

Natural Resources	
Major Natural Resource	Relevance to Community
Coast	Tourism, recreation and aesthetics, religious beliefs, source of livelihood (food, employment and income), research and education
Biodiversity	Tourism, recreation and aesthetics, religious beliefs, source of livelihood (food and income), research and education, traditional health (medicine)
Air quality	Clean and safe environment, human health, education
Water resources	Domestic and industrial use, recreation, source of livelihood, education and research
Land	Agriculture, human settlements, resources for human consumption, source of power and human contentment

Table 1.2.2

The Coast

Ugu District Municipality, in its Growth and Development Strategy identifies the coast as a major tourism attraction into the Lower South Coast. Further to tourism, the strategy also identifies the coast as a source of livelihood for many families who depend on marine resources to cater for their families and for accessibility to employment opportunities.

Biodiversity

Like the coast, biodiversity is also used to attract tourism to the district. There are features of the district biodiversity that have been exploited and redesigned for tourism attraction. Apart from tourism the district biodiversity is also used for religious beliefs, livelihood, research and education as well as traditional health.

Air Quality

Air Quality is used to promote a clean and safe environment as well as for education.

Water Resources

Water resources are used for domestic and industrial use, recreation, as a source of livelihood as well as for education and research

Land

Land is one of the primary resources for agriculture, human settlements, resources for human consumption, source of power and human contentment. The district has therefore developed a number of policies to guide sustainable use of land.

Most of the achievements were based on service delivery successes with challenges on community impatience, existing infrastructure capacity and ageing infrastructure.

The biggest achievement for the previous year was the operation of the Mhlabatshane Dam which was projected to supply over 50,000 people with water. This financial year the municipality progressively implemented and commissioned with speed the Mhlabatshane Regional Water Supply Scheme. This scheme has ensured sustainable water supply to the areas of Gumatane, Nhlalwane, Nkwazi and Ncengesi to name a few.

The year under review has come with many achievements in terms of service delivery however we will have to note and pay specific attention to some key projects and performance targets which we could not reach. As we close the financial year, specific focus will be on the unachieved targets and projects that could not be completed as a way of improving service delivery to our people. We have seen our performance audits by the Auditor General improve from Disclaimer to Unqualified Outcome; an exceptional achievement if we look back to where we come from. The municipality has achieved access to basic water services to 3266 households; these including Mhlabatshane Regional Water Supply Scheme, KwaXolo Bulk Water Supply Scheme, Maphumulo Water Supply Scheme, Mathulini Water Supply Phases 4 – 7 and Ezinqoleni Bulk Water Extensions.

The Municipality prides itself of the swift and effective manner in which it responded to the worst drought situation since 1992. With the Declaration issued in December 2014, the municipality was allocated R31, 913,122.20 which was used amongst other projects to refurbish and protect over 92 springs, provide interim mobile water supply through tankering and portable storage thereof. The municipality secured its standby power supply through the same budget through the procurement of six mobile generator trucks and 3 fixed standby generators for critical power usage installations.

While access to sanitation provision may have had a steep incline in the prior years, for the current year not much construction work was done on the provision of this service as the municipality was in the process of acquiring funding through business plan applications. The provision of access to water services is notable albeit hampered by the lack of adequate bulk water services. As a projection for the current and upcoming years the municipality plans to unlock major infrastructure projects which are already at final feasibility study stages such as the Harding Weza Bulk Water Supply Scheme, the Vulamehlo Cross-Border Water Scheme and the Ncwabeni Dam Project.

SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Ugu District Municipality's core function is the delivery of water and sanitation to the community. It performs both the functions of being a Water Services Authority and Water Services Provider. In a committed endeavour to perform its core function to the satisfaction of the beneficiaries, the community, a number of achievements have been enjoyed the same way as a number of challenges have been experienced during the 2015/2016 financial year.

FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Ugu District Municipality's Constitutional Mandate of ensuring the provision of services to communities in a sustainable manner requires long term financial sustainability to support the service delivery objectives.

Long term financial sustainability must be ensured by the application of sound financial principles, strengthening of financial management systems and promotion of transparency. The multi-year budgeting method is currently being used to ensure stability. This method balances funding of capital expenditure with the impact on future operational budgets in the medium and long-term.

Sound financial principles must be addressed by ensuring that compliance to legislation is maintained and policies, delegations, roles and responsibilities are properly monitored.

The municipality is grant dependent and cannot fund capital projects in the short and medium terms. For the last five years, the municipality has refrained from making new commitments in terms of borrowed funds and this has improved the liquidity of the municipality. All the reserves of the municipality are now cash backed.

Although the municipality is still experiencing challenges with the current billing system, there has been an improvement in the cash collections from the consumers compared to the previous financial year. The improvement in the cash collection can be attributed to the effective implementation of the Credit Control and Debt Collection policy. The municipality has remained conservative in spending its cash resources and this practice has been influenced by the various turnaround plans which were adopted by the municipality in the previous financial years.



Financial Overview: 2015/2016			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	383 922	372 460	362 912
Taxes, Levies and tariffs	407 861	462 912	316 072
Other	18 449	49 358	48 365
Sub Total	810 232	884 730	727 349
Less: Expenditure	804 588	881 711	889 122
Net Total*	5 644	3 019	-161 773

Table 1.4.1

Operating Ratios	
Detail	%
Employee Cost	34%
Repairs & Maintenance	7%
Finance Charges & Impairment	8%

Table 1.4.2

Total Capital Expenditure: 2013/2014 to 2015/2016			
			R'000
Detail	2013/2014	2014/2015	2015/2016
Original Budget	400	480	508
Adjustment Budget	450	475	520
Actual	420	468	530

Table 1.4.3

COMMENT ON CAPITAL EXPENDITURE:

The municipality spent 11% less than the annual allocation on the capital budget. This was caused by the additional allocations of R9 587 800 on the Drought Relief Intervention Programme that was not included

in the original budget of the municipality. This additional funding was allocated towards the end of the financial year; hence a technical adjustments budget was made to appropriate these funds in the municipality's budget.

ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Human Resources Section renders a comprehensive integrated customer focused human resources, including the following:

Recruitment and Selection – The Municipality reviewed its organisational structure during the 2014/2015 financial year, however due to the shortage of funds, the Municipality could not provide for all the new positions both during 2014/2015 and 2015/2016 financial years.

Organisational Development – The Municipality is currently rolling out the individual performance management system to the middle management that is reporting to the section 57 managers. The plan is to cascade the individual performance management system down to all levels of the municipality.

The Municipality implemented the policy on Incentives and Rewards during the year under review. The best performing employees were identified for each department and were rewarded for their hard work.

The Municipality developed the Workplace Skills Plan, which catered for all staff development needs during the 2015/2016 financial year. In addition, the Municipality established a job evaluation team to ensure that no employee is worse off and that training needs are directed in line with job activities of each individual employee.



AUDITOR GENERAL REPORT SUMMARY

AUDITOR GENERAL REPORT SUMMARY - 2015/2016

The Municipality received an unqualified audit report for the financial year 2015/2016 with matters of emphasis on the following areas:

A. Emphasis of Matters

1. Restatement of corresponding figures
 - Correction of prior period error relating to period ending June 2015.
2. Material losses and impairments
 - Material water losses were reported for the 2015 /2016 financial year and these losses relates to the unmetered water connections and the water that was provided to the arears where there is no water infrastructure

B. Compliance with legislation

1. Annual Financial Statements
 - The annual financial statements submitted for auditing were not prepared in all material respect in accordance with the requirements of section 122 of the MFMA
2. Procurement and contracts management
 - Awards were made to the service providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of the supply management (SCM) regulations 44

3. Asset Management

- The municipality did not have an effective system of internal control for assets as required by section 63(2) of the MFMA

C. Internal control

- The accounting officer did not exercise adequate oversight responsibility regarding the financial reporting and compliance with legislation

D. Financial management

- Daily and monthly reconciliations were not adequate to prevent the material misstatements in the annual financial statements

Besides the matters that are identified above, the municipality has done a remarkable improvement in correcting the matters that were identified by AG in the previous year's audit reports, including the following areas;

- Creditors management;
- Supply chain management; and
- IT governance.

The existing corrective action plan has been amended to address all the issues that were identified in the AG management report and the implementation of the plan is closely monitored by management.

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft 2015/2016 Annual Report to Internal Audit and MPAC	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
8	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
9	Municipalities receive and start to address the Auditor General's comments	November
10	MPAC sits to consider Draft Annual Report	January
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	January/February
13	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report to be used as input.	
14	Oversight Committee assesses Annual Report	March
15	Council adopts Oversight report	
16	Oversight report is made public	April
17	Oversight report is submitted to relevant provincial Sector departments and AG	

Table 1.7.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

- The relationship of all structures of government is regulated by the Constitution of the Republic of South Africa and relevant legislation governing local government, namely: The Constitution of the Republic, 118 of 1995
- White Paper on Local Government
- The Local Government Municipal Structures Act, 117 of 1998
- The Local Government Municipal Systems Act, 32 of 2000
- The Local Government Municipal Finance Management Act, 56 of 2003
- All Regulations and Frameworks on Local Government

The Ugu District Municipality as a statutory body is a creature of the abovementioned legislation.

It comprises the Political and Administrative arms. The Political arm is made up of politicians whilst the Administrative one is of Officials.

The Administration accounts to the political segment of the Municipality. For purpose of improved efficiency and effectiveness, various Committees and Sub-Committees have been established within the prescribed parameters of the legislation above.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Political segment of the Municipality comprises a Council (made up of 35 Councillors) and an Executive Committee (made up of 7 Councillors). The Chairperson of the Council is the Speaker.

The responsibility for the management of the Code of Conduct for Councillors rests with the Speaker.

The Speaker exercises oversight. This ensures harmonious relationships within Council.

All Councillors as politicians provide a bridge through which needs of communities and various stakeholders are channeled into Council for consideration. The Mayor takes full responsibility for the execution of all policies and resolutions of Council.

On the other hand, the Administration is headed by the Municipal Manager who is supported by the GMs. The Administration is tasked with the responsibility to render services to communities.

In order to ensure accountability, the Ugu District Municipality has established structures that exercise oversight over Council and its Committees, as well as Administration. These structures are:

- Municipal Public Accounts Committee (MPAC)
- Audit Committee

2.1 GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

UGU EXECUTIVE COMMITTEE



COUNCILLORS



Cllr P.L. Zungu



Cllr T.M. Cele



Cllr N Ndzingwa



Cllr V.L. Ntanza



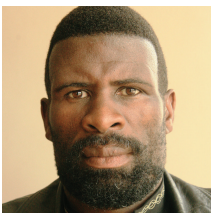
Cllr N.A. Madlala



Cllr S.A. Khawula



Cllr S.T. Gumede



Cllr M Mkhize



Cllr Z.A. Mhlongo



Cllr Y Nair



Cllr N.Y. Mweshe



Cllr N.P. Mpanza



Cllr Y.L. Duma



Cllr M.G. Sonwabo



Cllr L.N. Myende



Cllr F.B. Shezi



Cllr J Van Vuuren



Cllr G.D. Henderson



Cllr M.P. Mnteshana



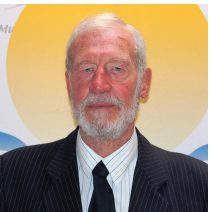
Cllr M Manyoni



Cllr D.H. Njoko



Cllr J.M. Ndlela



Cllr D Snashall



Cllr B.E. Machi



Cllr M.B. Gravu



Cllr S.M. Zuma



Cllr E.M. Bux

POLITICAL DECISION-TAKING

Every Municipal Council has the right to determine its internal procedures; this right is protected by S160 of the Constitution, which also allows the Municipal Council to decide what mandate or area of responsibility it assigns to political structures, office bearers and the Municipal Manager. This right is coupled with an obligation in the Municipal Systems Act 32 of 2000, which instructs each municipality to define the roles and areas of responsibility of political office-bearers and political structures. This definition process is done through the terms of reference, which seek to precisely outline the roles and responsibilities of the Councillors, political structures and officials in a municipality as identified in legislation.

The purpose of the Executive Committee is to delegate specific functions to committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The Executive Committee exercises oversight responsibilities in respect of the day-to-day activities of Council. It is important to note that all resolutions taken by the Executive Committee as per delegations from the Council for the financial year 2013/2014 have been implemented.

The object of the Council Committee is to perform the following functions:

- To formulate and develop legislation and policies pertaining to the functions of the administration;
- To provide oversight in the implementation and monitoring of the approved legislation, by-laws, policies, municipal budget as well as Council's strategic plans;
- To consider any report on legislation, policies (Budget and Integrated Development Planning included), and bylaws with regard to the administration;
- To ensure that the inputs from the communities and sector forums are given due consideration and Councillor N.H. Gumede, Mayor/Chairperson of the Executive Committee, accounts where applicable; and
- To obtain expert advice where deemed necessary.

The municipality has 35 Councillors seven EXCO members, with the Speaker being Ex Official.

Executive Committee

The Executive Committee exercises oversight responsibilities in respect of the day to day activities of Council. The Ugu Executive Committee has delegated plenary powers to exercise the powers,

duties and functions of Council, excluding those plenary powers expressly delegated to other standing committees and those powers which are wholly resolved to the Ugu District Council. Notwithstanding the above, the Executive Committee is authorised to exercise any of those plenary powers delegated to other Standing Committees in circumstances where any matters from these committees are referred to the Executive Committee.

The Statutory Functions of the Executive Committee, in respect of the municipal functions, are:

- Review of the performance of the municipality in order to monitor and improve performance;
- Economy, efficiency and effectiveness of the Municipality;
- Ensure the efficiency of credit control and revenue and debt collection services
- Ensure the implementation of municipality by-laws
- Oversee the management of the municipality's administration in accordance with the policy directions of the municipal Council (output monitoring)
- Ensure the provision of services to communities in the Municipality in a sustainable manner
- Ensure involvement of communities and community organisations in the affairs of the municipality
- Ensure the alignment of the IDP and the budget received; and to effect consultation on the decisions of the Council



The EXCO further makes recommendations to the Council regarding:

- The adoption of the estimates of revenue and expenditure, as well as capital budgets and the imposition of rates and other taxes, levies and duties
- The passing of by-laws
- The raising of loans
- Approval or amendment of the IDP
- Appointment and approval of conditions of service of a Municipal Manager and heads of departments / GMs
- Any other matters referred to it by the Council
- Matters delegated to it by Council in terms of the Systems Act and delegations framework
- Progress against the key performance indicators
- Reports received and considered from committees in accordance with the directives as stipulated by the EXCO
- Varied or revoked decisions taken by the Section 80 committees, subject to vested rights
- Development of strategies, programmes and services to address priority needs of the municipality through the IDP and estimates of revenue and expenditure, taking into account any applicable national and provincial plans
- Determination of the best methods, including partnerships and other approaches to deliver services, programmes and projects to the maximum benefit of the community subject to applicable legislation and delegated authority
- Identification and development of criteria in terms of which progress in the implementation of services, programmes and objectives to address the priority needs of the municipality can be evaluated, which includes KPIs which are specific to the municipality and common to Local Government in general.
- Management of the development of the Performance Management System by assigning responsibilities in this regard to the Municipal Manager and submits the proposed performance management system to Council for consideration
- Monitoring of progress against the said key performance indicators
- Receipt and consideration of reports from committees in accordance with the directives as stipulated by the EXCO
- Election of a chairperson to preside over meetings if both the Mayor and Deputy Mayor are absent from a meeting in the event of there being a quorum present at such meeting and the Mayor has not designated a member of EXCO in writing to act as Mayor
- Consideration of appeals from a person whose rights are affected by a decision of the Municipal Manager in terms of delegated powers, provided that the decision reached by this committee may not retract any rights that may have accrued as a result of the original decision
- Reporting of all decisions taken by EXCO at the ordinary Council meeting.



2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Ugu District Municipality is committed to transparent and accountable governance. The broad range of public participation programmes and processes, especially related to its IDP and Budget, bears testimony to the institution's commitment to involve its communities in its planning and decision-making processes.

The Council of the Ugu District Municipality is the highest decision making authority in the institution. It guides and instructs the administrative component, which implements the decisions taken by the political component. The head of the administrative component is the Municipal Manager, DD Naidoo and there are 4 GMs for the various Departments within the Municipality.

The administrative wing consists of structures that are put together by the Municipal Manager in order to ensure efficiency and improve service delivery within the municipality. The refereed institutional arrangements relate to Management committee and Extended management committee.

Management committee consists of GMs (S56) reporting directly to the municipal manager as well as Senior Managers and Managers that are reporting directly to the Municipal Manager, but who are not S56 Managers. This committee discusses strategic issues pertaining to the provision of municipal services and deals with those matters before they can be considered by the Portfolio Committees and Executive committee.

The decisions taken in this committee exclude matters that are delegated to Council S79 and 80 committees and such decisions are binding to the members of the committee. The proceedings of Management committee are always recorded and minuted, whilst a formal agenda is followed and reports tabled. The Extended Management Committee consists of all GMs, Senior Managers and Managers within Ugu district municipality and is an extension of Management committee.

This committee serves the same purpose as Management committee, however it considers mainly issues that directly affect the section managers and which requires the implementation by managers. This committee is chaired by the Municipal Manager and

the meetings are always recorded. Both Management and Extended management meetings take place on Mondays and following a formal agenda.

In order to give effect to the implementation of Council and management resolutions, the Management committee has formed the Resolutions committee which is comprised of all GMs of Ugu District Municipality. The role of GMs is to monitor and track implementation of Council and management resolutions. This committee has a separate agenda, and upon consideration of resolutions – those that are not implemented get followed up by the Secretariat unit. In all the above mentioned committees, the secretariat unit plays a crucial role in terms of minute taking, recording and distribution of the agenda.

In the past financial year, the administrative governance within Ugu District Municipality has improved both in terms of attendance to issues or challenges and compliance with the implementation of resolutions.

