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Annual Report

A place where everyone benefits equally from socio-economic opportunities and services

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



Cllr N.H. Gumede
Ugu District Municipality Mayor

The year 2016 marks 16 years of democratic local government service delivery dispensation. Local government has not only survived a fundamental restructuring over the past 16 years, it has also made great strides towards extending service delivery and development to marginalised communities.

In 16 years, local government has emerged from being an institution that was subservient and illegitimate to an institution with democratically elected leadership, who have a constitutional status and a developmental agenda. Our task going forward is to work tirelessly in addressing the triple challenge of poverty, unemployment and inequality.

In presenting this Annual Report the Municipality is proud to set out our performance highlights and financial management for the 2015/2016 financial year. The report is published in terms of the requirements of the Municipal Finance Management Act No. 56 of 2003 which requires municipalities to report on all aspects of performance, providing a true, honest and accurate account of the goals set by Council and our success or otherwise in achieving these goals. This Annual Report is a transparent account of the Municipality’s achievements in the year under review which does not shy away from pointing out shortfalls in spending or delivery where they exist.

Today, we are proud as the Municipality to acknowledge the collective efforts of our leadership, employees, service delivery partners and all citizens who contributed to transform and ‘re-stitch’ the Municipality into a cohesive institution that is able to deliver on its core mandate. We have embraced our invigorating vision and mission of the Municipality in advancing the power of our communities through service delivery.

To realise this vision in practical terms, we embarked on the Growth and Development Strategy (GDS) to develop a sustainable and resilient municipality by creating a sustainable environment and developing infrastructure to improve access to water and sanitation services. An important outcome of the GDS strategy has been the identification of the key Integrated Development Plan (IDP) priorities which directed our efforts and guided our resource allocation. These priorities have steered us towards long-term economic, social and environmental sustainability whilst building a responsive, efficient and accountable municipality.

During the year, we continued to deliver according to the set priorities by instituting transformative programmes that would optimise the Municipality’s revenue potential, whilst ensuring that our core business of providing water and sanitation services remained firmly on course. We remain committed to improving the quality of life of our people, addressing the legacy of past inequalities head on and ensuring that all citizens including those on the margins of society have access to opportunities to earn and contribute to the economy.

We are well positioned to empower our district’s citizens, and to relieve individual and household distress to create sustainable solutions to poverty and unemployment through our Institutional Economic Development interventions.

This Annual Report also aims to enhance governance and promote accountability. It forms part of a cycle of ongoing planning, monitoring and evaluation that begins with the formulation and annual review of the IDP. This in turn enables the municipality to make its budget determinations and set targets for delivery. In this Annual Report, we look back over a period that has been concluded, and measure our performance in a range of areas. This important cycle is given an added meaning through the performance management element that has become an important facet of our municipality.

In conclusion, I urge citizens and stakeholders to study and comment on this Annual Report. This will assist us as we strive for continuous improvement in a cycle that thrives on input and participation from the communities that we serve.



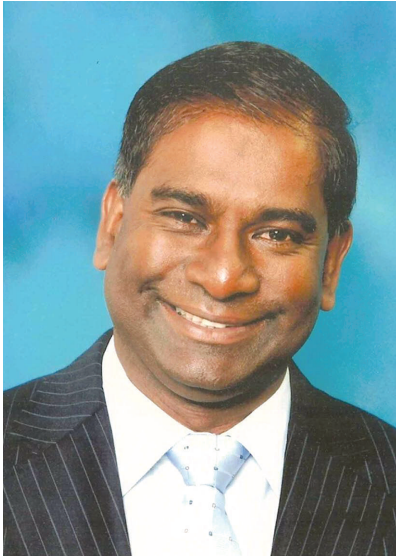
Cllr N.H. Gumede

Her Worship, the Mayor



COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



D D NAIDOO
Municipal Manager

As an emerging economy, we are not immune to the effects of a shrinking global economy. In the State of the Nation Address, the President appealed to leaders in all spheres of government to look seriously at cost containment measures. He urged that we must “do more with less”. The National fiscus is under severe strain and grant expenditure has to be curtailed.

This fortunately cannot translate to reduction in Service Delivery. Municipalities must become more creative and look to “value-add” for all expenditure. Our Supply Chain processes must be sharpened to ensure we receive value for money. Service Delivery which is the primary reason for our existence cannot be compromised and our annual baseline targets must show an annual increase in output and enhanced outcomes.

The provision of basic services, i.e. Water and Sanitation to all our communities must surely translate to a better quality of life for all our communities. We must also take note of the consequences of the severe drought and give serious attention to new sources of water.

Once we reach a situation where demand surpasses supply, we can become overwhelmed by unintended consequences.

Building resilient municipal institutions is a pre-requisite to taking developmental local government to greater heights. Municipalities must be able to continue achieving excellence in service delivery.

The Back to Basics (B2B) programme is aimed at institutionalising good practices to strengthen good governance. The B2B programme has yielded growth and we must ensure that our daily operations are informed by its five pillars.

As our citizens become more involved in Local Government, we must provide a seamless flow of information to ensure meaningful participation and informed feedback. All our plans must be responsive to the needs of our communities.

The high rate of unemployment, especially among our youth must be cause for concern. Whilst we acknowledge that we are not “an employment agency” we must in collaboration with other spheres create a climate for economic growth and investment which must create real jobs. As custodians of local resources, we must create attractive packages for investment. Investment must however be sustainable and long term. In the forthcoming year, a new Council will be inducted which will herald many changes.

All these new and re-confirmed imperatives must find expression in the IDP to be developed for the next five (5) years. The resultant SDBIP must be outcome based, delivering desired changes that enhance the quality of Life of affected communities.

The unconditional financial sustainability of our Municipality cannot be compromised. Our cash flow position has increased to more manageable levels, however the implementation of fiscal austerity cannot be relegated. Through an innovative Asset Management System, we must create a framework for the monitoring of Repairs and Maintenance. The useful life of all our assets must be extended to its maximum. This will assist us in providing affordable services to our communities.

The Unqualified audit opinion for the 2015/2016 Financial Year is an indication that all our initiatives aimed at financial sustainability and good governance have paid dividends. It is significant to note that “the other matters” as contained in the audit report has diminished and that the 2016/2017 financial year should yield a clean audit opinion.

The causes of water disruptions especially, ageing infrastructure must be given focused attention and necessary plans must be included in the IDP to overcome these challenges.

The three (3) spheres of government were intentionally designed to complement, support and collaborate with each other to provide for the needs of all communities. We have adopted an Inter-Governmental Relations Policy for the District and its family of Municipalities, which we must review for greater levels of co-operation with all Government institutions.

Our two entities namely Ugu South Coast Development Agency and Ugu South Coast Tourism Association have very specific mandates. These are structures created in partnership with private sector to mobilise resources and provide an environment for economic growth. In the long term these entities must become self-funding.

Human existence by its very nature is progressive and therefore our annual performance review must reflect an increase in tangible outcomes. Our staff must be capacitated and stay focused to achieve identified deliverables. We must resist the temptation to employ more unnecessary staff wrongly believing that this will translate to an increase in quality and quantity of outcomes. In this day and age of technology we should look to work smarter thereby reducing our personnel costs through natural attrition.

As a sphere of government owned by all our beneficiary communities, we are dependent on many role-players and stakeholders whose support guidance and expertise is necessary for our daily operations. We are fortunate to work with these public spirited, selfless organisations and individuals. Many of them are our inspiration. Having answered the call to serve our people, we must remain, selfless, focused and resilient in implementing the agenda for developmental Local Government.

“A nation should not be judged by how it treats its highest citizens, but its lowest ones”

Nelson R. Mandela



D D NAIDOO
Municipal Manager



INTRODUCTION TO BACKGROUND DATA

Population Details					
Age in completed years	Population in 2012	Population in 2013	Population in 2014	Population in 2015	Population in 2016
0-17	293 993	296 051	298 123	300 210	308 015
18-35	216 029	217 541	219 064	220 597	226 333
36-50	101 234	101 942	102 656	103 375	106 063
51-70	86 684	87 290	87 901	88 517	90 818
71-90	28 359	28 558	28 758	28 959	29 711
91-120	1 245	1 253	1 262	1 271	1 304

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2013/2014	19%	22%	26%	44%	10%	27%
2014/2015	20%	23%	26%	48%	15%	37%
2015/2016	21%	24%	26%	52%	20%	44%

Table: 1.2.1

Unemployment in the District remains high at 24% of the working age population unemployed. The data shows that 26% of the Municipality's households have no income. The District's workforce is mostly semi-skilled/unskilled, which presents challenges. The prevalence of HIV and AIDS related deaths in the

region is one of the highest in the province. There has however been a significant improvement in levels of literacy in the District over the years. Data shows that almost 13% of those over the age of 20 years have no level of schooling.

MUNICIPAL MAJOR NATURAL RESOURCES OVERVIEW

The Municipality has taken a major focus on the environment, considering the fact that environmental management issues are a major item of discourse across the globe. The municipality enjoys the natural resources tabulated below within its area of jurisdiction hence such resources ought to be managed properly through the development and implementation of a number of specific environmental management plans and capacitated institutional plans.

In extension to the district municipality, some local municipalities within the district are performing some of the Environmental Management functions with the district playing an oversight role.