adopted by 30 June 2017	N/A	Target Achieved (13 financial policies reviewed and adopted by 30 June 2017)		Report on policies identified for review, attendance register, copies of adopted policies and council resolution
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-01-16/17	Budget Adjustment	102	Council resolution adopting budget adjustment	Council Approved Budget Adjustment by 28 February 2017	N/A	Target Achieved		Council resolution on adopting budget adjustment and budget adjustment
ANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Finance and Administrative Capacity	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-01-16/17	Annual Financial Statements /Financial Reporting	103	Number of financial statements Submitted	4 Financial Statements submitted to Council by 30 June 2017	N/A	Target not Achieved		Copy of AFS, Acknowledgeme nt of receipt of AFS from Auditor General and Council Resolutions

FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-01-16/17	Annual Budget	104	Council resolution adopting Annual Budget	Council Approved 2017/2018 Annual Budget by 31 May 2017	N/A	Target achieved (Council Approved 2017/2018 Annual Budget by 31 May 2017)		Copy of Attendance registers for IDP, Budget & PMS on community consultation meetings, copy of a report on Annual budget, council resolution approving Annual Budget for 2017/2018
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-16/17	Ratio Calculations	105	Number of financial ratios calculated	20 financial ratios calculated by 30 June 2017 (capital expenditure; debtors coverage ratio; cost coverage ratio; liquidity ratio and outstanding service debtor) by 30 June 2017	N/A	Target achieved (20 financial ratios calculated by 30 June 2017 (capital expenditure; debtors coverage ratio; cost coverage ratio; liquidity ratio and outstanding service debtor) by 30 June 2017)		Quarterly Reports of Financial Ratios

FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-16/17	Mid-Year Report	106	Council Approved Mid-Year Report	MID- Year Report approved by council by 25 January 2017	N/A	Target achieved (MID- Year Report approved by council by 25 January 2017)		Copy of Mid-Year Report and Council resolution
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-16/17	Monthly budget statements	107	Number of section 71 monthly reports submitted	12 section 71 Monthly reports submitted to Mayor and Treasury by 30 June 2017	N/A	Target achieved (12 section 71 Monthly reports submitted to Mayor and Treasury by 30 June 2017)		Section 71 Reports, EXCO resolution and Proof of Submission to Treasury
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	FVFM-02-16/17	Financial Reconciliations	108	number of municipal financial reconciliations prepared	84 financial reconciliations prepared by 30 June 2017 (debtors ; traffic; grants; creditors; VAT; salaries & Bank & investments)	N/A	Target not achieved	Incomplete Debtors Reconciliations	signed reconciliations
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To improve revenue generation by 5% per annum over the next 5 years	To ensure the collection of funds billed and to specify procedures in respect of non-collection	FVFM-04-16/17	Updating of General Valuation Roll through Supplementary valuation	109	Council resolution adopting Supplementary Valuation Roll	Council approved Supplementary Valuation Roll by 30 June 2017	N/A	Target achieved (Council approved Supplementary Valuation Roll by 30 June 2017)		Copy of Supplementary Valuation Roll and Council Resolution

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Improved administrative and human resources management practices	Governance and Policy	To provide the optimal institutional structure to render effective and efficient services	To manage and enhance the performance of the municipality	MTID-03/16-17	MID-Year Report	110	Council resolution adopting MID- Year report	Council approved MID-Year Report (Section 72) submitted by 25 January 2017	N/A	Target achieved (Council approved MID-Year Report (Section 72) submitted by 25 January 2017)		Council Resolution and Mid-Year Report
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To improve revenue generation by 5% per annum over the next 5 years	To ensure the collection of funds billed and to specify procedures in respect of non-collection	FVFM-04-16/17	Revenue Collection Plan	111	Number of Reports on the Revenue Collection Plan	4 Reports on Revenue Collection Plan 30 June 2017	N/A	Target achieved (4 Reports on Revenue Collection Plan 30 June 2017)		Copy of the Revenue Collection Plan, Letters on demand, reminders and proof of hand-over of defaulters to municipal Attorneys
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To establish and operate an efficient asset management system	FVFM-05-16/17	Development and updating of fixed asset register	112	Number of reports on the updated fixed asset register	4 reports on the updated fixed Asset register by 30 June 2017	R700 000.00	Target achieved (4 reports on the updated fixed Asset register by 30 June 2017)		4 Reports on the Fixed Assets Register
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To be 100% compliant with SCM Regulations	To comply with, MFMA, SCM Regulations and related legislation	FVFM-07-16/17	SCM Reports	113	Number of monthly SCM reports submitted to management and proof of submission to Treasury	4 SCM reports adopted by Council by 30 June 2017	N/A	Target achieved (4 SCM reports adopted by Council by 30 June 2017)		4 SCM reports and Council Resolution

MUNICIPAL FINANCIAL VIABILITY & FINANCIAL MANAGEMENT	To Improve Municipal Finance and Administrative Capability	Governance and Policy	To develop and maintain systems and procedures for effective and sound management of municipal finances	To comply with, MFMA, and related legislation	FVFM-02-16/17	Implementation of MSCOA	114	MSCOA Compliant Financial System	Functional MSCOA Compliant Financial System by 30 June 2017	N/A	Target achieved (Functional MSCOA Compliant Financial System by 30 June 2017)		Reports on MSCOA implementation and workshop attendance registers
OFFICE OF THE MUNICIPAL MANAGER													
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To develop a credible IDP as a short -medium term guide for development and service delivery	GGPP-01-16/17	Review of Integrated Development Plan(IDP)	115	Council resolution adopting 2017/18 IDP	Council Approved 2017/18 IDP by 30 June 2017	N/A	Target achieved (Council Approved 2017/18 IDP by 30 June 2017)		Council Resolution approving 2017/2018 IDP, Attendance Register
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To develop a credible IDP as a short -medium term guide for development and service delivery	GGPP-01-16/17	Strategic planning	116	No of strategic planning held	1 strategic planning held by 31 December 2016	R	Target achieved (1 strategic planning held by 31 December 2016)		Attendance registers and report
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To involve communities in shaping the municipal development agenda	GGPP-03/16-17	Annual Report	117	Council resolution adopting 2015/16 Annual Report	Council approved 2015/16 Annual Report by 31 March 2017	N/A	Target achieved (Council approved 2015/16 Annual Report by 31 March 2017)		Council Resolution approving Annual Report and Oversight, Acknowledgment Letter from AG
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To involve communities in shaping the municipal development agenda	GGPP-03/16-17	oversight report	118	council resolution adopting 2015/16 oversight report	Council approved 2015 / 16 oversight report by 31 March 2017	N/A	Target achieved (Council approved 2015 / 16 oversight report by 31 March 2017)		Council resolution on adopted oversight report

GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To develop and maintain systems and procedures and sound management of municipal finances	To comply with financial reporting requirement as outlined in the MFMA	GGPP-01-16/17	Compliance check list	119	Number of compliance checklist tabled to Council for adoption	4 compliance checklist tabled to Council by 30 June 2017	N/A	Target achieved (4 complianc e checklist tabled to Council by 30 June 2017)		Compliance checklist and Council resolutions
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To communicate with stakeholders using print and electronic media	To involve community in shaping the municipal development agenda	GGPP-05-16/17	Newsletters	120	Number of newsletters developed and published	4 newsletters developed and published by 30 June 2017	R 850 000	Target not achieved		4 Newsletters(issu e)
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To communicate with stakeholders using print and electronic media	To involve community in shaping the municipality's development agenda	GGPP-05-16/17	Radio Slots	121	Number of radio slots broadcasted	4 radio slots broadcasted by 30 June 2017	N/A	Target achieved (4 radio slots broadcast ed by 30 June 2017)		Invoice
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	GGPP-03-16/17	IDP Forum/Stakeholde r Engagements (Public sector and private sector)	122	Number of IDP Forum/stakeholder engagements held	4 IDP Forum/ stakeholder engagements held by 30 June 2017	N/A	Target achieved (4 IDP Forum/ stakeholde r engageme nts held by 30 June 2017)		Attendance registers and minutes

GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	GGPP-03-16/17	Complaints Reports	123	Council resolution adopting reviewed customer care policy and Number of complaints reports	Council approved reviewed customer care policy & 4 Reports on Public Complaints registered by 30 June 2017	N/A	Target achieved (Council approved reviewed customer care policy & 4 Reports on Public Complaint s registered by 30 June 2017)		Signed Complaints Reports, customer care policy and council resolution
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	GGPP-03-16/17	Communication Strategy	124	Council resolution adopting Communication Strategy	Council Approved reviewed communication strategy by 30 June 2017	R 1 500 000,00	Target achieved (Council Approved reviewed communic ation strategy by 30 June 2017)		Council resolution on adopted communication strategy
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To involve communities in shaping the municipality's development agenda	GGPP-03-16/17	Public Participation	125	Number of IDP/Budget public participation	8 IDP/Budget, SDF and Precinct Plans Public Participation by 30 June 2017	R3 000 000.00	Target achieved (8 IDP/Budge t, SDF and Precinct Plans Public Participati on by 30 June 2017)		Reports with Attendance Registers

GOOD GOVERNANCE, PUBLIC PARTICIPATION	Single Window of Co- ordination	Governance and Policy	To provide for an effective involvement of the public in municipal affairs	To involve community in shaping the municipality's development agenda	GGPP-03-16/17	Annual Report	126	Council Resolution approving Annual Report	Council approved Annual Report by 30 June 2017	N/A	Target achieved (Council approved Annual Report by 30 June 2017)		Council Resolution on adopted Annual Report
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Improved municipal Finance and Administrative Capability	Governance and Policy	To comply fully with all municipal legislation	To enable the organization to account for the use of public funds	GGPP-05-16/17	Governance and oversight	127	Number of Municipal Public Accounts Committee reports tabled to council	4 Municipal Public Accounts Reports Tabled to Council by 30 June 2017	N/A	Target achieved (4 Municipal Public Accounts Reports Tabled to Council by 30 June 2017)		4 reports and council resolution
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Improved municipal Finance and Administrative Capability	Governance and Policy	To comply fully with all municipal legislation	To enable the organization to account for the use of public fund	GGPP-05-16/17	Governance and oversight (Audit Committee Reports)	128	Number of Audit Committee Reports tabled to council	4 Audit Committee Reports tabled to Council by 30 June 2017	R400 000.00	Target achieved (4 Audit Committee Reports tabled to Council by 30 June 2017)		audit committee report and council resolution
GOOD GOVERNANCE, PUBLIC PARTICIPATION	Improved municipal Finance and Administrative Capability	Governance and Policy	To comply fully with all municipal legislation	To enable the organization to account for the use of public fund	GGPP-05-16/17	Governance and oversight (Internal Audit Reports)	129	Number of Internal audit reports tabled to Audit Committee	4 Internal audit reports tabled to Audit Committee by 30 June 2017	R1 300 000.00	Target achieved (4 Internal audit reports tabled to Audit Committee by 30 June 2017)		internal audit reports AC minutes and attendance registers

CROSS CUTTING INTERVENTIONS	Differentiated Approach to Municipal Financing, Planning & Support	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-01-16/17	Review Spatial Development Framework (SDF)	130	Council resolution adopting reviewed SDF	Council approved reviewed SDF by 30 June 2017	R 266 666,00	Target achieved Council approved reviewed SDF by 30 June 2017		Council Resolution approving Reviewed SDF, Appointment letter
CROSS CUTTING INTERVENTIONS	Differentiated Approach to Municipal Financing, Planning & Support	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-01-16/17	Strategic Environmental Assessment (SEA)	131	Council resolution adopting SEA	Council approved SEA by 30 June 2017	R266 666.00	Target achieved Council approved SEA by 30 June 2017		Council Resolution approving SEA
CROSS CUTTING INTERVENTIONS	Differentiated Approach to Municipal Financing, Planning & Support	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-01-16/17	Integrated Transport Plan	132	Council resolution adopting Integrated Transport Plan	Council approved Integrated Transport Plan by 30 June 2017	R266 666.00	Target achieved (Council approved Integrated Transport Plan by 30 June 2017)		Appointment letter, and Council Resolution approving Integrated Transport Plan
CROSS CUTTING INTERVENTIONS	Differentiated Approach to Municipal Financing, Planning & Support	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-01-16/17	Housing Sector Plan	133	Council resolution adopting Housing Sector Plan	Council approved Housing Sector Plan by 30 June 2017	R200 000,00	Target achieved Council approved Housing Sector Plan by 30 June 2017		Appointment letter, and Council Resolution approving Housing sector Plan
CROSS CUTTING INTERVENTIONS	Differentiated Approach to Municipal Financing, Planning & Support	Spatial Equity	To promote productive, harmonious and sustainable land use	To promote development of efficient and sustainable settlement pattern	CCI-01-16/17	Capital Investment Framework	134	Council resolution adopting Capital Investment Framework	Council approved Capital Investment Framework by 30 June 2017	R266 666.00	Target achieved Council approved Capital Investment Framework by 30 June 2017		Appointment letter and Council Resolution approving Capital Investment Framework

CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To proactively identify and address potential risks that may affect the functioning of the organization	CCI-03-16/17	Risk Assessment	135	Number Risk assessment conducted	1 Risk assessment conducted by 30 September 2016		Target achieved (1 Risk assessment conducted by 30 September 2016)		Risk Register and attendance register
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Governance and Policy	To run the municipality in an open, transparent and accountable manner	To proactively identify and address potential risks that may affect the functioning of the organization	CCI-03-16/17	Risk Register	136	Number Risk registers compiled	4- Reports on Updated Risk registers compiled (Organizational and mSCOA) tabled to MANCO by 30 June 2017		Target achieved (4-Reports on Updated Risk registers compiled (Organizational and mSCOA) tabled to MANCO by 30 June 2017)		
CROSS CUTTING INTERVENTIONS	Single Window of Co-ordination	Governance and Policy	To create functional structure for effective development and delivery of services	To proactively identify and address potential risks that may affect the functioning of the organization	CCI-03-16/17	Business Continuity Plan	137	Council approved business continuity plan	Council approved business continuity plan by 30 June 2017	N/A	Target achieved (Review Business Continuity Plan tabled to Council on 31/03/2017)		Council Resolution and Business Continuity Plan

CHAPTER 4

ORGANIZATIONAL DEVELOPMENT PERFORMANCE REPORT PART 2

CHAPTER 4 - ORGANIZATIONAL DEVELOPMENT PERFORMANCE

4.1 PERFORMANCE REPORT PART II

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Organisational structure is reviewed annually and has been set out into six (6) effective departments to achieve the Municipality's objectives. There are a number of vacancies requiring personnel within the Planning, Community Services, Corporate Services, Management and Technical Services departments. Departments struggle with filling critical positions and budget constraints that are being overcome by reviewing the organogram and budget.

4.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

TABLE 32: EMPLOYEES

Description	Employees				
	2015/2016	2016/2017			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-
Electricity	-	-	-	-	-
Waste Management	18	18	18	1	-
Housing	-	-	-	-	-
Waste Water (Storm water Drainage)	-	-	-	-	--
Roads	8	9	9	-	
Transport	2	2	2	1	
Planning	3	3	3	0	

Local Economic Development	2	2	1	-	-
Planning (Strategic & Regulatory)	-	1	1	1	
Local Economic Development	-	-	-	-	-
Community & Social Services	21	21	21	-	-
Environmental Protection	2	2	-	-	-
Health	-	-	-	-	-
Security & Safety	10	0	0		
Sport & Recreation	-	-	-	-	-
Corporate Policy Offices and Other	16	16	16		-
Totals					

4.3 VACANCY RATE

The posts for the 2016/2017 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in Table 4.1.2 by functional level.

TABLE 33: NUMBER OF FILLED POSTS PER FUNCTIONAL LEVEL

Vacancy Rate: 2016/2017			
Designation	Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	0	1
Other S57 Managers (Finance Posts)	1	0	0
Police Officers	7	0	10
Fire fighters	7	0	3
Senior management Levels 13-15 (excluding Finance Posts)	14	0	3
Senior management Levels 13-15 (Finance Posts)	3	0	1
Highly skilled supervision: Levels 9-12 (excluding Finance Posts)	13	0	4

Highly skilled supervision: Levels 9-12 (Finance Posts)	6	0	0
Total	56	0	22

4.4 TURNOVER RATE

Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected in Table 34

TABLE 34: TURNOVER RATE

<i>Turn-over Rate</i>			
<i>Details</i>	<i>Total Appointment as of beginning of Financial Year No.</i>	<i>Terminations during the Financial Year No.</i>	<i>Turn-over Rate</i>
<i>Year -2016/2017</i>	<i>32</i>	<i>3</i>	<i>9.38%</i>
<i>*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year.</i>			

4.5 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Umhlabuyalingana Municipality has developed the following workforce management policies within the 2016/2017 financial year.

4.5.1 POLICIES

TABLE 35: HR POLICIES AND PLANS

Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
Overtime & Standby Policy	100%	100%	18/05/2016
Occupational Health & Safety Policy	100%	100%	28/08/2015
Subsistence & Travelling Policy	100%	100%	28/07/2016
Work and Attendance Policy Termination Policy	100%	100%	18/05/2016
Retention Strategy	100%	100%	18/05/2016
IT Strategy	100%	100%	26/06/2017
Employment Practice Policy	100%	100%	31/03/2015
Delegation of Powers Framework & Delegations Register	100%	100%	31/03/2015
Disciplinary Procedure Policy	100%	100%	06/10/2015
Performance Management Policy & Practice	100%	100%	31/03/2015
Management of Poor Performance Policy	100%	100%	18/12/2015
Records Management Policy	100%	100%	30/06/2017
Business Licensing Policy	100%	100%	18/12/2015
Informal Economy Policy	100%	100%	18/12/2015
Home Owners Policy	100%	100%	06/10/2016
Chronic Policy	100%	100%	31/03/2015
Remuneration Policy	100%	100%	30/12/2016
IT Governance Framework	100%	-	31/03/2016
Telephone Usage Policy	100%	-	28/07/2016
Framework Management Policy	100%	-	31/03/2016
IT Change Management Policy	100%	-	30/03/2017
Patch Management Policy	100%	-	30/03/2017
User Account Management Procedure	100%	-	30/03/2017

Back-up & Restore Policy	100%	-	28/06/2017
IT Risk Management Policy	100%	-	31/05/2016
IT Security Policy	100%	-	28/06/2017
Asset Disposal Policy	100%	-	31/05/2016
Asset Management Policy	100%	-	31/05/2016
Risk Management Policy	100%	-	26/04/2017
Budget Policy	100%	-	31/05/2016
Credit Control and Debt Collection Policy	100%	-	31/05/2016
Indigent Policy	100%	-	30/09/2016
Investment and Cash Management Policy	100%	-	31/05/2016
Pauper Burial Policy	100%	-	31/05/2016
Petty Cash Policy	100%	-	31/05/2016
Rate Policy	100%	-	31/05/2016
Supply Chain Management Policy	100%	-	31/05/2016
Waste Management Bylaws, Waste Management Policy and Waste Management Tariffs	100%	-	30/05/2017
Disaster Recovery Plan	100%		28/06/2017
Communication and Customer Care Policy	100%	-	
Fleet Management Policy	100%	-	26/04/2017
Alcohol and Subsistence	100%	-	26/04/2017
Confidentiality Policy	100%	-	26/04/2017
Acting Policy	100%	-	26/04/2017
Public Usage Policy	100%	-	30/09/2016
In serve Training Policy and Language Policy	100%	-	30/05/2017
IT Change Management Procedure	100%	-	30/03/2017
IT Performance and capacity Management Policy	100%	-	30/03/2017
User Account Management Policy	100%	-	30/03/2017
User Account Management Procedure	100%	-	30/03/2017
Physical Security and Environmental Controls Policy	100%	-	30/03/2017
Activity Monitoring Policy and Procedure	100%	-	30/03/2017
IT Charter	100%	-	28/06/2017
Backup and Restore Procedure	100%	-	28/06/2017

4.5.2 INJURIES, SICKNESS AND SUSPENSIONS

TABLE 36: INJURIES, SICKNESS AND SUSPENSIONS

Type of Injury	Injury Leave Taken Days	Employees using Injury Leave No.	Proportion employees using Sick Leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

Table 37: Number of days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	Average sick leave per employee Days	Estimated Cost R'000
Lower skilled (Levels 1-2)	9	0	6	11	0.8	
Skilled (Levels 3-5)	31	0	13	18		
Highly skilled production (Levels 6-8)	278	1	46	57	4.9	
Highly skilled supervision (Levels 9-12)	299	1	31	36	8.3	

Senior management (Levels 13-15)	189	2	9	17	11.1	
MM and S57	14	0	5	5	2.8	
Total	820	4	110	144	5.7	
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

TABLE 38: NUMBER AND PERIOD OF SUSPENSIONS

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

TABLE 39: DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken	Date Finalized

4.5.3 PERFORMANCE REWARDS

TABLE 40: PERFORMANCE REWARDS BY GENDER

Performance Rewards by Gender					
Designations	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	-	-	R1 649 162.95	-
	Male	-	-		-
Skilled (Levels 3-5)	Female	-	-		-
	Male	-	-		-
Highly skilled production (Levels 6-8)	Female	-	-		-
	Male	-	-		-
Highly skilled supervision (Levels 9-12)	Female	-	-		-
	Male	-	-		-
Senior management (Levels 13-15)	Female	-	-		-
	Male	-	-		-
MM and S57	Female	1	1	R90 665 .10	
	Male	4	4	R370 337 .28	
Total				R461 002 .38	
Has the statutory municipal calculator been used as part of the evaluation process?					
Note: MSA 2000 S51 (d) requires that...'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).					

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

SKILLS DEVELOPMENT AND TRAINING

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, Umhlabuyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

TABLE 41: PROGRESS REPORT ON FINANCIAL COMPETENCY DEVELOPMENT AT UMHLABUYALINGANA MUNICIPALITY

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, Umhlabuyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

Table 4.5.1 Progress report on financial competency development at Umhlabuyalingana Municipality

Skills Matrix														
Management Level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June 2016/2017											
			Learner ships			Skilled programmes and other short courses			Other forms of training			Total		
		No.	Actual: 2015/2016	Actual: 2016/2017	Year: 2016/2017	Actual: 2015/2016	Actual: 2016/2017	Year : 2016/2017	Actual: 2015/2016	Actual2016 /2016	Year: 2016/2017	Actual: 2015/2016	Actual: 2016/2017	Year: 2016/2017
MM and s57	Female	1												
	Male	4												
Councillors, senior officials and managers	Female	6												
	Male	29												
Technicians and associate professionals	Female	2												
	Male	2												
Professionals	Female	10												
	Male	22												
Sub Total	Female	19												
	Male	57												
Total		74												

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

TABLE 42: QUALIFICATION PROFILE FOR LEADERSHIP, GOVERNANCE AND MANAGERS FOR 2016/2017 FINANCIAL YEAR

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total of A and B	Consolidated competency assessments completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidated total number of officials whose performance agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidated total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	14	2 from Inkazimulo	18	-	-	-
Accounting officer	-	3 from Tshidi associate	3	-	-	-
Chief financial officer	1	-	1	1	1	1
Senior managers	-	-	-	-	-	-
Any other financial officials	2	-	2	-	-	-
Supply Chain Management Officials	3	-	3	-	-	-
Heads of Supply chain management units	-	-	-	-	-	-
Supply chain management senior managers	1	-	1	-	-	-
Total	21		28	1	1	1
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						

TABLE 43: SKILLS AND DEVELOPMENT EXPENDITURE

Skills Development Expenditure														
R'000														
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1											
			Learner ships		Skilled programmes and other short courses		Other forms of training		Total					
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual				
MM and s57	Female	1	-	-	-		R670 000	R761 022,09	R670 000	R761 022,09				
	Male	4	-	-	-	-								
Legislators, senior officials and managers	Female	7	-	-	-	-								
	Male	10	-	-	-	-								
Professionals	Female	10	-	-	-	-								
	Male	22	-	-	-	-								
Technicians and associate professionals	Female	2	-	-	-	-								
	Male	2	-	-	-	-								
Clerks	Male	4	-	-										
	Female	6	-	-										
Service and sales workers	Male	6	-	-										
	Female	5	-	-										
Plant and machine operators and assemblers	Female	-	-	-										
	Male	-												
Elementary occupations	Male	10												
Subtotal	Female	-												
	Male	-												
Total		89												
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.											%*	*R		

EMPLOYEE EXPENDITURE

TABLE 44: EMPLOYEE EXPENDITURE

Skills Development Expenditure										
R'000										
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learner ships		Skilled programmes and other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and s57	Female	1	-	-	-		R670 000	R761 022,09	R670 000	R761 022,09
	Male	4	-	-	-	-				
Legislators, senior officials and managers	Female	7	-	-	-	-				
	Male	10	-	-	-	-				
Professionals	Female	10	-	-	-	-				
	Male	22	-	-	-	-				
Technicians and associate professionals	Female	2	-	-	-	-				
	Male	2	-	-	-	-				
Clerks	Male	4	-	-						
	Female	6	-	-						
Service and sales workers	Male	6	-	-						
	Female	5	-	-						
Plant and machine operators and assemblers	Female	-	-	-						
	Male	-								
Elementary occupations	Male	10								
Subtotal	Female	-								
	Male	-								
Total		89								
%* and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

Staff and Councillor Training

Budget: R670 000, 00

Expenditure: R761 022, 09

Training:

Budget: R670 000

Expenditure: R761 022, 09

TABLE 45: TRAINING REPORT FROM JULY 2016 TO JUNE 2017:

NO	BENEFICIARIES	NAME OF EMPLOYEE	JOB TITLE	NAME OF COURSE
1	Municipal Officials	Mr. D.M. Mthembu	Bid Committees Clerk	Supply Chain Management Basic Computer and Excel
2	Municipal Officials	Miss. B.P. Phetha	Secretary to the Chief Financial Officer	Basic Computer and Excel Finance for Non-Financial Managers
3	Municipal Officials	Mr. Z.W. Mnyandu	Registry Clerk	Metrofile Training
4	Municipal Officials	Mr. N.D. Ntuli	Registry Clerk	Records Management Course
5	Municipal Officials	Miss. N.P. Jali	Secretary to Director Corporate Services	Records Management Course
6.	Municipal Officials	Miss. K.C. Lembede	Senior Admin Clerk	Records Management Course
7.	Municipal Officials	Miss. SPP Mlambo	Snr. Licensing Clerk	Records Management Course
8.	Municipal Officials	Mr. S.W. Mthethwa	Handyman	HSE for Construction
9.	Municipal Officials	Miss. J.P. Mngomezulu	Fire Fighter	Fire Prevention
10.	Municipal Officials	Mr. B.S. Mthembu	Fire Fighter	Fire Prevention
11.	Municipal Officials	Miss. B.P. Phetha	Secretary to Chief Financial Officer	Personnel Administration Course Introduction to Payroll and Payroll Processing Payroll Administration and Company Parameters
12	Municipal Officials	Miss. N.L.Myeni	Technical Officer	Estimating Pricing and Cost
		Mrs. F.S. Msabala	Manager Technical Services	Estimating Pricing and Cost
		Miss. P.L. Ngubane	Receptionist	Event Safety Management
1	Municipal Officials	Mr. V.B. Mbonambi	Registry Officer	Strategic Road Transport Management Principles
2	Municipal Officials	Mr. S.N. Bhengu	Fleet Manager	Strategic Road Transport Management Principles
3	Municipal Officials	Mr. T.N. Mdletshe	Fire Fighter	Pump Operator
4	Municipal Officials	Mr. J.B. Mthimkhulu	Fire Fighter	Pump Operator
5	Municipal Officials	Mr. M.M.Zondo	Fire Fighter	Pump Operator
6.	Municipal Officials	Mr S.S Gina	Budget and Reporting Manager	Personnel Administration Course Introduction to Payroll Processing

7.	Municipal Officials	Mrs T.F Nkosi	Payroll Clerk	Payroll Administration and Company Parameters
8.	Municipal Officials	Mrs T.F Nkosi	Payroll Clerk	Personnel Administration Course
9.	Municipal Officials	Mr S.S Mazibuko	Waste Officer	Peace Officer
10.	Municipal Officials	Mr P.N Gumede	Building Inspector	Peace Officer
11.	Municipal Officials	Mr M.S Mthethwa	Handyman	Introduction to SAMTRAC
	Municipal Officer	Mr S.M Ngubane	Payroll Officer	Module 3 –Personnel Administration
1	Municipal Official	Mr S.M Ngubane	Payroll Officer	VIP Payroll Training
2	Municipal Official	Miss N.L Myeni	Technical Officer	Project Management
3	Municipal Official	Miss T.L Mabika	Technical	Project Management
4	Municipal Official	Mrs Msabala	Director: Community Services	Project Management
5	Municipal Official	Miss B.P Phetha	Librarian	Excel Training
6.	Municipal Official	Miss N.P Jali	Tourism/ LED Manager	Excel Training
7.	Municipal Official	Miss P.L Ngubane	Secretary to Mayor	Basic Hygiene and Cleaning Training
8.	Municipal Official	Mrs T.D Mize	IT Officer	Basic Hygiene and Cleaning Training
9.	Municipal Official	Mrs N.C Ngubane	Assistant	Basic Hygiene and Cleaning Training
10.	Municipal Official	Mr D.J Ngubane	Manager: Public Safety	Basic Hygiene and Cleaning Training
	Municipal Official	Miss T.M Mthembu	Fire Fighter	Basic Hygiene and Cleaning Training
	Municipal Official	Miss N. Maringa	Fire Fighter	Basic Hygiene and Cleaning Training
	Municipal Official	Miss T Mthembu	Fire Fighter	Basic Hygiene and Cleaning Training
	Municipal Official	Miss Mule	Fire Fighter	Basic Hygiene and Cleaning Training
	Municipal Official	Mr N.D Ntuli	Registry Clerk	Basic Hygiene and Cleaning Training HAZMAT Training
	Municipal Official	Mr B.D Zikhali	Fire Fighter	Hazmat Training
	Municipal Official	Mr P Buthelezi	Fire Fighter	Hazmat Training

	Municipal Official	Miss J.P Mngomezulu	Fire Fighter	Fire services Instruction Training
	Municipal Official	Mr N.M Rondo	Fire Fighter	Fire services Instruction Training
	Municipal Official	Miss P.L Masan go	General Worker	First Aid Level 3
	Municipal Official	Mr S.S Gumede	General Worker- Supervisor	First Aid Level 3
	Municipal Official	Mr J.V Manukuza	General Worker	First Aid Level 3
	Municipal Official	Miss P.L Ngubane	Receptionist	First Aid Level 3
	Municipal Official	Mr T.S Gumede	General Worker	First Aid Level 3
	Municipal Official	Mr M.O Madolo	General Worker- Supervisor	First Aid Level 3
1.	Municipal Official	Mr M.S Mthethwa	Handyman	First Aid Level 3
2.	Municipal Official	Mt N.S Tembe	General Worker	First Aid Level 3
3.	Municipal Official	Mr T Manzini	Municipal Driver	First Aid Level 3
4.	Municipal Official	Mr P.T Masango	General Worker	First Aid Level 3
5.	Municipal Official	Mr B.N Vumase	General Worker	First Aid Level 3
6.	Municipal Official	Miss SPP Mlambo	Senior Licensing Clerk	First Aid Level 3
7.	Municipal Official	Miss Z.N Vumase	Receptionist	First Aid Level 3
8.	Municipal Official	Mr S.S Gumede	General Worker-Supervisor	First Aid Level 3
9.	Municipal Official	Mr K Khambule	I T Assistant	VIP Payroll Basic Training
10.	Municipal Official	MANCO Members	MSCOA Training	MSCOA Training
11.	Municipal Official	Miss C.F Mdlulu	Data Capture	EPWP Training
12.	Municipal Official	Miss B Hlatshwayo	General Worker	EPWP Training
13.	Municipal Official	Miss N.L Myeni	Technical Officer	EPWP Training
14.	Municipal Official	Mrs F .Z Mthembu	LED Officer	EPWP Training
15.	Municipal Official	Miss P.L Ngubane	Receptionist	MAN 3000
16.	Municipal Official	Mr I.T Mokoatle	Technical Officer	MAN 3000
17.	Municipal Official	Mr K. Khumalo	I.T Assistant	MAN 3000
18.	Municipal Official	Miss M.S Ngubane	I.T Technician	MAN 3000
19.	Municipal Official	Miss Z.N Vumase	Receptionist	MAN 3000
	Municipal Official	Miss P.L Ngubane	Receptionist	COID Training

	Municipal Official	Miss L Sithole	Human Resource Officer	COID Training
	Municipal Official	Mr S.S Thwala	Disaster Management Officer	COIDA Training
	Municipal Official	Mr S.S Mazibuko	Waste Officer	COIDA Training
	Municipal Official	Mr B.P Mthembu	Cybercadet	COID Training
	Municipal Councillors	Cllr. N.S. Mthethwa		Councillor Development Programme
	Municipal Councillors	Cllr. S.N. Tembe	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. N.R. Mthethwa	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. S.K. Qwabe	Exco Member	Councillor Development Programme
	Municipal Councillors	Cllr. T.A. Zikhali	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. T.F. Zikhali	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. S.P. Mthethwa	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. M.Z. Mhlongo	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. G.N. Gumede	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. J.B. Gwala	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. E.G. Mhlongo	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. D.M. Mhlongo	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. B.T. Tembe	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. F.G. Mlambo	Ordinary Councillor	Councillor Development Programme

	Municipal Councillors	Cllr. G.A. Mathenjwa	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. N.C. Mdletshe	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. M.J. Ntsele	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. C.B. Mahlangu	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. Q.I. Nhlozi	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. B.E. Biyela	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. L.T. Nsele	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. T.M. Gumede	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. B. H. Ngubane	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. N.S. Mthembu	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. N.S. Mthethwa	Exco Member	Councillor Development Programme
	Municipal Councillors	Cllr. S.N. Tembe	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. N.R. Mthethwa	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. S.K. Qwabe	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. T.A. Zikhali	Ordinary Councillor	Councillor Development Programme
	Municipal Councillors	Cllr. T.F. Zikhali	Ordinary Councillor	

1	Municipal Official	Miss. N.E. Mpungose	Licensing Clerk	Examiner for Driving Licenses: Grade L
2	Municipal Official	Mr. B.S. Mthembu	Fire Fighter	Peace Officer

TABLE 46: NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	4
	Male	1
Highly skilled supervision (Levels 9-12)	Female	2
	Male	3
Senior management (Levels 13-15)	Female	4
	Male	1
MM and S57	Female	N/A
	Male	N/A
Total		
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the number at the right hand side of the column		

TABLE 47: EMPLOYEES WHOSE SALARY LEVELS EXCEED

<i>Employees whose Salary levels exceed the grade determined by Job Evaluation</i>				
<i>Occupation</i>	<i>Number of employees</i>	<i>Job evaluation level</i>	<i>Remuneration level</i>	<i>Reason for deviation</i>

TABLE 48: EMPLOYEES APPOINTED TO POSTS NOT APPROVED

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A	N/A	N/A	N/A	N/A

DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in Appendix

CHAPTER 5

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

SPENDING AGAINST CAPITAL BUDGET

OTHER FINANCIAL MATTERS

DRAFT AFS 2016/17

INTRODUCTION

Financial performance of Umhlabuyalingana Municipality is analysed using the following 3 main components in this chapter (5)

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

5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The municipality has collected total revenue of R219 098 298 and had operating expenses of R214 344 828 and Capital Expenditure of R75 005 593

(Refer to T 5.1.1)

5.2 TABLE 49: STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual Income As % Of Final Budget	Variance between Original Budget and Adjustment Budget	Reference
Statement of Financial Performance								
Revenue								
Revenue from exchange transactions								
Service charges	1,922,160	(1,720,560)	201,600	201,968	368	101%		
Interest received - Debtors	211,788	328,889	540,676	894,633	353,957	165%		
Licenses and permits	4,082,520	-	4,082,520	3,707,490	(375,030)	-9%		
Rental income	243,000	28,000	271,000	253,770	(17,230)	-6%		
Other income	279,867	1,736,625	2,016,492	1,555,675	(460,817)	-23%		
Interest received - investment	5,942,128	(1,850,044)	4,092,084	3,917,879	(174,205)	-44%		
Total revenue from exchange transactions	12,681,463	(1,477,090)	11,204,372	10,729,495	(474,877)	-4%		
Revenue from non-exchange transactions								
Taxation revenue								

5.3 GRANT PERFORMANCE

GRANT PERFORMANCE						
Description	2016	2016/2017			2016/2017 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget %	Adjustment Budget %
Operating Transfers and Grants						
National Government:	125,162,000	126,560,000	126,560,000	125,223,000		
Equitable Share	121,138,000	122,458,000	122,458,000	121,121,000	98%	98%
Finance Management Grant	1,800,000	1,825,000	1,825,000	1,825,000	100%	100%
EPWP Grant	1,294,000	2,277,000	2,277,000	2,277,000	100%	100%
Municipal Systems Improvement Grant	930,000	-	-	-	-	-
Provincial Government	1,844,911	1,592,000	1,592,000	1,592,000		
Library Grant	1,747,169	1,592,000	1,592,000	1,592,000	100%	100%
Sports Grant	97,742	-	-	-	-	-
Community Participation Grant	2,000	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other grant providers	-	-	-	-	-	-
Total Operating Transfers and Grants	127,006,911	128,152,000	128,152,000	126,815,000	99%	99%

5.4 ASSET MANAGEMENT

Repairs and Maintenance Expenditure: 2016/2017				
	Original Budget	Adjustment Budget	Actual	Budget Variance
Repairs and Maintenance Expenditure	23,782,178	15,064,900	11,392,062	24%

5.5 FINANCIAL RATIOS

5.6 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure is 89% of the Capital budget. 83% of expenditure is grant funded and 17% expenditure is funded by internal funds. Capital grants are from MIG grant, INEG Grant as well as Electrification Grant from COGTA. All capital projects are new project which are from these categories Roads and Community Centre's are funded by MIG Grant. Electrification projects are both funded by INEG grant and COGTA Electrification Grant

5.6.1 TABLE: CAPITAL EXPENDITURE - FUNDING SOURCES

Capital Expenditure - Funding Sources: 2015/2016 to 2016/2017							
Details		2016	2016/2017				
		Actual	Original Budget	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to Adj Variance (%)
Source of finance							
	External loans	-	-	-	-	-	0%
	Public contributions and donations	-	-	-	-	-	0%
	Grants and subsidies	55,277,111	53,325,000	63,374,889	60,458,666	13%	95%
	Other	24,624,475	21,055,363	18,712,705	12,412,427	41%	66%
Total		79,901,586.00	74,380,363	82,087,594	72,871,093	2%	89%
Percentage of finance							
	External loans	0%	0%	0%	0%	0%	0%
	Public contributions and donations	0%	0%	0%	0%	0%	0%
	Grants and subsidies	69%	72%	77%	83%	100%	30%
	Other	31%	28%	23%	17%	0%	70%
Capital expenditure							
	Water and sanitation	-	-	-	-	0%	0%

	Electricity	22,885,745	28,050,000	31,893,785	27,206,711		
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						3%	85%
	Housing	-	-	-	-	0%	0%
	Roads and storm water	26,323,464	9,560,363	11,839,910	10,973,576	15%	93%
	Other	7,894,808	36,770,000	38,353,899	34,690,806	6%	90%
Total		57,104,016.70	74,380,363	82,087,594	72,871,093		
Percentage of expenditure							
	Water and sanitation	0%	0%	0%	0%	0%	0%
	Electricity	40%	14%	87%	87%	3%	85%
	Housing	0%	0%	0%	0%	0%	0%
	Roads and storm water	46%	24%	97%	97%	15%	93%
	Other	14%	14%	87%	87%	6%	90%

5.6.2 TABLE: CAHFLOW OUTCOMES

Cash Flow Outcomes				
	2016	Current: 2016/2017		
Description	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	204,531,458	204,995,154	220,622,410	209,650,146
Ratepayers and other	11,088,846	13,932,100	19,516,725	13,411,486
Government Grants	182,286,022	181,477,000	192,026,889	187,685,904
Interest	6,958,873	4,000,000	4,092,084	5,121,209
Other receipts	4,197,717	5,586,054	8,486,712	3,431,547
Payments	(142,267,005)	(91,788,775)	(164,218,095)	(169,431,204)
Employee costs	(46,985,655)	(57,590,296)	(60,714,720)	(59,711,689)
Finance charges	(20,320)	(270,936)	(70,936)	(878,217)
Suppliers	(95,261,030))	(33,927,543)	(103,432,439)	(108,841,298)
NET CASH FROM (USED) OPERATING ACTIVITIES	62,264,453	113,206,379	56,404,315	40,218,942
Receipts	-	-	-	-
Proceeds on disposal of PPE	-	-	-	201,418
Decrease (Increase) in non-current debtors	-	-	-	-

Decrease (Increase) other non-current receivables	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-
Payments	(77,704,077)	(74,380,363)	(78,587,594)	(84,146,988)
Capital assets	(77,704,077)	(74,380,363)	(78,587,594)	(84,146,988)
NET CASH FROM (USED) INVESTING ACTIVITIES	(77,704,077)	(74,380,363)	(78,587,594)	(84,146,988)
Receipts	-	-	-	-
Short term loans				
Borrowings long term/refinancing				
Increase (decrease) in consumer deposits				
Payments	(25,704)	-	-	-
Repayment of borrowings	(25,704)	-	-	-
NET CASH FROM (USED) FINANCING ACTIVITIES	(25,704)	-	-	-
NET INCREASE / (DECREASE) IN CASH HELD	(15,465,328)	38,826,016	(22,183,279)	(43,928,046)
Cash / cash equivalents at the year begin:	77,654,151	77,638,254	62,188,345	62,188,823
Cash / cash equivalents at the year-end:	62,188,823	116,464,270	40,005,066	18,260,777

TABLE: 5.6.3 MUNICIPAL AND ENTITY INVESTMENTS

Municipal and Entity Investments			
	2014/2015	2015/2016	2016/2017
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	69,293,629.00	62,188,823	18,260,777
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	69,293,629.00	62,188,823	18,260,777
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			

Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Entities sub-total	0	0	0
Consolidated total	69,293,629.00	62,188,823	18,260,777

5.7 COMPONENT C: OTHER FINANCIAL MATTERS

5.7.1 CASH FLOW MANAGEMENT AND INVESTMENTS

It is important for the municipality to manage its cash flows and ensure that they maintain their liquidity status so they can be able to meet their long and short term obligations.

Cash flows of the municipality are not looking great as they have decreased when comparing cash and cash equivalents for 2016 against cash and cash equivalents for 2017 financial year.

5.7.2 BORROWING AND INVESTMENTS

The municipality does not have borrowings it only have short term investments. Short term investments are made to different banks in different types of investment accounts like fixed deposits and money market accounts

5.7.3 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have partnership agreements during 2016/2017 financial year.

5.8 COMPONENT D: OTHER FINANCIAL MATTERS

5.8.1 SUPPLY CHAIN MANAGEMENT

Umhlabuyalingana Municipality have a centralised SCM Unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements but still waiting for their competency certificates.

All the SCM Committees have been established and they are functioning properly in the implementation of the SCM processes.

5.8.2 GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

CHAPTER 6

FINANCIAL PERFORMANCE

AFS 2016/17

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Municipality KZN 271
Nature of business and principal activities	The main purposes of the municipality is to engage in local governance activities, which include planning and promotions of integrated development planning, economic and environmental development and supplying of the following services to the community. Rates and general services all types of services rendered by the municipality includes services for refuse removal.
Mayoral committee	
Mayor	Cllr. N.S Mthethwa
Deputy Mayor	Cllr F.G Mlambo
Speaker	Cllr. B.T Tembe
Grading of local authority	Medium capacity municipality
Accounting Officer	Mrs N.P Gamede
MPAC Chairperson	Cllr S.P Mthethwa
Chief Finance Officer (CFO)	Mr N.P.E Myeni
Exco Members	Cllr B.N Ntsele Cllr. S.N Tembe Cllr M.D Mathenjwa Cllr M. Z Mhlongo Cllr Z.M Mhlongo
Registered office	Municipal Building Kwangwanase 3973
Postal address	Private Bag X 901 Kwangwanase 3973
Bankers	First National Bank of South Africa
Attorneys	Maseko Mbatha Attorneys

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

List of councilors

Cllr. K.O Tembe
Cllr. T.N Magagula
Cllr L.D Tembe
Cllr M Mthembu
Cllr S.G Nxumalo
Cllr G.S Mthembu
Cllr D.A Tembe
Cllr M.I Mthembu
Cllr N Vumase
Cllr J.B Gwala
Cllr N.J Ndabeni
Cllr N.C Mdletshe
Cllr E.G Mhlongo
Cllr J.E Sithole
Cllr B.C Zikhali
Cllr S.M Ndlovu
Cllr T.S Myeni
Cllr L.E Mkhwanazi
Cllr J.G Ngubane
Cllr S.S Gumede
Cllr B.J Tembe
Cllr M.J Mathenjwa
Cllr T.L Mlambo
Cllr H.K Gumede
Cllr T.S Khumalo
Cllr T Khumalo

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipality Systems Infrastructure Grant

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the Grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Mhlabuyalingana Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 63, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on its behalf by:

Accounting Officer
Mrs N.P Gamede

31 August 2017

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Receivables from non-exchange transactions	6	12,387,073	7,038,520
VAT receivable	7	3,169,966	4,479,478
Receivables from exchange transactions	8	436,814	385,778
Cash and cash equivalents	9	18,260,777	62,188,345
		34,254,630	74,092,121
Non-Current Assets			
Property, plant and equipment	3	301,896,177	252,658,195
Intangible assets	4	1,090,577	553,072
		302,986,754	253,211,267
Total Assets		337,241,384	327,303,388
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	19,233,895	10,162,716
Unspent conditional grants and receipts	10	6,079,726	9,125,630
		25,313,621	19,288,346
Non-Current Liabilities			
Provisions	11	12,935,108	11,420,724
Total Liabilities		38,248,729	30,709,070
Net Assets		298,992,655	296,594,318
Accumulated surplus		298,992,655	296,594,318

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
REVENUE			
Revenue from exchange transactions			
Refuse Removal	14	201,968	201,968
Interest received - Debtors		894,633	747,244
Licences and permits		3,707,490	3,798,350
Rental income		253,770	252,125
Other income	16	352,344	364,767
Interest received - investment		5,121,209	6,958,873
Total revenue from exchange transactions		10,531,414	12,323,327
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	17	19,118,068	17,183,838
Transfer revenue			
Government grants & subsidies	18	171,250,572	182,286,022
Public contributions and donations	19	53,262	30,085
Fines, Penalties and Forfeits		1,709,650	2,076,550
Total revenue from non-exchange transactions		192,131,552	201,576,495
Total revenue	13	202,662,966	213,899,822
EXPENDITURE			
Employee related costs	20	(49,253,591)	(37,484,073)
Remuneration of councillors	21	(10,386,046)	(9,501,582)
Depreciation and amortisation		(20,316,105)	(16,586,843)
Impairment loss	23	(860,468)	(1,597,196)
Finance costs		(878,217)	(824,605)
Debt Impairment	24	(3,152,481)	(8,563,669)
Assets write-off		(9,110)	-
Contracted services	25	(11,285,436)	(26,345,024)
General Expenses	26	(104,000,123)	(83,432,652)
Total expenditure		(200,141,577)	(184,335,644)
Operating surplus		2,521,389	29,564,178
Loss on write off/disposal of assets		(123,053)	(64,023)
Surplus for the year		2,398,336	29,500,155

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2015	267,094,163	267,094,163
Changes in net assets		
Surplus for the year	29,500,155	29,500,155
Total changes	29,500,155	29,500,155
Balance at 01 July 2016	296,594,319	296,594,319
Changes in net assets		
Surplus for the year	2,398,336	2,398,336
Total changes	2,398,336	2,398,336
Balance at 30 June 2017	298,992,655	298,992,655
Note(s)		

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Cash receipts from customers and other		14,312,849	11,088,846
Grants		174,296,476	182,286,022
Interest income		5,121,209	6,958,873
Other receipts		4,064,964	4,197,717
		<u>197,795,498</u>	<u>204,531,458</u>
Payments			
Employee costs		(59,639,637)	(46,985,655)
Suppliers		(106,820,620)	(95,261,030)
Interest Paid		(5,565)	(20,320)
		<u>(166,465,822)</u>	<u>(142,267,005)</u>
Net cash flows from operating activities	27	<u>31,329,676</u>	<u>62,264,453</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(74,490,406)	(77,572,280)
Proceeds from sale of assets		233,649	190,134
Purchase of other intangible assets	4	(1,000,965)	(321,931)
Net cash flows from investing activities		<u>(75,257,722)</u>	<u>(77,704,077)</u>
Cash flows from financing activities			
Finance lease payments		-	(25,704)
Net increase in cash and cash equivalents		<u>(43,928,046)</u>	<u>(15,465,328)</u>
Cash and cash equivalents at the beginning of the year		62,188,823	77,654,151
Cash and cash equivalents at the end of the year	9	<u>18,260,777</u>	<u>62,188,823</u>

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Refuse Removal	1,922,160	(1,720,560)	201,600	201,968	368	
Interest received	211,788	328,888	540,676	894,633	353,957	Note 38.1
Licences and permits	4,082,520	-	4,082,520	3,707,490	(375,030)	
Rental income	243,000	28,000	271,000	253,770	(17,230)	
Other income	2,129,911	(113,419)	2,016,492	352,344	(1,664,148)	Note 38.2
Interest received - Investment	4,092,084	-	4,092,084	5,121,209	1,029,125	Note 38.3
Total revenue from exchange transactions	12,681,463	(1,477,091)	11,204,372	10,531,414	(672,958)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	21,434,425	(1,917,700)	19,516,725	19,118,068	(398,657)	
Donations	-	-	-	53,262	53,262	Note 38.4
Transfer revenue						
Government grants	181,477,000	10,549,889	192,026,889	171,250,572	(20,776,317)	Note 38.12
Fines	1,915,100	-	1,915,100	1,709,650	(205,450)	Note 38.5
Total revenue from non-exchange transactions	204,826,525	8,632,189	213,458,714	192,131,552	(21,327,162)	
Total revenue	217,507,988	7,155,098	224,663,086	202,662,966	(22,000,120)	
Expenditure						
Personnel	(47,190,798)	(2,949,192)	(50,139,990)	(49,253,591)	886,399	
Remuneration of councillors	(10,321,701)	(253,030)	(10,574,731)	(10,386,045)	188,686	
Depreciation and amortisation	(14,175,655)	(6,200,000)	(20,375,655)	(20,316,105)	59,550	
Impairment loss	-	-	-	(860,469)	(860,469)	Note 38.6
Finance costs	(270,936)	(620,000)	(890,936)	(878,217)	12,719	
Debt Impairment	(22,329,589)	18,470,000	(3,859,589)	(3,152,481)	707,108	Note 38.7
Contracted Services	(23,782,178)	12,324,178	(11,458,000)	(11,285,436)	172,564	Note 38.8
Assets Written - Off	-	-	-	(9,110)	(9,110)	Note 38.9
General Expenses	(99,380,313)	(14,320,280)	(113,700,593)	(104,000,123)	9,700,470	Note 38.10
Total expenditure	(217,451,170)	6,451,676	(210,999,494)	(200,141,577)	10,857,917	
Surplus before taxation	56,818	13,606,774	13,663,592	2,521,389	(11,142,203)	
Surplus for the year excluding capital expenditure	56,818	13,606,774	13,663,592	2,521,389	(11,142,203)	
Capital Expenditure	74,380,363	7,707,549	82,087,912	74,490,406	(7,597,506)	Note 38.11
Comparison of Budget and Actual amounts	74,437,181	21,314,323	95,751,504	77,011,795	(18,739,709)	

Umhlalabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Useful lives of property plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for the infrastructure and community assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 -30 years
Borehole	Straight line	20 years

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Property, plant and equipment (continued)

Clinics	Straight line	30 years
Furniture and fixtures	Straight line	7 - 10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 - 7 years
IT equipment	Straight line	3 years
Creche	Straight line	30 years
Infrastructure	Straight line	30 years
Roads and Paving	Straight line	20 years
Roads and Water	Straight line	3 - 10 years
Gravel Surface	Straight line	10 years
Recreational Facility	Straight line	20 -30 years
Security	Straight line	5 years
Community Halls	Straight line	30 years
Bins and containers	Straight line	15 years
Libraries	Straight line	30 years
Park facilities	Straight line	10 years
Landfil sites	Straight line	30 years
Leased Office Equipment	Straight line	5 years
Specialised vehicles	Straight line	10 years
Special Plant and Equipment	Straight line	10 - 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Property, plant and equipment (continued)

Asset Under Construction (WIP)

The municipality changed its accounting policy for property, plant and equipment in 2017. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2017 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Intangible assets under development	Straight line	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.6 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Receivables and exchange transactions	Financial asset measured at amortised cost
Receivables and non-exchange transactions	Financial asset measured at amortised cost
VAT Receivables	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating Leases

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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1.7 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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1.11 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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Accounting Policies

1.12 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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1.14 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.14 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Property Rates

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Value Added Tax (VAT)

The municipality has registered VAT on cash basis but account for VAT on accrual basis

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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1.19 Unauthorised expenditure (continued)

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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1.22 Budget information (continued)

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Jul 2016 to 30 Jun 2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Commitments

Items are classified as commitments where the municipality commits itself into future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments;
- Where the expenditure has been approved and the contract has been awarded at the reporting date; and
- Where disclosure is required by specific GRAP standard.

1.26 Retention

Retention is also commonly called retainage and is a term referring to the percentage of payment held back from a construction contract. This is a financial term and the owners of a building, or those who are paying for its work to be done, take the lead in drawing up and enforcing the retention plan. General contractors sometimes have retention plans as well

Retention is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.26 Retention (continued)

amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. Retention can also be applied to nominated sub-contractors, and the main contractor may also apply retention to domestic sub-contractors.

- Often the percentage of retention ranges from 5% to 10% depending on:

a) The risk of the project, if the risk of failure is high then the percentage will be at maximum 10%.

b) The experience of the awarded contractor, if the contractor has minimum experience of the work to be executed then the percentage will be maximum 10%.

- Half of the amount retained is released on certification of practical completion ('substantial completion' for Institution of Civil Engineers (ICE) contracts) and the remainder is released upon certification of making good defects (or 'final statement' for design and build contracts such as Joint Contracts Tribunal (JCT)).

- Interim certificates should make clear the amount of retention and a statement should also be prepared showing retention for nominated sub-contractors. The contract may require that retention is kept in a separate bank account and that this is certified to contractors. In this case, the client will generally keep any interest paid on the account.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 18 (as amended 2016): Segment Reporting	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact

Umhlalabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	171,917,314	(29,439,691)	142,477,623	139,638,098	(18,738,723)	120,899,375
Plant and machinery	9,131,473	(5,464,887)	3,666,586	8,255,110	(4,557,227)	3,697,883
Motor vehicles	9,260,044	(2,688,972)	6,571,072	6,807,285	(2,088,484)	4,718,801
Electrification	27,620,059	-	27,620,059	15,184,019	-	15,184,019
Community	-	-	-	4,706,934	-	4,706,934
Bins and containers	602,679	(163,028)	439,651	602,679	(122,849)	479,830
Leased Assets	386,090	(386,091)	(1)	386,090	(386,091)	(1)
Roads and Water	166,964,309	(45,843,122)	121,121,187	148,837,665	(45,866,313)	102,971,352
Total	385,881,968	(83,985,791)	301,896,177	324,417,880	(71,759,687)	252,658,193

Reconciliation of property, plant and equipment - 30 June 2017

	Opening balance	Additions	Disposals	Transfers	Write Off	WIP	Depreciation	Impairment loss	Total
Buildings	120,899,375	28,961,547	-	(18,609,975)	-	23,334,827	(4,899,940)	(7,208,211)	142,477,623
Plant and machinery	3,697,883	956,303	-	-	(9,110)	-	(978,490)	-	3,666,586
Motor vehicles	4,718,801	3,247,508	(356,870)	-	-	-	(1,038,367)	-	6,571,072
Electrification	15,184,019	12,436,042	-	(27,620,057)	-	27,620,055	-	-	27,620,059
Community - Water Assets	4,706,934	1,470,173	-	(6,177,107)	-	-	-	-	-
Bins and containers	479,830	-	-	-	-	-	(40,179)	-	439,651
Roads and Water	102,971,352	27,418,833	-	(2,721,073)	-	-	(12,895,669)	6,347,744	121,121,187
	252,658,194	74,490,406	(356,870)	(55,128,212)	(9,110)	50,954,882	(19,852,645)	(860,467)	301,896,178

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2016

	Opening balance	Additions	Transfers received	Write Offs	Depreciation	Impairment loss	Total
Buildings	93,308,852	14,000	31,557,960	-	(3,981,437)	-	120,899,375
Plant and machinery	4,225,200	520,889	-	(64,023)	(986,987)	2,804	3,697,883
Motor vehicles	3,438,241	1,976,142	-	-	(695,582)	-	4,718,801
Work-in-progress	28,221,831	70,137,730	(81,575,542)	-	-	(1,600,000)	15,184,019
Community	-	4,766,940	-	-	(60,006)	-	4,706,934
Bins and containers	356,880	156,579	-	-	(33,629)	-	479,830
Leased Assets	14,588	-	-	-	(14,588)	-	-
Roads and Water	71,249,804	-	42,315,850	-	(10,594,302)	-	102,971,352
	200,815,396	77,572,280	(7,701,732)	(64,023)	(16,366,531)	(1,597,196)	252,658,194

Pledged as security

There are no Property, Plant and Equipment pledged as security for the municipality.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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3. Property, plant and equipment (continued)

Community assets

This is an exceptional case for Mhlabuyalingana municipality. uMhlabuyalingana local municipality was declared as a disaster area during 2015/16 financial period, emergency relief funds was made available by the municipality from its current budget to ameliorate the effects of the disaster as declared by the Premier of KZN.

There was a provision of short term relief to the affected communities through buying Jojo Tanks, Hiring Water Tanks, and construction of Boreholes. Through further engagement with the new district Mayor of Mkhanyakude municipality there is now consensus that these assets will be transferred to the district.

In addition, communities had a dire need for mobile clinics and creches. Taking into account the volatility of the situation and non-responsiveness of the district municipality to both these issues (boreholes, clinics and creches) due to financial constraints and maladministration (hence Section 139(b) intervention by the KZN cabinet), uMhlabuyalingana intervened after seeking advice from COGTA and obtaining resolution from the council to assist in this regard to avert imminent hostility and possible property vandalisation by angry communities.

Details of the Infrastructure constructed is listed below.

Borehole Ward 1	-	54,000
Borehole Ward 2	-	202,000
Borehole Ward 3	-	421,519
Borehole Ward 4	-	213,674
Borehole Ward 5	-	134,450
Borehole Ward 7	-	90,500
Borehole Ward 8	-	193,350
Borehole Ward 9	-	187,000
Borehole Ward 10	-	80,238
Borehole Ward 11	-	365,274
Borehole Ward 12	-	62,500
Water Tank Ward 14	-	100,000
Borehole Ward 15	-	65,000
Borehole Ward 16	-	115,710
Borehole Ward 17	-	607,434
	-	2,892,649

Community Assets Creche

Creche Ward 2	-	194,500
Creche Ward 6	-	119,000
Creche Ward 12	-	283,123
Creche Ward 14	-	98,815
Bridge Causeway	-	194,958
Market Stalls	-	114,930
	-	1,005,326

Community Assets Clinic

Clinic Ward 4	-	198,500
Clinic Ward 7	-	130,000
Clinic Ward 3	-	170,000
Clinic Ward 2	-	180,467
Clinic Ward 6	-	190,000
	-	868,967

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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Figures in Rand	2017	2016
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3. Property, plant and equipment (continued)

Details of Community Assets Transferred

Water Assets - Boreholes

Book value	4,362,823	-
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Boreholes (Water Assets) that were constructed by the municipality were transferred to Mkhanyakude District Municipality at its book value. The transfer of these assets took effect on 29 June 2017.

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Buildings	23,334,827	13,043,322
Infrastructure - Electrification	27,620,059	15,184,077
	50,954,886	28,227,399

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Manguzi Multipurpose Centre	14,562,762	4,177,164
Manguzi Multipurpose Centre is a multi year project, and estimated to be completed November 2017.		
	14,562,762	4,177,164

Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	13,043,322	-	15,184,018	28,227,340
Additions/capital expenditure	42,769,514	1,470,173	26,479,645	70,719,332
Transferred to completed items	(32,478,009)	(1,470,173)	(14,043,605)	(47,991,787)
	23,334,827	-	27,620,058	50,954,885

Reconciliation of Work-in-Progress 2016

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	39,426,837	21,907,213	61,334,050
Additions/capital expenditure	21,735,934	48,401,797	70,137,731
Other movements [specify]	-	(20,068,893)	(20,068,893)
Transferred to completed items	(48,119,449)	(35,056,099)	(83,175,548)
	13,043,322	15,184,018	28,227,340

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
3. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted Services - Plumbing	142,900	333,802
Contracted services - G5 Material	40,000	1,201,697
Contracted services - G7 Material	591,382	1,381,885
Contracted - Hiring Excavator	590,001	1,378,658
Contracted Service - Hiring of Grader	3,399,294	7,943,146
Contracted Service - Hiring Water Tank	1,596,379	3,730,266
Maintenance Storm Water	207,300	484,399
Contracted Service - TLB Hire	194,750	455,073
Renovations Mayors Office	195,790	457,503
Renovations Security Office Traffic Department	196,764	459,779
Locksmith	10,000	23,367
Contracted Service - Building Renovations	646,788	1,511,352
Contracted Service - Painting	37,250	87,042
Contracted Services - Parkhome Renovations	79,412	185,562
Contracted Service - Paving	234,520	548,004
Service Septic Tanks	17,700	41,360
Road Markings	197,000	460,331
Site Clearing	84,714	197,952
Tree Cutting	206,000	455,657
Computer Repair	162,922	380,701
Aircon Regas	7,500	1,108,229
Chainsaw Repair	18,497	43,222
Electrical	17,035	39,806
Furniture Repair	3,664	8,562
Contracted Service - Motor Vehicle	1,466,882	3,427,669
Contracted Service - Grass Cutting	940,991	-
	11,285,435	26,345,024

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,671,769	(1,581,192)	1,090,577	1,670,804	(1,117,732)	553,072

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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4. Intangible assets (continued)

Reconciliation of intangible assets - June 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	553,072	1,000,965	(463,460)	1,090,577

Reconciliation of intangible assets - June 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	451,448	321,931	(220,307)	553,072

5. Employee benefit obligations

Long Service Awards

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries

of commencing service and a retirement gift determined by reference to length of service.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as

at 30 June 2017 by Independent Actuarial One Pangaea Financial ('OPF'), Fellow of the Actuarial Society of South Africa. The

present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	26,167	384,267
Present value of the defined benefit obligation-partly or wholly funded	(43,668)	(102,578)
Fair value of plan assets	(357,958)	(422,622)
	(375,459)	(140,933)

Assumptions used at the reporting date:

Discount rates used	9.43 %	9.31 %
Real Rate	7.27 %	7.36 %
General Inflation Rate	7.27 %	7.25 %
Examples of mortality rates were used as follows:	-	-
Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90

Members withdrawn from services: (Average for males and females)

Age 20	12.00 %	12.00 %
Age 25	6.60 %	6.60 %
Age 30	5.10 %	5.10 %
Age 35	3.60 %	3.60 %
Age 40	2.60 %	2.60 %
Age 45	1.80 %	1.80 %
Age 50	1.10 %	1.10 %
	-	-

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
5. Employee benefit obligations (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	1,154,232	1,295,165
Contributions by plan participants	26,167	384,267
Benefits paid	(43,668)	(102,578)
Assumed in an entity combination	(357,958)	(422,622)
	778,773	1,154,232
Net expense recognised in the statement of financial performance		
Long services award	641,732	375,459
6. Receivables from non-exchange transactions		
Rates Debtors	40,688,369	34,216,885
Fines	3,963,741	2,556,151
Less: Provisions for the year - Rates	(29,081,732)	(27,715,432)
Less: Provisions Fines	(3,183,305)	(2,019,084)
	12,387,073	7,038,520
Rate Debtors (Ageing)		
Current (0-30 days)	2,018,389	1,195,000
31-60 days	880,497	1,151,338
61-90 days	852,315	948,211
91-120 days	836,204	546,242
121-365 days	36,100,964	30,376,094
	40,688,369	34,216,885
Fines		
Fines (Ageing)		
Current (0-30 days)	240,856	155,150
31-60 days	181,661	117,150
61-90 days	300,364	193,700
91-120 days	284,392	183,400
121-365 days	2,956,468	1,906,751
	3,963,741	2,556,151
Receivables from non-exchange transactions past due but not impaired		
Receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2017, 2,703,682 (2016: 2,715,635) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	852,315	560,524
2 months past due	880,497	969,520
3 months past due	970,870	1,185,590
7. VAT		
VAT	3,169,966	4,479,478

VAT is accounted for on an accrual basis but claimed / paid over to SARS on a cash basis.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
8. Receivables from exchange transactions		
Gross balances		
Creditors Overpayment	155,168	149,877
Debtor PMU	23,170	58,448
Debtors Employee Overpayment	11,824	19,678
Refuse	46,795	58,341
Debtors - Rentals	133,620	99,434
Other Debtors	66,237	-
	436,814	385,778
Net balance		
Creditors Overpayment	155,168	149,877
Debtor PMU	23,170	58,448
Debtors Employee Overpayment	11,824	19,678
Debtors-Waste	46,795	58,341
Debtors - Rentals	133,620	99,434
Other debtors	66,237	-
	436,814	385,778
Creditors Overpayment		
> 365 days	155,168	149,877
Debtors PMU		
Current (0 -30 days)	23,170	58,448
Debtors overpayment		
Current (0 -30 days)	11,824	19,678
Refuse		
Current (0 -30 days)	46,795	58,341
Rental		
Current (0 -30 days)	34,102	25,377
31 - 60 days	27,613	20,548
61 - 90 days	21,002	15,629
91 - 120 days	11,825	8,800
121 - 365 days	8,936	6,650
> 365 days	30,142	22,430
	133,620	99,434
Other (specify)		
Current (0 -30 days)	66,237	-
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1	47
Bank balances	12,713,451	8,336,188
Short-term deposits	5,499,873	53,786,325
Other cash and cash equivalents	47,452	65,785
	18,260,777	62,188,345

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

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9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
First National Bank - Current Account Hluhluwe - 62025236408	713,704	8,336,188	8,311,074	713,704	8,336,188	8,311,074
First National Bank - Call Account Hluhluwe - 62055161146	3,902	997,903	962,969	3,902	997,903	962,969
First National Bank - Call Account Hluhluwe - 62217154351	2,365	1,395,792	1,331,959	2,365	1,395,792	1,331,959
First National Bank - Call Account Hluhluwe - 62266899825	821,240	788,193	752,804	821,240	788,193	752,804
First National Bank - Call Account Hluhluwe - 74275256516	4,138,519	3,846,009	13,033,415	4,138,519	3,846,009	13,033,415
Standard Bank - Call Account Empangeni - 068824491	18,110	17,111	16,638	18,110	17,111	16,638
Nedbank - Call Account Richardsbay - 28702097	31,376	29,627	28,195	31,376	29,627	28,195
First National Bank - Call Account Hluhluwe - 62424086785	484,361	46,711,753	19,377,877	484,361	46,711,753	19,377,877
First National Bank - Fixed Deposit Account - 74622621601	11,999,747	-	33,789,770	11,999,747	-	33,789,770
Total	18,213,324	62,122,576	77,604,701	18,213,324	62,122,576	77,604,701

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

COGTA - Small Town Rehabilitation	162,260	162,260
Spatial Development	100,000	100,000
Manguzi Road Project	17,307	17,307
Urban Development	907,195	907,195
DEP Energy Electrification	2,916,223	-
Manzengwenya Project	7,500	7,500
M A P	251,168	251,168
Phelandaba Development Grant	178,600	178,600
Nhlanga Lake Restaurant	5,600	5,600
KwaTembe Concrete Project	86,111	86,111
Mbazwana and Munguzi Hubs	160,000	160,000
Tourism and Environmental Affairs Grant	200,000	200,000
Cogta energy electrification	-	3,549,889
Wall to Wall Scheme	1,000,000	-
Small Town	87,762	3,500,000
	6,079,726	9,125,630

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

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10. Unspent conditional grants and receipts (continued)

These amounts are invested in a ring-fenced investment until utilised.

11. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Total
Environmental rehabilitation	10,266,492	872,652	11,139,144
Employee benefit cost	1,154,232	641,732	1,795,964
	11,420,724	1,514,384	12,935,108

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Environmental rehabilitation	9,462,205	804,287	10,266,492
Employee benefit cost	1,295,165	(140,933)	1,154,232
	10,757,370	663,354	11,420,724

Environmental rehabilitation provision

The municipality operates three Landfill sites, which are Thandizwe, Mbazwana and Skhemelele.

The Municipality estimated rehabilitation cost are R11 139 144 (2016: 109 266 492) to restore the landfill site at the end of its useful life, estimated to be 30 years from the date of revaluation. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 8.5% (2016: 8.5%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer Mpume Naleli Technologies.

The date on which Mpume Naleli Technologies valued landfill sites was 30 May 2017. The landfill sites are revalued every four year.

Long service award provision

Long services award are payable after ten years of continuous services and every five years thereafter to employees.

A provision is an estimate of the long service award base on historic staff turnover, taking into account management estimate of the likelihood that staff may leave before long services become due. No other long services benefit are provided to employees.

For key assumptions and values please refer to note 5.

12. Payables from exchange transactions

Trade payables	9,203,834	2,079,693
Accrued leave pay	2,922,866	2,084,243
Accrued bonus	980,080	735,550
Accrued expense	22,357	22,357
Retention Creditors	6,103,400	5,206,461
Other creditors	1,358	-
Payroll related creditors	-	28,589
Debtors with credit balance	-	5,823
	19,233,895	10,162,716

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
12. Payables from exchange transactions (continued)		
Ageing trade and other payables		
Trade payables	7,586,090	2,079,693
13. Revenue		
Service charges	201,968	201,968
Interest received (trading)	894,633	747,244
Licences and permits	3,707,490	3,798,350
Rental income	253,770	252,125
Other income	352,344	364,767
Interest received - investment	5,121,209	6,958,873
Property rates	19,118,068	17,183,838
Government grants & subsidies	171,250,572	182,286,022
Public contributions and donations	53,262	30,085
Fines, Penalties and Forfeits	1,709,650	2,076,550
	202,662,966	213,899,822
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	201,968	201,968
Interest received (trading)	894,633	747,244
Licences and permits	3,707,490	3,798,350
Rental income	253,770	252,125
Other income	352,344	364,767
Interest received - investment	5,121,209	6,958,873
	10,531,414	12,323,327
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	19,118,068	17,183,838
Transfer revenue		
Government grants & subsidies	171,250,572	182,286,022
Public contributions and donations	53,262	30,085
Fines, Penalties and Forfeits	1,709,650	2,076,550
	192,131,552	201,576,495
14. Refuse removal		
Refuse removal	201,968	201,968
15. Rental Income		
Rental income	253,770	252,125
Other income	352,344	364,767
	606,114	616,892

Umhlabyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
16. Other income		
Business Licensing	1,658	2,600
Sundry income	222,375	84,037
Library Income	17,477	20,584
Tender Documents	110,834	257,546
	352,344	364,767
17. Property rates		
Rates		
Commercial	9,723,526	4,294,373
State	13,200,675	9,322,449
Property trust	960,000	7,445,286
Hospitality	-	389,943
Less: Income forgone	(4,766,133)	(4,268,213)
	19,118,068	17,183,838
Valuations		
Residential / Hospitality	92,900,000	92,900,000
Commercial	506,075,000	399,075,000
State	658,120,000	685,280,000
State trust Land	572,400,000	572,400,000
Municipality	27,900,000	-
Other	-	174,740,000
Protected Area	164,500,000	-
Place of Worship	4,300,000	-
	2,026,195,000	1,924,395,000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014, annual valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of 0,0025 (2016:0,0025) is applied to property valuations of ITB to determine the assessment rate. The billing remained constant from previous year.

Business Properties are billed at R0.01 (2016: R0,01) per rand for a period of seven months per council discretion. Hospitality will be included in this category.

The new general valuation will be implemented on 01 July 2019.

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
18. Government grants and subsidies		
Operating grants		
Equitable share	121,121,000	121,138,000
Financial Management Grant	1,825,000	1,800,000
EPWP Grant	2,277,000	1,294,000
Small Town Rehabilitation	3,412,238	-
Library Grant	1,592,000	1,747,169
Municipal Systems Improvement Grant	-	930,000
Electrification grant - COGTA	4,198,334	6,450,111
Community participation grant	-	2,000
	134,425,572	133,361,280
Capital grants		
Municipal Infrastructure Grant	36,825,000	33,827,000
Intergrated Electrification Programme	-	15,000,000
Sports Grant	-	97,742
	36,825,000	48,924,742
	171,250,572	182,286,022
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	49,481,127	61,148,022
Unconditional grants received	121,121,000	121,138,000
	170,602,127	182,286,022
MSIG		
Current-year receipts	-	930,000
Conditions met - transferred to revenue	-	(930,000)
	-	-
Department of Sport		
Balance unspent at beginning of year	-	97,742
Conditions met - transferred to revenue	-	(97,742)
	-	-
COGTA -Small Town Rehabilitation		
Balance unspent at beginning of year	162,260	162,260
	162,260	162,260
Spatial Development		
Balance unspent at beginning of year	100,000	100,000
	100,000	100,000
Project Consolidate Manguzi		
Balance unspent at beginning of year	17,307	17,307
	17,307	17,307
Library Grant		

Umhlabyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
18. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	181,569
Current-year receipts	1,592,000	1,476,000
Conditions met - transferred to revenue	(1,592,000)	(1,657,569)
	-	-
Urban Development Grant		
Balance unspent at beginning of year	907,195	907,195
Department of energy		
Current-year receipts	-	8,657,622
Conditions met - transferred to revenue	-	(8,657,622)
	-	-
Manzengwenya Project		
Balance unspent at beginning of year	7,500	7,500
Municipal Assistance Program (MAP)		
Balance unspent at beginning of year	251,168	251,168
Phelandaba Development Grant		
Balance unspent at beginning of year	178,600	178,600
Nhlanga Lake Restaurant		
Balance unspent at beginning of year	5,600	5,600
Kwa Tembe Concrete Project		
Balance unspent at beginning of year	86,111	86,111
Mbazwana and Manguzi Hubs		
Balance unspent at beginning of year	160,000	160,000
IDP Community Participation		
Balance unspent at beginning of year	-	2,000
Conditions met - transferred to revenue	-	(2,000)
	-	-
MIG		
Balance unspent at beginning of year	-	-
Current-year receipts	36,825,000	33,827,000
Conditions met - transferred to revenue	(36,825,000)	(33,827,000)
	-	-
FMG		

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
18. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	-
Current-year receipts	1,825,000	1,800,000
Conditions met - transferred to revenue	(1,825,000)	(1,800,000)
	-	-
EPWP		
Balance unspent at beginning of year	-	-
Current-year receipts	2,277,000	1,355,000
Conditions met - transferred to revenue	(2,277,000)	(1,355,000)
	-	-
Tourism and Environmental Affairs Grant		
Balance unspent at beginning of year	200,000	200,000
INEG Electrification Grant		
Current-year receipts	20,000,000	15,000,000
Current year expenditure realised - Liability	(17,083,777)	(15,000,000)
	2,916,223	-
Cogta electrification grant		
Balance unspent at beginning of year	3,549,889	3,549,889
Current-year receipts	-	10,000,000
Conditions met - transferred to revenue	(3,549,889)	(10,000,000)
	-	3,549,889
Wall to Wall Scheme		
Current-year receipts	1,000,000	-
Small Town		
Balance unspent at beginning of year	3,500,000	-
Current-year receipts	-	3,500,000
Conditions met - transferred to revenue	(3,412,238)	-
	87,762	3,500,000
19. Public contributions and donations		
Public contributions and donations	53,262	30,085

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
20. Employee related costs		
Basic	33,752,427	27,685,686
Commissions	491,317	722,820
Bonus	2,361,311	1,748,292
Medical aid - company contributions	1,311,015	900,780
UIF	261,241	224,672
SDL	407,257	325,819
Travel, motor car, accommodation, subsistence and other allowances	2,550,739	1,663,771
Overtime payments	963,989	779,470
Long-service awards	684,450	(36,728)
Car allowance	2,268,000	985,464
Housing benefits and allowances	21,861	-
Standby Allowance	513,000	445,500
GroupLife Insurance	415,064	317,240
NJMPF Contribution	2,686,444	1,712,268
SALGBC - Levies	12,273	9,019
Rural Allowance	553,203	-
	49,253,591	37,484,073
Remuneration of Municipal Manager		
Annual Remuneration	1,039,237	838,637
Car Allowance	180,000	139,020
Performance Bonuses	110,425	87,267
Backpay	98,145	-
Contributions to UIF, Medical and Pension Funds	32,686	24,875
Reimbursive travel	99,569	43,344
Cellphone allowance	30,000	30,000
Rural Allowance	99,383	-
	1,689,445	1,163,143
Remuneration of Chief Finance Officer		
Annual Remuneration	851,150	673,531
Car Allowance	162,000	122,616
Performance Bonuses	90,665	72,733
Contributions to UIF, Medical and Pension Funds	27,332	88,800
Backpay	89,879	-
Reimbursive allowance	88,589	43,369
Cellphone allowance	25,200	25,200
Rural Allowance	81,599	-
	1,416,414	1,026,249
Remuneration of Director - Community Services		
Annual Remuneration	851,150	651,530
Car Allowance	162,000	122,616
Performance Bonuses	90,665	94,734
Contributions to UIF, Medical and Pension Funds	27,260	20,227
Cellphone allowance	25,200	25,200
Backpay	82,701	-
Reimbursive allowance	4,681	4,805
Rural Allowance	81,599	-
	1,325,256	919,112
Remuneration Corporate and Human Resources (Corporate Services)		

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
20. Employee related costs (continued)		
Annual Remuneration	851,150	657,830
Car Allowance	160,200	122,616
Performance Bonuses	90,665	88,434
Contributions to UIF, Medical and Pension Funds	27,260	68,680
Backpay	82,701	-
Reimbursive allowance	37,132	25,200
Cellphone allowance	25,200	18,904
Rural Allowance	81,599	-
	1,355,907	981,664
Remuneration of Director Technical Services		
Annual Remuneration	737,963	593,333
Car Allowance	162,000	122,616
Performance Bonuses	78,582	54,567
Contributions to UIF, Medical and Pension Funds	139,713	105,896
Backpay	71,427	-
Reimbursive allowance	121,574	107,190
Cellphone allowance	25,200	25,200
Rural Allowance	70,723	-
	1,407,182	1,008,802
Mayor Cllr T.S Mkhombo		
Annual Remuneration	33,781	280,480
Car Allowance	11,260	93,493
Contributions to UIF, Medical and Pension Funds	-	45,725
Cellphone Allowance	2,244	20,172
Mobile data	387	3,480
SDL	454	-
	48,126	443,350
Deputy Mayor Cllr M.N Nxumalo		
Annual Remuneration	27,025	224,384
Car Allowance	9,008	74,795
Contributions to UIF, Medical and Pension Funds	-	26,763
Cellphone Allowance	2,245	20,172
Performance bonus	387	39,375
Mobile data	387	3,480
	39,052	388,969
Speaker Cllr N.S Mthembu		
Annual Remuneration	27,025	224,384
Car Allowance	9,008	74,794
Reimbursive Allowance	5,405	-
Contributions to UIF, Medical and Pension Funds	369	56,940
Performance bonus	-	40,918
Cellphone Allowance	2,244	20,172
Data Allowance	387	3,480
	44,438	420,688
Mayor Cllr N.S Mthethwa		

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
20. Employee related costs (continued)		
Annual Remuneration	325,389	-
Car Allowance	108,463	-
Contributions to UIF, Medical and Pension Funds	4,849	-
Backpay	52,114	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Reimbursive Allowance	30,092	-
	541,619	-
Deputy Mayor Cllr F.G Mlambo		
Annual Remuneration	260,311	-
Car Allowance	86,770	-
Contributions to UIF, Medical and Pension Funds	3,940	-
Backpay	43,556	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Reimbursive Allowance	51,359	-
	466,648	-
Speaker Cllr B.T Tembe		
Annual Remuneration	260,310	-
Car Allowance	86,770	-
Contributions to UIF, Medical and Pension Funds	3,675	-
Backpay	43,556	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Reimbursive Allowance	60,220	-
	475,243	-
Exco Members Cllr N.S Mthethwa		
Annual Remuneration	25,336	210,362
Car Allowance	8,445	70,120
Performance Bonuses	-	44,158
Contributions to UIF, Medical and Pension Funds	347	34,501
Cellphone Allowance	2,243	20,172
Data Allowance	387	3,480
Reimbursive Allowance	12,182	-
	48,940	382,793
Exco Members Cllr B.T Tembe		
Annual Remuneration	25,336	210,362
Car Allowance	8,445	70,121
Cellphone Allowance	2,244	20,172
Data Allowance	387	3,480
Performance bonus	-	34,501
Contributions to UIF, Medical and Pension Funds	347	-
	36,759	338,636
Exco Member Cllr B.N Ntsele		
Annual Remuneration	196,355	-
Car Allowance	65,452	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
20. Employee related costs (continued)		
Backpay	21,840	-
Reimbursive Allowance	83,035	-
Contributions to UIF, Medical and Pension Funds	2,912	-
	390,306	-
Exco Member Cllr S.N Tembe		
Annual Remuneration	196,355	-
Car Allowance	65,452	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Backpay	20,222	-
Reimbursive Allowance	55,101	-
Contributions to UIF, Medical and Pension Funds	2,896	-
	360,738	-
Exco Member Cllr M.D Mathenjwa		
Annual Remuneration	196,355	-
Car Allowance	65,452	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Backpay	20,222	-
Reimbursive Allowance	2,547	-
Contributions to UIF, Medical and Pension Funds	2,896	-
	308,184	-
Exco Member Cllr Z.L Mhlongo		
Annual Remuneration	196,355	-
Car Allowance	65,452	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Backpay	20,222	-
Reimbursive Allowance	29,983	-
Contributions to UIF, Medical and Pension Funds	2,896	-
	335,620	-
Exco Member Cllr M.Z Mhlongo		
Annual Remuneration	196,355	-
Car Allowance	65,452	-
Cellphone Allowance	17,712	-
Data Allowance	3,000	-
Backpay	20,222	-
Contributions to UIF, Medical and Pension Funds	2,896	-
	305,637	-
21. Remuneration of Councillors		
Mayor	395,490	314,162
Councillors	9,767,135	8,974,845
Cell phone Allowance	97,808	90,175
Data Allowance	125,613	122,400
	10,386,046	9,501,582

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
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21. Remuneration of Councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor, Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

22. Repairs and maintenance

Repairs and Maintenance covered large part of municipal access roads being maintained in the current financial period.

23. Impairment of assets

Impairments

Impairment Fixed Assets	860,468	1,597,196
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Certain Property, Plant and Equipment were considered for Impairment in the current period due to lack of maintenance in some areas of Sportsfield.

Impairment reversal was also considered on Access Roads as they were maintained and the useful life increased. The recoverable amount of the asset was based on its fair value less costs to sell.

The main classes of assets affected by impairment losses are:

Sportsfields

There's lack of maintenance on the local sportsfields. It has been visible through verification that soccerfields are not maintained and possibly vandalism on the facilities. Impairment was recommended until facilities are maintained.

The main classes of assets affected by reversals of impairment losses are:

Gravel Roads

A thorough maintenance was carried through Access Road, G5 and G7 material way laid on Access Road, hence the useful life of roads improved. Reversal of Impairment resulted on roads

24. Debt impairment

Contributions to debt impairment provision	2,530,522	6,683,947
Bad debts written off	621,959	1,879,722
	3,152,481	8,563,669

25. Contracted services

Information Technology Services	162,922	380,701
Fleet Services	1,466,882	3,427,669
Other Contractors	9,655,632	22,536,654
	11,285,436	26,345,024

Expenditure on Contracted Services was incurred on employing services providers to provide various services to repair and maintain certain Property, Plant and Equipment

The detailed breakdown of expenditure incurred is substantiated on note 3.

Umhlalabuyalingana Local Municipality

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Figures in Rand	2017	2016
26. General expenses		
Audit Committee fees	324,254	241,078
Advertising	450,206	554,081
Auditors remuneration	1,359,345	1,619,143
Bank charges	200,552	175,590
Cleaning	647,272	280,372
IT Networks	1,473,026	384,070
Consulting and professional fees	7,749,775	4,371,806
Strategic planning	619,715	617,940
Gardening	-	699,113
Disability programme	166,603	127,210
Refreshments - Water	-	209,159
Internal Audit fee	3,040,440	2,998,717
Catering expense	8,639,418	6,869,792
Tent and chairs hire	11,319,907	8,422,299
Card licence costs	377,699	410,605
Legal fees	1,339,900	922,795
Insurance	376,848	303,316
Festive support	545,724	1,025,731
Conferences and seminars	9,474	-
Pauper Burial	1,353,448	1,215,588
Electrification transferred	-	7,701,728
Transit costs	58,526	53,095
News letter	388,000	292,000
Marketing	1,730,339	2,848,848
School uniforms	736,330	1,090,483
Promotion and sponsorship	58,956	104,590
Sporting Kits	4,642,302	2,990,477
Borehole transferred	4,173,393	-
Vehicle hire	34,508	-
Bursary support	1,042,821	538,979
Office and website rental	564,169	182,729
Fuel and oil	2,817,218	2,019,331
Postage and courier	757,775	662,873
Printing and stationery	1,880,655	2,039,434
Gender Awareness	365,190	302,350
Disaster management	320,447	220,556
Groceries	6,608,263	5,691,468
MSCOA implementation costs	1,700,805	443,438
Security (Guarding of municipal property)	5,229,830	3,186,852
Software expenses	120,086	257,114
Staff welfare	7,002,117	3,367,390
Subscriptions and membership fees	500,000	519,059
Sdf & Nodal Plan	843,630	1,173,755
Woman summit	150,000	9,000
Training	1,306,930	1,799,371
Electricity	702,770	420,959
Transport	4,290,701	3,336,806
Waste management plan	801,857	681,670
Refuse	1,227,380	958,522
Uniforms	352,850	101,459
Tourism development	365,695	295,224
Accommodation	4,158,541	1,777,156
Leave pay	926,802	864,453
Equipment hire	2,210,750	1,407,457
Commission paid	32,232	-
Awareness campaign - Clothing	2,878,135	1,885,745
Sanitation hire	656,517	357,250
Ward committees stipend	1,833,350	2,056,336
Other expenses	536,647	346,288

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
26. General expenses (continued)	104,000,123	83,432,650
27. Cash generated from operations		
Surplus	2,398,336	29,500,155
Adjustments for:		
Depreciation and amortisation	20,316,105	16,586,843
(Profit)/Loss on sale of property, plant and equipment	123,053	64,023
Assets write off	9,110	-
Impairment deficit	860,468	1,597,196
Debt impairment	166	-
Non-cash item - Boreholes	4,173,393	-
Other non cash item	(56)	(139)
Movements in provisions	1,514,384	663,354
Non-cash items - Electrification	-	7,701,728
Changes in working capital:		
Receivables from exchange transactions	(51,035)	103,293
Receivables from non-exchange transactions	(5,348,553)	(1,256,446)
Other receivables from non-exchange transactions	-	(5,072)
Payables from exchange transactions	9,070,697	2,845,640
VAT	1,309,512	(2,304,700)
Unspent conditional grants and receipts	(3,045,904)	6,768,578
	31,329,676	62,264,453
28. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Kwambila Multipurpose Centre	9,445,140	-
• Mseleni Electrification	306,082	-
• Manguzi Multipurpose Centre	10,338,146	22,951,859
• Intangible assets	-	886,194
• Mboza Electrification Phase 2	865,252	2,903,165
• Ward 8 Electrification	-	3,124,302
• Welcome Community Centre	-	1,183,899
• Lulwane Community Centre	-	2,615,597
• Manaba Electrification	8,789,689	-
• Ward 4 Electrification	3,403,663	-
	33,147,972	33,665,016
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	755,141	755,141
Total capital commitments		
Already contracted for but not provided for	33,147,972	33,665,016
Not yet contracted for and authorised by accounting officer	755,141	755,141
	33,903,113	34,420,157

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, existing cash resources, funds internally generated or grants.

The amount disclosed for commitments is vat exclusive.

Umhlabuyalingana Local Municipality

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Figures in Rand

2017

2016

29. Contingencies

1. NATAL JOINT PENSION VS UMHLABUYALINGANA MUNICIPALITY

Natal Joint Municipal Pension Fund (NJMPF) has a claim in terms of Regulation 1 (xxi)(h) of the Regulations to the Natal Joint Municipal Pension Fund (Superannuation). NJMPF have been granted Default Judgment. A warrant of execution has been issued, they have attached municipal movable property. Financial exposure including disbursement amounts to R192 832.38.

2. LUYEZA TRADING CONSTRUCTION CC VS UMHLABUYALINGANA MUNICIPALITY

This relate to the construction of Zama Zama Sportfield, the contractor was unable to complete the project and was subsequently released from the contract. The contractor instituted a claim against municipality and the amount of the claim was R216 000.

3. UMHLABUYALINGANA LOCAL MUNICIPALITY VS SITA

Municipality was pulling out from the contract with SITA, and the department instituted a claim against municipality. Settlement amount is estimated to be R150 000

3. NGUBANE & CO. VS UMHLABUYALINGANA LOCAL MUNICIPALITY

Ngubane and Co Partnership has instituted a claim against municipality for breach of contract and subsequent damage as a result thereof. Settlement amount is R301 599.73

4. EXCO V DIRECTORS OF UMHLABUYALINGANA

Contracts of certain municipal Head of Departments came to an end and were subsequently renewed by council resolution. The decision was taken by municipality to rescind the appointment of these directors. The claim was instituted by the directors claiming the validity of the contracts.

The amount of the settlement amount is estimated to be R19 538 117

30. Related parties

Refer to note 22 for Key Management information and their remuneration.

31. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Umhlabuyalingana Local Municipality

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Figures in Rand	2017	2016
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31. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2017	30 June 2016
Receivables from exchange transactions	436,814	386,256
Receivables from non-exchange transactions	12,387,073	7,038,520
Cash and cash equivalents	18,260,777	62,188,345

Refer to note 6 and note 8 for ageing of receivables as well as note 9 for further disclosure of cash and cash equivalents.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

32. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of 298,992,655 and that the municipality's total assets exceed its liabilities by 298,992,655.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

33. Events after the reporting date

The municipality has relinquished contracts of some executive directors, of which the matter is in court. The directors which were released from their respective contracts are:

Nathi Myeni (CFO).
Nokuphiwa Msane (Director Corporate Service)
Mduduzi Mnguni (Director Community Service)

The Accounting Officer's Mr S.E Bukhosini contract came to an end 31 July 2017 and the Acting Municipal Manager Mrs Nonhlanhla Gamede was appointed on 01 August 2017

34. Unauthorised expenditure

Opening balance	4,843,362	-
Boreholes	-	2,892,649
Clinics	-	1,005,326
Budget variance	3,644,530	-
Creche	-	868,967
Ndwangu causeway	-	76,420
	8,487,892	4,843,362

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
34. Unauthorised expenditure (continued)		
Budget variance is as a results of assets transferred and donated, Electrification and Water Assets. The expenditure was not budget for as its non-cash item as classified in our cash flow.		
35. Fruitless and wasteful expenditure		
Opening balance	3,147	-
Add: Fruitless and wasteful expenditure	5,464	3,147
	8,611	3,147
36. Irregular expenditure		
Opening balance	6,439,830	80,642,075
Add: Irregular Expenditure - current year	1,150,700	6,439,830
Less: Amounts written off	-	(80,642,075)
	7,590,530	6,439,830
Details of irregular expenditure - In Service of the State		
Repeat Suppliers identify by CAATs	841,157	
Identified Suppliers by CAATs in 2015/16 financial year.	3,693,937	
Bids advertised	1,904,736	
SCM Processes not properly followed Procurement of Mayoral Vehicle	1,150,700	
	7,590,530	
37. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Current year subscription / fee	1,383,204	1,619,143
Amount paid - current year	(1,383,204)	(1,619,143)
	-	-
PAYE and UIF		
Opening balance	-	18,624
Current year subscription / fee	6,247,016	3,275,386
Amount paid - current year	(6,247,016)	(3,294,010)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	2,260,094	1,183,826
Amount paid - current year	(2,260,094)	(1,183,826)
	-	-
VAT		
VAT receivable	3,169,966	4,479,478

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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38. Actual operating expenditure versus budgeted operating expenditure

38.1 Interest on Outstanding Debtors

Interest on outstanding debtors recognised is 65% more than the projected budget. Interest is coming from property rates debtors as a result of long outstanding debtors not settled by both government and commercial debtors

38.2 Other Income

Revenue received from insurance refunds and LGSETA refunds is the reason for the increase in this category including Tender documents income and Commission Received

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

38. Actual operating expenditure versus budgeted operating expenditure (continued)

38.3 Interest on Investments

Revenue received from interest on investments and current account is less than the budget as a result of more withdrawals on investment and on the main account than what was anticipated during the adjustment budget. Interest on current accounts is 14% less than the projected budget. Budget was overstated.

38.4 Public Contributions and Donations

Revenue recognised from donations increased by 100%, donation received from other government department was received after the adjustment budget.

38.5 Traffic Fines

Traffic fines revenue recognised is 11% less than the projected budget. Traffic equipment were out of service for most part of the financial year, coupled with ENATIS system being down for most part of the year. The challenge was the delays in the servicing of the speed cameras

38.6 Impairment Loss

Increase of 100% on impairment loss is a result of Sports Fields not included in the maintenance plan. Conditions on Sports Field deteriorated during the financial period and during conditional assessment recommendation to impair the infrastructure was issued. Conditional assessment was done after adjustment budget.

38.7 Debt Impairment

Ingonyama Trust and Other Government properties were moved as they fall within Jozini district. Other business properties were removed from valuation roll. The original budget was fairly based on the incidents happened in the prior financial period and was adjusted accordingly. The budget was overstated.

38.8 Contracted Service

Budget for repairs and maintenance was re-allocated to Contracted Services. Due to implementation and adoption of new GRAP standards, repairs and maintenance are to be disclosed per function. There is no final budget and there is no actual expenditure for this line item.

38.9 Assets Write Off

Increase of 100% on asset write offs is a result of disposal of redundant assets by the municipality, the municipality did not budget for this item because we did not anticipate that we will dispose any assets.

38.10 General Expenditure

General expenditure is 8% above than what was budgeted for because of the Water Assets that was expensed. Water assets were constructed as a disaster relief mechanism, whilst its not the function of the municipality, hence needed to be transferred to district municipality.

38.11 Capital Expenditure

Capital budget has reduced due to Electrification Grant not expensed in the current period, additional computer equipment, furniture and office equipment has not been purchased during the financial period as budgeted for. Rollover of unspent grants received has contributed to increase in original budget.

38.12 Government Grants

Due to Electrification Grant not being recognised as an income, Budgeted income was undersated by 11%

Umhlalabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

40. Deviations

Assets that have been recognised, but which are subject to restrictions, the amount of restriction are as follows:

Opening balance	-	3,318,946
Deviations for the year	676,397	541,490
Closing balance	-	(3,860,436)

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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Figures in Rand

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41. Explanation of variances above 10% on General Expenses

Audit Committee Fees

Umhlalabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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41. Explanation of variances above 10% on General Expenses (continued)

There were more special audit committee meetings due to internal audit findings and for the preparation of AFS

Advertising

Costs for advertisement for tenders and notices increased

Auditors remuneration

Increased as a result of increase on rates being charged by internal auditors for their services

Bank charges

More transactions were done in the bank accounts hence the increase in charges

Cleaning

Additional dumping sites were established and they were provided with cleaning material

Poverty Alleviation

A new ward was added due to demarcation of wards is the reason for the increment

IT Network

This expenditure was to address issues of DRP, BCP, Server and Network

Disability programme

Increase is a result of meetings held with District Municipality for the preparation and implementation of disability programmers

Card Production costs

Decrease is due to the loss of working hours as a result of network and Internet connection to the inetis system

Insurance

Increase is a result of additional assets purchased in this financial year

Festive Support

Decrease is a result of the decrease in the number of volunteers appointed

Electrification Projects

More electrification projects were completed in this financial year including the projects implemented in the prior years

Indigent support

New ward was added due to demarcation of wards is the reason for the increment

Transit costs

Increase is a result of the increase in the agreement

Newsletter

Increase is a result of the scope of work

Marketing

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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41. Explanation of variances above 10% on General Expenses (continued)

Decreased because the marketing strategy was reviewed to reduce costs

School support programme

Decreased because schools supported were reduced compared to previous financial year

Promotion and sponsorship

Decreased because of few events were held that required promotional items

Water Assets

Increase is a result of assets transferred to the District Municipality

Vehicle hire

Delays in the procurement of the Mayoral Car resulted in hiring

Bursary support

Increased as a result of the increase of Tertiary Students supported

Office and Website rental

Increase is a result of a new appointed service provider and additional scope of work

Fuel and oil

Increase is a result of additional vehicles purchased

Agricultural projects

Decreased as a result of the decrease on LED projects implemented

Postage and courier

Increase as a result of increase of courier services charges

Printing and Stationery

Decreased as a result of reducing the printing costs by having a centralised printer

Gender Awareness

Increase is a result of increase on programmes

IDP Review

Increased as a result of increase in public participation programmes as a result of community protests

Disaster Management

Increased as a result of increase on incidents happened in this financial year

Security (Guarding of municipal property)

Increased as result of increase of security personnel including political office bearers (Mayor, Speaker and Deputy Mayor)

Staff welfare

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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41. Explanation of variances above 10% on General Expenses (continued)

Increased as a result of the increase of public participation meetings

Subscriptions and membership fees

Increased as a result of increase of SALGA membership affiliation fees for councillors

SDF and Nodal Plans

Decreased as a result of decrease in the number of plans to be drafted as others were compiled in the last financial year

Woman summit

Increased as a result that this programme was implemented this financial year as it was not implemented in the previous financial year

Training

Decreased as a result few trainings attended in this financial year

Youth Programmes

Increased as a result that a Youth Programmes unit has been established internally

SMME Development

Increased as a result that LED incubator programmes were implemented including training for those beneficiaries

Sports and recreation

Increased as a result of the Sports Mayoral Programme implemented for the sports coaching and sports clinics

Electricity

Increases as a result of the increase on tariffs

Waste management plan

Increased as a result of the development of the Waste Management Plan

Refuse

Increased as a result of the increase of the collection points in three towns

Uniforms

Increased as result of the increase of general workers to services three towns

Tourism development

Increased as a result of the increase on tourism campaigns

Accommodation

Increased as a result of the increase on number of employees and increase on Mscoa meetings

Community Participation

Increased as a result of the increase of the public participation due to community protests and awareness on crime and preventions for car theft and killing of people living with albinism

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

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2016

41. Explanation of variances above 10% on General Expenses (continued)

Leave pay

Leave provision increased as a result of the number of employees appointed

Commission paid

This expenditure is for the commission paid to the Auctioneers who assisted the municipality in the auction of municipal assets

HIV/AIDS Programme

Increased as a result the increase of HIV/ AIDS programmes implemented due to the high rates of HIV infections as per the Department of Health statistics

Ward committees

Decreased as a result of delays in the appointment of new ward committee members after the new council has been inaugurated and disputes from the appointment of ward committee members

Community Upliftment

Decreased as a result of the decrease of the programmes implemented

Mscosa Project

Is a result of implementation of Mscosa including mscoa training

42. Budget statement

Changes from the approved budget to the final budget

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

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42. Budget statement (continued)

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. Below are the reasons for adjustment budget.

Services Charges (Refuse Removal)

This is mainly due to prior year being used as basis for current year budget estimation(original budget). In the prior year,waste services were only provided to the two hospitals (Manguzi and Mseleni). In the current year,the municipality started providing waste services to Ithala centre which resulted in a significant increase in Waste services revenue and hence the budget was adjusted.

Rental Income

There was an increase in the collection of rental from Market Rentals, the collection significantly increased and the adjustment was made to original budget.

Interest on outstanding debtors

There was an increase in the value of properties not paying for property rates. Collection has reduced and interest on outstanding debtors increased.

Other Income

Other Income includes Tender documents, Library income, Commission, Business licensing. Tender documents issued during the financial year were more than the tender documents issued in the prior period, the original budget was based on the estimates of prior period. There was an insurance payout that was recieved in the current period.

Property Rates

On the new valuation/supplementary roll that was received from property valuer, certain properties were removed and budget was based on previous valuation/supplementary roll

Government Grants

There was a roll over on Electrification Grant from previous financial period, and an extra Street Lights grant was received during the current financial period.

Personnel Costs

Increase in employee related cost due to municipality understated cost base on SALGA agreement, medical aid, pension fund, long services award and overtime.

Remuneration of Councilors

Original budget for councilors allowance is adjusted by on basis of Government Gazette for the upper limits that are issued by office of the MEC.

Debt Impairment

Debt impairment has decreased significantly as a results of large number of properties being removed from valuation roll and transferred to Jozini local municipality. A huge budget was originally done based on the prior estimate on Ingonyama Trust Properties being written off.

Depreciation and Amortisation

Intangible assets and Computer software increased in the current financial period. Adjustment to original budget increased.

Finance charges

CHAPTER 7

AG AUDIT FINDINGS



AUDITOR - GENERAL
SOUTH AFRICA

The Accounting Officer
Mrs N Gamede
Umhlabuyalingana Municipality
P.O Box 901
Kwangwanase
3973

21 December 2017

Reference: 21276REG16/17

Dear Madam

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Umhlabuyalingana Municipality for the year ended 30 June 2017

The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).

1. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
2. In terms of section 121(3) you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

Auditing to build public confidence

Auditor-General of South Africa
www.agsa.co.za

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



.....
Adèle Howard

Senior Manager (KZN 5)

Enquiries: Shaun Solomon
Telephone: (033) 264 7440
Fax: (033) 264 7596

Auditor-General of South Africa

Umhlabuyalingana Municipality -
Audit report 2016-17

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Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Umhlabuyalingana Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Umhlabuyalingana Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umhlabuyalingana Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Context for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Material impairment

7. As disclosed in note 6 to the financial statements, the municipality provided for impairment of non-exchange receivables of R32,26 million (2015-16: R29,73 million) as the recoverability of these debts were doubtful.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

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

Development priorities	Pages in the annual performance report
KPA 2: Basic services and infrastructure	x – x
KPA 3: Local economic development	x – x

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report on pages x to x; x to x includes information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

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

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein; I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate; however, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon.
28. I did not identify any significant deficiencies in internal control.

Auditor - General

Pietermaritzburg

21 December 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

AG ACTION PLAN

N o .	AFS Comp onent	Criteria/Re quirement	AGSA Finding	Root cause/I nternal control deficie ncy	Remed ial action requir ed	Re pea t Fin din g	Status/P rogress to date	Respo nsibilit y	POE	POE RECE IVED: ANNE XURE	Due dat e	COM MENT S
1	SCM											

1.1	BBBEE points were inaccurately awarded to winning bidder	According to the Preferential Procurement Regulation para 11(8), No points will be awarded for B-BBEE status level if it is indicated in the tender documents that the bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended subcontractor is an exempted micro enterprise that	During the audit of supply chain management and procurement, it was identified that the winning bidder was incorrectly awarded the BBBEE points. The bidder Imoto Media (Pty) Ltd sub-contracted the whole award of the Mayoral vehicle to Arnold Chatz Cars Constantia Kloof. However, no evidence was submitted in the	The internal Control deficiency is that the bid adjudication committee did not scrutinize the bidding document to confirm that the bid evaluation committee awarded the bid to the correct bidder	1. The bid adjudication committee will conduct full evaluation to all bids coming from the evaluation committee. 2. The bid adjudication committee will ensure the BBBEE is assessed against the sub-contracting cause if sub-contracting	No	Resolved - Audit finding is monitored on a monthly basis during the adjudication committee meetings	Chief Financial officer, SCM Manager	Minutes of the adjudication		31-Jan-18	This finding was an anomaly during the audit stage of the 2016/2017 audit and was resolved prior to the finalization of the audit report. Through the current internal audit review of SCM and expenditure that there has not been any evidence or condition
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		has the capability and ability to execute the sub-contract.	bidding documentation to show that the sub-contractor was on the same BBBEE status level as the Imoto Media (Pty) Ltd. The above results in the incorrect bidder being awarded the bid, if the correct BBBEE points were allocated, then the bidder McCarthy Inyanga Motors would have won the bid	occurs during the adjudication.								n to show that the finding has recurred .
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1. 2	Suppliers in the service of the state	SCM Regulation 44 and MFMA section 112 (j) prohibits awards to persons or to entities owned/ managed by them if they are in service of the auditee (i.e. employees and councillors) or if they are in service of any other state institution.	During the audit, CAATs were used to detect any suppliers who are employed in other institutions. The finding related to suppliers in the service of the state who did not declare the connection between themselves and the state in their declaration forms. The suppliers listed in table 1 were identified in the prior year and current	Although SCM procedures are being followed, there are no sufficient controls in place to verify that correct information is being supplied to the municipality	1. Notify the suppliers in writing of their transgression of submitting false declarations and the consequences thereof. 2. Make use of CSD to pick up suppliers who are in the service of the state.	Yes	in-progress	Chief Financial officer, SCM Manager	Letters to suppliers and exception reports monitoring uploaded employees		28-Feb-18	Through enquiry with CFO it was confirmed that, an investigation is currently taking place in respect of the suppliers who are said to be in the service of the state and once such an investigation has been completed, letters of notification will
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			year. 1.STHAMA SO INVESTME NTS 2. ELANGENI CONSULTI NG 3. FUNWAYO SUPPLIER S AND GENERAL TRADING (PTY) LTD 4. MANUKEL ANA INVESTME NTS 5. SIBANDA BA PRODUCTI ONS PTY LTD The suppliers listed in table 2 are suppliers in the service of the state who did not								be sent to the respecti ve supplier s.
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[illegible]

			SERVICES (PTY) LTD 8.IGUGUL ABATHEM B U GENERAL TRADING PTY LTD									
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1. 3	Suppliers who have an interest in the municipality	SCM Regulation 46(2) (e) prohibits awards to persons or to entities owned/ managed by them if they are in service of the auditee (i.e. employees and councillors) or if they are in service of any other state institution. According to MSA schedule 1: Code of conduct for councillors section 5(2) a councillor who, or whose spouse, partner, business associate or close family member, acquired or	During the audit of procurement and supply chain management, CAATs were performed on the municipal suppliers listing and transaction listing. The councillor listed below was identified: MAXWELL MATHENJWA - SUPPLIER NAME: U-TURN DEVELOPMENT CONNEXTION PTY LTD - AWARD VALUE: R 65 561.00	Poor review controls in place over declaration forms.	1. A further investigation will be conducted by management to ascertain the correctness of the audit finding. if findings will be against the councillor , a letter of notification will be issued to the councillor and then report to Speaker 2. A letter will be written to the municipal	No	Resolved	Chief Financial officer, Municipal Manager	Report of investigation	Annexure A	05-Feb-18	Audit finding resolved , investigations were conducted and the report is available for ease of reference
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		stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure.			speaker of the findings of the investigation for the speaker to deal with the matter.							
2	PRE-DERTERMINED OBJECTIVES-ANNUAL PERFORMANCE REPORT											

2.1	Present ation and disclos ure of actual achieve ment as per APR inadequ ate	According to the FMPPI (Framework for Managing Programme Performance Information), the overall presentation of the Annual Performance report should be relevant, comparable and understandable. In terms of best practice, the annual performance report should be set out in a way which allows for simple understanding of the users of the financial statements and performance reports.	During the audit of predetermined objectives, it was noted that the actual achievements as per the Annual Performance Report and Quarterly reports submitted for audit were inadequate. The actual achievements were not specific to what was actually achieved or not achieved. This in turn leads to incomparability between actual	Managem ent does not review the APR once all achievem ents have been consolida ted	Review of APR by PMS section and HOD's after consolida tion of performa nce informati on	No	In progress- On going monitoring during monthly and quarterly reporting cycles	PMS section/H OD's and Municipal Manager	Month ly report s, Quart erly report s and final APR and quarte rly PMS intern al audit report s	PMS Quarterl y reports	On- goi ng moni torin g	Through the audit of both PMS Q1 and Q2, it is evident that there has been very little progres s made by departm ents in improvin g reportin g.
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			achievement and planned target. When compared to the Quarterly reports, the quarterly reports indicated the same inconsistency									
2.2	Inadequate disclosure in terms of Corrective measures in APR	According to the FMPPI (Framework for Managing Programme Performance Information), the overall presentation of the Annual Performance report should be relevant, comparable and understandable. In terms of best practice, the annual	During the Audit of Pre-determined Objectives, it was identified that corrective measures for improving performance were not detailed in the Annual report. The Corrective measures contained	Inadequate review of APR and quarterly reports	Review quarterly reports adequately and ensure that remedial actions have been included for all those targets which have not been achieved.	No	In progress- On going monitoring during monthly and quarterly reporting cycles	PMS section/HOD's and Municipal Manager	Monthly reports, Quarterly reports and final APR and quarterly PMS internal audit reports	PMS Quarterly reports	On-going monitoring	Through the audit of both PMS Q1 and Q2, it is evident that there has been very little progress made by departments in improving

		performance report should be set out in a way which allows for simple understanding of the users of the financial statements and performance reports.	therein were vague and insufficient to justify if those steps were taken, performance would improve.									reporting.
3	INDIGENT REGISTER											
3.1	Indigent register is not updated and is not accurate	In accordance with indigent policy or indigent burial policy: Indigent Support is to be provided for the following services, subject to funds being allocated and the relevant criteria being adhered to: (i) Rates; (ii) Refuse;	The following findings were noted with regard to indigent support Programme: The indigent register contains individuals who do not qualify to be on the register, the register	The municipality has included the Indigent Burial in its Indigent Policy. The Indigent only covers the basic services i.e. water, electricity	The municipality in the process to develop a new Burial Policy to cover Indigent Burial. The municipality working with the KZN -	yes	The investigation has been conducted and completed where 41 cases dictated and we have engaged all of them but there are not cooperating thus we will be	M.S. MNGUNI	Letter written by MM (Mr SE Bukhosini) authorising the usage of social workers and there will be		30-Jun-18	

		and(iii) Indigent BurialIf a household is found to be indigent, it should be registered on a database linked to the debtorssystem . A register for Indigents is to be maintained by the municipality.	wasprocessed using CAATs and the following exceptions were noted:• Blank Id numbers.xlsx - Indigent individuals whose id numbers are not included on the register• Deceased persons.xlsx - Records that listed a 13 character ID number were compared with the National Population Register (NPR) information and cases	and energy, refuse removal and sanitation . The indigent register has been compiled and have some minor of errors i.e. blank id numbers, deceased persons as a beneficiaries. The Indigent Register has number of beneficiaries in the employment of the government because	Department Of Social Development to assess the needy families and provide us with assessment report. The municipality only assists in the affected families as per social worker recommendations. The municipality is in the process to investigate all 41	writing to them acknowledgedgement of debts or demand letters. We have three policies namely; indigent policy, educational support policy and funeral assistance policy adopted by the council. Currently we run funeral assistance only to those assessed and approved by the Social Worker (Professional).		no assistance rendered with DSD assessment report. Funeral Assist ance Policy and Indigent Policy				
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		particular account holder appears to be in the employmen t of one or another government department or organizatio n. • CIPC Directors All Payments - With the comparison of the 13 character ID numbers of the account holder with the CIPC database information and a combined payments information file of payments to businesses									
--	--	---	--	--	--	--	--	--	--	--	--

			in which government employees and municipal workers have an interest in, cases were identified where the account holder have an interest in one or another company/b business.									
4	CONSULTANTS											
4.1	Management reviews of the objective of consultants are not reviewed on an annual basis	Municipal Supply Chain Management: A guide for Accounting Officers of Municipalities and Municipal entities paragraph 5.1.5 stated that consultants should only be engaged when	During our assessment of the Municipality's use of consultants, it was noted that management's annual reviews were not conducted on whether the	Inadequate implementation of Management of Consultants policy and procedure	1. Review Management of Consultants policy to include periodic management reviews by 31 March 2018 2.	No	In-progress	Director Corporate Services	1. Draft Policy 2. Attendance Register and Minutes	Annexure B-Draft policy	31-Mar-18	The Contract and Consultants Management was tabled to Council on 26 February 2018 as per Council

		necessary skills and/or resources to perform projects, duty or study are not available and the accounting officer cannot be reasonably either to train or to recruit people in the time available.	objectives of the institution are better achieved by the municipality through the use of consultants or their permanent staff. Management did not ensure that there are sufficient processes in place to assess the necessity of the use of consultants and also to assess on whether the municipality will benefit by obtaining and empowering permanent	Quarterly meetings be held with consultants to get an update and discuss Plan and progress report as well as Skills Transfer to respective officials.							resolution UMHC: 129. Further to that a reviews are underway for each Consultant to ascertain if the objectives for their appointments are achieved to be finalised by 31 March 2018
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			staff to conduct the activities provided by consultant.										
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APPENDICES

APPENDIX A: Councillors, Committee Allocation and Council Attendance

Number		Gender	Affiliation	Ward/PR
1	Cllr. K.O Tembe	Male	ANC	WC 1
2	Cllr. B.N. Ntsele	Male	ANC	WC 2
3	Cllr. T.N. Magagula	Male	ANC	WC 3
4	Cllr. L.D. Tembe	Male	ANC	WC 4
5	Cllr. T.J. Nxumalo	Male	ANC	WC 5
6	Cllr. M.D. Mathenjwa	Male	ANC	WC 6
7	Cllr. S.G. Nxumalo	Male	IFP	WC 7
8	Cllr. G.S. Mthembu	Male	ANC	WC 8
9	Cllr. D.A. Tembe	Male	ANC	WC 9
10	Cllr. M.I. Mthembu	Male	ANC	WC 10
11	Cllr. N.S. Mthethwa	Male	ANC	WC 11
12	Cllr. N. Vumase	Female	ANC	WC 12
13	Cllr. J.B. Gwala	Male	ANC	WC 13
14	Cllr. N.J. Ndabeni	Male	ANC	WC 14
15	Cllr. N.C. Mdletshe	Male	ANC	WC 15
16	Cllr. E.G. Mhlongo	Male	ANC	WC 16
17	Cllr. S.N. Mthethwa	Male	ANC	WC 17
18	Cllr. J.E. Sithole	Male	ANC	WC 18
19	Cllr. S.P Mthethwa	Male	ANC	PR
20	Cllr. Z.M. Mhlongo	Female	ANC	PR
21	Cllr. B.C. Zikhali	Male	AIC	PR
22	Cllr. F.G. Mlambo	Female	ANC	PR
23	Cllr. B.T Tembe	Female	ANC	PR
24	Cllr. S.M. Ndlovu	Female	ANC	PR
25	Cllr. T.S. Myeni	Male	DA	PR
26	Cllr. L.E. Mkhwanazi	Female	EFF	PR
27	Cllr. M.D. Mathenjwa	Female	IFP	PR
28	Cllr. J.G. Ngubane	Female	IFP	PR
29	Cllr. M.Z. Mhlongo	Male	IFP	PR
30	Cllr. S.M. Gumede	Female	IFP	PR
31	Cllr. B.J. Tembe	Male	IFP	PR
32	Cllr. M.J. Mthembu	Male	IFP	PR

33	Cllr. T.L. Mlambo	Male	IFP	PR
34	Cllr. H.K. Gumede	Female	IFP	PR
35	Cllr. T.S. Khumalo	Male	IFP	PR

APPENDIX B: Committees and Committee Purpose

Council Members	Political Affiliation	Full Time/Part Time FT/PT	Committee Allocated	Ward and or PR	% of Council Meetings Attended
					Total: 12
Cllr. K.O Tembe	ANC	PT	MPAC	Ward 1	11
Cllr. B.N. Ntsele	ANC	PT	PLID	Ward 2	12
Cllr. T.N. Magagula	ANC	PT	PLID	Ward 3	12
Cllr. L.D. Tembe	ANC	PT	Finance	Ward4	12
Cllr. T.J. Nxumalo	ANC	PT	Corporate Services	Ward 5	10
6. Cllr. M.D. Mathenjwa	ANC	PT	Community Services	Ward6	11
7. Cllr. S.G. Nxumalo	IFP	PT	MPAC	Ward 7	11
8. Cllr. G.S. Mthembu	ANC	PT	Corporate Services	Ward 8	12
9. Cllr. D.A. Tembe	ANC	PT	Community Services	Ward 9	12
10. Cllr. M.I. Mthembu	ANC	PT	Finance and Community Services	Ward 10	12
11. Cllr. N.S. Mthethwa	ANC	FT	Finance	ward 11	12
12. Cllr. N. Vumase	ANC	PT	Finance	Ward 12	12
13. Cllr. J.B. Gwala	ANC	PT	Corporate Services	Ward 13	11
14. Cllr. N.J. Ndabeni	ANC	PT	Finance	Ward 14	12
15. Cllr. N.C. Mdletshe	ANC	PT	PLID	Ward 15	12
16. Cllr. E.G. Mhlongo	ANC	PT	PLID	Ward 16	11
17. Cllr. S.N. Mthethwa	ANC	PT	Community Services	Ward 17	12
18. Cllr. J.E. Sithole	ANC	PT	Corporate Services	Ward 18	12
19. Cllr. S.P Mthethwa	ANC	PT	Corporate Services	Ward 11 PR	12
20. Cllr. Z.M. Mhlongo	ANC	PT	Community Services	Ward 16 PR	12
21. Cllr. B.C. Zikhali	AIC	PT	MPAC	Ward 11 PR	11
22. Cllr. F.G. Mlambo	ANC	FT	Corporate Services	Ward 14	11
23. Cllr. B.T Tembe	ANC	FT	Speaker	Ward 12	11

24. Cllr. S.M. Ndlovu	ANC	PT	Corporate Services	Ward 17	12
25. Cllr. T.S. Myeni	DA	PT	Corporate Services	Ward 11	11
26. Cllr. L.E. Mkhwanazi	EFF	PT	Corporate Services	Ward 11	11
27. Cllr. M.D. Mathenjwa	IFP	PT	Finance	Ward 02	12
28. Cllr. J.G. Ngubane	IFP	PT	Corporate Services	Ward 01	12
29. Cllr. M.Z. Mhlongo	IFP	PT	PLID	Ward 14	11
30. Cllr. S.M. Gumede	IFP	PT	PLID	Ward 07	12
31. Cllr. B.J. Tembe	IFP	PT	Community Services	Ward 03	12
32. Cllr. M.J. Mthembu	IFP	PT	Community Services	Ward 03	11
33. Cllr. T.L. Mlambo	IFP	PT	Community Services	Ward 15	09
34. Cllr. H.K. Gumede	IFP	PT	Corporate Services	Ward 15	12
35. Cllr. T.S. Khumalo	IFP	PT	Finance	Ward 16	12

RECORD OF ATTENDANCE – EXCO MEETINGS 2016/2017

	July 2017	30 Aug 2017	30 Sep 2017	27 Oct 2017	24 Nov 2017	14 Dec 2017	20 Jan 2017	28 Feb 2017	29 Mar 2017	26 Apr 2017	26 May 2017	28 June 2017	TOTAL 11
Cllr. N.S. Mthethwa (Mayor)		√	√	√	√	√	√	√	√	√	√	√	11
Cllr. F.G. Mlambo (D. Mayor)		x	√	√	√	√	√	√	√	√	x	√	10
Cllr. S.N. Tembe		√	√	√	√	√	√	√	√	√	√	x	10
Cllr. M.Z. Mhlongo		√	√	x	√	√	√	√	√	√	√	√	10
Cllr. M.D. Mathenjwa		√	√	√	√	√	x	√	√	√	x	√	09
Cllr. B.N. Ntsele		√	√	√	√	√	√	√	√	√	√	√	11
Cllr. Z.M. Mhlongo		√	√	√	√	√	√	√	√	√	√	√	11
Cllr. B.T. Tembe(SPEAKER)		√	√	√	x	√	√	√	√	√	√	√	10

RECORD OF ATTENDANCE-COUNCIL MEETINGS 2016-2017

	July 2017	19 Aug 2016	24 Aug 2016	30 Aug2016	30 Sep2016	27 Oct 2016	14 Dec 2016	23 Jan 2017	28 Feb 2017	31 Mar 2017	28 Apr 2017	30 May 2017	28 June 2017
1. Cllr. K.O Tembe		√	√	√	√	x	√	√	√	√	√	√	√
2. Cllr. B.N. Ntsele		√	√	√	√	√	√	√	√	√	√	√	√
3. Cllr. T.N. Magagula		√	√	√	√	√	√	√	√	√	√	√	√
4. Cllr. L.D. Tembe		√	√	√	√	√	√	√	√	√	√	√	√
5. Cllr. T.J. Nxumalo		√	√	√	√	√	x	√	x	√	√	√	√
6. Cllr. M.D. Mathenjwa		√	√	√	√	√	√	√	x	√	x	√	√
7. Cllr. S.G. Nxumalo		√	X	√	√	√	√	√	√	√	√	√	√
8. Cllr. G.S. Mthembu		√	√	√	√	√	√	√	√	√	√	√	√
9. Cllr. D.A. Tembe		√	√	√	√	√	√	√	√	√	√	√	√
10. Cllr. M.I. Mthembu		√	√	√	√	√	√	√	√	√	√	√	√
11. Cllr. N.S. Mthethwa		√	√	√	√	√	√	√	√	√	√	√	√
12. Cllr. N. Vumase		√	√	√	√	√	√	√	√	√	√	√	√
13. Cllr. J.B. Gwala		√	√	√	√	x	√	√	√	√	√	√	√
14. Cllr. N.J. Ndabeni		√	√	√	√	√	√	√	√	√	√	√	√
15. Cllr. N.C. Mdletshe		√	√	√	√	√	√	√	√	√	√	√	√
16. Cllr. E.G. Mhlongo		√	√	√	√	√	√	√	x	√	√	√	√
17. Cllr. S.N. Mthethwa		√	√	√	√	√	√	√	√	√	√	√	√
18. Cllr. J.E. Sithole		√	√	√	√	√	√	√	√	√	√	√	√
19. Cllr. S.P Mthethwa		√	√	√	√	√	√	√	√	√	√	√	√
20. Cllr. Z.M. Mhlongo		√	√	√	√	√	√	√	√	√	√	√	√
21. Cllr. B.C. Zikhali		√	x	√	√	√	x	√	√	√	√	√	√

22. Cllr. F.G. Mlambo		√	√	x	√	√	√	√	√	√	√	√	√
23. Cllr. B.T Tembe		√	√	√	√	√	√	√	√	√	x	√	√
24. Cllr. S.M. Ndlovu		√	√	√	√	√	√	√	√	√	√	√	√
25. Cllr. T.S. Myeni		√	√	√	√	√	√	√	√	x	√	√	√
26. Cllr. L.E. Mkhwanazi		√	√	√	√	√	√	√	√	x	√	√	√
27. Cllr. M.D. Mathenjwa		√	√	√	√	√	√	√	√	√	√	√	√
28. Cllr. J.G. Ngubane		√	√	√	√	√	√	√	√	√	√	√	√
29. Cllr. M.Z. Mhlongo		√	√	√	√	x	√	√	√	√	√	√	√
30. Cllr. S.M. Gumede		√	√	√	√	√	√	√	√	√	√	√	√
31. Cllr. B.J. Tembe		√	√	√	√	√	√	√	√	√	√	√	√
32. Cllr. M.J. Mthembu		√	√	√	√	√	√	√	√	√	x	√	√
33. Cllr. T.L. Mlambo		√	√	√	√	√	√	x	√	√	x	x	√
34. Cllr. H.K. Gumede		√	√	√	√	√	√	√	√	√	√	√	√
35. Cllr. T.S. Khumalo		√	√	√	√	√	√	√	√	√	√	√	√

APPENDIX G: Recommendations of the Municipal Audit Committee Year 2016/2017

10 October 2017

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF UMHLABUYALINGANA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2017

Members of the Audit Committee and meeting attendance.

16 August 2016- Special
29 August 2016- Special
26 September 2016- Ordinary
19 January 2017- Ordinary
22 February 2017- Special
11 May 2017- Ordinary

Name of Member	Qualification	Appointment date	Resignation	Meetings attended
Mr Bongumusa Mabika	B.Com	27/02/2014	None	6
Ms Philile Sithole	B.Proc	27/02/2014	None	6
Ms Zanamuhla Khanyile	B.Com	27/04/2014	None	6

The Umhlabuyalingana Municipality Audit committee served its third and final term this financial year. In the past three years we have had a good working relationship with all the stakeholders in the municipality including the Office of the Auditor General.

The municipality has been able to produce two consecutive clean audits, which was a major milestone if one looks back and compare with other municipalities in the district and indeed the country as a whole. Such was not going to be possible if there was no unison of purpose among all stakeholders.

Having said this there are some challenges in the municipality which require attention of both management and councillors. Some of the challenges noted that require management attention will include but not limited to;

- Legality of the Mbazwana landfill site;
- Completion of approved and funded electrification projects;
- Filling of critical vacant positions
- Realistic setting of performance targets

B.m.

Risk Management

The municipality has a Risk compliance officer whose task is to register all risks in the municipality be it strategic or operational. This risk register is monitored and reported on in every meeting of the audit committee. This includes risk identified through the internal and external audits. One of the emerging risks going forward which may threaten the clean audit ambition is the implementation of MSCOA on the 1st of July 2017. The potential risk may be the misclassification of expenditure which if material may have a negative impact on the audit outcomes.

Outsourcing of some critical functions

The municipality outsources the process of preparing Annual Financial Statements. This is an important function in the municipality and it is very critical that the documents produced at the end of the financial year are free of material errors and are produced on time. Having an external stakeholder coming in at the end of the financial year to produce financial statements as opposed to having an in-house person is not an ideal situation. We would therefore strongly recommend that the municipality builds capacity internally to be able to prepare this important document at the end of the financial year.

Review of Annual Financial Statements by the Audit Committee

As part of our mandate as the audit committee, we have reviewed the Annual Financial Statements of the municipality and its annual performance report prior to submission to the Office of the Auditor General to ensure that there are no material misstatements on the financial statements submitted for audit.

Managing of Senior Management contracts coming to an end towards or at the end of the financial year.

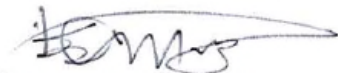
During the year contracts of the majority of senior managers including the Municipal Manager came to an end. If this is not managed properly, it has a potential to derail the audit process of the Auditor General as there will be no senior manager with institutional memory to respond adequately to audit queries as new senior managers may not be entirely familiar with issues they would be expected to respond to. For example, new manager may not know why certain projects could not be completed leading to the municipality not being able to meet its targets. They may also not be able to produce documents required during the audit. If these were to happen it has a potential to limit the scope of the audit which may lead to a disclaimer of the audit opinion. This also has an impact on the dashboard of the municipality as governance and leadership form part of the dashboard monitored by the Office of the Auditor General on a regular basis.

B.m.

Conclusion

Having managed to obtain two consecutive clean audits, we are glad that the internal controls in the municipality are working as intended. Having said this, we are also mindful of the inherent risk associated with the business of the municipality. Our function as the oversight structure cannot allow us to detect errors on an ongoing basis and we rely on management to implement the controls in the municipality and the internal audit to detect any control breakdown. Because of these factors, we are aware that a clean audit of the prior year does not translate to the perpetual clean audit. For this reason, we will continue to strive for good governance in order maintain the clean audit that we have managed to obtain in the past two years. On the same breath, we are also keep to continually learn the best practices to ensure that the municipality is run efficiently and complies with all relevant legislation.

We are thankful to the management and leadership of the municipality for the support provided to us to ensure that we are able to perform our duties without any hindrances.



Bongumusa Mabika

2017 -10- 11

Audit Committee Chairperson

APPENDIX I: Municipal Entity/Service Provider Performance Schedule

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

Rating score index	
1	Very poor
2	Bad
3	Average
4	Good
5	Excellent

NO	NAME OF COMPANY	TYPE OF SERVICE	CONTRACT PERIOD	ASSESSMENT SCORING RATE		Remedial action on poor performed service providers
				2016/2017 F/Y		
	CAMELSA CONSULTING	FINANCIAL SYSTEM - PASTEL	3 years Contract 2014-07-01 to 2017-06-03	4	4	N/A
	INDWE RISK SERVICES	PROVISION OF INSURANCE SERVICES	2015-07-01 to 2018-06-30	4	4	N/A
	NKOSINGIPHE INKAZIMULO	FINANCIAL CAPACITY SUPPORT AND REPORTING	2016-01-01 to 2017-06-30	4	4	N/A
	NTSHIDI AND ASSOCIATES	PROVISION OF INTERNAL AUDIT SERVICES	2017-05-9 t0 2020-05-09	4	4	N/A

	SOFTLINE VIP	HUMAN RESOURCES AND PAYROLL SYSTEM	2017-07-01 to 2018-06-30	4	4	N/A
	NASHUA	PROVISION OF TELEPHONE SERVICES	2016-04-01 to 2017-06-30	3	4	N/A
	NASHUA	PHOTOCOPYING MACHINE	2011-06-01 to 30 2016-04-30	3	3	N/A
	TRAVEL WITH FLAIR	TRAVELLING SERBVICES	2013-11-01 to 2016-10-14	3	4	N/A
	MIRHA PROJECTS	SUPPORT SERVICES FOR PERFORMANCE MANAGEMENT SYSTEM (PMS	2013-11-01 to 2016-12-31 EXTENDED FOR SIX MONTHS	4	4	N/A
VODACO	V1 SECURITY SERVICES	SECURITY SERVICES	2016-02-15 TO 2019-01-15	4	4	N/A
	MASEKO MBATHA ATTORNEY & CONVEYANCE	LEAGAL SERVICES	2016-02-01 TO 2017-01-31 EXTENDED FOR ONE YEAR	4	4	N/A
	BPG MASS APRAISAL	VALUATION ROLL	2016-07-01 TO 2018-06-30	4	4	N/A
	G4S	CASH SOLUTION	2016-05-25 TO 2017-05-26	4	4	N/A
	BPG MASS	VALUATION OF PROPERTY ROLL	2017-05-26 TO 2018-06-30	4	4	N/A
	DEPARTMENT OF TRANSPORT	TRAFFIC SERVICES	2017-06-01 TO 2020-05-31	4	4	N/A
	ELECTORAL COMMISION	ELECTION SERVICES	2015-10-01 TO 2018-09-30	4	4	N/A

APPENDIX J: Disclosure of Financial Interests

DISCLOSURES OF FINANCIAL INTERESTS FROM 1 ST JULY 2016 TO 30 JUNE 2017		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
Mayor	Cllr. N.S Mthethwa	N/A
Councillor		
Municipal Manager	Mr S.E Bukhosini	
Chief Financial Officer	Mr N.P.E Myeni	
Other HODs	Mr M.S Qwabe	
	Mr M.S Mnguni	
	Miss N.V.F Msane	

APPENDIX K (i)

REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE

Revenue Collection Performance by Vote						
Vote Description	2016	2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Budget and Treasury	149,383,748	152,351,857	150,652,345	148,669,177	(3,759,445)	(2,059,933)
Community Services	203,968	1,922,160	201,600	201,968	(1,720,192)	368
Traffic Services	5,874,900	5,997,620	5,997,620	5,417,140	(580,480)	(580,480)
Local Economic Development	1,294,000	2,277,000	2,277,000	2,277,000	-	-
Library Services	1,767,753	1,634,351	1,607,000	1,609,477	(24,874)	2,477
Technical Services	55,374,853	53,325,000	63,374,889	60,458,666	7,133,666	(2,916,223)
Corporate Services	-	-	52,632	52,632	52,632	-
Executive Management	-	-	500,000	412,238	412,238	(87,762)
Total Revenue by Vote	213,899,222	217,507,988	224,663,086	219,098,298	(1,513,545)	(5,641,553)

APPENDIX K (ii)

REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	2016	2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Property rates	17,183,838	21,434,425	19,516,725	19,118,068	89%	98%
Property rates - penalties and collection charges	-	-	-	-	0%	0%
Service charges- electricity revenue	-	-	-	-	0%	0%
Service charges- water revenue	-	-	-	-	0%	0%
Service charges - sanitation revenue	-	-	-	-	0%	0%
service charges - refuse revenue	201,968	1,922,160	201,600	201,968	11%	100%
Service charges - other	-	-	-	-	0%	0%
Rental of facilities and equipment	252,125	243,000	271,000	253,770	104%	94%
Interest earned - external investments	4,493,960	4,092,084	4,092,084	3,917,879	96%	96%
Interest earned - outstanding debtors	747,244	211,788	540,676	894,633	422%	422%
Dividends received	-	-	-	-	0%	0%
Fines	2,041,350	1,915,100	1,915,100	1,709,650	89%	91%
Licences and permits	3,833,550	4,082,520	4,082,520	3,707,490	91%	91%
Agency services	-	-	-	-	0%	0%
Transfers recognised - operational	127,008,910	128,152,000	128,652,000	127,227,238	95%	99%
Other revenue	2,859,165	2,129,911	2,014,492	1,564,674	70%	80%
Gains on disposal of PPE	-	-	-	-	0%	0%
Environmental Protection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	158,622,110	164,182,988	161,288,197	158,595,370	97%	98%

APPENDIX L: Conditional Grants Received (excluding MIG)

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor
				Budget	Adjustment Budget	
Finance Management Grant	1,825,000	1,825,000	1,825,000	-	-	
Library Grant	1,592,000	1,592,000	1,592,000	-	-	
Expanded Public Works Programme Grant	2,277,000	2,277,000	2,277,000	-	-	
Integrated Electrification	20,000,000	20,000,000	20,000,000	-	-	
Electrification Projects (Provincial CoGta)	-	3,549,889	3,549,889	-	-	
Small Town Rehabilitation Grant		3,500,000	3,500,000			
Total	5,714,000	32,743,889	32,743,889			

APPENDIX M: Capital Expenditure-New & Upgrade/Renewal Programmes

- (i) Capital Expenditure- New Assets Programme

Capital Expenditure - Upgrade / Renewal Programme							
Description	2016	2016/2017			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY - 1	FY - 2	FY - 3
Capital expenditure by Asset Class							
Infrastructure - Total							
Infrastructure: Road transport - Total							
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total							
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-	-				
Dams & Reservoirs	-	-	-				
Water purifications	-	-	-				
Reticulation	-	-	-				
Infrastructure: Sanitation - Total	-	-	-				
Reticulation	-	-	-				
Sewerage purification	-	-	-				
Infrastructure: Other - Total	-	-	-				
Waste Management	-	-	-				
Transportation	-	-	-				
Gas	-	-	-				

Other	-	-	-				
Community - Total							
Parks and gardens							
Sportsfields & Stadiums							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses	-	-	-				
Clinics	-	-	-				
Museums & Art Galleries	-	-	-				
Cemeteries	-	-	-				
Social rental housing	-	-	-				
Other							
Heritage assets - Total	-	-	-				
Buildings	-	-	-				
Other	-	-	-				
Investment properties - Total	-	-	-				
Housing development	-	-	-				
Other	-	-	-				
Other assets							
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							

Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets- (Investment or Inventory)							
Other							
Agricultural assets							
Biological assets							
Intangibles							
Computers - software & programming							
Other							
Total Capital Expenditure on new assets							
Specialised vehicles							
Refuse							
Fire							
Conservancy							
Ambulances							

APPENDIX N

CAPITAL PROGRAMME BY PROJECT YER 2016/2017

Capital Programme by Project Year 2016/2017					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act-Adj) %	Variance (Act-OB) %
Electrifiity	15,000,000	25,000,000	21,029,138		
Manaba Electrification	6,000,000	6,000,000	2,705,068	45%	45%
Sbhoweni - Ntshongwe Electrification	500,000	1,058,785	619,669	59%	124%
Mboza Electrification Phase 2	4,000,000	4,000,000	1,983,492	50%	50%
Ward 8 Electrification	3,500,000	3,500,000	3,096,782	88%	88%
Ward 4 Electrification	7,000,000	10,,335,000	6,930,948	67%	99%
Mseleni Electrification	7,000,000	7,000,000	9,009,187	129%	129%
Manguzi and Mbazwana Street Lights	-	3,000,000	2,861,570	95%	-
Roads Projects					
Ekuthukuzeni Masondo Access Road	4,000,000	6,033,522	5,239,428	87%	131%
Nondwayiza Phakamani Access Road	5,560,363	5,806,388	5,734,148	99%	103%
Community Centres					

Manguzi Multipurpose Centre	6,500,000	10,500,000	10,385,598	99%	160%
Lulwane Community Centre	2,000,000	1,500,000	1,669,023	111%	83%
Welcome Community Centre	500,000	852,223	852,223	100%	170%
KwaMbila Community Centre	6,000,000	3,416,845	4,391,503	129%	73%
Thengani Community Centre	3,500,000	5,168,030	4,380,828	85%	125%
Phelandaba Community Centre	3,500,000	3,915,125	3,718,337	95%	106%
Masondo Community Centre	3,500,000	3,231,676	3,120,884	97%	89%