

Table of Contents

1	CHAPTER 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY	3
	COMPONENT A: MAYORS FOREWORD	3
	COMPONENT B: EXECUTIVE SUMMARY	5
1.1	Municipal Manager Overview	5
1.2	Municipal Functions, Demographics and Overview	7
1.3	Service Delivery Overview	28
1.4	Financial Health Overview	28
1.5	Organizational Development Overview	29
1.6	Statutory Annual Report Processes	29
2	CHAPTER 2: GOVERNANCE	31
	COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	31
2.1	Political Governance	31
2.2	Administrative Governance	33
2.3	Corporate Governance	36
	COMPONENT B: INTERGOVERNMENTAL RELATIONS	37
2.4	Inter-governmental Relations	37
	COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	39
2.5	Public Meetings	39
2.6	IDP Alignment	39
2.7	Municipal Events	40
	COMPONENT D: CORPORATE GOVERNANCE	41
2.8	Risk Management	41
2.9	Anti – Corruption and Fraud	41
2.10	Supply Chain Management	42
2.11	By-Laws	42
2.12	Municipal Website	42
3	CHAPTER 3: SERVICE DELIVERY PERFORMANCE	43
	COMPONENT A: BASIC SERVICES	43
3.1	Water Provision	43
3.2	Sanitation Provision	47
3.3	Other Infrastructure Projects	48
3.4	Summary of Funding for Infrastructure Sources	49

3.5	Expanded Public Works Programme (EPWP).....	50
3.6	Regional Landfill Sites	50
3.7	Road Asset Management System	50
3.8	Drought Programme	51
3.9	Operation and Maintenance.....	52
3.10	Free Basic Services	52
	COMPONENT B: PLANNING AND ECONOMIC DEVELOPMENT	53
3.11	Spatial Planning.....	53
3.12	Local Economic Development.....	54
	3.3 COMPONENT C: SAFETY AND SECURITY	65
3.13	Disaster Management.....	65
4	Chapter 4: Organizational Development Performance.....	67
	COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL	67
4.1	Employee Total, Turn Over and Vacancies	67
4.2	Occupation and Gender Equity Analysis	67
4.3	Employment Equity Plan	68
4.4	Workplace Skills Plan	68
5	Chapter 5: Organizational Development Performance.....	69
	COMPONENT A: ORGANIZATIONAL PERFORMANCE TARGETS SUMMARY.....	69
6	Chapter 6: Financial Performance	92
	6.1 STATEMENT OF FINANCIAL POSITION	92
	6.2 STATEMENT OF FINANCIAL PERFORMANCE	92
	6.3 STATEMENT OF CHANGES IN NET ASSETS	92
	6.4 CASHFLOW STATEMENT	92
	6.5 GRANTS REGISTER.....	93
7	Chapter 7: Auditor General Findings	94
	7.1 Component A: Auditor General Opinion on Financial Statements (Previous Year – 2016/17)	94
	7.2 Component B: Auditor General Opinion on Financial Statements (Year under audit – 2017/18).....	102
8	Chapter 8: Action Plan To Address the Audit Queries	103
9	Chapter 9: Report of the Audit Committee	104
10	Chapter 10: OVERSIGHT REPORT BY THE MPAC.....	105
11	Chapter 11: Service Providers Performance.....	106
12	Chapter 12: Conclusion	125

COMPONENT A: MAYORS FOREWORD

The uMzinyathi District Municipality herewith presents the annual report for the 2017/18 financial year in compliance with Section 121, Chapter 12 of Local Government: Finance Management Act, 2003 (Act No.56 of 2003). The purpose of this annual report is;

- To provide a record of the activities of the municipality during the 2017/2018 financial year;
- To provide a report on performance against the budget of the municipality for 2017/2018, and
- To promote accountability to the local community for the decisions made throughout the year by the municipality.



This annual report will be advertised once it has been considered and approved by Council, it will also be made available in our district office, and our local municipal offices. I will also be visiting all our communities personally to account on the performance of the municipality not only for this period but throughout my tenure as mayor. As a municipality we value transparency, and we want to make this a norm by holding izimbizo and openly discussing the state of the district.

The year under review was officially our first tenure as an IFP led council, and it came with its fair share of challenges and achievements. The previous financial year we had a challenge of not having a fully fledged senior management, that challenge has been dealt with. Municipal Manager, Senior Manager: Technical Services, Deputy Chief Financial Officer and Manager: Legal Services have been appointed to date. As a council we hope through these appointments the municipality will regain its credibility and dignity with the public going forward.

The past couple of years we have been experiencing an extreme drought, as a means to mitigate this a number of bulk water schemes have been undertaken to make sure all communities under uMzinyathi have clean water. The municipality also purchased water tankers to help those areas that have been experiencing water shortages as a result of the drought. Our main goal is to do away with water tankers and make sure that all areas have functional bulk water schemes. A number of sanitation projects have been undertaken this financial year in all the four

local municipalities, with a number of projects still in the pipeline. Council's main goal is to make sure that every household has a fully functional and dignified toilet.

I wish to thank members of the uMzinyathi Council, the Executive Committee, Amakhosi, uMzinyathi Management and Staff and all members of strategic committees within the municipality for continuing to work together in making sure that our community has quality and sustainable service delivery especially in the area of water and sanitation.

THUTHUKA MZINYATHI!

Ald, Cllr: PMS Ngubane
Honorable Mayor

1.1 Municipal Manager Overview

The 2017/2018 financial year has been under tremendous pressure as a result of not being able to inaugurate council timeously and having a number of vacant senior management posts. We have grown from strength to strength and passed quite a few hurdles along the way. There have been glorious moments along the way, despite all, we have managed to forge ahead and make sure we deliver quality service to our communities.



Transparency and public consultation is a constitutional requirement and are one of our key objectives. Transparency and public consultation place an obligation on local government to encourage the involvement of communities and community organisations in the matters of local governance. It is the responsibility of the municipality to find effective ways to enhance and sustain two-way communication between itself and its target audience. Some of the key challenges in the municipal communication process are to ensure that all sectors of the community have access to information and to provide communities with information about the policies and programmes in a form they can understand to ensure meaningful participation in the matters of local governance. We as uMzinyathi strive to embody that.

This 2017/2018 annual report is presented in compliance with Section 121, Chapter 12 of Local Government: Finance Management Act, 2003 (Act No.56 of 2003), a notice will be advertised once the report has been considered by Council, once finalised, the final report will be made available in our district office and local municipal offices.

The year under review comes after we experienced a long time without a council and some key compliance matters suffered. We have managed to get over those hurdles, for example the Integrated Development Plan and Budget was approved by Council timeously and road shows were done in all our four local municipalities, for our communities to scrutinize and tender their opinions.

While we have a mammoth task facing us, our commitment to effective service delivery is still beyond doubt. As we continue cooperating with our communities and Local Municipalities within the District, I am optimistic that at some point, sooner than imagined, we will look back and say "though it is not enough, but significant milestones have been achieved".

The whole country has been experiencing a dreadful drought and uMzinyathi was not spared, we were hit especially hard in Umvoti. A number of our dams dried up

as a result of this drought, a number of measures were put in place to mitigate water shortages. We have managed to fast track a number of bulk water schemes through Section 32 of the Municipal Finance Management Act for all our four local municipalities. The municipality also purchased some water tankers to assist where there are water shortages. The issue of Greytown Water Bulk is still not finalized, a court interdict was issued and is yet to be enforced fully.

We are confident that the coming year will yield positive results and put uMzinyathi on the map as a tourism destination and an economically viable district. I wish to thank His Worship the Mayor Ald PMS Ngubane, members of the EXCO, uMzinyathi Councillors for providing and displaying tremendous leadership and staying true to their commitment of championing service delivery in our district.

THUTHUKA MZINYATHI!

Mr SB Ndabandaba

Municipal Manager

1.2 Municipal Functions, Demographics and Overview

Introduction

The 2017/18 draft Annual Report comprises of the Annual Performance Report which is compiled in terms of section 121 (1) of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act No. 32 of 2000, which indicates that a municipality is required to prepare an annual report and an annual performance report for the year under review.

The purpose of the annual report is to provide a record of the activities of the municipality, and a report on performance against the budget for that financial year with the aim of promoting accountability to the local community for the decisions made by the municipality and its entity. The annual performance report on the other hand reflects the performance of the municipality and its service providers during the year under review, comparison of performances of the current and previous financial years and measures taken to improve performance.

The 2017/18 draft Annual Report provides a true, honest and accurate account of the set performance and financial goals, the extent to which they were met, the resultant successes and the challenges that were experienced in pursuance thereof.

Municipal Functions

In order to develop a functional capacity of the municipality, it is necessary to be aware of the powers and functions as they were Gazetted. The functional responsibilities applicable to uMzinyathi District Municipality in relation to the shared functions, which have a bearing on district responsibilities, are shown in table 1 below.

Table 1: Powers and Functions

District Functions	Shared Functions
Water	Integrated Development Planning
Sanitation	Tourism
Integrated Development Planning	Municipal roads
Solid waste disposal sites	Firefighting services
Tourism	Fresh produce markets and (abattoirs

Municipal Roads	
Municipal airports serving the area of the District Municipality as a whole	
Municipal environmental health serving the area of the District Municipality as a whole	
Firefighting services for district municipality including planning and co-ordination.	
Fresh produce markets and (abattoirs) serving the area of the District Municipality as a whole	
Municipal public works relating to any of the above functions and/ or other functions assigned to the District Municipality	
The receipt, allocation and, if applicable, distribution of grants made to the District Municipality	
Air Pollution	

Policies

The municipality has prepared policies which will enable the municipality to perform its powers and functions effectively; the policies which are in place are as follows as per the responsible implementing departments, and most of the policies have been reviewed and approved by Council, to ensure that they are relevant and practical in terms of implementation:

Table 2: List of Policies

No	Policy Name	Responsible Department
1.	Risk Management Policy	Budget and Treasury office
2.	Nepotism Policy	Corporate Services
3.	Private Work Policy	Corporate Services
4.	Tariff Policy	Corporate Services
5.	Credit Control and Debt Collection Policy	Budget and Treasury office
6.	Budget Policy	Budget and Treasury office
7.	Asset Management Policy	Budget and Treasury office
8.	Supply Chain Management Policy	Budget and Treasury office

9.	Petty Cash Policy	Budget and Treasury office
10.	Banking and Investment	Budget and Treasury office
11.	Indigent Support Policy	Budget and Treasury office
12.	Subsistence and Travelling Allowance Policy	Budget and Treasury office
13.	ICT Policy	Budget and Treasury office
14.	Debt Impaired and Debt Write Off Policy	Budget and Treasury office
15.	Transfer of Budget Policy	Budget and Treasury office
16.	Grants and Donation Policy	Budget and Treasury office
17.	Treatment and Evaluation Policy	Corporate Services
18.	Financial Regulation Policy	Budget and Treasury office
19.	Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy	Budget and Treasury office
20.	Casual Work Policy	Corporate Services
21.	Recruitment, Selection and Appointment Policy	Corporate Services
22.	Special Leave Policy	Corporate Services
23.	Bursary Policy	Corporate Services
24.	Records Management Policy	Corporate Services
25.	Communications Policy	Corporate Services
26.	Fleet Management Policy	Corporate Services
27.	Sexual Harassment Policy	Corporate Services
28.	Incapacity Due to Ill Health Policy	Corporate Services
29.	Incapacity Due to Intoxicating and Substance Abuse Policy	Corporate Services
30.	Telecommunication Policy	Budget and Treasury office
31.	Attendance and Punctuality Policy	Corporate Services
32.	Human Resource Development Policy	Corporate Services
33.	Succession Planning (Career Pathing) Policy	Corporate Services
34.	Employment Equity Policy	Corporate Services

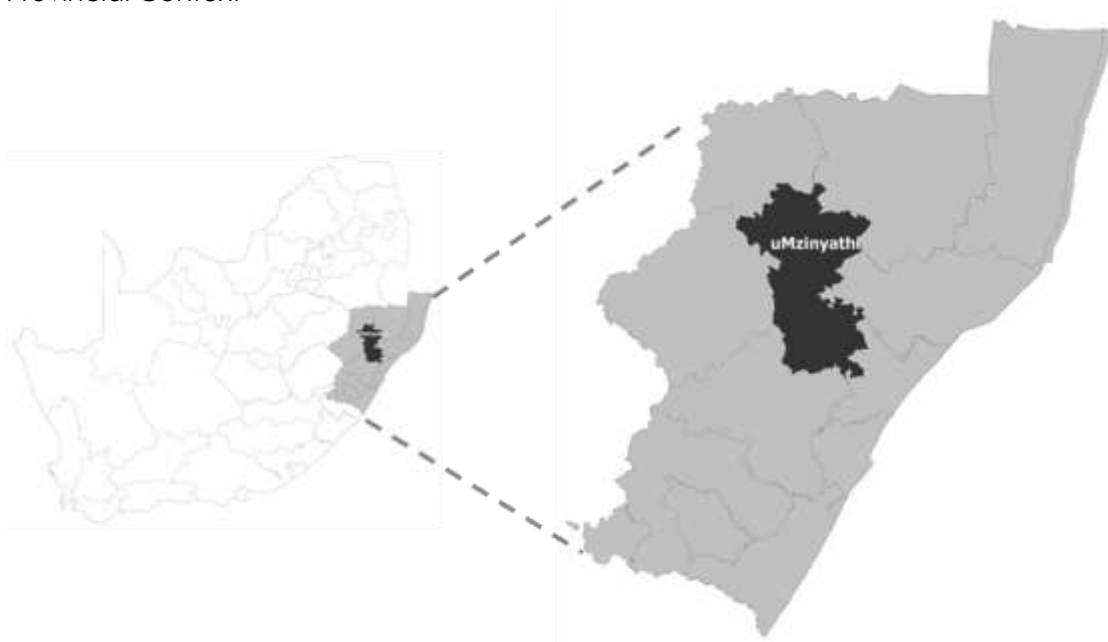
35.	Acting Allowance Policy	Corporate Services
36.	Incapacity Due to Poor Performance Policy	Corporate Services
37.	Housing Policy	Corporate Services
40.	Relocation Policy	Corporate Services
41.	Transfer Policy	Corporate Services
42.	Funeral Attendance Policy	Corporate Services
43.	Acceptance of Gifts Policy	Corporate Services
44.	Delegation Framework Policy	Corporate Services
45.	Overtime Policy	Corporate Services
46.	Performance Management Policy	Planning and Economic Development
47.	Pauper Burial Policy	Corporate Services
48.	Placement Policy	Corporate Services
49.	EPWP Policy	Planning and Economic Development
50.	Retention Policy	Corporate Services
51.	Promotion and demotion Policy	Corporate Services
52.	Induction Policy	Corporate Services
53.	Smoking Policy	Corporate Services
54.	Dress and Unifor Policy	Corporate Services
55.	Employee identification and badge policy	Corporate Services
56.	Internet and email polocy	Corporate Services
57.	Disaster Management Policy	Community Services
58.	Land and assets disposal policy	Budget and Treasury office
59.	Whistle blowing policy	Corporate Services
60.	Free water and sanitation policy	Budget and Treasury office
61.	Student (external) assistance policy	Community Services
62.	Car allowance policy	Budget and Treasury office

63.	Cellular telephone policy	Budget and Treasury office
64.	Anti-fraud and anti-corruption policy	Corporate Services
65.	Fire arm policy	Corporate Services
66	Occupational health and safety policy	Corporate Services

District overview

The Umzinyathi District Municipality (DC24) is one of the ten District Municipalities in the province of KwaZulu-Natal. The Municipality is bordered in the north by the Amajuba District Municipality, in the west by uThukela District Municipality, in the south west by the uMgungundlovu District Municipality, in the south east by the iLembe District Municipality and in the east by uThungulu District Municipality and Zululand District municipality as shown in Map1 below:

Map 1: Provincial Context



The district consists of four Local Municipalities, namely:

- Endumeni (KZ 241)
- Nquthu (KZ 242)
- Msinga (KZ 244)
- Umvoti. (KZ 245)

The Map 2 below shows the location of the local municipalities within the district:

Map 2: District Context



The Municipal area is 8079 km² and has extensive grasslands in the north supporting the primary agricultural sector based on cattle ranching for beef, small scale sheep and mixed farming and maize cultivation. In the southern areas substantial forestry is prevalent. Sugar cane and smaller scale fruit farming such as avocado and kiwi fruit cultivation also occur.

Mineral deposits found in the District include coal and metal ores. Only coal was mined on a large scale in the eNdumeni Municipality. The coal mining industry is undergoing a restructuring process. There is a decline in corporate interest in the industry; however there is interest in the small scale regeneration of the coal belt for SMME development. A small amount of stone quarrying occurs in the District. Within eNdumeni Local Municipality, Dundee has the main economic activities ranging from retail trade, tourism and farming. Dundee is a centre from which tourism based on the cultural heritage of the Zulu Kingdom and “Battlefields” is emphasised and managed to some extent, and there is also Glencoe which serves as a secondary centre to Dundee.

Umzinyathi Municipality, in conjunction with its North Western neighbour aMajuba Municipality, is branded as the “custodian” of the “Battlefields region of the Zulu Kingdom”. The “Battlefields of the Zulu Kingdom” are located in the hinterland and lie “in the shadow” of the majestic Drakensberg mountains spanning the western

boundary of KwaZulu-Natal. This branding is of international and regional significance. In conjunction with the Beaches of the South and North Coast and Big Five Game attractions in the East of KwaZulu-Natal, the "Battlefields of the Zulu Kingdom" play a vital role in the spatial economy of the province from a tourism perspective. However, within uMzinyathi District, the range of battlefields attractions is not adequately harnessed for their job creating opportunities across the Municipality.

The main town in the Umvoti Municipality is Greytown. It is the agricultural center of the District and contributes substantially to the economic viability of the District. Nquthu and Msinga Local Municipalities are rural based subsistence economies with cultural heritage areas that attract some tourists but need to be substantially developed. The main towns are Nqutu, Pomeroy and Tugela Ferry.

The topography of the district is characterised by extensive undulating terrain with deep river gorges, rolling grasslands, extensive wetlands, hills and valleys bush-velds. These characteristics make the development of infrastructure difficult and costly particularly in the steep terrains. The general slope of the land is between 1:5 and 1:6 and it is susceptible to soil erosion where it is not carefully managed.

Demographic trends and characteristics

The Kwa-Zulu Natal comparative population figures by Districts for Census 2011 and CSS 2016 are depicted in Table 3 below. This information indicates that the population of Umzinyathi District Municipality has increased from 510 838 in 2011 to 554 882 in 2016, contributing 5.0% in the entire province which is the same percentage as in 2011 due to population growth of other districts, namely, Umgungundlovu, King Cetshwayo etc.

Table 3: Comparative population figures by District for Census 2011 and CSS 2016

District	Census 2011		CSS 2016	
	N	%	N	%
DC21: Ugu	722484	7	753336	7
DC22: Umgungundlovu	1017763	10	1095865	10
DC23: Uthukela	668848	7	706588	6
DC24: Umzinyathi	510838	5	554882	5
DC25: Amajuba	499839	5	531327	5
DC26: Zululand	803575	8	892310	8
DC27: Umkhanyakude	625846	6	689090	6

DC28: Uthungulu	907519	9	971135	9
DC29: iLembe	606809	6	657612	6
DC43: Sisonke	461419	4	510865	5
ETH: eThekwini	3442361	34	3702231	33
KwaZulu-Natal	10267300	100	11065240	100

Source: 1. Statistics SA, Census 2011

2. Statistics SA, CSS 2016

The comparative population figures by local municipalities for Census 2011 and CSS 2016 are depicted in Table 4 below. This information indicates that all four local municipalities experienced an increase in population growth. The strongest population growth was evident in Umvoti Municipality as one of the major economic centres of the district.

Table 4: Umzinyathi District Municipality Comparative population and households figures by Local Municipalities for Census 2011 and CSS 2016

Municipality	Census 2011			CSS 2016		
	Population	%	Households	N	%	Households
Endumeni	64 862	12.7	16,852	76639	13.8	21134
Nqutu	165 307	32.4	31,613	171325	30.9	32622
Msinga	177 577	34.8	37,723	184494	33.3	38372
Umvoti	103 093	20.2	27,282	122423	22.1	34664
Umzinyathi	510 838	100	113,470	554 882	100	126791

Vision

“Championing an economically viable district which strives to promote sustainable development by 2035”





Mission

Championing Service Delivery through:

- Co-operative governance and public participation;
- Enhancing Rural Development and Agrarian Land Reform;
- Creating a conducive environment for job creation and economic growth;
- Supporting skills development for economic growth;
- Provision and management of water and sanitation; and
- Promoting SMME and entrepreneurial development.

Core Values



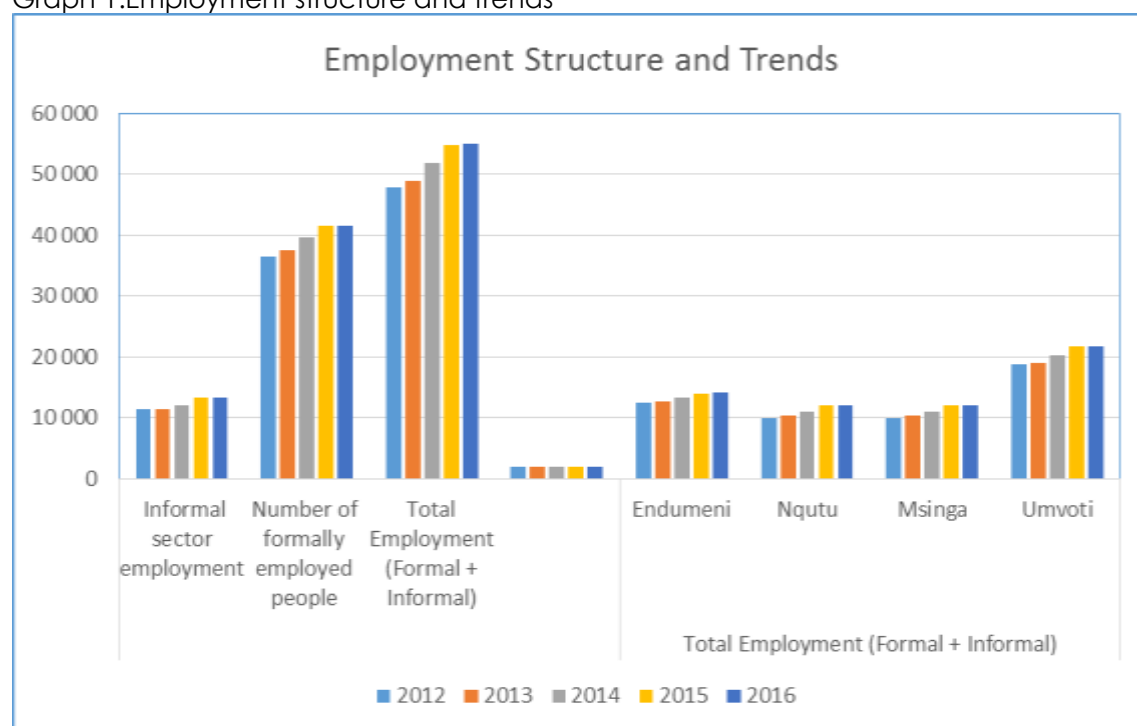
Municipal Logo	Municipal Name	Municipal Characteristics
	Endumeni	<p>This municipality is unique, its population is predominantly urbanised or based on commercial farms and unlike the other local municipalities, there is no tribal authority land. The main town is the Commercial centre, which is Dundee; it has most diversified economy, commercial cattle farming and dairy production and is the centre of the Battlefields tourist region.</p>
	Nquthu	<p>This municipality is typically rural and largely tribal authority where the population is largely previously disadvantaged and relatively dispersed and where services are scarce and often at rudimentary levels. The main town is Nquthu and subsistence agriculture is the main activity in the area.</p>
	Msinga	<p>Owing to its rugged terrain Msinga's population is relatively dispersed and where services exist they are concentrated along road infrastructure and water sources such as the Tugela River. The main towns are Pomorey and Tugela Ferry, it's rural region with subsistence farming.</p>
	Umvoti	<p>This local municipality comprises of urban areas, commercial agricultural areas and tribal authority areas all of which exhibit typical characteristics associated with these settlement types. Service levels in urban areas are high except for informal areas, in commercial agricultural areas they are relatively high as farmers provide their own services and in tribal authority areas they are low to moderate.</p>

Economic structure and trends

Overall the employment market in the district indicates an increasing trend between 2012 and 2016 with a marginal increase in both the informal and formal sector employment opportunities. The Informal Sector had an increase of 1948 from 11416 in 2012 to 13364 in 2016 whilst the formal sector had an increase of 5071 from 36484 to 41555 in 2016.

This could be seen as a direct influence with the districts education levels as more and more people now are literate according to the education levels below. The statistics indicated that there is rapid growth within the urban areas of the district whilst the rural areas are growing slowly. This aspect will also act as an important push factor in migration decision-making of the district population, and is likely to contribute to the out migration of the economically active population from the district.

Graph 1: Employment structure and trends

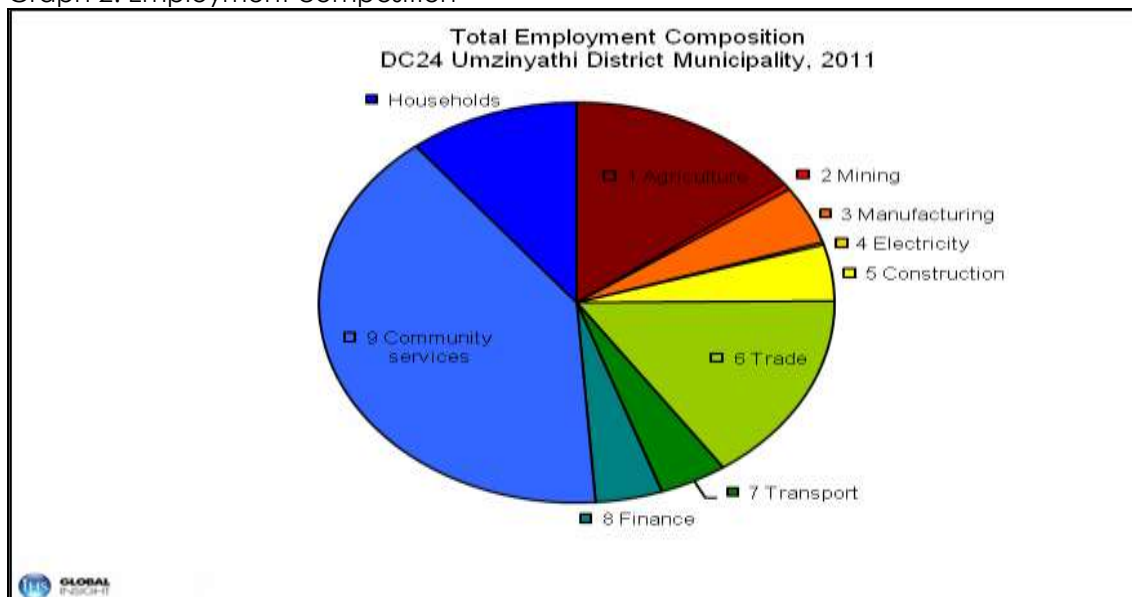


Source: Global insight 2016

Employment

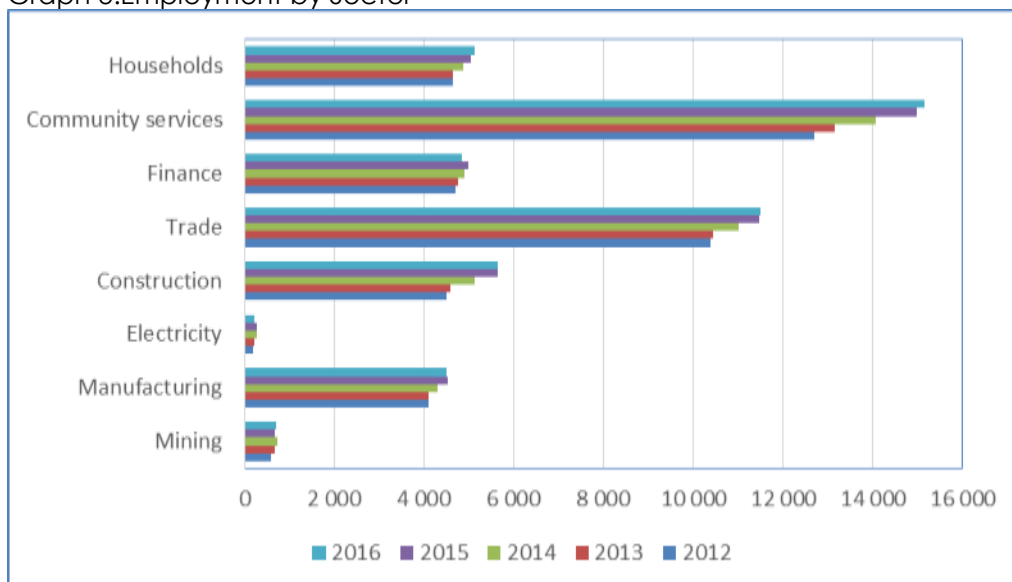
The sources of employment of the employed population are reflected in the Pie Chart below Graph 2. The employment sectors of Umzinyathi District Municipality are Mining, Manufacturing, Electricity, Construction, Trade, Finance, Community Services and Households. The majority of the employed population in the district is active in the Community Services and Trade sector. The Community Sector has always been the highest contributor in the district if compared to the statistical information from 2012 to 2016.

Graph 2: Employment composition



Source: Global Insight of SA, 2011

Graph 3: Employment by Sector

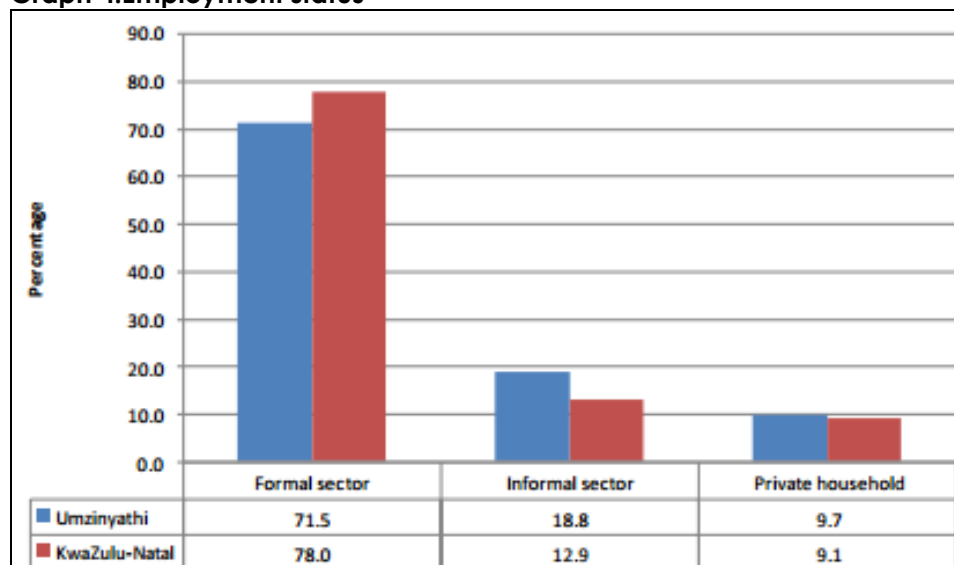


Source: Global insight 2016

Employment Status (Formal and Informal)

The sources of employment of the employed population are reflected in **Error! Reference source not found..** The majority of the employed population in the district is active in the formal sector (71.5%), with a further 18.8% involved in the informal sector. This figure of 18.8% in the informal sector is notably higher than the overall comparative figure for the province which stands at 12.9%. A total of 9.7% of the employed population is employed by private households. The 71.5% of the employed population in the formal sector is very similar to the other rural dominated districts within the province such as Harry gwala, Umkhanyakude and Zululand.

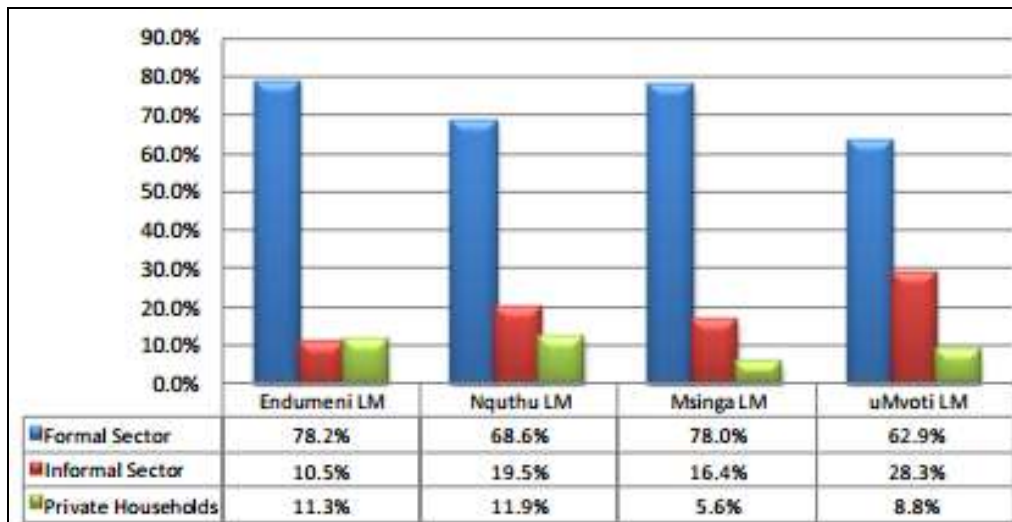
Graph 4:Employment status



Source: Umzinyathi DGDP 2015

Graph 5: Employment sector in Local Municipalities illustrated the number of distinguishing characteristics are evident at local municipality level. The first is the significantly higher proportion of population active in the informal sector in the Umvoti LM (28.3%) compared to other three local municipalities (between 10.5% and 19.5%). The proportion of the employed population employed by private households is significantly lower in the Msinga LM (5.6%) compared to the other municipalities. As indicated on the attached graph high proportional concentrations of economically active population employed in the informal sector is concentrated in the central parts of Msinga, especially the settlement areas between and around Tugela Ferry and Pomeroy, as well as a large number of settlements scattered across Nqutu.

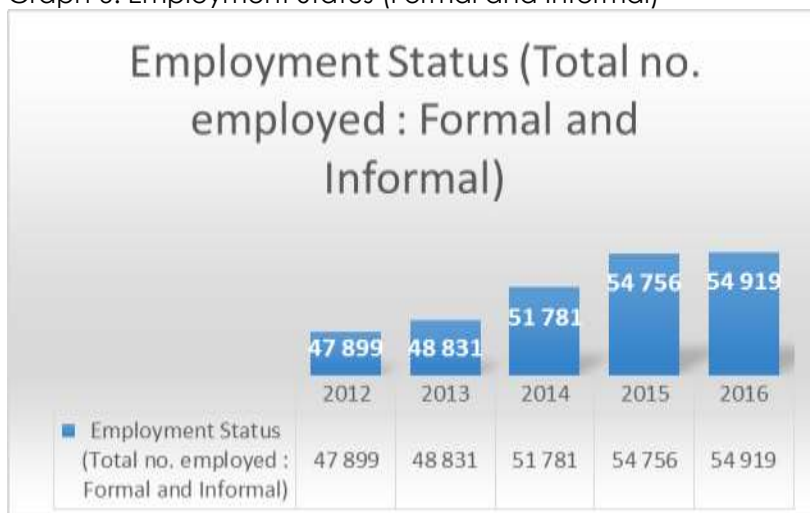
Graph 5: Employment sector in Local Municipalities



Source: Umzinyathi DGDP 2015

The census data does not separate formal and informal employment opportunities, however it is evident that the employment rate of the Umzinyathi district grew steadily from 2012 to 2016. The graph below illustrates the employment status for the past five years.

Graph 6: Employment Status (Formal and Informal)



Source: Global insight 2016

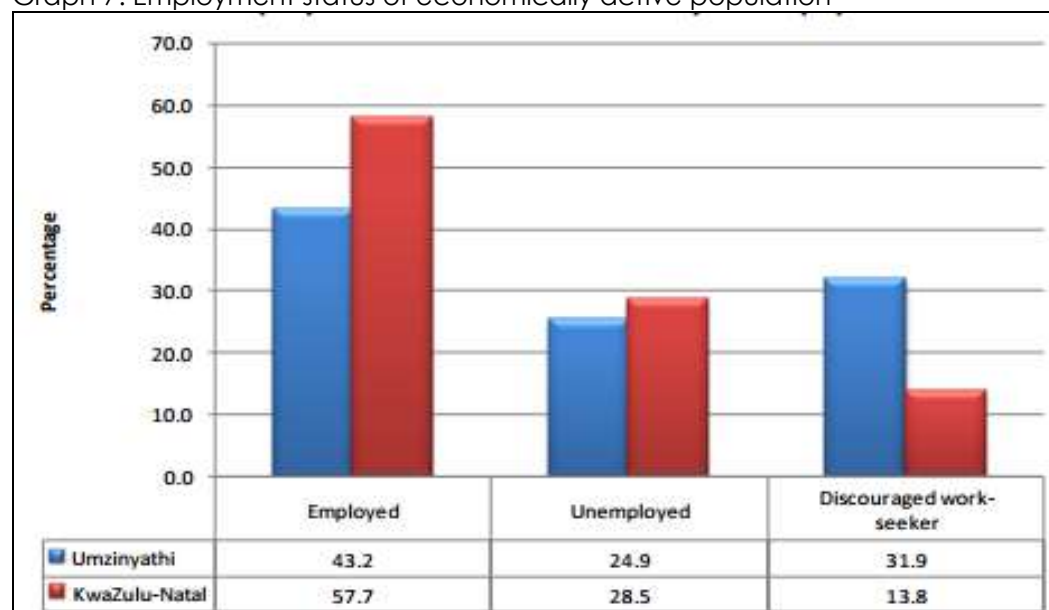
Employment status of economically active population

The comparative employment status of the economically active population at district and provincial level is outlined in the Employment Status graph below. The unemployment rate of 24.9% is surprisingly somewhat lower than the overall provincial rate of 28.5%. This graph can however be explained by the extraordinary high proportion of the economically active population classified as discouraged

work seekers (31.9%), a figure nearly 2.5 times higher than the provincial average of 13.8%.

This implies a general perception of the unavailability of formal sector employment in the district as manifested by the high proportion of discouraged work seekers reflecting a situation where a significant proportion of the economically active population has effectively given up hope of finding (or seeking) employment. This aspect will also act as an important push factor in migration decision-making of the district population, and is likely to contribute to outward migration of the economically active population from the district.

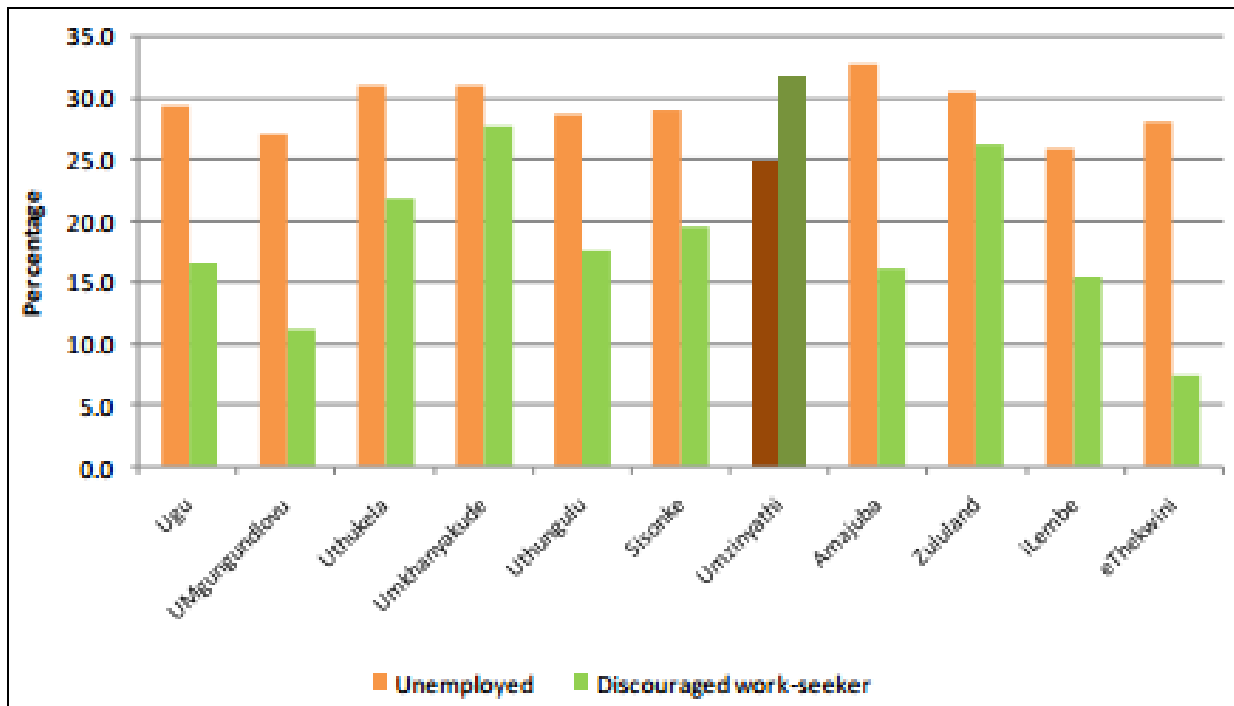
Graph 7: Employment status of economically active population



Source: Umzinyathi DGDP 2015

The information depicted in Employment status (District Level) graph below compares the unemployment rate and proportion of discouraged work seekers amongst the various districts in the province. This information confirms that the proportion of discouraged work seekers in the Umzinyathi District Municipality (31.9%) is by some margin have the highest figure amongst all districts within the province. The information indicated on the attached thematic map indicates that the areas with the highest percentage of unemployed population are located in the northern parts of the Nqutu LM, the central parts of the Msinga LM (especially the settlement areas west of Pomeroy) and some settlements in the southern parts of the municipality in the Kranskop area. The substantial spatial concentration of discouraged work seekers in the central parts of the district, especially over large parts of the Msinga LM and the eastern parts of Nqutu is also highlighted on the thematic map of discouraged work seekers.

Graph 8: Employed & Discouraged Work Seekers (District Level)

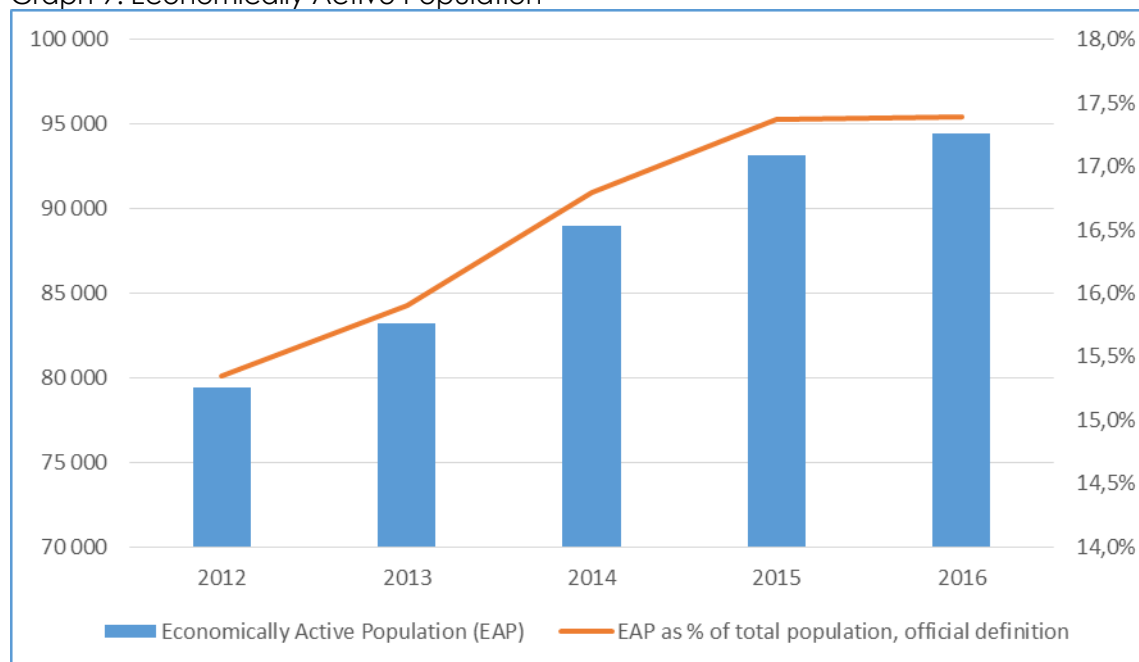


Source: Umzinyathi DGDP 2015

Economically Active Population

The Global Insight data indicates that in 2016 the economically active population (EAP) for the district represented 17% which was an improvement on the 15.5% in 2012. The graph below illustrates a positive growth in the number of economically active population within the district. The failure of the economy to absorb current labour force has to a greater extent discouraged potential labour participants from seeking employment.

Graph 9: Economically Active Population



Source: Global Insight 2016

Gross Value Added

The total size of the district economy as measured by the total GVA has grown from R3.2 billion in 2012 to approximately R5.8 billion in 2016. Although growing from a very small base, it is indicative of relatively strong economic growth of just over 7% per annum over this period. Although this growth rate declined slightly from 2014, the impact of the global economic crisis seems to have impacted on the growth rate of the district economy as severely as in other areas. The compositional trends of the district economy however reveal a somewhat different picture.

The manufacturing sector increased its contribution to total GVA from 12.3% to 19.0%, and the transport and communication sector by 2.5%. Although still growing in absolute terms, the proportional contribution of the agricultural sector (declining from 15.0% to 10.8%) and the general government sector (20.4% to 16.9%) showed the biggest decline between 2012 and 2016. Other sectors with a declining contribution to the district economy include retail (decline from 17.1% to 15.2%) and the community and social services sector (8.3% to 7.3% contribution).

Graph 10: Gross Value Added



Source: Global Insight 2016

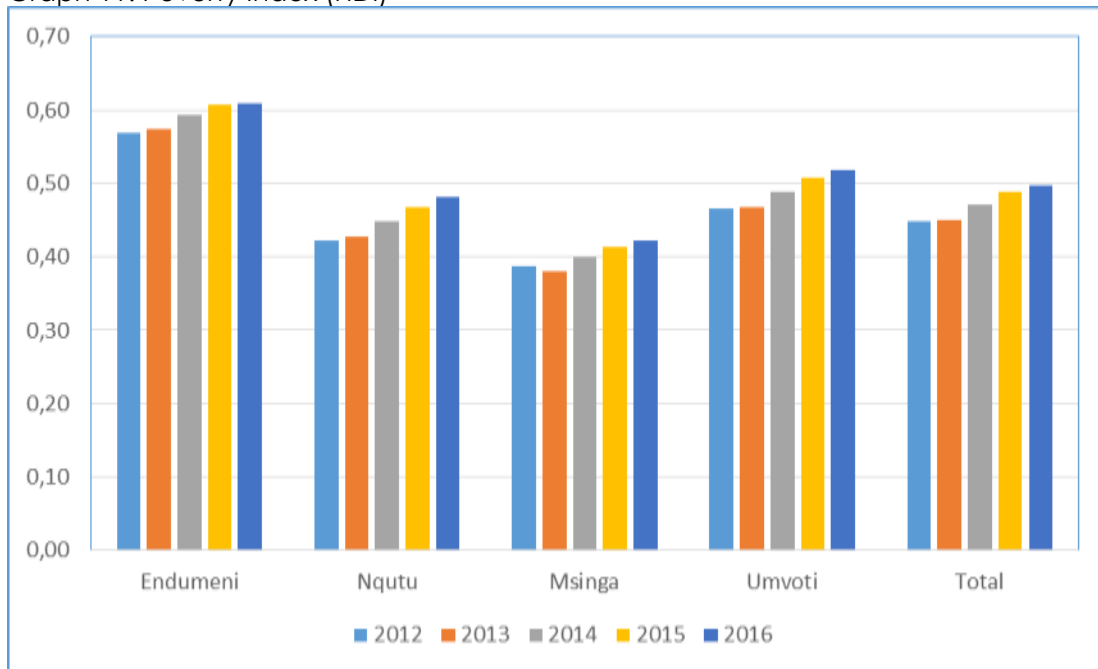
Poverty Index

One of the critical challenges identified in the National Development Plan 2030 is the extremely high levels of unemployment amongst the people of South Africa. The information depicted in Graph 11 reflects the occurrence and characteristics of this phenomenon within the district between the years 2012 to 2016. The breakdown of the unemployed population in the District is very similar to the overall figures for KZN. As much as 35.9% of the unemployed population is younger than 25 years of age with a further 33% between 25 and 34 years.

This implies that 68.9% of the unemployed population in the district is younger than 35 years of age. The age profile of the unemployed population is also very similar across the four local municipalities within the district, although the percentage of the unemployed population is somewhat higher in the Mvoti and Endumeni local municipalities.

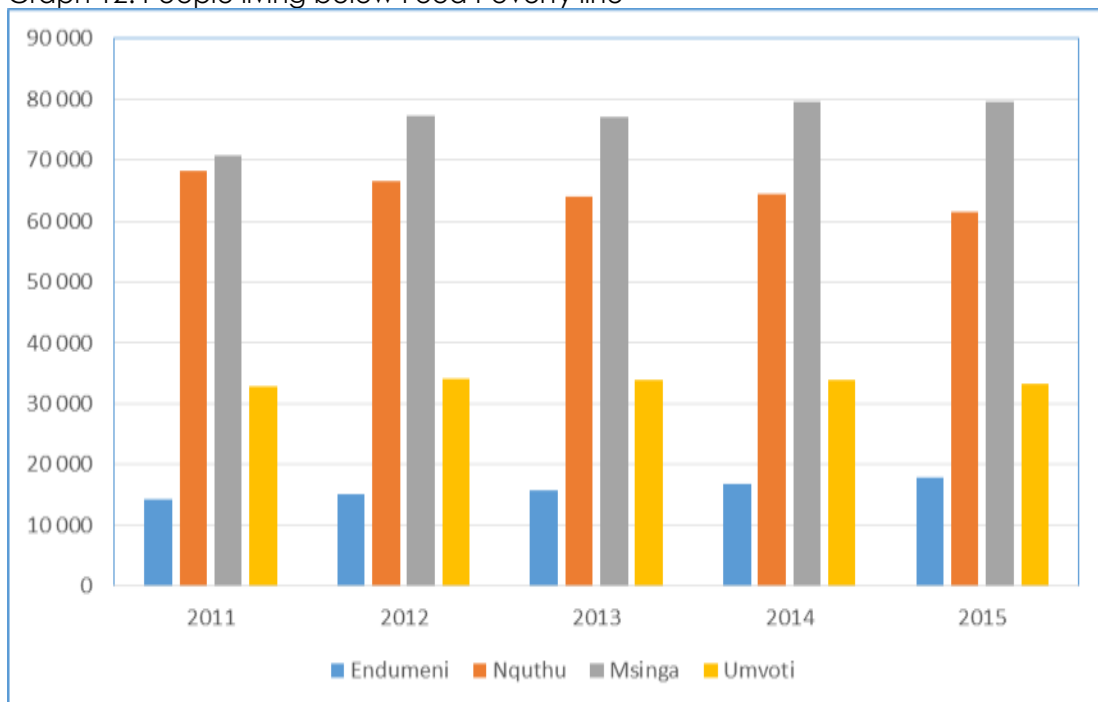
Statistics South Africa (Stats SA) report uses different figures to count those living in poverty. Stats SA's new poverty lines come from a cost-of-basic-needs approach, including both food and non-food. It calculates the minimum amount of money you need to survive. Those who fall below that line live in poverty.

Graph 11: Poverty Index (HDI)



Source: Global Insight 2016

Graph 12: People living below Food Poverty line



Source: Global Insight 2016

In 2012 to 2016 poverty statistics, the new measures for poverty show some increases in the number of people struggling across District. A rebasing of three national poverty indicators shows that more people in the district are poor than previously thought. The reason is that the upper-bound poverty line, which measures the income people need for essential items after meeting their basic food needs, was recalculated from R620 a month to R779. This coincide with the provincial status of being the province with most people living below the poverty line, indicating that Kwa-Zulu-Natal has the highest food poverty line at R354 per capita a month. Msinga local Municipality has the highest number of people living below the poverty line, while Endumeni has the lowest within District.

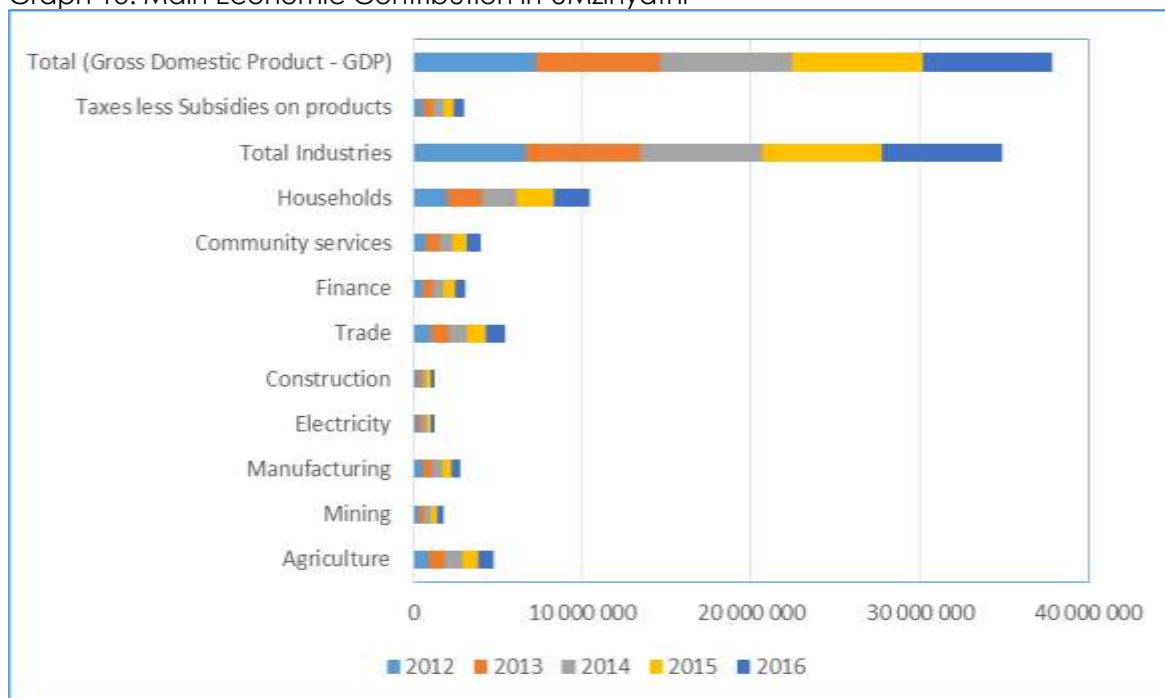
Main Economic Contribution in UMzinyathi

Overall the employment market in the district remained stagnant between 2012 and 2016 with a marginal decrease in formal sector employment opportunities from 43494 to 43381. The general government sector overtook the agricultural sector as the main source of employment in the district by 2012. This is the result of a substantial decrease in the number of employment opportunities in the agricultural sector from 13 867 to 5379 between 2012 and 2016, whilst the figures in the general government sector increased from 7126 to 10 258.

The other main sources of employment in the district includes the community and social services sector (8535), and the retail, catering and accommodation sector (6620). Despite the dominant role of manufacturing in the economic output of the district, it only provided 10.8% of the district formal sector employment. The only other sectors with notable increases in formal sector employment were the community and social services sector (increasing from 7272 to 8535) and the manufacturing sector (from 2698 to 4692).

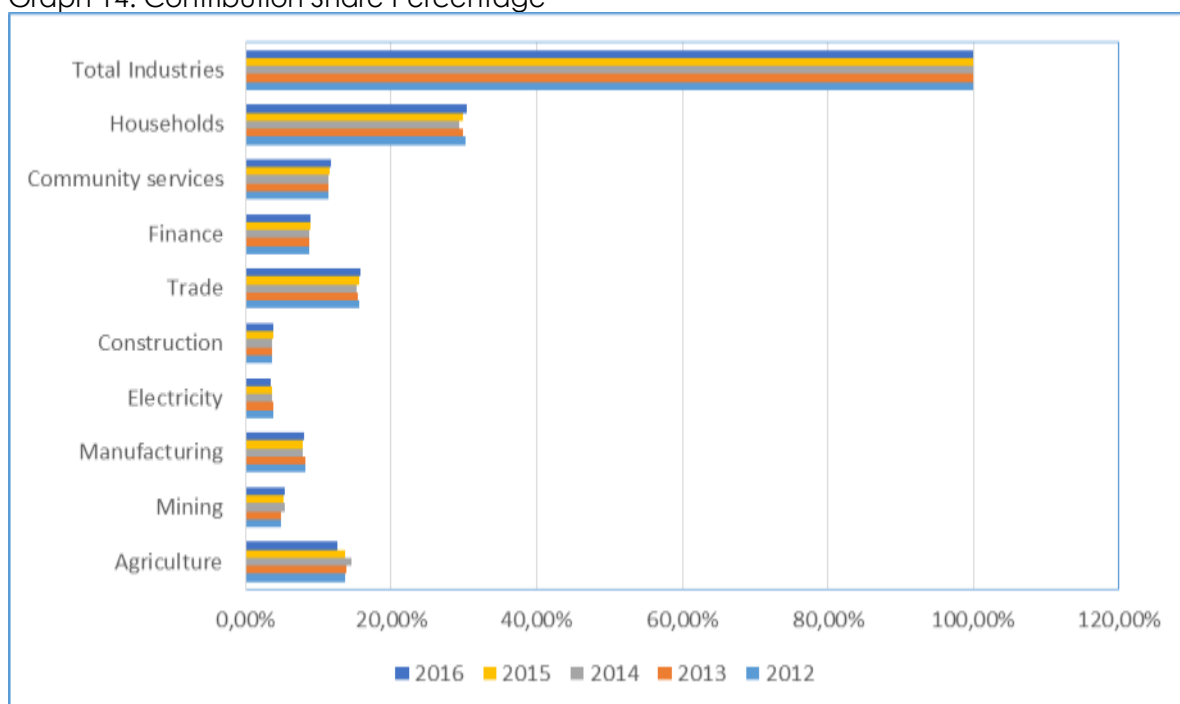
The number of employment opportunities in the informal sector increased by an estimated 1750 from 8643 in 2012 to 10393 in 2016. The biggest gains were recorded in the community and social services sector (842) and the retail sector (635), while massive losses were experiences in the informal agricultural sector (decreasing from 2463 to 935).

Graph 13: Main Economic Contribution in UMzinyathi



Source: Global Insight 2016

Graph 14: Contribution Share Percentage



Source: Global Insight 2016

1.3 Service Delivery Overview

During the year under review, the target for water provision in terms of households was Nine hundred and sixty-six (966) and the municipality managed to provide water to Four hundred and four (404) households. The under achievement of the target was due to the continued drought and a delay in SCM processes to appoint service providers.

In terms of sanitation, the target for sanitation provision in terms of households was two thousand and seven hundred (2700) and the municipality managed to provide sanitation facilities to one thousand, three hundred and nineteen (1319) households.

1.4 Financial Health Overview

The following section includes unaudited figures that are under audit for purposes of compiling the draft, the figures will be updated in the final document once the audit process has been concluded.

FINANCIAL OVERVIEW			
Income	Original Budget	Adjustment Budget	Actual
Water Sales	66 542 328	37 847 508	41 922 009
Service Charges – Sanitation	12 281 076	7 711 931	9 705 981
Interest on Outstanding Debtors	13 281 108	13 236 264	14 116 531
Interest on Investments	12 438 204	14 438 204	17 161 576
Rent Income	519 120	422 119	406 523
Sundry Income	19 548	312 703	317 149
National Grants	669 025 608	669 126 260	603 729 022
Provincial Grants	300 000	300 000	292 879
Less Expenditure	366 295 183	375 410 081	330 116 898
Net Total	407 811 809	367 684 908	357 895 460

OPERATING RATIOS VS BUDGET	
DETAIL	%
Employee Costs	40%
Repairs and Maintenance	78%
Finance charges and Impairment	0.02%

TOTAL CAPITAL EXPENDITURE			
DETAIL	2014/15	2015/16	2016/17
Original Budget	824 186 317.00	377 250 692	371 875 608
Adjustment Budget	894 418 338.00	374 748 172.00	371 976 260
Actual	304 193 515.00	367 783 956.00	264 659 509

1.5 Organizational Development Overview

During the year under review, the municipality prepared and implemented the Integrated Development Plan accordingly, in line with other strategic documents which include the Organisational Scorecard which provides details of the targets to be achieved by the municipality at an organisational level, and also the Service Delivery and Budget Implementation Plan which then provides the breakdown of the targets in terms of specific programmes and projects, in line with the budget and relevant departments which will be an implementing agents.

In terms of the provision of the basic services which mainly includes water and sanitation, the target for water provision in terms of households was Nine hundred and sixty-six (966) and the municipality managed to provide water to Four hundred and four (404) households. The under achievement of the target was due to the continued drought and a delay in SCM processes to appoint service providers. In terms of sanitation, the target for sanitation provision in terms of households was two thousand and seven hundred (2700) and the municipality managed to provide sanitation facilities to one thousand, three hundred and nineteen (1319) households.

Some of the targets that have been in progress and some achieved for LED relate to assisting 10 craft cooperatives through training them on product design, and development as well as supporting them in accessing markets. Other programmes relate to provision of financial support and training to the CTOs to enable them to render tourism marketing and promotion services effectively, have been done. Support has been rendered to Tourism Institutional Structures, including the holding of the Isandlwana Re-enactment and Talana Live.

In terms of Community Development Programmes, the municipality managed to achieve the following, the hosting of the Dundee July, participation in the District Cultural Event, participation in the Golden games, Indigenous games and SALGA Games, provision of support to the local municipalities in terms of training courses, construction for the Disaster Management Centre, undertaking of disaster management awareness campaigns, etc.

1.6 Statutory Annual Report Processes

The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year according to (MFMA S127). The activities, implications, process and timeframes are described below for ease of reference and are under implementation.

No	Activities	Timeframe
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalise the 4th quarter Report for previous financial year	
4.	Submit Draft Annual Performance Report to Internal Audit	August
5.	Audit committee considers Draft Annual Performance Report of municipality	
6.	Municipality submits Annual Performance Report including consolidated Annual Financial Statements to Auditor General	
7.	Auditor General audits the Annual Performance Report including consolidated Annual Financial Statements	September / October
8.	Municipalities receive and start to address the Auditor General's comments	November
9.	Auditor General issues the audit report to the municipality	December
10.	Mayor tables Annual Report and audited Annual Financial Statements to Council complete with the Auditor- General's Report	January
11.	Audited Annual Report is made public and representation is invited	February
12.	Oversight Committee assesses Annual Report	February / March
13.	Council adopts Oversight report	March
14.	Oversight report is made public	April
15.	Oversight report is submitted to Legislators, Treasuries and COGTA	April

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**2.1 Political Governance**

Umzinyathi District Municipality is a Category C municipality as determined by the Municipal Demarcation Board in terms of Section 4 of the Municipal Structures Act, No 117 of 1998. The municipality functions under a Collective Executive System, which consists of five (5) members. The Council of the municipality consists of twenty-five (27) Councillors and five (5) members of the Traditional Authorities. The composition of Council in terms of party representation is indicated below:

COUNCILLORS	NO
IFP	15
ANC	12
Traditional Authorities	5
Total	32

In terms of the municipal structures which serve to promote good governance in the municipality, which were fully functional during the year under review, and the details of their functionality are as follows:

Council

The municipality has for the 2017/18 Financial year operated under a full council since the delay of appointment to office.

The Council was inaugurated on the 13th of June 2017. The municipal Council with the assistance of An Administrator, Mr Nkosi, from KZN Cogta has ensured and strived to the best of its capacity to achieve the objectives as set out in Section 152 of the Constitution which indicates that Council must annually review:

- The needs of the community;
- The priorities to meet those needs;
- Its processes in involving the community;
- Its organisational and delivery mechanism for meeting the needs of the community

- Its overall performance in achieving the objectives as set out in Section 152 of the Constitution.

During the year under review, the Council had Fifteen (15) meetings and the details of the meetings are as follows: financial year under review in the 2017/2018 Financial year starting to 01 July 2017 to 30 June 2018

Date of the Meetings
13 July 2017, 07 August 2017, 29 August 2017, 12 September 2017, 04 October 2017, 14 November 2017, 07 December 2017, 19 December 2017, 19 January 2018, 28 February 2018, 17 March 2018, 26 March 2018, 20 April 18, 28 May 2018, 29 June 2018.

Executive Committee

The Executive Committee members were appointed on the 20th of June 2017. The Executive Committee receives reports from other committees of Council, the committee must then forward these reports together with their recommendations to Council when it cannot dispose of the matter in terms of its delegated powers.

During the year under review, the Executive Committee had sixteen (16) meetings, and the details of the meetings are as follows:

Date of the Meetings
13 July 2017, 27 July 2017, 24 August 2017, 21 September 2017, 27 September 2017, 27 October 2017, 30 November 2017, 04 December 2017, 18 December 2018, 17 February 2018, 26 February 2018, 01 March 2018, 20 March 2018, 19 April 2018, 28 May 2018, 22 June 2018.

Portfolio Committees

During the financial year the municipality had effective and fully functional Portfolio Committees which are established in line with Section 79 of the Municipal Structures Act (No 117 of 1998) and are established in line with the macro structure of the municipality, they are chaired by the members of the Executive Committee.

The establishment of the committees is to ensure effective and efficient performance of the municipality in terms of service delivery, and also to assist the Executive Committee. The municipality has five (5) Portfolio Committees that serve to report to the Executive Committee in accordance with the performance directives of the Executive Committee.

During the year under review, the section 79 committees were functional, and the meetings were as follows:

Portfolio Committee	Number of Meetings
Budget and Treasury	7
Technical Services	2
Corporate Services	5
Planning and Economic Dev	4
Community Services	6

Municipal Public Accounts Committee (MPAC)

During the year under review, the municipality had a functional Municipal Public Accounts Committee which was responsible for the following.

- Assist Council to hold the executive and administration to account;
- Councillors are therefore responsible for exercising oversight over both the executive and administration;
- Proper administration of oversight requires Councillors to be fully informed of their own agenda, business or affairs; and
- Councillors are accountable for the performance of the council; hence they must supervise the Municipal Council agenda, in order to achieve the desirable performance.

2.2 Administrative Governance

The details of the macro structure of the municipality which was in place during the year under review, is indicated below. The position of the Senior Manager Corporate Services, Senior Manager Community Services and Chief Financial officer are vacant and in the process of being filled.



In terms of the administrative governance structures which were in place during 2017/18 financial year, and were functional to manage the administrative matters and the details in terms of the functions of the departments are as follows:

- Top Management Committee;
- Office of the Municipal Manager;
- Technical Services;
- Corporate Services;
- Community Services;
- Planning and Economic Development; and
- Budget and Treasury;

Top Management Committee

During the year under review, the municipality had a functional and effective Top Management Committee. The committee consisted of the Accounting Officer, Acting Senior and Senior Managers. The functions being performed by the Top Management Committee was to assist the Accounting Officer in managing and coordinating the financial management and overall administration of the municipality.

Office of the Municipal Manager

- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;
- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure; and
- Disclose all information on debts.
- The Office of the Municipal Manager also managed the following sections:
 - Internal Auditing; and
 - Securing Protocol.

Department: Community Services

The Office of the Mayor consisted of the following sections:

- Social Services;
- Health and Wellness;
- Environmental Health; and
- Disaster Management.

Department: Technical Services

- Municipal Infrastructure Implementation;
- Municipal Infrastructure Operations and Maintenance;
- Water Service Authority; and
- Community Development Facilitation;

Department: Planning and Economic Development

- Local Economic Development;
- Geographic Information Systems;
- Municipal Planning;
- Integrated Development Planning and Performance Management System; and
- Environmental Management.

Department: Corporate Services

- Human Resources;
- Administrative Services / Council support;
- Communications;
- Registry Services;
- Fleet Management; and
- Security services for the building
- Information Technology.

Department: Budget and Treasury

- Income and Expenditure,
- Procurement;
- Customer Care and Billing
- Asset Management
- Budgeting and Reporting;
- Financial Reporting

2.3 Corporate Governance

Municipal Website

During the year under review, the municipality had a functional website with the information required to be made public in terms of the Municipal Systems Act and Municipal Finance Management Act, e.g. IDP, Budget, Policies, Performance Agreements, SDBIP etc.

Public Satisfaction on Municipal Services

During the year under review, the municipality did not undertake the Customer Satisfaction Survey due to budget constraints but will be undertaken during 2018/19 financial year. The aim of the study is to determine the perceptions of the community on the services the municipality is providing. The Customer Satisfaction Survey also contributes to improving communication between the municipality and the community in determining the social and economic needs that require urgent attention and deemed necessary to improve the quality of lives.

Municipal Oversight Committees

Audit Committee

During the financial year under review, the Municipality had a functional Audit Committee as required in terms of section 166 (6) (a) of the Municipal Finance Management Act 56 of 2003. The Audit Committee had five (5) meetings, and the details of the meetings are as follows:

Date of the Meetings
18 August 2017, 28 August 2017, 20 October 2017 ,24 November 2017, 19 April 2018.

Internal Auditors

In order for the Audit Committee to meet its objectives, in 2016/17 the municipality recruited another officer to strengthen the capacity of the Internal Audit Unit and to assist in attending to internal audit matters prior to submission to the Audit committee. The municipality's internal capacity in terms of the Internal Auditors has increased from three to four. the function of the Internal Auditors is to oversee the internal audit function and also to provide independent and objective assurance on the internal controls as well as the risk management of the municipality.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.4 Inter-governmental Relations

The Intergovernmental Relations Framework Act No 13 of 2005, stipulates that there must be a district Intergovernmental forum to promote and facilitate intergovernmental relations between the district and local municipalities within the district. During 2017/18 financial year, the municipality had in place the following Intergovernmental Relations structures:

Intergovernmental Relations Forum	Objective of the Function	Date of the Meetings
Umzinyathi District Coordinating Forum	The objective of the forum is to promote and facilitate intergovernmental relations and cooperative government between the district and local municipalities, the forum meets on quarterly basis and is not functional.	<ul style="list-style-type: none"> TBD
Municipal Managers Forum	The Municipal Managers Forum serves as a technical support to the District Coordinating Forum and implements their resolutions. The members of the Technical Support structure are the Municipal Managers of the district family of municipalities, and/or officials designated by them, and it also meets on quarterly basis and is functional.	<ul style="list-style-type: none"> TBD
Speakers Forum	The forum has been recently established, and it also meets on quarterly basis and is not functional.	<ul style="list-style-type: none"> 07 March 2018 06 June 2018
Corporate Services Forum	The purpose of the forum is to share information on Administrative, Communications, Human Resource and Security issues, and also to provide advice to the Municipal Managers Forum on such matters.	<ul style="list-style-type: none"> 16 August 2018
Planning and Development Forum	The purpose of the forum is to co-ordinate planning and development within Umzinyathi District by ensuring improved and continued communication amongst the various planning sectors, and also to ensure that planning and development within the District is undertaken in a holistic way and that it takes place within the framework of all Municipalities' Integrated Development Plans,	<ul style="list-style-type: none"> 13 August 2018
IDP – LED Technical Planning Committee	The purpose of the forum is to: <ul style="list-style-type: none"> Streamlining planning process; Finding a common district wide development vision; Consolidation and alignment of programmes and budgets; Unifying the channelling of both private and public 	<ul style="list-style-type: none"> 14 November 2017 09 May 2018

	<p>sector investments;</p> <ul style="list-style-type: none"> Combating socio-economic ills in a strategic and coordinated manner; and Put forward a plan of action that will enjoy political buy-in at levels. 	
Disaster Advisory Forum	<p>The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within Umzinyathi District by ensuring improved and continued communication. The forum consists of representatives from the district and local municipalities, SAPS, Traffic, emergency services etc.</p>	<ul style="list-style-type: none"> 29 September 2017 1 December 2017 14 March 2018 20 June 2018
District Communicators Forum	<p>The functions of the forum include but are not limited to the following:</p> <ul style="list-style-type: none"> To coordinate the sharing of information pertaining to all spheres of government; To coordinate and organize a calendar of events for the district to ensure that these activities are streamlined across the district to avoid duplication and wastage of resources; and To provide support to local municipalities with regard to development of communication strategies. 	<ul style="list-style-type: none"> 15 November 2018 30 January 2018 30 March 2018
Chief Financial Officer Forum	<p>The purpose of the forum is to share information on sound financial management matters and also to provide advice to the Municipal Managers Forum on such matters.</p>	<ul style="list-style-type: none"> 28 March 2018
Infrastructure Forum	<p>The purpose of the forum is to ensure the integration and alignment of Infrastructure projects being implemented within the district.</p>	<ul style="list-style-type: none"> 21 May 2018

2.5 Public Meetings

Since the IDP involves participation of a number of stakeholders, it was crucial for the municipality to adopt an appropriate approach and also put in place appropriate structures to ensure effective participation. The municipality had a number of structures advocating public participation which are as follows:

IDP_LED Technical Committee (IDP Representative Forum)

The IDP Rep forum is a broad-based meeting where all the key role players meet to discuss developmental programmes and projects of the district, and it also serves for alignment and integration of the IDP's. The representatives that attend these meetings include the IDP, LED, and Planning Personnel of the district and four local municipalities, † sector departments, Service Providers, NGO's etc.

The Planning and Development Forum

The IDP Alignment Committee is a mechanism that is established with the purpose of addressing specific issues of interest that need to be aligned between the district and local municipalities. The Alignment Committee meetings are different from the IDP_LED Technical Committee meetings. The intension is that the alignment meetings focus on specific challenges and opportunities that exist between the district and local municipalities.

Public Engagements

Known as the IDP Roadshows it is a process where communities are being provided an opportunity to discuss developmental issues as required by Chapter 4, Section 16 & 17 of the Municipal Systems Act, which stipulates that municipalities are required to develop a culture of public participation and consult their respective communities on developmental issues.

2.6 IDP Alignment

Horizontal Alignment

Alignment of the Umzinyathi IDP with the local municipalities is imperative to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the Planning and Development Forum which convenes on bi-monthly basis. The frequency of the meetings for the assisted the district family to monitor alignment issues constantly.

Vertical Alignment

Alignment with Sector department and Service providers will also take place as it is essential in order for the District family to have consistence planning and also priorities can be indicated in their project prioritization. This was undertaken through meetings or one-on-one basis. The district convened two (2) IDP_LED Technical Committee meetings (IDP Representative Forums), these meetings serve to discuss integration issues and also to present to Sector Departments the key municipal priorities which require funding for implementation in the next financial year, and also to obtain feedback from Sector Departments also for integration.

2.7 Municipal Events

During the year under review, the municipality hosted and participated in the following main events.

Name of Event	Date of the Event	Venue of the Event	Achievements of the event
District Cultural Event	10 September 2017	Enyokeni, KwaNongoma	District managed to transport at least 520 maidens.
Rural Horse Riding	15 July 2017	Endumeni Recreational Grounds	Umzinyathi supplied Transport, Horse feed, medication and meals for 40 jockeys.
World Aids Day	01 December 2017	Endumeni Ward 6	A variate of awareness campaign were conducted as well as Medical male circumcision
KZN SALGA Games	7-11 December 2017	King Cetshwayo District	District participated in 06 sporting codes and had 147 athletes to represent the municipality at the provincial competition.
Disability Sport	16 - 20 February 2018	George	The District had 21 athletes to represent the municipality at a provincial sports competition level.
Indigenous Games	11-13 August 2017	Alfred Duma local Municipality	The district had 128 athletes taking part in various sporting codes from different local municipalities.
Golden games	12-18 September 2017	Ugu District municipality	The theme of the games was "Kugug'othandayo", the district participated in 18 sports codes with 130 participants from all four local municipalities.

2.8 Risk Management

During the year under review, the municipality prepared a Risk Management Plan, which describes how the Risk Management Strategy was to be implemented during the 2017/2018 financial year. In the compilation of the Risk Management Plan, the municipality adhered to the guidelines provided for by the National Treasury.

On the main, the primary objective of risk management plan is to facilitate the execution of risk management. The plan was prepared to give effect to the implementation of the risk management policy and strategy and set out all risk management activities which were planned for the 2017/2018 financial year.

The top six (6) risks of the municipality are as follows:

- Inability to verify infrastructure assets and Inability to account for assets
- Lack of continuity of operations management
- Inability to Bill and collect revenue
- Non-deliverance of services by service providers in line with the expectations and requirements of the municipality
- Insufficient and ineffective security services
- Inaccurate budget and reporting of financial information

Based on the above indicated risks, the municipality has developed an action plan for implementation which serves as a management tool for the risks, and its monitoring is on quarterly basis. Furthermore a Risk Management Committee that comprises of the Top Management Committee and the Chairperson of the Audit Committee has been established to ensure that risk mitigation strategies are implemented in order to attain the strategic objectives of the municipality.

2.9 Anti – Corruption and Fraud

The municipality developed this policy with the intention of demonstrating its stance against “fraud and corruption” as well as to reinforce existing systems, policies, procedures, rules and regulations of the municipality aimed at determining, preventing, detecting, reacting to, and reducing the impact of fraud and corruption, where such dishonest activities exist. Furthermore, the purpose of this policy document is to confirm that the Municipality supports and fosters a culture of Zero Tolerance to fraud and corruption in all its activities.

The policy intends to deal with to all attempts and incidents of alleged / suspected fraud and corruption impacting or having the potential to impact on the Municipality. The policy has been under effective implementation during the year under review.

2.10 Supply Chain Management

The municipality developed the Supply Chain Management Policy and Procedures in terms of section 111 of the Local Government Municipal Finance Management Act (No.56 of 2003). The implementation of the policy applied when the municipality, procures goods or services; disposes goods no longer needed; selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act. The implementation of the policy has been under effective implementation during the year under review.

2.11 By-Laws

In terms of the By-laws the municipality has two which have been promulgated namely for Water Services By-Law and Environmental Health By-Law there have been under effective implementation during the year under review.

2.12 Municipal Website

The municipality has a website which has been operational for a number of years as required in terms of Section 21 (b) of the Municipal Systems Act (No 32 of 2000). During the year under review, the municipal website consisted of public documents as required in terms of the Municipal Systems Act (No 32 of 200) and Municipal Finance Management Act (No 56 of 2003) e.g IDP, Budget, SDBIP, Policies, Annual Report, and Spatial Development Framework etc.

3.1 Water Provision

During the year under review, the target for water provision in terms of households was 966, and the municipality managed to provide the service to 404. The underperformance was caused by delays in the SCM processes to appoint service providers which resulted in late appointment of contractors. The municipality also experienced community protest which further affected the certain projects. Most of the above issues have been addressed, to ensure effective implementation of the projects and their completion during the 2018/19 financial year. As a remedial measure the municipality had to resort in providing water through water tankers.

There were (17) water tankers in operation in the whole district which did not necessarily address all water supply challenges but serve as a significant water shortage intervention. There are also interventions that were put in place such as limiting water supply in high peak times so to conserve it. The details of the water infrastructure projects which were implemented during the year under review are as follows:

UMZINYATHI DISTRICT MUNICIPALITY: PROJECTS REPORT **2017 TO 2018** FINANCIAL YEAR

Water Projects 2017-2018

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2017-2018	Expenditure 2017-2018	Variance
1	Endumeni	3	401	Glencoe Sithembile Housing Bulk Services	MIG	5 905 839.54	2 104 813.00	3 800 576.54
2	Nquthu	3,4,5		Ntinini Water	MIG	13 498 959.07	2 655 813.04	10 834 146.03
3	Msinga	6,7		Mthembu West - Tugela Ferry Water	MIG	8 479 642.55	1 838 402.72	6 641 239.83
4	Msinga	4		Mbono water	MIG	9 859 551.81	2 061 033.96	7 798 517.85
5	Msinga	1,2		Douglas Water	MIG	4 742 381.81	2 360 912.79	2 381 469.02
6	Msinga	2,3,4		Msinga bulk	MIG	16 627 647.55	80 292 842.07	-63 665 194.52
7	Umvoti/Msinga	14		Muden Regional	MIG	62 559 405.82	30 020 697.04	32 538 708.78
8	Umvoti	1		Hlimbithwa Makhabeleni	MIG	6 230 242.94	70 803.49	6 159 439.45

				water project				
9	Umvoti	8		Ophathe water	MIG	14 103 389.00	3 117 515.62	10 985 873.38
10	Endumeni	All		Tayside increased Pumping capacity	WSIG	8 839 500.00	7 510 863.33	1 328 636.67
11	Nquthu	4		Kwajama Water Supply	WSIG	15 415 006.26	4 615 006.26	10 800 000.00
12	Endumeni	1		KwaSthole Water supply	WSIG	27 312 324.30	12 778 514.61	14 533 809.69
13	Umvoti	7,9,10		Greytown regional bulk	RBIG	98 933 000.00	80 920 000.00	18 013 000.00
14	Msinga	11		Othame Water supply	WSIG	22 333 327.05	9 687 118.81	12 646 208.24
			401	TOTAL WATER		314 840 217.70	240 034 336.74	74 805 880.96
Rudimentary Projects 2017-2018								

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2017-2018	Expenditure 2016-2017	Variance
1	All	All	0	Rudimentary projects	MIG	-	-	

3.2 Sanitation Provision

During the year under review, the target for sanitation provision in terms of households was 2700, the municipality managed to provide sanitation facilities to 1319 households. The details of the infrastructure sanitation projects implemented are as follows:

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2017-2018	Expenditure 2017-2018	Variance
1	Umvoti	Various	0	Umvoti sanitation	MIG	664 397 .82	2 590 950.00	-1 845 552.18
2	Nquthu	Various	310	Nquthu sanitation	MIG	6 315 291.47	7 929 056.12	-1 613 764.65
3	Msinga	6,8	694	Mbono Mkhuphula	MIG	30 000 000.00	12 070 170.00	17 929 830.00
4	eNdumeni	6	325	eNdumeni sanitation	WSIG	4 782 180.02	4 782 180.02	0.00
			1329	TOTAL SANITATION		41 761 869.31	27 372 356.14	14 470 513.17

3.3 Other Infrastructure Projects

During 2017/18 financial year, the municipality obtained grant funding through the Municipal Infrastructure Grant for the construction of a modern District Disaster Management Centre. Endumeni Municipality donated land to the district for the construction of an advance District Disaster Management Centre, and the progress in terms of the construction of the center is indicated below:

No.	LM	Ward No.	No. of Households	Project Name	Funding source	Budget 2017-2018	Expenditure 2017-2018	Variance
1	Various	2	0	Umzinyathi Disaster Management Centre	MIG	23 400 000.00	TBD	TBD
2	Various	N/A	N/A	PMU Support	MIG	7 700 907.28	7 700 970.26	0.00
				TOTAL OTHER PROJECTS		31 100 927.03	7 700 970.26	TBD

3.4 Summary of Funding for Infrastructure Sources

FUNDING SOURCE	Budget 2017/2018	Expenditure 2017/2018	Variance
MIG FUNDING	191 941 000.00	178 941 000.00	13 000 000.00
RBIG	98 933 000.00	80 920 000.00	18 013 000.00
WSIG	78 683 000.00	33 373 683.03	42 144 550.95
TOTAL	369 557 000.00	293 234 683.03	73 157 550 .95

3.5 Expanded Public Works Programme (EPWP)

Umzinyathi District Municipality is also committed in training and developing communities through the EPWP programme, thereby promoting economic growth and creating sustainable development, and employment opportunities.

In terms of the water projects, communities were trained and skilled in plumbing, bricklaying, concrete works, pipe laying, steel fixing and elementary project management. In the field of sanitation, communities were trained and skilled in bricklaying and panel laying. In economic development and social services, communities were trained on land preparation, ploughing and harvesting, and on the social services it was on street cleaning and appointment of disaster management volunteer's. The total of number of jobs created through the EPWP programme were 1349 in the 2017/18 financial year.

3.6 Regional Landfill Sites

The Department of Environmental Affairs in partnership with Umzinyathi District Municipality, embarked on the process of developing two regional landfill sites. The department provided funding to the value of R 30,000,000.00 for the project.

The South regional landfill site is located under Umvoti Municipality has been completed and is to be shared with Umsinga. The North regional site is located in Endumeni municipality and has recently been upgraded to include weighbridge, office and ablution facilities. Both landfill sites are now fully operational.

3.7 Road Asset Management System

The Department of Transport in partnership with Umzinyathi District Municipality, embarked on the process of implementing Road Asset Management Systems (RAMS). Its aim to ensure efficient and effective investment in rural roads and the collection of associated road and bridge inventory data condition assessments and traffic information.

Improved data on rural roads will guide infrastructure investment, improve accessibility to and mobility of rural communities. The Department of Transport provided funding to the value of R 2 275 000.00 for the implementation of the project during the year under review. R1 535 000.00 of this allocation was spent by the municipality in 2017/18.

During the year under review, the following phases were undertaken as part of the project, a desktop study for assessment of class 6 roads, 2nd round of traffic counts using local observes under

Traffic count, Road Geospatial Data, Road Visual Condition, Road Inventory (1 – 5 road length), Bridge Inventory, training of graduates / technicians, Prioritization and Reporting to the Department of Transport.

3.8 Drought Programme

During the year under review, the municipality has been implementing a drought programme which is as follows:

- Awareness campaigns in all four local municipalities informing the community about the seriousness of drought and saving of water;
- Water restriction measures have been implemented to allow water levels to rise at the reservoirs;
- Communities requested to reduce their water consumption to 15000 litres per month or less;
- Provision of water tankers to provide water to the communities;
- Partially closing of water at night to reduce night flows;
- Implementation of various springs and borehole programme to provide water;
- Sourcing funding from the Department of Co-operative Governance and Traditional Affairs, Department of Water and Sanitation, Rural Development and Land Reform to address the drought situation.



Figure 1: Water tankers purchased in 2016/17

3.9 Operation and Maintenance

All water schemes except Biggarsberg and Sanitation schemes were run by the municipality. The municipality has an Operation and Maintenance Policy which was adopted in December 2018 and is now working on a plan, which serves to ensure sustainability thereby providing water to the communities for a longer period. On the main, the Operation and Maintenance focuses on the maintenance of water treatment works, waste water treatment plants, fixing water leaks through pipe burst. The main challenge is the lack of adequate funding for operations and maintenance. The Municipality still continuing with the WAR ON LEAKS campaign that is an initiative to reduce water losses and theft. the campaign was conducted across the district in the year under review.

3.10 Free Basic Services

The municipality has a policy in place, which provides for provision of free basic services to the households in terms of water. Indigent households within the district receive 6 kilolitres (6000 litres) of free basic water. The current costs of providing free basic services 5 764 898.00 while the budgeted amount for 2018/19 is 4 174 000.00

COMPONENT B: PLANNING AND ECONOMIC DEVELOPMENT

3.11 Spatial Planning

During 2014/15 financial year, the district family of municipalities signed a new business plan for the Development Planning Shared Services for the next three years, and some of the programmes which were implemented during the year under review included the provision of support on the following areas:

- Providing technical support TO LMS for the development of wall to wall schemes,
- Providing technical support for the review of the Integrated Development Plans; and IDP Sector Plans;
- Providing technical support on Performance Management System;
- Management of the development applications in line with the PDA / SPLUMA;
- Reviewing and updating of system for receiving, commenting and approval of the development applications in line with the Planning and Development Act;
- Review and Updating of the Spatial Development Framework including precinct plans and urban design development frameworks;

In terms of progress for the implementation of Spatial Planning and Land Use Management Act (No 16 of 2013) the following has been undertaken:

- The Municipal Managers Forum has approved the establishment of a Joint Municipal Planning Tribunal;
- The Councils of the family of municipalities have taken resolutions adopting the establishment of a Joint Municipal Planning Tribunal;
- The Councils of the family of municipalities have also taken a resolution for signing the Joint agreement for the Municipal Planning Tribunal and also to contribute towards the associated costs thereof; and also nominated their planners to serve on the Tribunal;
- Approval by Council of the interim arrangements for the implementation of SPLUMA;
- Categorization of the applications has been undertaken.
- The Municipal Managers Forum has evaluated and appointed five (5) members to serve on the Joint Municipal Planning Tribunal;
- The JMPT Agreement and appointment of JMPT members have been gazetted;
- In the year under review two District JMPT meetings have been held;
- 8 applications were received and approved in 2017/18.

3.12 Local Economic Development

DISTRICT ECONOMIC DEVELOPMENT AGENCY

In September 2012 Cabinet Lekgotla resolved that all District Municipalities should establish District Development Agencies to enhance marketing and investment promotion as well as to drive overall economic development programmes.

The District Development Agency is intended to be a special purpose vehicle that will assist the District Municipality in executing its economic development mandate by focusing on the following:

- Unlocking the economic development potential of the area with the implementation of bankable and sustainable economic development programmes and projects.
- Contribution towards unlocking the inherent entrepreneurial potential of local business people.
- Ensuring a coordinated approach towards economic development.
- Facilitating and coordinating investment attraction, retentions and expansions.
- Promoting the creation of appropriate supporting infrastructure required for strategic economic development.

The feasibility assessment exercise that was undertaken in accordance with section 78 of the Municipal System Act 32 of 2000 as amended concluded that to ensure sustainability of the entity, a number of options i.e. structuring of the entity as well as funding models would have to be considered (the various options are clearly outlined in the final s78 assessment report)

The recruitment and appointment of Board of Directors incumbents was initiated in 2014 but subsequently suspended. The process was revived in December 2016 with the shortlisting, interview and eventual appointment of four Board members. It was recommended that additional Board members with sector specific skills that were not found during the interview, be head hunted.

In the year under review council decided that the above process be started afresh. The Municipality is currently finalising the TORs for reviewing of the S78 assessment report.

AGRI PARKS PROGRAMME

The Department of Rural Development and Land Reform has been mandated to create sustainable rural communities across the country through its Comprehensive

Rural Development Programme. To achieve this mandate, the department embarked on developing a fresh approach to rural development.

The department is working with various stakeholders, including organized agriculture, to establish 27 Agri-Parks across the country in order to kick-start rural economic transformation in the identified areas.

The Agri-Parks is defined as a networked innovation system of Agro-production, processing, logistics, marketing, and training and extension services, located in a District Municipality. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-Parks comprises three distinct but interrelated basic components. The Agri-Parks are expected to be linked directly to the identified production areas that support communities, smallholder farmers and emerging black farmers.

The National Development Plan views agriculture as critical to employment and food security. It is estimated that Agriculture would potentially create a million jobs by 2030. Vision 2030 of the National Development Plan (NDP) calls for an inclusive rural economy wherein: rural communities should have greater opportunities to participate fully in the economic, social and political life of the country. People should have access to high-quality basic services that enable them to be well nourished, healthy and increasingly skilled. Rural economies will be supported by agriculture, and where possible by mining, tourism, Agro-processing achieved through successful land reform, job creation and poverty alleviation.

The 2030 vision speaks of the inclusivity and integration of rural areas, through successful land reform, job creation and poverty alleviation, and places Agriculture as the driving force behind this vision. The NDP identifies the following as key catalytic interventions which include “expansion of irrigated agriculture, supplemented by dry-land production where feasible. In areas of low economic potential, the NDP speaks of the importance of basic services such as basic education, health care, basic services and social security to support the development of human capital.

Agri-parks will serve as important mechanisms to execute the NDP's proposed rural development strategy due to their potential for supporting small-scale agricultural production and stimulating Agro-processing in rural areas. One core element of this approach is conducting commodity and value-chain analyses and mapping exercises to establish Agri-parks based on the growth potential of value-adding commodities.

As such, each Agri-park will focus on specific prioritized commodities that have the highest prospect of succeeding in their region.

This is directly in line with the NDP's approach of targeting high value commodities (most of which are labour intensive) to stimulate industrial growth, accompanied by measures that ensure sustainable production on redistributed land and an improved institutional support system. In this regard, the NDP identifies certain agricultural sub-sectors that have the most potential for development, which are categorized into large labour-intensive industries, smaller labour-intensive industries, and large existing industries with significant value-chain linkages. For instance, small-scale labour intensive agriculture, including macadamia, pecan nut, rooibos tea, olive, fig, cherry and berry industries, are found to have the greatest expansion potential due to the significant market demand for these products. The NDP projects that approximately 80 000 jobs can be created by further developing these particular areas of small-scale agriculture. By providing the necessary inputs, facilities, institutions, market-linkages and partnerships, Agri-parks can enable producers and rural residents to create new and expand existing enterprises in these industries, which will have positive growth impacts on the rural economy.

Through desktop research and consultation with stakeholders, Umzinyathi District Municipality has identified the following key agricultural commodities for the proposed Umzinyathi Agri-park:

- Beef - Endumeni Municipality
- Maize/dry beans (agronomy) - Endumeni /Nquthu
- Vegetables - Msinga/Umvoti (Muden)

A detailed feasibility study was undertaken by CSIR consultants and the report that was developed informed the documents that it is now referred to as the Umzinyathi District Agri-parks Master Plan which reaffirms the focus in the identified key commodities further and looks at the establishment and operationalization of the other components of the Agri-parks i.e. the Agri-hub, the Farmer Production Support Units (FSUs) and the Rural Urban Market Centre Unit (RUMC).

The exercise has proposed that the Umzinyathi Agri-hub be located in Endumeni Local Municipality and that the priority commodity and key project in the Agri-hub be the meat processing and deboning plant as well as support facilities such as abattoirs. A feasibility study for the meat processing and deboning plant which was undertaken in 2012 identified Glencoe as the ideal site due to the availability of requisite infrastructure and services.

Farmer Production Support Unit (FPSUs) components of the Agri-parks concept which are located in strategic areas where there is a concentration of agricultural

activities. FPSU provide services such as mechanization, input storage and distribution, extension services etc. A number of FPSUs have been identified across all four Local Municipalities, based on the concentration of agricultural activities of the identified key commodities. The FPSUs have been identified as follows:

Agronomy (Maize and other grains) & Vegetable FPSUs			
Umvoti Municipality	Msinga Municipality	Endumeni Municipality	Nquthu Municipality
Muden (around Wards 8&11)	Tugela Ferry Ward 5 (Malimeni)	Wasbank (Ward 1 &7)	Ntinini (Ward 4 & 5)
Ngwalana-Dolo (around Wards 12,14 & 5)	Pomeroy-Mthale (Ward 16&18)	Endumeni Central (Wards 2,4 &5)	Blood River (Ward 16 & 17)
Kranskop (around Ward 5 &6)	Msinga Top (around Wards 14 & 15)	De Jagers (Ward 6)	Nondweni (around Wards 1,5,7 &8)
Matimatolo (around Wards 2,3&4)	Douglas (around Ward 3&4)		Hlati (around Wards 12&15)
	Mkhuphula (around Wards 12 &13)		Nquthu Town (Wards 2,9,11,13& 14)
	Mkhuphula (around Wards 12&13)		
	Mzweni (around Ward 1)		

LED PROGRAMMES

The table and pictures below present a summary of the progress for the economic development projects which were implemented during the year under review:



Figure 2: Ethangeni Farm Co-op



Figure 3: Ntabamhlophe Co -op

No	Project Name	Project Budget	Performance Information		Financial Information		Comments
			Projected Performance for the Fourth Quarter	Actual Performance for the Fourth Quarter	Projected Expenditure for the Fourth Quarter	Actual Expenditure for the Fourth Quarter	
1	SMME/ Informal economy programmes 1.1 District SMME development strategy	Original Budget 200 000.00 Adjustment Budget: R 184 108.69	<ul style="list-style-type: none">Develop Terms of ReferenceAppointment of Service ProviderStrategy development/inceptionAdoption	Achieved Achieved Achieved Not achieved	104 108.69	Quarter 4 172,700.00 Cumulative 179,763.40	Strategy to be submitted at the next Exco meeting
	1.2 Staging of Informal Economy Indaba		<ul style="list-style-type: none">Facilitation of formalization of Local Informal Economy ChambersStaging of Informal	Achieved		All 3 but Msinga Municipality have been established. The informal economy Indaba was staged on	

			Economic Indaba	Achieved			the 2 November 2017
	1.3 Craft co-operative trained on product design and development as well as support in accessing markets		<ul style="list-style-type: none"> Identify and assess co-operative Appoint trainer/mentor Training Project close -out Project implemented under the auspices and funding of the EPWP 	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>			10 members were trained under the craft co-operative project.

	parks		Portfolio Committee <ul style="list-style-type: none"> Implementation of Projects Monitoring and reporting 	Achieved On going Achieved			Site visits conducted by the Honourable Mayor
3.	Marketing of Battlefields Tourism destination 3.1 Support to Battlefields Association.	Original Budget 30 000 Adjustment Budget: 30 000.00	<ul style="list-style-type: none"> Submission of proposal by the Battlefields Route Association for utilization of grant Transfer of funds to BRA Reporting Attending of Bi-Monthly meetings 	Achieved Achieved Achieved Achieved	10 000	Quarter 4 29,576.07 Cumulative 29,576.07	An amount of 20 000 has been transferred to BRA. Tourism Indaba held on the 18 May 2018 in Durban.
	3.2 Participation in the 2018 Tourism Indaba		Logistical Arrangements for Tourism Indaba	Achieved			

4.	Establishment of the Economic Development Agency	Original Budget 550 000.00 Adjustment Budget: 296 057.14	<ul style="list-style-type: none"> Finalisation of registration process. Inauguration of board of directors First sitting of board of directors meeting Quarterly meeting of the board 	Achieved Not achieved Not achieved Not achieved	125 000.00	Quarter 4 0.00 Cumulative 62,700.00	Council resolved that the appointment of Board of Director be started afresh. Draft Terms of Reference for the reviewal of the DDA establishment process including the s78 assessment report are being prepared.
5.	Signage Project	Original Budget 300 000.00	<ul style="list-style-type: none"> Advertisement for the appointment of the service provider to install the signs Appointment of service provider to install the 	on going Not achieved	0.00	Quarter 4 0.00 Cumulative 0.00	Due to various challenges and delays with SCM processes, Project was cancelled.

			signs. <ul style="list-style-type: none"> • Installation of signs 	Not achieved			
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NB: The other details of other projects which were implemented by the municipality during the year under review are indicated under Chapter 5 which is the organizational performance report.

3.3 COMPONENT C: SAFETY AND SECURITY

3.13 Disaster Management

The Disaster Risk Management Act 2002, (Act No.57 of 2002), Section 43 and 50 outlines the establishment and functions of the Centre in order to ensure an integrated and coordinated approach to Disaster Risk Management within the district. Umzinyathi District Municipality Disaster Management Risk Centre was established in August 2003 and is fully functional and operating 24 hours a day, 7 days a week.

During 2014/15 financial year, the municipality obtained grant funding from the Department of Co-operative Governance and Traditional Affairs for the construction of an advanced District Disaster Management Centre. Endumeni Municipality donated land located in the town of Dundee which forms part of the Umzinyathi District at Dundee Airfield. an amount of R33m was approved for the Centre with An additional amount of R10m later approved by COGTA. The last PSC meeting was held on the 28th July 2017 and the site meeting took place on 31th August 2017. At present, the project is 82% complete. The estimated actual expenditure to date is an estimated 42 000 000. Due to some unforeseen circumstances, the project has been temporary suspended and the revised date for the completion of the project will be reviewed once construction commences again.



Figure 4: Progress of Disaster center in October 2017

The Umzinyathi District Municipality has two Fire engines which were purchased at a value of R 7 779 023.41 million through the Department Rural Development and Land Reform to support local municipality for effective implementation of fire services and to be efficient in response time.



Figure 5: Fire Engine from the Department of Rural Development

4 CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

4.1 Employee Total, Turn Over and Vacancies

During the year under review, the municipality had a staff complement of 383 as opposed to 357 employees during 2016/17 financial year. The approved structure of the municipality has 420 posts of which 37 are vacant but will be filled in the next financial year. In terms of Section 54 and 56 Managers posts, three posts out of six are filled; the Senior Manager: Community Services, Chief Financial officer and the Corporate Services posts are currently vacant, however processes are underway to fill these posts in the 2018/19 Financial Year.

4.2 Occupation and Gender Equity Analysis

An analysis of the staff by gender and occupation has been undertaken. The analysis applies to the staff distribution excluding the new posts to be filled since gender and employment equity is needed to be considered in relation to the potential candidates for the new positions. The distribution of staff by occupation, group and gender is shown below:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	03								03
Middle Management	17				05				22
Supervisor and Skilled Technical	20	01	02	01	32	01	03	01	61
Semi -skilled	108		02		46	01	01	01	159
Elementary Occupation	120	6			34				160
Grand Total	268	07	04	02	117	02	04	02	405

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

The breakdown in terms of salaries paid to staff members during the year under review is as follows:

2017/18 Operating Budget	Budget for Salaries	Amount spent on staff salaries	% salaries of operating budget
375 410 081	148 421 330	128 697 087	34%

4.3 Employment Equity Plan

In compliance with the Employment Equity Act (No 55 of 1998), the municipality reviewed and implemented the 2017/18 Employment Equity Plan. The plan seeks to address the numerical goals in the terms of demographics within the municipality. In total, the municipality appointed thirty-one (31) new employees during the year under review. The municipality has set new numerical goals to be achieved during 2018/19 financial year in order to strengthen its capacity.

4.4 Workplace Skills Plan

In accordance with the Skills Development Act and skills Levy Act, municipalities have to prepare and review the Workplace Skills Development Plan. During 2017/18, the municipality reviewed and implemented the Workplace Skills Development Plan as required by the said Act. The plan seeks to address employee's skills development, scarce skills and also skills audit of the municipality.

The municipality is registered with the Local Government Sector Education and Training Authority (LGSETA), and skills development relating to all levels of employees' functions have been undertaken and integrated into the plan. During the year under review, one hundred and eighty (180) employees and councilors were trained on various skills development as part of the Workplace Skills Plan. Skills audit has been undertaken to determine the employees training needs for 2017/18 financial year, and these training needs have formed part of the Workplace Skills Plan. The municipality is committed in training and developing its employees thereby improving productivity levels. During the year under review, an amount of R 485 452.09 was spent on both academic and functional development of staff and councilors.

5 CHAPTER 5: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: ORGANIZATIONAL PERFORMANCE TARGETS SUMMARY

Section 46 of the Municipal Systems Act No. 32 of 2000, as amended, requires a municipality to prepare an annual performance report for the year under review, which becomes a component of the Annual Report. For the 2017/18 financial year, the municipality had a total of 46 key performance indicators, which have been evaluated against the targets and the summary is indicated below:

NATIONAL KEY PERFORMANCE AREAS	TOTAL NUMBER OF THE KEY PERFORMANCE INDICATORS	TARGETS ACHIEVED	TARGETS PARTIALLY ACHIEVED	TARGETS NOT ACHIEVED
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	8	5	3	0
BASIC SERVICES DELIVERY	7	1	4	2
LOCAL ECONOMIC DEVELOPMENT	5	2	2	1
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	12	9	1	2
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	8	5	3	0
CROSS CUTTING	6	4	1	1
TOTAL	46	26	14	6
% STATUS		57%	30%	13

From the above, **57%** of the targets were achieved for the key performance indicators which are on the organisational scorecard, **30%** were partially achieved and **13%** were not achieved. The challenges experienced by the municipality in not achieving some of the targets, have resulted in the municipality in re-planning them for implementation during 2018/19 financial year.

Below is the Audited Annual Performance Report for the year under review which provides more details in terms of the successes achieved by the municipality and also indicates some of the challenges experienced by the municipality in not achieving some of the targets,

Dashboard Legend






Target achieved







Target partially achieved



Target not achieved

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashbo ard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
1.	KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT OUTCOME 9: DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT											
1.1	Address lack of skills development and safeguard retention of skills	Implement skills developme nt programmes	Number of skills development programmes implemented	New Indicato r	New Indicato r	3	3			21 skills development programmes implemented.	Cooperate Services	Annexure 1
1.2		Development and adoption of Workplace Skills pan	Percentage of budget spent on workplace skills plan	New Indicato r	New Indicato r	100%	80%			100% of budget spent on workplace skills plan.	Cooperate Services	Annexure 2
1.3		Development and adoption of Employment equity plan.	Date of adoption of Employment equity plan	15-Jan-17	15-Jan-17	15-Jan-18	15-Jan-18			Employment equity plan adopted by 15 Jan 18	Cooperate Services	Annexure 3



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
1.4	Fight poverty, build clean healthy and safe and sustainable communities	Implement skills development programmes	Number of community skills development programmes implemented	New Indicator	New Indicator	4	4			N/A	Cooperate Services	Annexure 4
1.5	Ensure good	Submit Draft IDP before 31 March and Final IDP Before 30 June	Date of draft and final adoption and submission of IDP	31 March 2017 30 June 2017	31 March 2017 30 June 2017	31 March 2018 31 May 2018	31 March 2018 31 May 2018			Adoption of draft and final IDP by 28 June 2018	Planning and Economic Development	Annexure 5


No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
1.6	governance, financial viability, efficient administration and optimal institutional transformation with capacity to execute its mandate.	Compile and submit Quarterly Performance Reports and Annual Performance reports to IA, AC and Council	Percentage of Organisational Scorecard targets achieved	New Indicator	New Indicator	100%	57%			100% of Organizational Scorecard targets achieved	Planning and Economic Development	Annexure 6
1.7		Ensure critical policies are reviewed before the 30th of June 2018	No. of policies reviewed and adopted	66	66	66	3		Not achieved. Target to be fully achieved by all departments in the next financial year	66 Policies reviewed and adopted.	Cooperate Services	Annexure 7




No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
1.8		Ensure the review and adoption of municipal organogram before the 30th of June 2018	Date of adoption of municipal organogram	30-Jun-17	30-Jun-17	30-Jun-18	29 – jun-18			Municipal Organogram adopted by 28 June 18	Cooperate Services	Annexure 8


KPA 2: BASIC SERVICES DELIVERY AND INFRASTRUCTURE INVESTMENT



OUTCOME 9: IMPROVED ACCESS TO BASIC SERVICES



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
2.1	Provision of safe drinking water and sanitation services to the community to eradicate service delivery backlogs	Provision of water to households within RDP standards to reduce the backlog by 966 households by the end of June 2018	No. of households to be provided with access to water within RDP standards	1500	638	966	404		Contractors under the WSIG were not appointed on time because of SCM challenges. Target to be achieved in the next financial year	2500 households to be provided with access to water within RDP standards	Technical Services	Annexure 9
2.2		Provision of sanitation to households within RDP standards to reduce the backlog by 2700 households by the end of June 2018	No. of households provided with sanitation facilities	3500	4442	2700	1319		Contractors under the WSIG were not appointed on time because of SCM challenges. Target to be achieved in the next financial year	1610 households provided with sanitation facilities	Technical Services	Annexure 10



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
2.3		Waste Water quality monitoring (green drop)	% of compliance to the quality standards for the waste water treatment works	New Indicator	New Indicator	75%	41%		The Nquthu Plant samples do not show on the system. The Municipality is awaiting for a response from DWS regarding the Nquthu issue. The Municipality is also facing a challenge with ageing infrastructure whereby there is no allocated budget.	97% compliance to the quality standards for the waste water treatment works.	Technical Services	Annexure 11



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
2.4		Water quality monitoring (blue drop)	% of compliance to the quality standards for drinking water (SANS 241)	New Indicator	New Indicator	80%	96%			99% compliance to the quality standards for drinking water (SANS 241)	Technical Services	Annexure 12
2.5	Effective and efficient operations and maintenance unit, responsive to the needs of the community.	Undertaking of operations and maintenance	Turnaround time to attend to water and sanitation related incidents	New Indicator	New Indicator	3 – 6 hours	3 – 6 hours		Turnaround time for some Incidents lapsed to over 24 hours.		Technical Services	Annexure 13
2.6			Volume of water purified and distributed.	New Indicator	New Indicator	10087368	0		Target to be next Financial year.	N/A	Technical Services	Annexure 14



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
2.7			% reduction of non-revenue water	New Indicator	New Indicator	1%	0%		Target to be achieved next Financial year.	1% Reduction of non-revenue water.	Technical Services	Annexure 15
KPA 3: LOCAL ECONOMIC DEVELOPMENT OUTCOME 9: COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED												



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
3.1	Guide and support SMME development and sustainability to Increase Agricultural and Tourism potential within the district.	Implementati on of Co-operatives and Small Enterprise Development Programmes in manufacturin g, tourism, agriculture, service sector and informal economy	No of SMME /informal economy programmes /supported project.	1	1	1	1			2 SMMEs in the manufacturing sector supported.	Planning and Economic Development	Annexure 16
3.2		Implementati on of Agri-Parks initiative	No of Farmer Production Support Units (FPSU)supported	6	6	1	1		Closeout report to be submitted after harvesting.	2 farmer Production Support (FPSU) units supported.	Planning and Economic Development	Annexure 17




No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
3.3		Development of a strategic planning document to guide and promote Local Economic development	Date of adoption of LED Strategy.	30-Jun-17	Not achieved	30-Jun-18	30-Jun-18		Strategy has been completed. To be tabled at the next Council meeting.	N/A	Planning and Economic Development	Annexure 18
3.4		Promotion of tourism marketing through financial support, shows and exhibitions Support of Tourism Institutional Structures	Number of tourism structures supported with grant	5	5	1	1			1 tourism structure supported with grant.	Planning and Economic Development	Annexure 19



No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
3.5		Establishment and implementation of key capital and social initiatives projects to enhance economic development and job creation.	No. of jobs created through municipality's LED initiatives including capital projects.	145	957	957	0		File not submitted	225 jobs created through municipality's LED initiatives.	Office of the Municipal Manager	Annexure 20
4.	KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION OUTCOME 9: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM											
4.1	Improve communication and public participation between the	Facilitation of IDP and Budget roadshows	No of public consultation meetings undertaken	4	0	4	4			4 public consultation meetings undertaken.	Planning and Economic Development	Annexure 21

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
4.2	municipality and communities.	Ensure that external newsletters are published	No of External newsletters published	2	1	2	2			4 External newsletters published	Cooperate Services	Annexure 22
4.3	Enhance healthy communities and citizens	Encourage participation in sport and recreational programmes by providing financial support, mentoring and coaching to sport codes.	No. of recreational sports programmes supported	4	5	4	4			4 recreational sports programmes supported	Community Services	Annexure 23

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
4.4		Conduct sites visits to ensure that edibles are in compliance with the Environmental Health by laws.	No. of water samples to be taken from sources used for human consumption	240	235	240	229		There was a shortage of transport for EHPs to take water samples. Target to be achieved in the next financial year as new vehicles have been procured.	240 water samples taken from sources used for human Consumption.	Community Services	Annexure 24
4.5			No. of food outlets visited and inspected both formal and informal	50	92	80	92			80 food outlets visited and inspected.	Community Services	Annexure 25




No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
4.6	Provision of a Sound oversight role to ensure effectiveness and guidance in all municipal committees.	Facilitate and provide secretariat support to legislative and Inter-governmental Structures meetings.	No of the Audit Committee meetings provided with secretariat support	4	6	4	4			4 Audit Committee meetings provided with secretariat support.	Cooperate Services	Annexure 26
4.7			No of the Council meetings provided with secretariat support	4	6	4	15			4 council meetings provided with secretariat support	Cooperate Services	Annexure 27





No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
4.8			No of ExCo meetings to be provided with secretariat support	12	3	12	13			12 Exco Meetings to be provided with secretariat support	Cooperate Services	Annexure 28
4.9			No of the Municipal Public Accounts Committee meetings to be provided with secretariat support	4	0	4	5			4 Municipal Public Accounts Committee meetings to be provided with secretariat support	Cooperate Services	Annexure 29
4.10	Implementation of internal audit plan and risk mitigation strategies.	Develop Internal Audit Plan in line with the Internal audit charter.	Develop Internal Audit Plan in line with the Internal audit charter.	New Indicator	New Indicator	31-Dec-17	0		File not submitted However, the internal Audit plan was developed within the specified period.	Develop Internal Audit Plan in line with the Internal audit charter by 31 Dec 18	Office of the Municipal Manager	Annexure 30




No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
4.11		Conduct risk assessment annually. Provide risk mitigation reports on a quarterly basis.	Conduct risk assessment annually. Provide risk mitigation reports on a quarterly basis.	100%	71%	100%	0%		File not submitted	100% risk mitigation strategies implemented.	Office of the Municipal Manager	Annexure 31
4.12	Enhance healthy communities and citizens	Implementation of Women Economic Empowerment Programmes	Implementation of Women Economic Empowerment Programmes	New Indicator	New Indicator	2	3			2 Women Economic Empowerment programmes supported.	Community Services	Annexure 32



KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT



OUTCOME 9: IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
5.1	Effectively manage the municipal resources and ensure financial sustainability.	Implementation of financial management policies, procedures and practices in compliance with the MFMA and other related legislation	Date of adoption of Service Delivery and Budget Implementation Plan.	28-Jun-16	18-Jul-17	28-Jun-18	28-Jun-18			Adoption of SDBIP by 28-Jun-18	Planning and Economic Development Budget and Treasury office	Annexure 33
5.2			Date of adoption of draft and final budget	31 March 2017 31 May 2017	31 March 2017 21 June 2017	31 March 2018 31 May 2018	31 March 2018 31 May 2018			Adoption of draft and final budget by 31 May-19	Budget and Treasury Office	Annexure 34
5.3			Date of adoption of section 72 report.	25-Jan-17	25-Jan-17	25-Jan-18	31-jun-18		Target to be fully achieved in next the Financial year	Adoption of Section 72 report by 31-Jan -19	Budget and Treasury Office	Annexure 35

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
5.4			% of the collection rate	50%	33%	30%	38%			30% collection rate	Budget and Treasury Office	Annexure 36
5.5			Cost Coverage Ratio of 1-3 months by 30 June 2018	1,8	1,65	1-3 months	1-3 months			Cost Coverage Ratio of 1-3 months by 28 June 2019	Budget and Treasury Office	Annexure 37
5.6			Debt coverage ratio of 3.67 by 30 June 2018	3,67	0,32	3.76	2.8		Target to be fully achieved in next the Financial year	Debt coverage ratio of 3.67 by 28 June 2019	Budget and Treasury Office	Annexure 38
5.7			% of expenditure on infrastructure programmes (MIG)	100%	100%	100%	54%		Target to be fully achieved in next the Financial year.	100% Expenditure on infrastructure programmes (MIG)	Technical Services	Annexure 39

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
5.8			% of budget spent on free basic services	New Indicator	New Indicator	100%	103%			100 % of budget spent on free basic services	Budget and Treasury Office	Annexure 40
KPA 6: CROSS CUTTING												
OUTCOME 9: DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT												
6.1	Development of spatial strategic documents and development procedures to ensure sustainable future development	Updating of Geographical Information	Number of municipal water and sanitation projects captured	16	24	25	25			30 municipal water and sanitation projects captured	Planning and Economic Development	Annexure 41
6.2		Develop Precinct plan for Zicole area	No of projects phases completed for Zicole Precinct Plan	New Indicator	New Indicator	8	8			One Precinct Plan Completed.	Planning and Economic Development	Annexure 42

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
6.3		Effective implementation of the Spatial Planning and Land Use Management Act	% of PDA / SPLUMA applications processed within 120 days	100%	83%	100%	0%		2018/06/30 No meeting held in the 3rd and 4th Quarter due to no applications received. But 1 st and 2 nd quarter were 100% achieved.	100 % of PDA / SPLUMA applications processed within 120 days	Planning and Economic Development	Annexure 43
6.4	Development of disaster management and fire services structures and implementation of robust	Provide technical support to Local Municipalities on issues of Disaster Management and Fire	Number of disaster management awareness campaigns conducted.	20	20	30	33			30 disaster management awareness campaigns conducted.	Community Services	Annexure 44

No	IDP Objective	Municipal Strategy	Key Performance Indicator	Previous year performance		Current year Performance		Dashboard	Reasons for variance between the Target and Actual Performance and Corrective Measures	2018/19 Performance Target	Responsible Department	Portfolio of Evidence
				2016/17 Target	2016/17 Actual	2017/18 Target	2017/18 Actual					
6.5	detective, preventative and responsive programmes.	Services.	% of disaster cases addressed.	100%	100%	100%	100%			100 % of disaster cases addressed.	Community Services	Annexure 45
6.6		Preparation and adoption of Disaster Management Plan 2017/22 by Council	Date of adoption of 2017/22 Disaster Management Plan	New Indicator	New Indicator	31-May-18	30-jun-18		Plan has been completed and will be tabled in the next Council meeting.	N/A	Community Services	Annexure 46

6 CHAPTER 6: FINANCIAL PERFORMANCE

Statements that illustrate the Financial Performance of UMzinyathi Municipality in the 2017/18 Financial Year will be included in the Final Annual Report.

6.1 STATEMENT OF FINANCIAL POSITION

6.2 STATEMENT OF FINANCIAL PERFORMANCE

6.3 STATEMENT OF CHANGES IN NET ASSETS

6.4 CASHFLOW STATEMENT

6.5 GRANTS REGISTER

Grant register to be attached in the final Annual Report.

7.1 Component A: Auditor General Opinion on Financial Statements (Previous Year – 2016/17)

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Umzinyathi District Municipality

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Umzinyathi District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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, because of the significance of the matters described in the basis for adverse opinion section of this report, the financial statements do not present fairly, in all material respects, the financial position of the Umzinyathi District Municipality as at 30 June 2017, and its financial performance and its 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).

Basis for adverse opinion

Infrastructure assets

3. The municipality did not recognise all items of infrastructure assets in accordance with SA Standard of GRAP 17, *Property, plant and equipment*. Completed assets were recognised as assets under construction and completed projects were not componentised and depreciated. Additionally, the useful lives for infrastructure assets were revised by management without estimating the period over which the asset was expected to be available for use. I was unable to determine the impact of this misstatement as it was impracticable to do so for the infrastructure assets stated at R1,82 billion and depreciation stated at R24,96 million in note 7 and note 27, respectively to the financial statements. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus.

Payables from exchange transactions – Retentions

4. The municipality did not recognise payables in accordance with SA Standard of GRAP 104, *Financial instruments*. The municipality did not record all retention monies withheld on progress payments made for construction contracts. In addition, the amount recorded in the financial statements did not reconcile to the creditors age analysis. I was unable to determine the impact of this misstatement as it was impracticable to do so for the payables stated at R67,45 million and infrastructure assets stated at R1,82 billion in note 13 and note 7, respectively to the financial statements.

Revenue from exchange transactions - Service charges

5. The municipality did not recognise all revenue from the service charges in accordance with SA Standard of GRAP 9, *Revenue from exchange transactions*. The amount of kilolitres used by the municipality to bill consumers did not agree to the actual meter readings. I was unable to determine the impact of this misstatement as it was impracticable to do so for the service charges stated at R44,11 million and consumer debtors stated at R193,10 million in note 18 and note 5, respectively to the financial statements. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus.

General expenses

6. I was unable to obtain sufficient appropriate audit evidence for general expenditure due to the status of the accounting records. Supporting documentation did not have adequate information to determine whether all expenditure was properly recorded for water services operating costs and consulting and professional fees. I could not confirm this recorded expenditure by alternative means. Consequently, I was unable to determine whether any further adjustment to general expenses stated at R227,45 million (2015-16: R312,09 million) was necessary.

Water losses

7. I was unable to obtain sufficient appropriate audit evidence for water losses, due to inadequate systems and processes for the recording and monitoring of these losses. I was unable to confirm the water losses by alternative means. Consequently, I was unable to determine whether further any adjustments were necessary to water losses stated at R53,09 million in note 47 to the financial statements.

Context for the opinion

8. 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.
9. I am independent of the Umzinyathi District 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.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material underspending of conditional grant

12. As disclosed in note 23 to the financial statements, the municipality materially underspent the regional bulk infrastructure grant by R29,54 million. This was due to the contracts of poorly performing contractors being cancelled.

Other matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

14. 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

15. 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.
16. 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

17. 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.
18. 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

19. 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.

20. 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.
21. 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 delivery and infrastructure investment	18 – 20
KPA 4 – Good governance and public participation	27 – 30

22. 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.
23. The material findings in respect of the usefulness and reliability of the selected development priority is as follows:

KPA 2 – Basic services delivery and infrastructure investment

Number of households to be provided with access to sanitation facilities within the Reconstruction and Development Programme (RDP) standards: Indicator not reliable

24. The reported achievement for the number of households to be provided with access to sanitation facilities within RDP standards was misstated as the evidence provided indicated an estimated 3 777 and not 5 395 as reported.

Number of households to be provided with access to water within RDP standards: Indicator not reliable

25. The reported achievement for the number of households to be provided with access to water within RDP standards was misstated as the evidence provided indicated an estimated 379 and not 647 as reported.

26. I did not identify any material findings on the usefulness and reliability of the reported performance information for the development priority: good governance and public participation.

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. The annual performance report on pages xx to xx; xx to xx includes information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 24 and 25 of this report.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of good governance and public participation and basic services delivery and infrastructure investment development priorities. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information for the basic services delivery and infrastructure investment development priority. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

30. 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.
31. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors on infrastructure assets, general expenses, water losses, payables from exchange transactions and service charges in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving an adverse audit opinion.

Procurement and contract management

33. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the prior year.

Expenditure management

34. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

35. Effective steps were not taken to prevent irregular expenditure of R244,10 million disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.
36. Effective steps were not taken to prevent fruitless and wasteful expenditure of R103 693 disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged on invoices paid late.

Consequence management

37. Some irregular expenditure and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

38. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the mayor foreword, accounting officer's report and the 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.
39. 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.
40. 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.
41. 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

42. 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.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

44. Leadership did not adequately oversee financial and performance reporting and compliance with legislation. In this regard, leadership did not ensure that effective measures were taken to address previous findings to support the achievement of credible reporting and compliance with legislative requirements.

Financial and performance management

45. Management did not implement a proper records management system to maintain documents supporting reported performance information as well as revenue, asset and liability management.
46. Systems and controls were not designed in a manner that would prevent, detect and address risks that had an impact on financial; performance and compliance reporting. In this regard, management did not ensure that regular, accurate and complete financial and performance reports that were supported and evidenced by credible information were prepared.

Other reports

47. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
48. An independent consultant investigated an allegation of possible financial misconduct at the request of the municipality, which covered the period 01 July 2015 to 31 December 2016. The investigation was concluded on 11 August 2017 and resulted in criminal and civil proceedings against one official and a disciplinary proceeding against another official.
49. An independent consultant investigated an allegation of possible financial misconduct at the request of the municipality, which covered the period 12 December 2016 to 22 December 2016. The investigation was concluded on 22 June 2017 and resulted in criminal and civil proceedings against one official.
50. The provincial treasury investigated instances of irregular expenditure that covered the period 01 July 2011 to 30 June 2014. The investigation was concluded on 30 June 2017 and resulted in disciplinary proceedings against fifteen officials.

Auditor - General
Pietermaritzburg

30 November 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 officers 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 Umzinyathi District Municipality 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.

7.2 Component B: Auditor General Opinion on Financial Statements (Year under audit – 2017/18)

Auditor General opinion on 2017/18 Financial Statements is to be included in the final draft.

8 CHAPTER 8: ACTION PLAN TO ADDRESS THE AUDIT QUERIES

Action Plan to Address the Queries will be included in the final Annual Report.

9 CHAPTER 9: REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee to be included in the Final Annual Report.

10 CHAPTER 10: OVERSIGHT REPORT BY THE MPAC

The Oversight report is due after the adoption of this document by Council. The report will form part of Annual Report once all legislated processes to prepare the Oversight Report have been undertaken and concluded, this will be done by the end of March 2019.

11 CHAPTER 11: SERVICE PROVIDERS PERFORMANCE

During 2017/18 financial year, Umzinyathi District Municipality had external service providers which were contracted to the municipality to provide a range of services, and they closely monitored to ensure that intended services are delivered to the community. In order to ensure effective service delivery through the service providers, the municipality entered into Service Level Agreements which were then used as a performance measure for the service providers.

In terms of Section 46 (1) (a) of the Municipal Systems Act, 2000, the municipality has to provide the performance details of the external service providers contracted during the year under review and the details are as follows:

No	Name of the Service Provider	Description of the Service Being Provided	Appointment Date / Awarder Date	Tender Amount	Contract Duration (months)	Service Level Agreement Signed (Y / N)	Responsible Department.	Assessment of the Service Providers Performance (Performance Score)		
								Unsatisfactory 1 - 2	Satisfactory 3	Outstanding 4 - 5
1.	R & B PIPELINE CONTRACTORS	MAKHABELENI WATER SCHEME SUPPLY	2014-02-17	R 7 429 165.67	42		WATER SERVICES		3	
2.	NOBINDA PROPERTIES	GLENCOE RISING MAIN INSTALLATION	2013-11-06	R 6 496 374.59	9		TECHNICAL & INFRASTRUCTURE SERVICES		3	
3.	MUNCOMP SYSTEMS (PTY) LTD	IMPLEMENTATION OF AN ELECTRONIC DOCUMENT IMAGING AND MANAGEMENT SYSTEM	2013-07-01	-	36		CORPORATE SERVICES			4
4.	OTIS (Pty) Ltd	MAINTENANCE & REPAIRS OF ELEVATORS	2014-04-01	R 329 633.00	36		CORPORATE SERVICES		3	
5.	AHEERS PROPERTY	LEASING OF	2013-06-01		120		CORPORATE			4

	HOLDINGS CC	PROPERTY		R 991 320.00			SERVICES			
6.	MUNSOFT FINANCIAL SOFTWARE	USE OF LICENSED IT PROGRAMS AND MATERIALS	2012-07-01	-	36		FINANCE		3	
7.	AVIS VAN RENTAL	VEHICLE RENTAL	2015-03-31	-	3		CORPORATE SERVICES			4
8.	AON SA (PTY) LTD	ADDITION INSURANCE - UTHUKELA TAKE OVER	1900-01-00	-	-		CORPORATE SERVICES		3	
9.	MT INVESTMENTS	OLATHE WATER SUPPLY SCHEME: CONSTRUCTION OF CONCRETE RESERVOIRS, PUMP STATION & RELATED WORK, EXTENSION TO UMGUNGUNDLOVU DISTRICT MUNICIPALITY SUPPLY AREA	2015-07-20	R 14 941 119.47	8		WATER SERVICES		3	
10	IQHINA CONSULTING ENGINEERS AND	PROJECT MANAGEMENT: ESTABLISHMENT OF	2015-02-17	R 43 838 147.00	-		TECHNICAL SERVICES	1		

	PROJECT MANAGERS	UDM DISASTER MANAGEMENT SYSTEM								
11	THEMBALETHU CIVILS	OPHATHE WATER SUPPLY SCHEME PHASE 2: CONSTRUCTION OF POTABLE WATER PIPELINES AND ASSOCIATED STRUCTURES NORTHERN AREAS - SEC A	2015-03-20	R 9 772 795.29	9		WATER SERVICES	1		
12	SIKOTI INVESTMENTS CC	CONSTRUCTION OF THE RUIGTEFONTEIN WSSP	2015-05-03	R 3 980 000.00	7		WATER SERVICES	1		
13	ZIQOQE CONSTRUCTION	OPATHE WSSP 2CONSTRUCTION OF POTABLE WATER PIPE LINES AND ASSOCIATED STRUCTURES NORTHERN AREAS SEC B	2014-03-04	R 9 108 924.02	10		WATER SERVICES	1		

14	LEEK CONSTRUCTION	OPATHE WSSP 2CONSTRUCTION CONSTRUCTION OF CONCRETE RESERVOIRS, PUMPSTATION & RELATED WORK, NORTHERN AREAS	2014-03-20	R 6 110 507.78	5		WATER SERVICES		3	
15	ILIFA AFRICA ENGINEERS	NTININI BULK WATER SUPPLY	2014-01-27	R 5 245 192.00	24		WATER SERVICES		3	
16	R&B PIPELINE CONTRACTORS/SI KOTI INVESTMENTS	CONSTRUCTION OF RIVER ABSTRACTION WORKS FOR MSINGA BULK WATER SUPPLY SCHEME	2014-03-27	R 11 434 917.37	10		WATER SERVICES		3	
17	DWEBE ENGINEERING	3ML RESERVOIR NDAYA	2013-11-06	R 8 496 729.62	6		WATER SERVICES	2		
18	GOBA (PTY) LTD	ETHEMBENI/KEATES DRIFT SUB REGIONAL WSP	2012-07-10	R 4 830 463.81	-		WATER SERVICES		3	
19	MAKHOATSE NARASIMULU & ASSOCIATES (PTY)	IMPLEMENTATION OF ACIP FUNDED WASTE WATER	2012-01-01	R 4 770 166.00	23		TECHNICAL SERVICES		3	

	LTD	TREATMENT PLANTS								
20	INSAKAVULEKA TRADING ENTERPRISE	DESLUDGING OF NONDWENI SANITATION	2012-03-01	-	36		WATER SERVICES		3	
21	MBONA SAUNDERS & WIUM CIVIL AND STRUCTURAL	MAKHABELENI WATER SCHEME SUPPLY	2009-10-13	R 13 988 100.96	11		TECHNICAL SERVICES		3	
22	IBHONGO CONSULTING	MBHONO REGIONAL BULK WATER SUPPLY SCHEME	2008-11-20	R 1 744 400.00	-		TECHNICAL SERVICES		3	
23	MSALELA TRANSPORT	NDAYA BULK WATER SUPPLY SCHEME	2013-11-21	R1 375 103.00	2		TECHNICAL SERVICES		3	
24	SHIKANI TRADING	CONSTRUCTION OF TELAPI WATER SUPPLY SCHEME	2015-02-05	R 3 871 019.80	-		WATER SERVICES		2	
25	KLOMAC ENGINEERING	SUPPLY AND INSTALLATION OF MECHANICAL AND ELECTRICAL PUMPING PLANT	2015-05-18	R 14 643 691.02	11		TECHNICAL SERVICES	2		

		AND ANCILLARY EQUIPMENT IN THE CRAIGEBURNE RAW WATER PUMP STATION								
26	AFROSTRUCTURES (PTY) LTD	CONSTRUCTION OF WATER RETICULATION PIPELINES WITH PUBLIC STANDPIPES AND INSTALLATION OF BOOSTER PUMPS	2017-02-07	R 21 980 000.00	18		TECHNICAL SERVICES			4
27	R & B PIPELINE CONTRACTORS	NDAYA BULK WATER SUPPLY SCHEME CONSTRUCTION OF 160-40mm DIAMETER X 58km LONG UVPC/HDPE RETICULATION PIPELINES IN KWA LATHA	2016-07-01	R 23 742 760.62	10		TECHNICAL SERVICES			4
28	WINWATER (PTY) LTD	The construction of Keates Drift Water Supply	2016-03-08	R 12 531 190.59	8		TECHNICAL SERVICES	2		

		water supply project phase 4A								
29	BUSIZWE BARLEDA	NTININI BULK WATER SUPPLY- CONSTRUCTION OF BULK WATER PIPEKINES, 4 CONCRETE RESERVOIRS AND INSTALLATIONS OF 2 ELECTRICAL BOREHOLE PUMP STATIONS AND ASSOCIATED STRUCTURES	2016-03-08	R 8 884 321.32	14		TECHNICAL SERVICES	1		
30	DLAMZAK MINING AND CONSTRUCTION	CONSTRUCTION OF TRANSMISSION PIPELINE AT SAMPOFU WTP	2015-11-30	R 5 383 059.27	3		TECHNICAL SERVICES	2		
31	NHLOSO DEVELOPMENT CONSULTANTS	NTININI WATER SUPPLY PHASE 1A CONSTRUCTION OF BULK WATER PIPELINE 2 CONCRETE RESERVOIRS AND	2016-02-22	R 7 983 298.32	11		TECHNICAL SERVICES			4

		INSTALLATION OF 3 ELECTRICAL BOREHOLE PUMP STATIONS AND ASSOCIATED STRUCTURES								
32	MUNSOFT FINANCIAL SOFTWARE	Mscosa Financial assistance implementation	2016-04-07	R 333 498.87	15		FINANCE		3	
34	BVI CONSULTING ENGINEERS	DOUGLAS WATER	2008-11-10	R 6 604 120.32	-		TECHNICAL SERVICES		3	
35	HENK B CONSTRUCTION	CESSION HOLDER OPHATHE WATER SUPPLY SCHEME	2017-01-27	R 4 715 961.71	9		TECHNICAL SERVICES		3	
36	PILCON PROJECTS	CONSTRUCTION OF BULK PIPELINES, PUMP HOUSES AND RESRVOIR	2016-09-09	R 47 344 042.05	18		TECHNICAL SERVICES			4
37	ZIYANDA CONSULTING	NDAYA BULK WATER SUPPLY SCHEME DESIGN, TENDER DOCUMENTATION AND CONTRACT	2010-04-10	R 14 810 270.19	-		TECHNICAL SERVICES		3	

		ADMINISTRATION								
38	LEOMAT CONSTRUCTION (PTY) LTD	MSINGA REGIONAL BULK WATER SUPPLY PHASE 3: SUPPLY AND INSTALLATION OF PUMPS AND CONSTRUCTION OF PUMP HOUSE BUILDING	2016-08-26	R 12 654 380.42	6		TECHNICAL SERVICES			4
39	VUSI MAZIBUKO & ASSOCIATES	OTHEME HOUSEHOLD SANITATION	2005-07-25	R 53 254 200.00	-		TECHNICAL SERVICES	1		
40	SOMKHANDA PLANT HIRE CC	The construction of Keates Drift Water Supply water supply project phase 4C	2016-07-03	R 14 265 765.74	16		TECHNICAL SERVICES	2		
41	IBHONGO CONSULTING	UMSINGA BULK WATER PHASE 3A PUMPSTATIONS	2010-07-24	R 1 771 613.25	-		TECHNICAL SERVICES		3	
42	IBHONGO CONSULTING	UMSINGA BULK WATER PHASE 3B	2010-07-24	R 758 628.30	-		TECHNICAL SERVICES		3	

43	UWP CONSULTING (PTY) LTD	MTHEMBU WEST EXTENSION WATER SUPPLY SCHEME	2011-01-17	R 3 898 516.14	-		TECHNICAL SERVICES		3	
44	ICON CONSTRUCTION (PTY) LTD	GREYTOWN BULK WATER SUPPLY-PHASE 2 COMPLETION OF CONSTRUCTION OF 15Km LONG 500/450mm DIAMETER RAW WATER STEEL PIPELINE FROM CRAIGEBURN DAM TO GAYWOOD AREA	2016-10-10	R 46 000 839.95	7		TECHNICAL SERVICES			4
45	ESOR CONSTRUCTION (PTY) LTD	CONSTRUCTION OF 9.8KM LONG 450/400MM DIAMETER RAW WATER STEEL PIPELINE	2016-11-15	R 26 307 351.55	7		TECHNICAL SERVICES			4
46	SIKOTI INVESTMENTS JV R&B PIPELINE CONTRACTORS	CONSTRUCTION OF THE CRAIGEBURN RAW WATER PUMP	2015-08-07	R 10 272 471.60	12		TECHNICAL SERVICES	1		

	CC	STATION								
47	SANOQWABE CONSULTANTS	ENDUMENI SANITATION PROJECT	2016-12-13	R 4 126 650.00	36		TECHNICAL SERVICES			4
48	IBHONGO CONSULTING	UMSINGA BULK WATER PROJECT: SAMPOFU PACKAGE WATER TREATMENT PLANT	-	R 4 479 611.74	0		TECHNICAL SERVICES		3	
49	SOMKHANDA PLANT HIRE CC	THE CONSTRUCTION OF KEATES DRIFT WATER SUPPLY PROJECT PHASE	2016-03-07	R 7 699 883.85	6		TECHNICAL SERVICES	2		
50	SIYAYA CONSTRUCTION CC	SUPPLY AND INSTALLATION OF INTERCONNECTING PIPEWORK AND ANCILLARY WORKS AT CRAIGEBURN DAM	2016-06-14	R 4 606 108.55	7		TECHNICAL SERVICES	2		
51	DWEBE ENGINEERING	DUNDEE BULK PIPELINE AND RESERVOIR	2012-07-04	R 10 152 652.27	6		TECHNICAL SERVICES	2		

52	EMAKOZENI TRADING ENTERPRISE	TRAVEL AGENCY FOR A PERIOD OF THREE (3) YEARS	2016-03-29	-	36		FINANCE		4	
53	INTELLEC CONSTRUCTION	construction of 200kl reservoir and water reticulation pipelines with public stand pipes	-	R 10 005 205.30	-		TECHNICAL SERVICES			4
54	DLV PROJECT MANAGERS AND ENGINEERS (PTY) LTD	SITHEMBILE HOUSING BULK WATER SERVICES	2008-08-28	R 909 492.44	-		TECHNICAL SERVICES		3	
55	ESRI SOUTH AFRICA	LICENSE FEES - PROVISION FOR TECHNICAL SUPPORT	2016-09-14	R 362 748.00	-		PLANNING			4
56	BUSIZWE TRADE & SUPPLIERS	MTHEMBU WEST extension zone C: the construction of 500kl and 250kl nominal storage capacity zincalume steel circular reservoirs with multiple	2016-03-08	R 15 023 149.48	22		TECHNICAL SERVICES	2		

		polyethylene								
57	SIKOTI INVESTMENTS CC	DOUGLAS WATER SUPPLY SCHEME : construction of 1.6ML reservoir equipping boreholes, rising mains , portable bulk water pipelines and associated structures	2016-02-22	R 12 263 266.37	7		TECHNICAL SERVICES	2		
58	SENZUMUSA PROJECTS	DESLUDGING OF VIP PIT LATRINES AT NONDWENI TOWNSHIP	2017-02-01	-	36		TECHNICAL SERVICES			4
59	ESRI SOUTH AFRICA	Provision of Support, Technical Support & Development	2016-06-20	R 368 748.00	12		PLANNING			4
60	SSI ENGINEERS/ROYAL HASKONING DHV	GREYTOWN WATER SUPPLY (PROFESSIONAL SERVICES)	2008-08-24	R 53 661 049.07	-		TECHNICAL SERVICES		3	

61	XMOOR TRANSPORT (PTY) LTD	PROVISION OF 10 WATER TANKERS	2017-02-28	R 1 074 450.00	2		WATER SERVICES			4
62	MATHE SOSIBA (PTY) LTD	LEGAL FEES- DISCIPLINARY HEARING	2017-04-18	R 215 000.00	2		CORPORATE SERVICES		3	
63	CERIMELE- MANTOMBANA JV	COMPLETION OF CONSTRUCTION OF 10KM LONG 450/400 MM RAW WATER STEEL PIPELINE FROM GAYWOOD AREA TO GREYTOWN WATER WORKS	2017-05-23	R 24 232 800.66	7		TECHNICAL SERVICES		3	
64	CAB HOLDINGS (PTY) LTD	PRINTING OF MONTHLY CONSUMER STATEMENTS	2016-03-01	R 270 000.00	37		FINANCE		5	
65	E.G.S INVESTMENT SOLUTIONS	OPREATIONS AND MAINTAINANCE JUNE 2017(CESSION HOLDER)	2017-10-02	R 5 071 569.95	-		TECHNICAL SERVICES			4

66	IBHONGO CONSULTING	UMSINGA BULK PIPELINE PHASE 3C (CWAKA-POMEROY BULK PIPELINE)	2016-09-09	R 6 628 165.89	18		TECHNICAL SERVICES		3	
67	VELEKUHLE GENERAL TRADING	COMPLETION OF CONSTRUCTION OF A 250KL GAYWOOD RESERVOIR	2017-05-22	R 4 278 637.17	8		TECHNICAL SERVICES			4
68	AFRICA CONSULTING (PTY) LTD	OPERATIONS AND MAINTAINANCE MANAGEMENT FUNCTION (MONTH TO MONTH)	2017-09-08	R 5 094 072.78	1		TECHNICAL SERVICES			4
69	URBAN - ECON DEVELOPMENT ECONOMIST (PTY) LTD	REVIEW OF THE INTERGRATED ECONOMIC DEVELOPMENT STRATEGY/PLAN FOR UMZINYATHI DISTRICT MUNICIPALITY	2017-05-17	R 385 396.00	60		PLANNING		3	
70	RHEOCHEM (PTY)	SUPPLY AND	2017-11-01		36		TECHNICAL			4

	LTD	DELIVERY OF CHEMICALS		R 16 369 684.20			SERVICES			
71	KONICA MINOLTA SOUTH AFRICA (PTY) LTD	LEASING OF PHOTOCOPIER MACHINES	2017-11-01	R 1 080 061.74	36		CORPORATE SERVICES			4
72	MAKHELENI CONSTRUCTION CC	CONSTRUCTION OF 4.5KM GRAVITY MAIN AND 10.5KM OF 50MM UPVC RETICULATION PIPELINE	2018-04-24	R 27 068 715.89	5		TECHNICAL SERVICES		3	
73	KALMIA ICT CONSULTANTS	EXCHANGING OF SERVER	2018-04-13	R 499 738.25	1		CORPORATE SERVICES			4
74	VULINTABA HOTEL	ACCOMMODATIO N AND CONFERENCE FOR STRATEGIC PLANNING TO BE HELD ON 17-19 FEB 2018 INCLUDE A CONFERENCE PAC KAGE, BREAKWAY ROOMS P.A SYSTEM WITH 2 WIRELESS MICS	2018-02-17	R 200 000.00	1		PLANNING			4

75	PHUMI TRADING (POLY PLUS)	Msinga Bulk construction of reservoirs and pipelines phase 2	2013-12-12	R 37 999 329.00	12		TECHNICAL SERVICES	1		
76	MCHUMANE PROJECTS CC	Kranskop new BH equipping and supply	2012-03-14	R 6 242 448.00	8		TECHNICAL SERVICES	1		
77	AVAX SA 181 CC	Construction of 12 KM OF 315MM DIA GRAVITY MAIN AND CHAMBER	2018-04-21	R 29 980 819.91	6		TECHNICAL SERVICES		3	
78	BARGAIN UNIFORMS	2017 SALGA GAMES TRACKSUITS	2017-11-30	R 223 212.00	1		COMMUNITY SERVICES			4
79	AQUA TRANSPORT	HIRING OF WATER TANKERS	2012-03-01	-	36		TECHNICAL SERVICES	2		
80	AC INDUSTRIAL SALES AND SERVIC	OPHATHE WATER SUPPLY SCHEME CONSTRUCTION OF PORTABLE WATER PIPELINES AND ASSOCIATED	2013-11-25	R15 970 002.02	As per site handove r		TECHNICAL SERVICES	2		

		STRUCTURES SOUTHERN AREAS (PHASE 3 AFA)								
81	MATHE SOSIBA(PTY) LTD	LEGAL FEES- DISCIPLINARY HEARING	2017-04-18	R215 000.00	2		CORPORATE SERVICES		3	
82	MDLEDLE INCORPORATED	LEGAL FEES- DISCIPLINARY HEARING	2017-10-13	RATE PER CASE	UNTIL RESOLUTI ON		CORPORATE SERVICES		3	
83	OCEAN DAWN SECURITY	SECURITY SERVICES ON MUNICIPAL SITES	2014-12-01	R 3 595 532.64	-		TECHNICAL SERVICES		3	
84	JAGUAR LAND ROVER	PURCHASE OF COUNCIL VEHICLES	2018-03-06	R 1 693 575.67	1		CORPORATE SERVICES			4
85	JEST CIVILS (PTY) LTD (CESSION WITH: THE BIG FOUR TRADERS	CONSTRUCTION OF A 9ML DAY EXTENSION TO THE MUDEN WTW	2013-09-26	R13 463 522.53	12		TECHNICAL SERVICES		3	
86	AB PROJECTS	OPERATIONS AND MAINAINANCE OF WATER AND WASTE WATER	2014-07-01	R120 298 734.72	36		TECHNICAL SERVICES	2		

12 CHAPTER 12: CONCLUSION

During 2017/18 financial year, the municipality managed to deliver on its developmental mandate of improving the quality of life and providing quality service to its community, in spite of operating in an environment with challenges with the major one being drought as dams and boreholes went dry which were meant to provide water to the communities, and the municipality had to resort in providing water through water tankers, and also taking into account the financial constraints and escalating service delivery costs.

Furthermore the municipality operated with a slow start with regards to implementing water and sanitation projects however as the champions of services delivery, the municipality continued to provide service delivery expectations to the community of UMzinyathi with the assistance of KZN Cogta officials. Continued support as was done in the 2017/18 financial year is urged from other spheres of government to enable the municipality to provide basic needs as mandated by the Constitution.

Great appreciation goes to the Council of Umzinyathi District Municipality, Amakhosi, members of the Executive Committee, the Portfolio Committees of Council, Management, the Municipal Public Accounts Committee, and the Audit Committee for guidance and the support given to Management and Staff of Umzinyathi District Municipality during the 2017/2018 period.

The Council, Amakhosi, Management and Members of staff wishes the community of Umzinyathi a successful and peaceful year ahead with great fortune and health.

THUTHUKA MZINYATHI!!!!