2022-2023

UNAUDITED ANNUAL REPORT &ANNUAL FINANCIAL STATEMENT

2022 | 2023 DRAFT ANUDITED ADM AND ASPIRE ANNUAL REPORT WITH UN AUDITED FINANCIAL STATEMENTS

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COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The accountability cycle for local government impels municipalities to annually account to communities on how municipal resources have been utilized to ascertain value for money through the annual report processes. As the Executive Mayor of Amathole District Municipality, having been assigned with the executive responsibility by Council to give an account on our performance for the 2022/2023 financial year, it is my pleasure to present a summary of the performance of the Municipality for the period under review.

The report on the period under review is based on the performance of the Municipality as guided by the key Strategic planning instruments of the Institution as reflected in the Integrated Development Plan (IDP) the Institutional Scorecard and Service Devlivery and Budget Implemantation Plan as approved by Council.

Further to reporting on the executive responsibility assigned to me, ADM had committed to remain steadfast in fulfilling her strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.

The effect of the conflict between Ukraine and Russia presents a challenging global environment where commodity prices like oil have increased thus negatively impact on the ability of the local consumer to pay for services. Despite the after- effects of the pandemic and the negative global socio economic challenges, we never tired but continued in our endeavors to implement our service delivery programs as dictated in line with our IDP.

We assumed office in an environment characterized by labor unrest, financial constraints, political and administrative instability coupled with public confidence in the ability of the Institution to perform services being at its lowest. We have moved with speed to stabilize the Municipality giving priority to strengthening administrative capacity, improve labor relations, revenue collection and project spending. The report reflects improvements in the performance of the Municipality in comparison to previous years.

The Annual Report under review outlines successes and shortcomings in relation to our political mandate as provided in the key focus areas of the 06th administration, these can be summarized as follows:

- Economic transformation and job creation;
- Education, skills and health;
- Consolidating the social wage through reliable and quality basic services;
- Spatial integration, human settlements and local government;
- Social cohesion and safe communities;
- A capable, ethical and developmental state and

The alignment of ADM Long term vision with the National Development Plan and the Provincial Growth and Development Strategy paved the way for effective cooperative governance and places the Institution in a better position to seal strong partnerships with other spheres, state owned enterprises and private sector players. This approach further entrenched our commitment in building a capable and developmental local government that is responsive, accountable, effective and efficient in serving the people of Amathole.

The past financial year was characterized by effective functionality of Council and its structures in support of good governance. This was made possible through the approval of ADM institutional calendar as well Council assessment reports that are considered on a quarterly basis.

As a Water Services Authority and a Water Services Provider we continue to deliver on our mandate against the persistent drought and related challenges that we face as the District. We have embarked on the accelerated sanitation program within the district, through the use of incubator contractors, a program which not only saw us accelerating the sanitation program but the creation of job opportunities within the communities residing in the project areas.

Even though we are largely grant dependent, over the years we have ensured that allocated for the provisioning of basic services is utilized for the intended purposes. During the year under review we prioritized the refurbishment of our infrastructure including addressing water and sanitation backlogs. Parallel to these projects we have had to ensure the monitor the compliance levels of drinking and waste water including continuous health surveillance on premises.

As a rural district, the majority of our communities are largely indigent and we have managed to increase the registration of indigent households, resulting in Council writing off accounts owed due to recoverability. In our endeavors to enhance our revenue base, we amongst others managed to ensure the establishment of an in-house debt collection call centre, disconnection of government departments, parastatals and businesses, roll out of electronic statements to consumers through bulk sms and the creation of an online portal as well as the introduction of the incentive scheme to encourage consumers to pay their outstanding debt.

The achievements made during the year under review would not have been possible if it were not for the support and commitment of Council, and the administration. We once again thank the continued support of our strategic partners and our communities at large for walking this road with us during these trying times. Collectively, we have been confronted with difficult times which begged for decisive and difficult decisions to be made and indeed we still remain true in our drive and responsibility.

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Cllr A. Ntsangani
EXECUTIVE MAYOR

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

It is that time of the year when we must account on the journey travelled as the institutions with regards to municipal governance, financial health and government deliverables within our Constitutional responsibilities in order to provide sustainable services to the people of Amathole. The year under- review 2022/2023 has come and gone with its challenges of growth stagnation, continuous load shedding and finding means of recovering from the effects caused by the international post COVID 19 pandemic. As we know, there are other internal challenges experienced during this time amongst others is the industrial strike action and office relocation which then required ADM to shift its focus on alternative solutions, new organisational structures and impact strategies as a way of doing things differently in order to allow for an effective and efficient rebuilding of the organisation. ADM has since been trying its best under the circumstances not to take eyes of the ball, but rather ensure continues contribution towards the national program in addressing our challenges and ensuring that service delivery is not compromised.

2022/23 still is characterised as adaptation in the manner we do things and understanding that the world as we know it has changed, the effects of post COVID 19 Pandemic and the on - going load shedding disrupted the methods in which government in general and Amathole District in particular renders its services to its communities, especially on the core function of water and sanitation provision. Amathole is a Water Services Authority and Water Services Provider responsible and that means ADM should plan, construct, operate and provide water and sanitation services within Amathole. In light of the above, Amathole is predominantly rural in nature which then enables constraint towards ensuring consumers delight. Furthermore, Amathole is drought stricken with water sources drying up thus needed alternative water provisioning to be explored. Drought mitigation measures have mainly been in the form of Ground Water Development and boreholes that have been drilled.

Furthermore, according to the Amathole organisational development plans, we acknowledge the persistent financial crisis ADM is in and as such the institution has reviewed its organisational structure and the placement of employees with be implemented in order to enable the reduction in the salary bill of ADM as one of our targeted outcomes. This decision was complemented by the implementation of a Regional Management Support Contractor Programme, commonly referred to as the Financial Recovery Plan (FRP), which is an instrument that is designed to provide guidance in addressing financial distress in the municipality. With the introduction of the District Development Model strategically positioned the District in the execution of its powers and function through the District Command Centre and District Command Council for clear alignment of sector implementation programs.

The Amathole Development Agency continues to support film development in Amathole region working in collaboration with ECDC and ADM. The biggest highlight for the year 2022/23 was the shooting of an international reality competitive show called Survivor Season 9 SA in Ngqushwa Local Municipality. The aim of the film development is to promote ADM as a Film Destination of choice within South Africa thereby attracting tourism and interesting developers to our district. Furthermore, the Economic growth and development strategy enables Amathole District, private sector, and local communities, the opportunity to work together to improve the district economy and its sector plans will ensure we achieved the desired ADM where everyone can live, work and study pleasantly.

The focus now is on ensuring that a concrete foundation is made of the execution of our core business with the application of the Spatial Development Framework (SDF), including the outcome based Integrated Development Plan (IDP), a budget that is biased towards the attainment of the targets set in the IDP with an SDBIP as an annual plan with clear targets.

In relation to the financial performance of ADM, the municipality reflected a R52 million surplus for the

2022/2023 financial year, which was reduced to a balanced budget after the adjustment budget. A total revenue of R1.8 billion has been recognised in the 2023 financial year. The ADM's revenue sources predominantly comprise of operating fiscal transfers from the national government that accounted for 60% of operating revenue in 2023. Equitable share (33%) and Levy replacement grant (28%) comprises the bulk (61%) of these operating fiscal transfers and are utilised at the municipality's discretion to provide basic services to poor communities within its jurisdiction.

I would like to thank ADM Council, TROIKA, Executive Mayor and Members of the Mayoral Committee including Council Committees for their support and guidance in providing leadership towards the attainment of the mandate of a developmental local government. Furthermore, I would like to thank the strategic partners and stakeholders who support ADM's strategic outlook and contributing resources towards improving Amathole. To the Executive Management and the staff in general your passion, energy and commitment towards the realization of an Amathole that strives for an acceptable livelihood for the citizens ADM has never gone un-noticed.

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Dr BJ Mthembu
MUNICIPAL MANAGER

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Strategic Outlook

AMATHOLE DISTRICT MUNICIPALITY VISION, MISSION AND VALUES

The Vision, Mission and Core Values of Amathole District Municipality as adopted by Council in 2017 are as follows:

Vision:

Amathole District Municipality: Commitment towards selfless, excellent and sustainable service to all our communities.

Mission:

Amathole District Municipality, in its developmental mandate, is dedicated to contributing to:

- Ensuring equal access to socio-economic opportunities;
- Building the capacity of local municipalities within Amathole District Municipality's area of jurisdiction;
- Ascribe to a culture of accountability and clean governance;
- Sound financial management;
- Political and administrative interface to enhance good service delivery; and
- Contributing to the betterment of our communities through a participatory development process.

Core Values:

Selflessness - In all our business activities we commit that corruption and unscrupulous business practices will be dealt with decisively and objectively.

Pro-poor - The poorest of the poor will be the main focal point for an Amathole District Municipality DM's business and service delivery.

Responsiveness - We will continue to strive for improved turnaround time in the delivery of services and in dealing with our valuable customers.

Transformative - We will make considerable strides to ensure that adequate capacity (skills and human capital) equates the mandate and business of Amathole District Municipality.

Inclusivity - We will include all our stakeholders in our planning, implementation, monitoring, evaluation and reporting in ensuring an integrated effort towards service delivery.

Dignity and respect - We will ensure that our service delivery restores human dignity and respect.

Good work ethics - We will be professional in our conduct and ascribe to the Batho Pele principles.

Transparency - Throughout our business operation, we will ensure access to information and fairness to our stakeholders.

Integrity - We will constantly conduct ourselves with the utmost integrity as councillors and officials of Amathole District Municipality

Accountability - We are committed in being held to account by our stakeholders and primary customers.

MUNICIPAL TURNAROUND STRATEGY

Amathole District Municipality Council adopted a Municipal Turnaround Strategy (MTAS): "***Bringing Amathole District Municipality Back to Its Former Glory"*** towards building a value-based organisation that thrives on a "**culture of excellence"**.
MTAS focuses on **brand repositioning** by building confidence in Brand Amathole District Municipality with strategic stakeholders such as local municipalities, provincial and national government including state-owned entities. In addition, MTAS focuses on **organisational development and design** by ensuring that the current organisational structure responds to Amathole District Municipality's core business. Moreover, **financial sustainability** is a key focus area in ensuring a sound financial base in order to realise accelerated service delivery by Amathole District Municipality.
Furthermore, **building of public confidence** in ensuring that Amathole District Municipality community trust the provisioning of services in an efficient, effective and sustainable manner.

The framework for the Municipal Turnaround Strategy is based on **eight (8) development pillars**

Amathole District Municipality Strategy 2018 – 2023

Leadership Development

This pillar focuses on the **empowerment of administrative and political leadership** in Strategic Planning, Monitoring and Evaluation, Oversight, Ethics, Financial Management, Local Government Law and Leadership.

Institutional Development

This pillar focuses on the **development and building of a skilled and professional workforce** of Amathole District Municipality in order for the institution to exercise its powers and perform its functions assigned to it in terms of the Constitution and other legislation in an efficient, effective and sustainable manner.

Quality Service Delivery

This pillar focuses on the **improvement of the institutional operational performance** towards service delivery.

Sound Financial Management

The pillar focuses on **financial management reforms, strengthening of planning and budgeting, strengthening oversight through improved transparency, institutional strengthening and capacity building and analysis of financial conditions.**

Good Governance

These pillars focus on the necessary **guidance, support and facilitation in improving planning, monitoring and evaluation of initiatives and accountability** of such.

Local Economic Development

This pillar focuses on the **creation of wealth** in Amathole using its Natural and Artificial resources

Human Capital Development

This pillar focuses on the **improvement of education and skills provider to drive socio-economic growth** by harnessing and maximising the utilisation of the Knowledge Economy.

Spatial Planning

The pillar focuses on **Spatial Translation of the Strategic Vision** that will guide and inform land development and management towards alignment to SPLUMA.
The success of the Municipal Turnaround Strategy is on creating and maintaining strategic partnerships and relations with different spheres of government, state-owned entities, local municipalities and the private sector.

Linkages of the development agenda of the Amathole District Municipality

FIGURE 1.5: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS (SDBIP)

Government priorities and focus are set at national, provincial and district levels.

Long-term strategy for Amathole District Municipality, informed by government planning, emerging trends and other development issues towards 2058.

5-year plan linked to long-term goals i.e. breaking down Amathole District Municipality's long-term objectives into 5-year turnaround strategic planning.

The Annual IDP then outlines an overview of planning for a specific year against high-level strategic plans outlined in the IDP and reports on progress against those high-level goals on an annual basis.

Annual planning by departments and municipal entities linked to achieving objectives outlined in IDP as well as Turnaround plan and alignment towards long-term strategy.

As required by the Municipal Systems Act, Amathole District Municipality should revise its IDP on an annual basis, to ensure that it remains relevant to its specific operating environment including political, socio-economic or other changes that may occur. This annual review also enables Amathole District Municipality to update its IDP, based on its overall performance.

INTRODUCTION TO BACKGROUND DATA

The Amathole District Municipality as Water Services Authority and Water Services provider, plans, constructs and operates water and sanitation services throughout the Amathole District. The predominantly rural nature of the district is a constraint to ensure all consumers have access to services. However, the municipality is continuously rolling out services to areas previously not served. With the assistance of additional grant funding from the Department of Water Affairs, interim water supply is being provided in areas where formal systems will still take some time to roll out. The 2011 Census reflects that Amathole District Municipality has a population of 892 637 people as compared to 968 920 from Census 2001. From analysis of these trends since 1996, it is clear that the population has been decreasing steadily from more than 1 million people to around 900 000 in 2011. This suggests that the Amathole Region has been affected by outward migration since the official statistics indicate that almost 100 000 people have left the region during this period.

This Trend is not unique This trend is not unique to the Amathole Region only, as people across the Eastern Cape have migrated over the last 10 years to the Metropolitan Areas of Buffalo City and Nelson Mandela as well as other more economically prominent provinces of South Africa like Gauteng and the Western Cape.

However, the Stats SA Community Survey conducted in 2016 reflected below shows that ADMs total population is currently 914, 820.

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	Population					'000
Amathole District and Local Municipalities	2011 Census			2016 Community Survey		
	Male	Female	Total	Male	Female	Total
DC12 Amathole	419,247	473,389	**892,637**	432,295	482,525	**914,820**
EC121 Mbhashe	117,230	137,679	**254,909**	125,084	144,985	**270,068**
EC122 Mnquma	117,873	134,517	**252,390**	120,109	133,905	**254,013**
EC123 Great Kei	18,703	20,287	**38,991**	19,108	20,368	**39,476**
EC124 Amahlathi	58,647	64,131	**122,778**	58,732	63,816	**122,548**
EC126 Ngqushwa	33,984	38,206	**72,190**	32,423	36,776	**69,200**
EC129 Raymond Mhlaba	72,810	78,569	**151,379**	76,840	70,676	**159,516**

(Source: Stats SA Census 2011 and Community Survey 2016)

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
Year 18/19	54.33%	36.78%	None	39.6%	14.1%	10.3%
Year 19/20	54.33%	36.78%	None	39.6%	14.1%	10.3%
Year 2020/21						
Year 2021/22						
Year 2022.23						
						T 1.2.4

Natural Resources	
Major Natural Resource	**Relevance to Community**
• Misty Amathole Mountain Range • The Great Fish River complex • Well-watered Wild Coast • Mild and temperate climate • The diverse range of vegetation types, including the semi-arid Karoo, thornveld, succulent and thicket areas. • ADM possesses 81.52 % of areas remaining natural and 18.48 % of areas where no natural habitat remains • The coastline extends for approximately 269 km • The biodiversity of the Amathole DM is represented in 5 major biomes that describe the different biotic communities. These biomesare Savanna (34.5%), Grasslands (31.5%), Albany Thicket (29.6% of the area), Indian Ocean Coastal Belt (3.7%) and Forests (0.6%) • There are 56 recorded rivers in the Amathole district municipality • There are four major drainage regions in the ADM, i.e., Great Fish River catchment, Amathole catchment, Great kei River basin,and Mbashe River basin • There are 9565 wetlands at Amathole district municipality • Within the Amathole DM there areapproximately 49 functional estuarine systems • Coastline which includes estuaries,conservancies, national heritage sites, rocky shores and sandy beaches.	• This diversity of natural resources provides the district with numerous opportunities for growth, development, agriculture, industry, biodiversity management, conservation and tourism, water resource management and provision. Opportunities in: • Wind Energy (Great Kei, Ngqushwa and some parts of Raymond Mhlaba) • Solar Energy Raymond Mhlaba and Amahlathi) • Biomass and Waste • Hydro Energy ▪ Community based initiatives in rural coastal communities ▪ Recreational activities ▪ Job creation through sustainable livelihood projects, Alien removal ▪ Fishing farming ▪ Eco-tourism ▪ Conservation agriculture ▪ Working for the water and Coastprograms ▪ Recreation and Tourism, research and education, cultural values, commercial and subsistence agriculture
Freshwater systems	Mariculture and acquaculture
Biodiversity and natural forests	Land-based projects, carbo credits, environmental projects

T 1.2.7

COMMENT ON BACKGROUND DATA:

The recent Community Survey shows that Mbhashe local municipality has the highest population followed closely by the Mnquma. It is important to note that Mbhashe population has been growing despite the population decline in the district since 2011. Population density is high in settlements with long major transportation routes including the N2 (Butterworth & Dutywa), the R72 (Peddie), the R63 (Alice) and the N6 (Stutterheim).

The demographic data indicates that the Amathole Region has a fairly young population with more than 60% of the population being under the age of 35. This indicates that the stakeholders in the area including the municipalities need to have programmes that focus on this particular segment of the population. Unemployment and poverty are also high in this region. Major economic sectors in the region are agriculture and tous=rism. It is for this reason that the economic development programs of the Amathole District Municpality are focused on hese sectors.

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1.2 SERVICE DELIVERY OVERVIEW

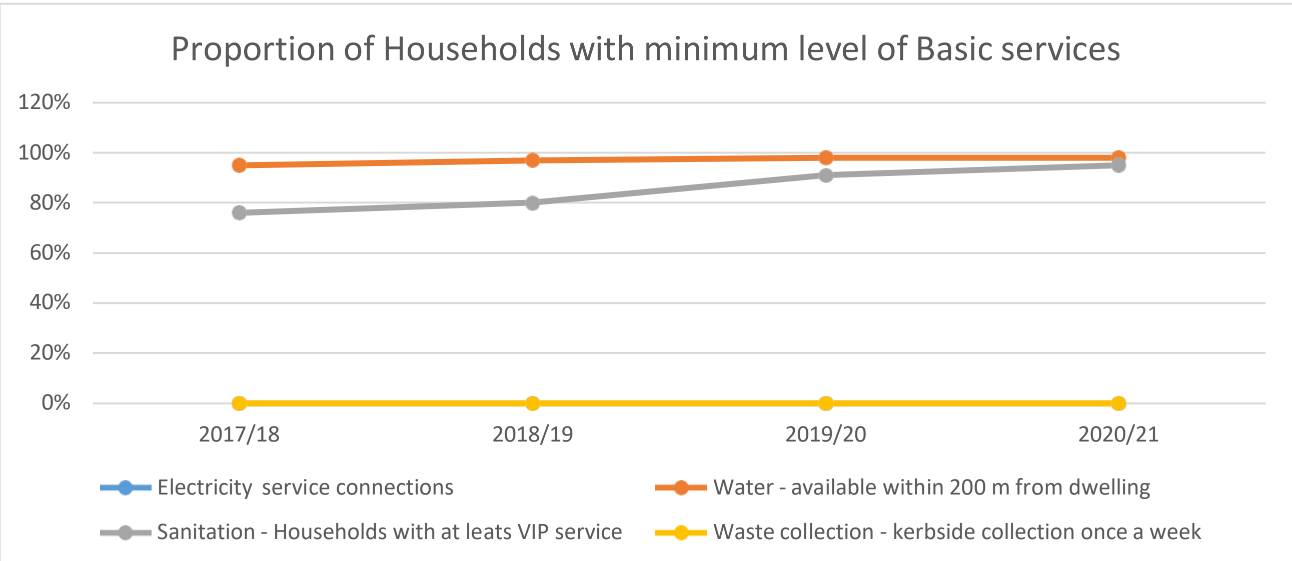
SERVICE DELIVERY INTRODUCTION

The Amathole District is the Water Services Authority and Water Services Provider for six (6) local municipalities. In this regard, it is the responsibility of ADM to provide water and sanitation services to all residents within its jurisdiction.

ADM is working towards meeting the national water service delivery targets of "adequate potable and effective supply of safe water to all by 2027, and adequate and sustainable sanitation to all by 2027. ADM as the Water Services Authority (WSA) in its area of jurisdiction is facing enormous water and sanitation backlogs. Given the historical background of underdevelopmentin the rural areas, ADM has made strides in pushing the frontiers of poverty backwards. ADM is however aware that the greater part of restoring the dignity of its people and providing them with sustainable and efficient municipal services remains a fundamental task in the new dispensation.

T 1.3.

Proportion of Households with minimum level of Basic services				
	Year 19/20	Year 20/21	Year 21/22	Year 22/23
Electricity service connections	n/a	n/a	n/a	n/a
Water - available within 200 m from dwelling	98%	98%	71%	71%
Sanitation - Households with at least VIP service	91%	95%	92%	92%
Waste collection - curbside collection once a week	n/a	n/a	n/a	n/a
			T 1.3.2	



COMMENT ON ACCESS TO BASIC SERVICES:

ADM in its mandate of providing both water and sanitation basic level of services is busy implementation Regional Projects to ensure that there is a significant impact once the projects are completed. These are multi-year projects as they take more than one financial to be completed. During 2022/23 financial year no households were provided with water due to challenges that were experienced by the Municipality which resulted in delays on the implementation of projects and 2474 households were provided with VIP sanitation in different Local Municipal Areas. The rate and pace in which these services are provided is determined by the MIG grant funding allocated to the Municipality in that particular financial year. *T 1.3.3*

1.3 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The total ADM budget of R2.2 billion is made up of external and internal sources of income. The external source of income is more than half of the total budget and remains grant dependent. The municipality generates its own internal income from Water, Sanitation and Fire charges.

The table below summarizes the operating budget of ADM:

	Operating Income R	**Operating Expenditure R**
Annual Budget	1,674,406,616	1,637,324,135
Adjusted Budget	1,947,967,649	1,879,272,480
Year to date budget (12 months)	1,947,967,649	1,879,272,480
Actual year to date	1,474,593,335	2,160,749,873
Variance	-473,374,314	281,474,393
% Variance of Year to Date Budget	-24%	15%
% Income/Expenditure on Adjusted Budget	76%	115%

76% of the operating revenue budget has been accrued for the year. The operating expenditure is above the planned expenditure by 15%, with 115% of the budget being spent. This is mainly due to the increase in the impairment of the consumer debtors.

Consumer debt remains a challenge and a number of initiatives were implemented. The relationship between the increasing tariffs and outstanding debtors is an indication that consumers are struggling to meet their obligations in terms of payment for services. The worsening economic climate and the COVID pandemic puts pressure not only on the economy, but also filters down to households in municipalities.

Financial ratio

The **Liquidity ratio** provides an indication of the ADM's ability to pay its short term debts like suppliers, within twelve months using the cash in the bank The ratio focuses on current assets (debtors, bank and cash) and current liabilities (trade and sundry, provisions, accruals).

The ratio is currently below the acceptable norm. This ratio indicates the financial viability of theinstitution. At the end of financial year ending 30 June 2022, ADM reflected a current ratio of 0.4:1. .There has been a positivite increase reflecting 0,7:1 as per the unaudited annual financial statements 30 June 2023

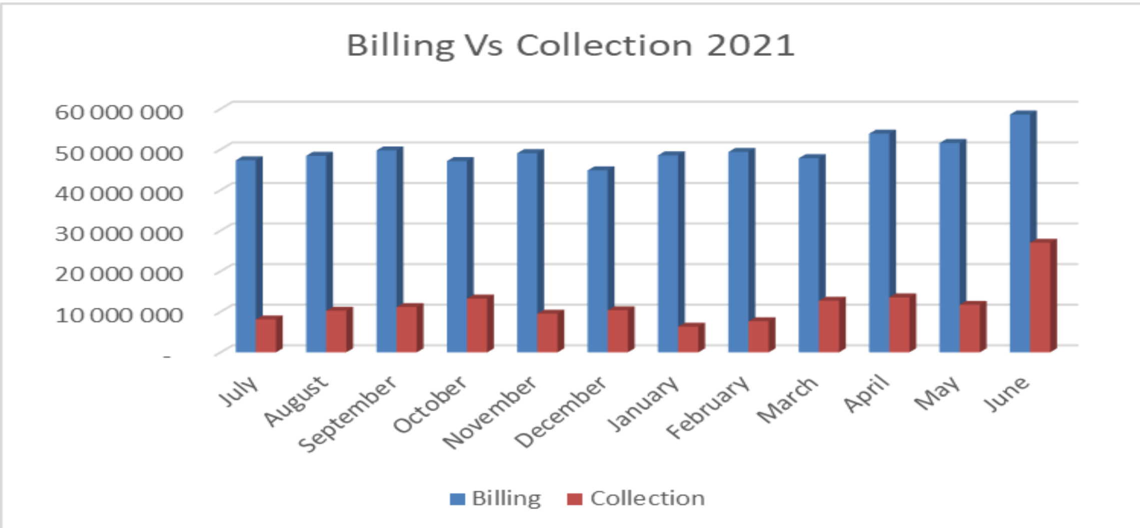
Description	**Norm/ Benchmark**	**2018/19 12 Months**	**2019/20 12 Months**	**2020/21 12 Months**	**2021/22 12 Months**	**2022/23 12 Months**

CurrentRatio	**2:1**	**0.5:1**	**0.8:1**	**0.6 :1**	**0.4:1**	**0.7:1**

The norm of 2:1 is the generally accepted benchmark used by National Treasury (Circular 71). A declining liquidity ratio is indicative of cash flow constraints, hence it is prudent to monitor the ratio and maintain the ratio at 2:1 so as to prevent cash flow constraints. This means that for every R2 of an asset (cash) there should be R1 liability (debt). Currently the Municipality does not have R1 cash to R1 debt.
This ratio trend is evidence that the Municipality continues to experience cash flow constraints. The importance of this analysis is that if the Municipality does not improve its cash position and tightens up on operational expenditure, the risk of not being able to implement the budget as approved by Council is a reality.

In addition to the Municipality's own financial recovery plan, a mandatory financial recovery plan in terms of Section 139 has been instituted during the 2020/21 financial year, this plan is yet to be adopted by Council. In the interim the Municipality continues to implement its approved financial recovery plan.KIN

Collection rates
An amount of R142 million has been collected during financial year, this equates to an average collection rate of 24%



In view of the collection rate and cash flow, the average collection rate improved from the prior year albeit by 2% being an increase of R9 million.
Significant increase in the collection in the month of June, whereby collection increased to 46%.
The established Revenue Collection task team continues to focus on Government Departments and Business consumers, however challenges are being experienced around disconnections.

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Financial Overview: Year 2022/23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	1 515 302	1 593 603	1 513 156
Taxes, Levies and tariffs	531 462	531 462	420 169
Other	119 024	119 024	80 466
Sub Total	2 165 788	2 244 088	2 013 791
Less: Expenditure	1 637 324	1 879 272	2 160 750
Net Total*	528 464	364 816	(146 959)
** Note: surplus/(deficit)*			*T 1.4.2*

Operating Ratios	
Detail	**%**
Employee Cost	34%
Repairs & Maintenance	1%
Debt Impairment	23%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

Employee Costs

Employee costs remain the highest cost incurred by the Municipality at R752 million planned expenditure for the year. There has been an increase to 38% as per the unaudited annual financial statements for the 2022/23.The employee related cost has decreased for 2022/23 as compared to the audited annual financial statements 2021/22 however the total operating expenditure has also decreased which then resulted to the ratio increase.

ADM is actively working on reducing the employee costs and is included in the financial recovery plan.

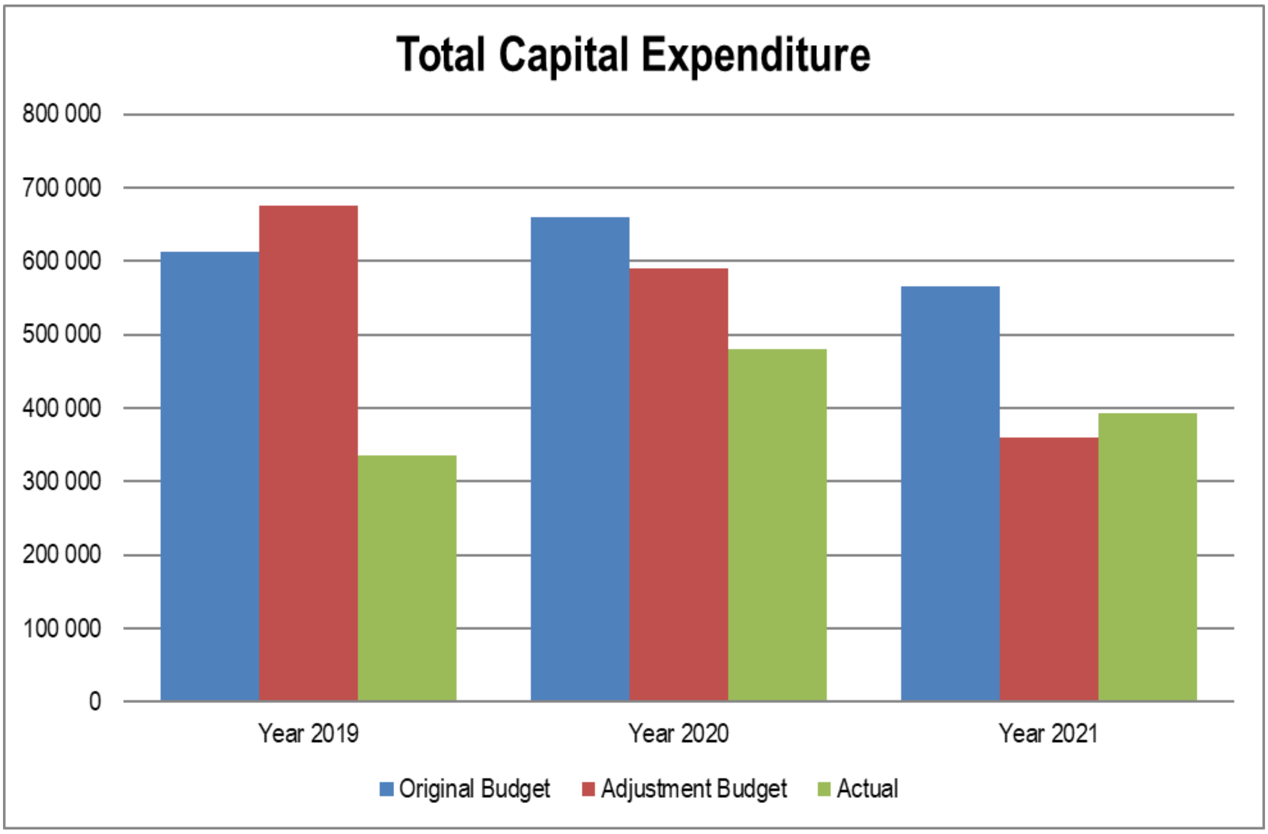
Repairs and Maintenance

This ratio can be used to assess whether asset management is effective or not. The expenditure is adhoc in nature and is mainly incurred when pipes burst or when pumps need to be fixed. The Amathole District Municipality’s ratio is at 1.09% for the 2020/21 financial year and 0.64% as per the unaudited annual financial statements for the 2022/23. To ensure that assets are adequately maintained, a program for the planned maintenance and replacement is essential.

Debt impairment

The municipality has a provision for doubtful debt of R499 million which provides for 73% of the consumer debt. The debt impairment expense comprises 23% of the 2020/21 operating expenditure in comparison to 10% in the 20/2 financial year.

Total Capital Expenditure: Year 2022 to Year 2023			
			R'000
Detail	**Year 2020/21**	**Year 2021/22**	**Year 2022/23**
Original Budget	566 484		
Adjustment Budget	360 281		
Actual	393 470		
			T 1.4.4



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<u>COMMENT ON CAPITAL EXPENDITURE:</u>

Investment in infrastructure decreased over the years due to the reduction in the capital budget allocation

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1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

As part of the broader strategy on institutional arrangement, ADM decided on a list of key interventions that were to enable the Municipality to move closer to the envisaged goal, while ensuring that all functions are at accurate skills levels and T.A.S.K grades as contained in the South African Local Government Association Job Evaluation Policy. The list, accompanied by the envisioned deliverables and a comprehensive implementation plan was submitted and approved by Council. To-date, a significant ground in respect of implementation plan has been covered and concluded, which will lead to the migration of incumbents from the old to the new structure.

1. Migration of staff to new organogram

The migration of staff has not taken place due to Job Evaluation Final Outcome Results that is going through relevant municipal structures until it is noted by Council. It is assumed that the Final Outcome Results will be approved in the next Council sitting of 28 July 2023, after which placement processes will unfold.

2. Job Evaluation Update

Progress on the grading and auditing of positions on the structure that was reviewed in 2018 is at 87%. However, with the current review of the structure, the number of outstanding positions is expected to increase due to modifications in positions in the structure under review.

3. 2023/24 Staff Establishment Review Update

ADM has embarked on a fresh review of its 2018 structure by taking into consideration the recently enacted Municipal Staff Regulations and the amended Municipal Systems Act to ensure that the Organogram is credible and compliant. Sessions have also been held in the Local Labour Forum regarding the reviewed structure to allow Organised Labour to make meaningful input. On the 31 May 2023 the structure was submitted to Council for approval and to be further submitted to COGTA for comments. The recommendation by Council was that a councillor workshop be conducted prior the COGTA submission. On the 22 June 2023 a Councilor workshop was organised and the structure was discussed and a follow up on the certain gray arrears was conducted virtually on the 28 June 2023. The structure was adopted by Council on the 14th July 2023 will be further submitted to COGTA for comments.

ELEMENTS OF THE PROPOSED STRUCTURE

The structure has been further reduced to a total of 1893 positions, with Engineering Services and Community Services Department having a total of 1438 positions. This is a confirmation that the core mandate of the municipality with regards to powers and functions was considered. The review yielded a reduction of 199 positions since the 2018 review, and that giving a total reduction of 414 since the 2013 structural review.

ADM structure is undoubtedly huge, but without compromising service delivery to communities, total staff complement in the structure is intended to be reduced by a big margin from the one that was approved in 2018 with a total of 2084 positions. Thus, concentration in populating the organogram is mainly on service delivery departments than those with support responsibilities. Thus, the core mandate of the municipality with regards to powers andfunctions is being considered.

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1.5 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2022/23 (CURRENT YEAR)
The year under review is still at planning stage. The audit will commence at the end of August 2023.
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1.6 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan.Except for the legislative content, the process plan should confirm in-yearreporting 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	Finalize the 4th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
		T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

ADM followed the prescribed format in the MFMA Circular No. 63 published in September 2012 in developing its Annual Report, and also considered its IDP/Budget/PMS process plan that is reviewed yearly. The prescribed Annual Report process has enhanced the oversight functions of Council.

By nature, Annual Reports are aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance. Another benefit in following the prescribed timeframes is that the Annual Report information becomes the feeder to the IDP Situational Analysis.

T 1.7.1.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

One of the key principles of good governance is the establishment of ethical leadership within an institution. In a municipal setting this translates into:

• The need to clearly define the roles and responsibilities of the leadership and individual leaders in a municipality;
• The embedding within the leadership of an ethical culture based on the vision and values of the institution and Constitutional principles, both to guide and to measure against, the actions of leaders; and
• The entrenchment of the principle of holding leaders accountable for their actions.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Amathole District Municipality is an Executive Mayoral type with all the Executive powers of the Council vested in the Executive Mayor, who is assisted by members of the Mayoral Committee. The ADM Council has a Committee system in line with the provisions of Section 79 and 80 (1) of the Municipal Structures Act 117 of 1998, as amended. Committees established in terms of section 79 of the Municipal Structures Act (Act 117 of 1998 as amended) perform functions assigned to them by the Council, through terms of reference and report directly to Council under the Legislative Support Reports. Section 80 Committees referred to as Standing Committees, assist the Executive Mayor in the execution of his duties and their reports are submitted to the Mayoral Committee and processed through that Committee to Council.

The Standing Committees are constituted by both Portfolio [Mayoral Committee Members] and Part-Time Councilors and Traditional Leaders designated for participation in municipal council. The Standing Committees are chaired by Portfolio Councilors and attended by the Municipal Manager and Heads of Department. They have the power to consider and make recommendations to the Mayoral Committee/ Executive Mayor on all issues falling within the ambit of their functional areas. Standing Committees meet Bi-monthly in line with the InstitutionalCalendar developed by the Speaker and adopted by the Council.

A report on the functionality and performance of Council and its Committees is submitted quarterly as part of the Speakers reports in terms of Rule 109 of the Standing Rules. The Municipal Public Accounts Committee convened virtual meetings and processed all the reports at her disposal.

T 2.1.1

POLITICAL STRUCTURE EXECUTIVE MAYOR CLLR ANELE NTSANGANI SPEAKER CLLR ONKE MGUNGCULU CHIEF WHIP CLLR NANZIWE RULASHE CHAIRPERSON: MPAC CLLR NTSAPHO SOTSHONONDA
MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE 1. CLLR. CELIWE GENYANE PORTFOLIO HEAD– PUBLIC PARTICIPATION & COMMUNICATION 2. CLLR. FUMANEKILE PUMAPI PORTFOLIO HEAD –BUDGET & TREASURY 3. CLLR. XHANTI MNGXASO PORTFOLIO HEAD – LAND & HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 4. CLLR. KHANYILE MANELI : PORTFOLIO HEAD – COMMUNITY SERVICES 5. CLLR. BANDILE KETELO PORTFOLIO HEAD –STRATEGIC AND PLANNING 6. CLLR. NOMONDE GEZA: PORTFOLIO HEAD – WATER, INFRASTRUCTURE AND ENGINEERING 7. CLLR. BUKELWA ABEGAIL MADIKANE: PORTFOLIO HEAD– CORPORATE SERVICES *T2.1.1*

COUNCILLORS

ADM Council is made of 47 councilors of which 40 per cent are directly elected from party lists and 60 percent are representatives of local municipalities appointed to sit in ADM Council. The Council also has 9 traditional leaders that are participating in the District in line with the provisions of section 81 of the Local Government Municipal Structures, Act 117 of 1998 as amended read with the Traditional Leadership and Governance Framework Act, 13 of 2003. Currently there are 8 traditional leaders with one vacancy that has not been filled The traditional leaders were sworn in to participate in Council and were subsequently inducted with the Councilors to familiarize them with legislation and the policies of the Institution. The traditional leaders
Participate in all the Committees of Council except the Mayoral Committee.

The Council adopted a schedule of meetings which provides for meetings of the council to be held six times a year, except where circumstance require the convening of a special meeting of council. During the 2022/2023 financial year Council has held its meetings in accordance with the schedule of meetings, except that Special Council meetings were convened in order to consider matters of an urgent nature. Council has developed a system to enable virtual meetings to be held in case where where physical meetings are not feasible. This has continued to benefit council and standing committees long after the Covid 19 restrictions have ceased.

T 2.1.2

POLITICAL DECISION-TAKING

Troika, which consists of Speaker, Chief Whip and Executive Mayor convenes meetings as scheduled in the institutional calendar to discuss issues that are political in nature. Troika also convenes a meeting prior to the sitting of each Council to discuss all issues to be tabled in the Council. The Municipal Manager and other support staff also attend the Troika meetings to provide support and advice. Four days before the date of Council a multi-party Whips Committeemeets to consider items in the agenda of Council with a view to determine any potentialcontentious matters so that political parties engage to facilitate smooth transition through Council.

The Standing Rules also make provision for all political parties to convene Caucus meetings before Council Meeting. The Council makes decisions on all matters pertaining to community development and service delivery in the ADM area of jurisdiction. Council resolutions are taken on the basis of reports and recommendations made by the Committees. The decision-making model is built into the Delegation Framework which outlines all document flow processes leadingto the tabling of reports to Council.

Reports submitted in Council are classified as follows:

(a) **Reports for noting**- these are reports on matters in which the Executive Mayor has taken a decision in line with her legislated and or delegated functions.

(b) **Reports for approval**- These are reports on mattes that may not be delegated as stipulated in section 160(2) of the Constitution, 1996 as amended.

(c) **Confidential items**: The Rules provide for confidential items that require Council approval to be taken at the end of the meeting. Items declared as confidential by the Council remain as such until Council determines otherwise.

(d) **Legislative Support Services Report**s: Reports of the Speaker, Chief Whip, and Chairpersons of Section 79 Committees are tabled in Council under this category.

All resolutions of the council are implemented, and the Council has a system to track the implementation of resolutions. There is a standing item under the reports of the Speaker on the tracking of the implementation of Council resolutions. The tracking of the implementation of resolutions is done through a template which is sent to Directors to indicate if the resolutions have been implemented or not and a report to this effect is submitted to Council by the Speaker. In that way, all Council resolutions are implemented and followed-up. All resolutions taken during the period under review were implemented, translating to 100% implementation of Councilresolutions.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager (MM) is the Head of Administration and the Chief Accounting Officer as stated in section 55 of the Municipal Systems Act 32 of 2000. As the Head of Administration, the Municipal Manager is charged with specific responsibilities and is subject to the policy directions of the Municipal Council as well as responsible for among other the following responsibilities:

- Development of the Municipality's Integrated Development Plan in accordance with chapter 5 of the act and its implementation;
- Development of a performance management framework, and ensuring compliance to the Performance Management System;
- The appointment of staff other than those referred to in section 56(A) of the Systems act and does that under the guidance of the Council approved recruitment and Selection Policy. - Advising the Executive Mayor, other political office bearers and Council structures in execution of their Council responsibilities
- Attends with Directors section 79 and 80 committees to ensure that ADM structures process reports and ensures that Council receives best reports and recommendations for approval.

ROLE OF THE DIRECTOR: CORPORATE SERVICES

The Director: Corporate Services is a Manager employed in terms of Section 56(A) and is directly accountable to the ADM Municipal Manager. The Director's role is to provide strategic guidance and leadership within the Corporate Services department by ensuring that sound human resources policies are developed and implemented within the entire institution. The Director: Corporate Services is charged with the following responsibilities:

- Developing and managing strategies and programs that work towards the achievement of goals relating to personnel provision, organizational development, human resource development, auxiliary services, employee wellness, occupational safety, risk management and personnel administration.
- plays an advisory role in relation to senior Management and council leadership regarding relevant policy and legislative issues of compliance. The office of the Director Corporate Services is also responsible for the department's annual capita budget and operational budget.
- carries further responsibilities with regards to submission of reports to the Committees of Council
- The Director also ensures that the ADM fleet requirements and management thereof is properly managed.
- Further responsibility of the Director is to manage all ADM owned properties through maintenance of such and provision of suitable office space for all ADM departments including satellite offices.
- The Director: Corporate Services is also charged with the responsibility of managing the labour Relations environment in the workplace and facilitate a culture of good relations between employer and employees.
- The department also serves as the custodian of all municipal records through its Registry Office.
- These most critical institutional programs are also championed at the Corporate Services Department(District-wide learnership programs, Bursaries for learners with disadvantaged backgrounds and career Expos for high school learners)
- Lastly, the Department is responsible for security provision throughout the entire institution including the facilities in the outlying areas (Water Treatment Plants)

ROLE OF THE CHIEF FINANCIAL OFFICER

In terms of section 80 of the Municipal Finance Management Act 56 of 2003, a municipality must have a budget & Treasury Office which should consist of a Chief Financial Officer designated by the accounting officer of a municipality.

The CFO is responsible administratively, for the budget and treasury office and has the essential function in assisting the Municipal Manager to carry out his financial management responsibilities in areas ranging from budget preparation to financial reporting and the development and maintenance of internal control policies and procedures. His duties amongst others include:

- advising the Municipal Manager and assisting him in the administration of the municipality's bank accounts and in preparation and implementation of the municipal budget.
- performing budget related issues, accounting, analysis, financial reporting, cash management, debt management, supply chain management, asset management and financial management.

The CFO implements the financial reforms at the direction of the Municipal Manager with the Assistance of appropriately skilled finance staff. In addition, the CFO assists in providing governance
and oversight to address operational matters that constitute sound financial management.

ROLE OF DIRECTOR: LAND, HUMAN SETTLEMENTS & ECONOMIC DEVELOPMENT.

The Director is heading the department and accountable to the Municipal Manager. Amongst his roles are the following

- Lead the department and provide strategic guidance and leadership on all issues relating to economic development within the district. In performing that, his department works closely with the development agency established by ADM known as ASPIRE. The agency has a mandate from the district municipality to champion economic development through the area of jurisdiction of ADM. There is also expectation that the district will workclosely with local municipalities under its area of jurisdiction to promote economic development
- Managing the EPWP (Expanded Public Works program) which seeks to accelerate employment within the district.
- Responsible for functions relating to land reform and spatial planning and also human settlements. This housing function also assists with the formalization of informal settlements in order to be able to provide services.

ROLE OF DIRECTOR: ENGINEERING SERVICES

The Director is responsible for the following functions: -

- Water Service Authority
- Water Service Provision
- Building and Services Planning
- Integrated Transport Management
- Integrated Waste Management

The department is the core of the municipality due to the fact that ADM was granted the status of a water service authority and as a result, the bulk of the municipal budget is allocated to the provision of water and sanitation services. The municipality is progressing well towards achieving its targets.

The Director is also responsible for managing staff who are performing the water functions and provides strategic leadership on all water and sanitation functions including building and planning services.

ROLE OF DIRECTOR: STRATEGIC PLANNING & MANAGEMENT

The Director is charged with the following functions:-

- Planning, Monitoring and evaluation of municipal performance within ADM.
- Local Municipal Support which mainly deals with the support provided to local Municipalities as per the mandate given to District municipalities.
- Information Communication Technology and support to the departments.
- Risk management as prescribed in the MFMA as a compliance issue.
- Communications Services, both internal and external
- Intergovernmental and International Relations and
- Travel Desk for all organizational travelling and accommodation.

ROLE OF DIRECTOR: COMMUNITY SERVICES

The Director is responsible for the following duties in her department:-
As per the WHO, environmental health comprise of those aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psychological factors in the environment.

It also refers to the theory and practice of accessing, correcting, controlling and preventing those factors in the environment that can potentially adversely affect the health of present and future generation.

- MHS includes (water quality monitoring, food control, health surveillance of premises, waste management, surveillance of communicable diseases (excluded immunization), vector control, environmental pollution control, disposal of the dead and chemical safety
- Protection services which involves fire services and disaster management. There also run awareness campaigns regarding issues of community safety.

The Executive Management also serves as a collective in the IDP Representative Forum which is the strategic platform to deal with IDP and other service delivery issues. In this forum departments, as a collective, ensure that there is inclusive planning and integration to produce a credible and implementable IDP. The Municipal Manager leads this process in preparation for presentation to other structures and stakeholders in line with Municipal Systems Act. The Executive Management as led by the Municipal Manager ensures that this process is conducted in line with all pieces of legislation and also is aligned with budget and expenditure thereof.

T 2.2.1

	TOP ADMINISTRATIVE STRUCTURE **MUNICIPAL MANAGER** DR. BHEKISISA JACOB MTHEMBU
Executive Directors	**DIRECTOR: STRATEGIC PLANNING & MANAGEMENT** MR. NTSIKELELO LUYANDA SOVASI **DIRECTOR: CORPORATE SERVICES** MR. KHAYALETHU MRALI **DIRECTOR: ENGINEERING** MR. MAKHAYA DUNGU **DIRECTOR: COMMUNITY SERVICES** MS. NOKUTHULA CECILIA ZONDANI **ACTING CHIEF FINANCIAL OFFICER: BUDGET & TREASURY** MS. SONIA KIECK **ACTING DIRECTOR: SPATIAL PLANNING AND ECONOMIC DEVELOPMENT** MR. XOLANI NONDWANGU T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

At the core of co-operative governance and intergovernmental relations are the principles set out in chapter 3 of the Constitution of the Republic. The aim is to present to the people of South Africa, a coherent state united in the delivery of services to the entire nation in an effective and efficient manner. The emphasis of the constitution is setting the rules of engagement for each sphere of government to respect each other's territory. It also makes proposals for the different spheres on how to manage disputes in the event they crop out. The key to sound co-operative government,so the act suggests, is relations of trust, acting in good faith with one another and the ability to solve disputes in an amicable manner.

Sections 83 and 88 of the Local Government Structures Act talk about cooperation between district municipalities and local municipalities. ADM has decided starting in the 23/24 financial year in the year to do away with the Municipal Support Unit. All the officials responsible for municipal support were thus redeployed in the respective directorates The Regional Model was thus also done away with and the satellite model was kept. The Senior Managers in the satellite offices are coordinated directly from the office of the Municipal Manager and arethe representatives of the district municipality in that space.

Stakeholder relations unit which was established as part of the restructuring agenda has in the new organogram slightly been altered with a senior manage, one manager and two practitioners. The unit is responsible for intergovernmental relations, municipal support and travel arrangements for all district councilors and officials. it also ensures that the resolutions taken in intergovernmental forums are implemented and reported in IGR meetings. The unit also follows up on activities taken in the implementation of Memoranda of Understanding and Memoranda of Agreements and ensures that these are reported quarterly as part of the Performance agreement.

There are also a number of Sector forums that were established and take the form of intergovernmental support structures, they Communications Forum, District HIV/AIDS Council, SPU forum and the District Planning and Coordination committee deserve mention. These serve as platforms for information sharing and issues raised in these forums are escalated to the District Directors Forum and finally to the District Mayors Forum and are further escalated to the Provincial and National IGR structures.

A lot has been achieved in ADM through intergovernmental collaboration. The main focus being to monitor implementation of projects that seek to to improve the lives of the people in ADM. This is achieved through a strategic agenda setting approach that is kick started with the directors' forums. Issues like debts set offs, state of drought in the district, provision of water and sanitation, progress report on electrification rollout, Progress reports on Human Settlement Projects, are standing items of the agenda. A lot has been done by IGR stakeholders to address these issues including averting of disputes that might have occurred between government stakeholders.

ADM was declared a section 139 (b) municipality. A multi –disciplinary task team established to assist the district meets timeously to discuss ways and means to pull the district out of financial difficulties. Progress reports continue to be made in the district quarterly forums.

The President of the republic launched the District Development Model which seeks to further strengthen planning , monitoring and implementation of governance at the local sphere of government. The aim is to ensure there is effective collaboration between government and the people on matters of development and service delivery. Coordination is being consolidated through the involvement of the Office of the Premier, Provincial Treasury and COGTA. The Offoce of the Premiers has assigned the responsibility of assisting the district to ECSSEC, a state entity that is responsible for research. In response ADM has established its own internal DDM committee to coordinate information towards the DDM.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The South African state by its design compels the spheres of government to work together in an interrelated, interdependent and integrated manner. Most of the pieces of legislation governing the country attest to the inter-dependence and inter-relatedness of the three spheres of government. To facilitate the relations there are a number of intergovernmental structures established in which representatives of the different spheres of government interface. From the President's Co-ordinating Committee, the National Council of Provinces, FOSAD and the MinMecs, local government is represented and ADM benefits from the deliberations and resolutions of the forums on local government. The other National IGR forum is the Presidential Imbizo that seeks to give support to service delivery in the local sphere of government. This is a very important IGR formation as all stakeholders starting from the local, provincial and national are involved in an effort to make a difference in a Metros and the district municipalities.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

In the MuniMEC, district municipalities and Metros are expected to report on progress made in the implementation of service delivery and the state of governance in their respective municipalities, share best practices with other districts and present challenges for the intervention by the province. Challenges are shared for discussions and possible solutions are offered.

ADM Executive Mayor and the Municipal Manager also attend the Premiers' Coordinating Forum and the Technical Support Group respectively. The structures consist of representation from the district municipalities and the Metros in the province, the provincial and national sector departments in the province. The structures also discuss issues of compliance and alignment of governance and service delivery in the province.

All issues discussed at these forums are matters that impact directly to local government. The district municipalities get the platform to table the concerns of local government about issues of mutual interest. On the other hand, the platforms are useful in the sense that they give direct interaction between the heads of municipalities and those of sector departments. The office of the Director General in the province is then able have a good assessment of the state of governance in the province including that of local government and ADM in particular.
Provincial IGR forum also meets quarterly. This is a formation constituted by all IGR practitioners in the province. Its task is discuss challenges that are of concern to the process of IGR and its practitioners. The structure is to ensure the functionality and alignment of IGR structures in the province. ADM Strategic Manager represents the ditrict in this forum or delegates representation to a relevant official.

RELATIONSHIPS WITH MUNICIPAL ENTITY

Amathole Economic Development Agency SOC Ltd t/a Aspire, is the wholly owned state owned company of ADM. It was formally registered and established on the 1 September 2005, with the mandate to promote economic development within the District in the areas of economic production and commercial activities.

ADM has a Memorandum of Understanding with ECDC and ASPIRE . As the aim of the agreement is to promote ADM as a Film Destination. The young people are the main beneficiaries targeted are young people who show talent and are interested in acting. ADM hopes to reduce unemployment by promoting Tourism. The long term goal is to develop film making as an industry as it is labour intensive. Through this MoU the following films were shot;

The Dam – this was shot at Raymond Mhlaba local municipality. it is a S1 Tv drama series production and was nominated for 11 categories at the SAFTAs

The Survivor SA S9 – was shot at Ngqushwa local municipality. The shooting of this film took place at Fish River Sun and created 180 jobs. This is part of an ongoing investment being made by ASPIRE , ADM and ECDC in attracting the filming of series and production in ADM.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Directors Forums

These are District Wide Structures that are convened by ADM directors. They are are as follows; District Wide Development and Planning Forum, District Corporate Services Forum, District Community Services Forum, District Engineers Forum, District Finance Forum. All these structures meet once a quarter in preparation for the Municipal Managers Forum. The Directors of local municipalities from their respective departments sit in these forums.

The Municipal Manager Forum

The structure is constituted by ALL the all the Municipal Managers of the local municipalities and is convened by the District Municipal Manager. The forum sits before the District Mayors Forum.

District Mayors Forum

The structure is chaired by the Executive Mayor of the District and is constituted by the Executive Mayors and Mayors of ADM local Municipalities. Recommendations made by the forum are referred to the various councils of the municipalities for adoption.

IGR in the local municipalities

. All ADM local municipalities have functional IGR structures. ADM representation at the local forums is through the senior Managers of the satellite offices unless the invitation points otherwise. Some of the issues raised in the local municipality forums are referred to the district IGR platforms..

Cooperation between Planning, IGR and Public Participation units:

The main task of the IGR is to facilitate and coordinate the alignment of plans of the three spheres in the local sphere of government and to have a coherent IDP which combines all the plans of the sector departments into a single plan that becomes the Master Plan of government in the municipality.

The IDP is the tool of IGR and IDP processes have an element of public participation. Successful IGR processes combined with good elements of public participation lead to a credible and complete IDP. ADM needs to improve its internal stakeholder coordination eg getting the PME unit, IGR and Public Participation to plan together all IDP related activities. All the stakeholders mentioned above need to work together in planning of the IDP imbizos and outreach programs

Memorandum of Understanding:

The current administration has signed Memorandum of Understanding different strategic partners including the University of Fort Hare, Eastern Cape Development Corporation, East London Industrial Development Corporation. Whilst ADM is deriving some benefits through the MoUs, a strengthening of the management of the MoUs is very much necessary. ADM and its allies should consider bi-monthly meetings to ensure proper planning and monitoring of the implementation. Political and technical implementation task teams need to be established for smooth running of the partnerships.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

ADM adopted a Public Participation and Petitions Management Policy which provides a framework for an interface between ADM and the communities. The policy gives effect to Section 16 of the Local Government: Municipal Systems Act, Act 32 of 2000, which requires municipalities to develop a culture of community participation in all municipal affairs affecting the communities. It was reviewed during the period under review to be in line with changes in legislation as well as structural changes in the Institution. Apart from the Public Participation Unit,there is a fully fledge Communications Unit.

Over and above the organizational values, ADM is committed to the following values:

- Accountability to the community aspirations and meeting the community needs;
- Dedication and honesty in producing work that meets the developmental and service delivery requirements of the district;
- Commitment to the transformation of society and the workplace and to ensure fair and equitable distribution of resources to citizens of the ADM;
- Showing concern for the people of the district;
- Believing in transparent decision making and promoting fair participation.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Local Government Municipal System Act 32, 2000, as amended, Chapter 4 (16) (a) (i) which stipulates that " A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose –encourage and create conditions for the local community to participate inthe affairs of the municipality including in preparation, implementation and review of its integrated and development plan in terms of chapter 5.

Citizen participation continues to capture centre-stage position in many policies of nation-state and international development agencies. Community or citizen participation means theinvolvement of citizens in a wide range of administrative policy-making activities; including the determination of levels of service; budget priorities and the acceptability of physical construction projects in order to orient government programmes toward community needs; build public support and encourage a sense of cohesiveness within society. It is in this spirit that ADM embarks on Public participation to fulfil the following:

1. To provide information to citizens;
2. To get information from the citizens;
3. To improve public decisions, programmes, projects and services;
4. To enhance acceptance of public decisions, programmes, projects and services;
5. To assess the situation in localities and react accordingly;
6. To identify red zones that need immediate attention;
7. To continue profiling the municipality by launching and handing over all major projects.
8. To coordinate all public participation activities in the institution and district government departments.

ADM has a set programme for community participation that consists of activities held in different municipalities throughout the financial year. These include:

Water Forum meetings which are held to fulfil the following:

- To address water challenges as per questions and answers as collected during IDP road-shows and those that are channelled through councillors or community representatives.
- To workshop communities on the importance of using water sparingly.
- To create a platform for political leadership to interface with communities or stakeholders representatives.
- To collect issues to be referred to other departments within the institution and/or tosector departments and ultimately to our IDP.
- To create a positive spirit with the view to foster cooperation amongst members of the community and the municipality.
- To monitor projects implemented by the municipality.

During the financial year under review the Municipality has started to revive Water Forums in all the local municipalities which became dysfunctional during the Covid. In this regard Forums were re-established in Amahlathi. The Programs of reviving water forums conitesu into the new financial year

The Mayoral Imbizos:

Mayoral Imbizo is part of public participation which is informed by Chapter 4 of the Municipality Systems Act, Act 32 of 2000 as amended. This is also informed by the directive of the Constitution of the Republic. The purpose of the outreach is to engage communities regarding the government programmes that seek to advance service delivery within the district.
During the year under review Mayoral Imbizo were held in Raymond Mhlaba (Bedford) and Amahlathi The outreach is also meant to close the gap between government and people by bringing other sector departments and local municipalities to present their plans and programmes which are geared towards uplifting the communities. This is done within the spirit of cooperative governance as articulated in the District Development Model.

Annual Report Public Hearings:

Annual Report Public Hearings provide an opportunity for communities to comment on the service delivery performance of the Municipality. The Public Hearings are done in collaboration between the Executive and the Office of the Speaker under the guidance of Municipal Public Accounts Committee. In the Public Hearings the District Municipality and its local municipalities present jointly to communities on the annual performance of their respective municipalities. Annual Report Public Hearings were not held for the 2021/22 Annual report due to delays in the finalization of the report. Preparations are underway to conduct Public Hearings for the Annual Report of the financial under review.

IDP/Budget Road-shows:

IDP public hearings were conducted in the traditional way, where stakeholders are gathered in the hall. 2023 was the first time after covid 19. They were successful and stakeholders participated to live what is termed active citizenry. For the first time after covid 19 ADM held these roadshows in a traditional manner of transporting ward committees to the halls as well as inviting other stakeholders. IDP/Budget Roadshows were conducted in the six local municipalities from 21 April to 5 May 2023, which culminated in the State of the District Address on the 13 June 2023.

Civic Education:

The Office of the Speaker is responsible for civic education which is an important enabler for community participation and empowerment for attainment of active citizenry in line with Vision 2058. Accordingly good governance, leadership development and Institutional development are the key pillars for a sustainable future of the District which require well capacitated citizens. The fundamental principles of good governance, which are participation, accountability and responsive governance find resonance in the Vision. In pursuit of the vision ADM conducted three civic education engagement session during the year under review. In partnership with the National Parliament and the Eastern Legislature two civic education engagements were held virtually on 18-19 August 2020, focusing on Land Tenure rights. On the 22 April 2021 ADM partnered with IEC and held another engagement in Amahlathi focusing on Voter Education.

Moral Regeneration:
The District Municipality has a Moral Regeneration Executive Committee which is composed of Religious Leaders, Traditional Leaders and Civic Society Organizations. Similar structures exist in the local municipalities. The Moral Regeneration Movement is a civil society led and government supported program whose aim is to encourage communities to uphold positive values and confront moral decay of society.

Moral Regeneration is one of the important anchors in ADM interface with communities as it enable the Municipality to collaborate with critical societal stakeholders in social compact for moral renewal. During the period under review the ADM's Moral Regeneration Movement in partnership with Provincial Government, Local Municipalities and sector departments conducted positive values awareness campaigns in Great Kei, Raymond Mhlaba, Mbhashe and Amahlathi Local Municipalities to encourage communities to embrace the positive values. Efforts were also made through awareness campaigns to eliminate all forms of violence against women and children as ADM saw a rise of cases of gender based violence, particularly during lockdown period. ADM also continued to provide support to local municipalities by assisting them in electing their MRM structures

Mainstreaming of Vulnerable Groups:
ADM has established relevant structures to ensure that designated groups are mainstreamed in the everyday agenda of service delivery. During the 2022/ 2023 financial year ADM, inpartnership with key stakeholders, embarked on capacity building programmes for women, children, people with disabilities, older persons, youth and people infected and affected by HIV/AIDS. The District AIDS Council (DAC) convenes meetings on a quarterly basis in an effortto promote prevention and early detection of HIV/AIDS, STIs and TB. During the same period the District has launched a Rapid Response Team which is a structure formed in term of the National Strategy on Gender Based Violence and Femicide. This multi-stakeholder structure facilitiates for speedy response to case of gender based violence, giving support to families and victims of gender based violence.

T 2.4.1

WARD COMMITTEES

The District Municipality has no direct interface with Ward Committees as they are a competenceof local Municipalities. However in interaction with Speakers, through the Speakers Forum, the District is able to access information on the functioning of ward committees in the local municipalities. The Municipality invites ward committees to participate in its public participation activities especially during the development and review of the Integrated Development Plan, Budget, Performance Management System and the Annual Report as required in terms of the Municipal Systems Act.

Ward committees and ward councilors are gate keepers to our wards, so they are essential in all our activities. Ward committees are foot soldiers in that they carry messages from ADM to communities. They are part of our meetinjgs and are essential stakeholder. Although they are attached to local municipalitis, they are positivelyu utilized by ADM.

Public Meetings						
Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Handover of water reservoir in Mhlohlozi Mbhashe LM	29/11/2022	2	6	20	Yes	Gathering in the hall
Revival of water forum Cathcart Amahlathi	15/02/2023	4	8	44	No	There were outstanding issues that the community wanted the institution to attend to before anything.
Revival of water forum Stutterheim Amahlathi	15/02/2023	6	10	30	Yes	Political leadership interacted with the community on service delivery issues. Water forum structure was formed.
Revival of water forum Keiskammahoek	16/02/2023	3	6	38	Yes	Water forum was formed and responsibilities shared among community and political leadership.
Revival of water forum King Kei Unit : Amahlathi	16/02/2023	3	6	40	Yes	Portfolio head engineering services addressed the community issues and water forum was held.
IDP Roadshows Mnquma	24/04/2023	10	15	200	Yes	EM made the presentation on budget and projects.
Ngqushwa	25/04/2023	10	12	150	Yes	EM made the presentation on budget and projects.
Raymond Mhlaba	03/05/2023	10	12	200	Yes	EM made the presentation on budget and projects.
Mbhashe	04/05/2023	10	12	200	Yes	EM made the presentation on budget and projects.

Great Kei	05/05/2023	10	12	40	Yes	EM made the presentation on budget and projects.
Amahlathi	08/05/2023	10	12	150	Yes	EM made the presentation on budget and projects.
SODA	13/06/2023	44	15	300	Yes	State of the district was announced. This is the platform where the EM pronounces the budget and projects of the institution.
Introduction of the contractor	26/05/2023	3	5	44	Yes	Mayor introduced the contractor.
						T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:
Public participation as a key factor in effective governance promotes accountability. Communities get an opportunity to interface with the elected public officials. On the other hand the municipality gets to know the basic needs of the communities and therefore develop strategies to address such needs. *T 2.4.4.*

2.5 IDP PARTICIPATION AND ALIGNMENT

Does the municipality have impact, outcome, input, output indicators?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES
	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The implementation of the principles of good governance as promoted in the third King Report on Governance for South Africa, 2009, and enshrined in the Code of Governance Principles for South Africa (hereinafter referred to collectively as 'King III') have been accepted as a crucial element towards the success of Government, including local government in meeting the needs of the people of South Africa.

The first step to achieving ethical leadership is for the leadership within a municipality, whether office bearers, managers, political committees or any other structure promoting leadership within the municipality, to clearly understand their roles and responsibilities, including the separation of duties as provisioned in legislation. A clear understanding of such roles and responsibilities will then allow for an ethical culture and the principle of accountability can take root within the institution.

Therefore, the Amathole District Municipality, through its Good Governance Framework, seeks to outline in summary the different roles of different structures within the municipality. The Framework outlines the working areas and boundaries for all structures and office bearers and its basis will be the provisions made by legislation. The purpose of the Framework is ensuring that political and administrative structures are aware of their roles and responsibilities to ensure synergy in the way Council structures operate; in the delivery of ADM's core objectives against a code of ethics.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Purpose of Risk Management is to identify potential events that may affect the municipality, and manage risks to be within its risk tolerance, to provide reasonable assurance regarding the achievement of municipality's objectives.

Section 62 of the Municipal Finance Management Act 56 of 2003 states that:
• The accounting officer of municipality is responsible for managing the financial administration of themunicipality, and must for this purpose take all reasonable steps-
•That the resources of the municipality are used effectively, efficiently and economically;
• That full and proper records of the financial affairs of the municipality are kept in accordance withany prescribed norms and standards;
•That the municipality has effective, efficient and transparent systems-
•Of financial and risk management and internal control; and
•Of internal audit operating in accordance with any prescribed norms and standards

ADM's top five risks are as follows:

1. Inability to operate as a going concern
2. Dis-integrated water service delivery model
3. Poor document & information management
4. Inadequacy of ICT as an enabler to the institution's strategic outlook, and
5. Water Scarcity

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

ADM has in place an Anti-Fraud/Corruption Management Strategy, which consists of the following key components:

- The ADM -Fraud Management Policy'
- The ADM Whistleblowers Policy;
- The ADM Ethics Code for Staff; and
- The ADM, Fraud Response and Investigation Plan.

The Anti-Fraud/Corruption Management Strategy which consist the above pieces of policies have since been integrated into one document called Integrated Fraud and Corruption Mitigation Framework.
During the year the Integrated fraud and corruption Framework was presented to ADM Legal Forum to implement in their various local municipalities.
We still receive reports via the ADM hotline in the year under review, most of which related to the alleged abuse of ADM's vehicles and appropriate disciplinary measures were instituted.
ADM Financial Disciplinary Board has been established in August 2021. Selection and recruitment panel chaired by MM has selected and appointed suitable and qualified candidate, an item for noting has since been prepared and submitted to the Council.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

The SCM Policy was initially developed and implemented to give effect to the SCM Regulations on 1 October 2005. The Policy is reviewed annually.

ADM has established a Supply Chain Management Unit in line with the internal Supply Chain Management (SCM) Policy. Currently there are 26 SCM officials appointed in the Unit. The ADM SCM Policy has been designed to be fair, equitable, transparent, competitive and cost effective.The Policy does comply with the prescribed regulatory framework for municipal supply chain. Thereis a range of supply chain management processes which includes tenders, quotations, disposals and deviations. The Policy does specify which process must be followed for each range of commodities. There are procedures and mechanisms in place for each type of procurementprocess that is required to be followed. There is flexibility in the process in cases of emergencies and if the contract is below the prescribed thresholds.

The Municipality also undertakes a pre-qualification of all bids received during a competitive bidding process. Bid Administration is strictly adhered to when advertising, opening, registering, recording, evaluating and adjudicating tenders. The final terms of the contracts are negotiated in certain circumstances.

Annually officials and councilors are required to disclose any conflicts of interests and any business interests they may have. The SCM System ensures that no persons who are not officials of the Municipality are involved in the procurement and tender processes. Councilors are prohibited from participating in the tender process. The Municipality has also prohibited persons who were previously convicted of fraud and corruption during the past five (5) years, who have failed on a contract in the past five (5) years, and whose tax matters have not been cleared by the South African Revenue Services from participating in the Municipal procurement process. Measures have been put in place to combat fraud and corruption. The Municipality has high ethical values. Where awards of tenders have been improperly made, these contracts are invalidated.

The Municipality has in certain circumstances participated in National Treasury's Transversal Contracts. A contract management unit exists within the SCM Unit that deals with contract management matters and dispute settling procedures. A delegation framework is in place for supply chain management powers, duties and functions. In line with the Municipal Finance Management Act (MFMA), the Accounting Officer has established the various Bid Committees. The Municipality ensures that the tender process is fair, equitable, transparent, competitive and cost effective to all parties. Currently the Municipality has not contracted for any goods and/or services beyond three (3) years.

The Municipality has formed a strategic partnership with the United Nations (UN) Women for the enhancement of gender responsive procurement as a solution for gender equality and women empowerment. The aim is to guide women owned enterprises on the readiness to access government procurement as well as assessing the understanding of compliance and procurement requirements. The Municipality's SCM policy has been reviewed to include a percentage allocation towards vulnerable/designated groups (women). Furthermore, a monitoring tool/strategy has been developed to be part of the PMS framework and a smart indicator for the SDBIP was developed to include the allocation of 3% of the projects to women owned businesses. During the 2020/2021 financial year ADM exceeded its expectation and awarded 29,73% of its projects to 51% and more women owned businesses.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 2022/2023					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
No new by-law introduced during the year	N/A	N/A	N/a	N/a	N/a

**Note: See MSA section 13.*

No new bi laws have been adopted in 2022/2023, however the water and sanitation by-law and the municipal health by law have ben reviewed in 2022/2023 but not yet gazette and therefore the old version have not been rescinded and are still in force.

T 2.9.1

COMMENT ON BY-LAWS:

ADM's Municipal Code of By-laws was developed, with extensive public participation programme being followed, with the following by-laws being gazetted in June and July 2010:

- Disaster Management By-law;
- Fire Safety By-law;
- Municipal Health By-law;
- Passenger Transport By-law;
- Revenue Management By-law;
- Waste Management By-law; and
- Water Supply and Sanitation Services By-law
- Air Pollution Control By-law

T 2.9.1.1

2.10 WEBSITES

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Adjustment Budget 2020 2021 ON 07 OCTOBER 2020. Budget 2020-2023 ON 29 MAY 2020. ADM SECTION 72 REPORT FOR 2020.21 ON 26 JANUARY 2021.
All current budget-related policies	Yes	06 NOVEMBER 2020
The previous annual report	Yes	2019-20 Annual Report ON 26 NOVEMBER 2020.
The current annual report published/to be published	Yes	To be published in August/September 2021 and the audited AR in May 2022
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	31 July 2020
All service delivery agreements (Year 0)	Yes	Signed 2020.21 SDBIP On 05 August 2020
All long-term borrowing contracts (Year 0)	n/a	n/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	BAC awards for all tenders over R200k are published on the website under: http://www.amathole.gov.za/index.php/tenders/awards
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or	n/a	NO asset disposal during the period
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	n/a	n/a
Public-private partnership agreements referred to in section 120 made in Year 0	n/a	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	27 November 2020

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery

T 2.10.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:

In an effort to monitor usage statistics, all web-pages on the website are loaded with a hit counter that measures unique visitors, what documents they access/download and the most accessed content.

T 2.10.1.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The public satisfaction survey was conducted in the 2015/16 Financial Year and the following factors have been noted from the research*:*

- There has been a commendable increase in the satisfaction with the municipality's water services. During 2012 satisfaction levels were at 52% whereas in the recent survey they are reported as 71% satisfaction.
- The municipality needs to build a more inclusive or transparent process in which the public can be sure that their water readings are authentic.
- A sizeable 73% of the population that has sanitation is satisfied with the quality of sanitation services that the municipality provides.
- With a 96% of the total surveyed sample stating that they are not aware of what are the emergency numbers to call in water leakages. It is important that the municipality embarks on an intensive communication campaign so that the communities are aware what to do in the event of such emergency more so that the district is now in a dire water scarcity.
- With regards to billing and payments the performance in this regard is good but needs to be improved with respect to clarity/understandability/correctness of accounts.
- On Communication, the ADM should communicate more informative. Improve timelines of responding to enquiries/complaints. Improve on accuracy of addressing customer requests and complaints
- A systematic inclusive approach should be taken in effectively protecting historical assets; this should happen concurrent to making sure that the communities are aware of theinitiatives that the municipality is doing in this regard.

T 2.11.1

SATISFACTION SURVEYS UNDERTAKEN DURING: YEAR 2015/16				
SUBJECT MATTER OF SURVEY	**SURVEY METHOD**	**SURVEY DATE**	**NO. OF PEOPLE INCLUDED IN SURVEY**	**SURVEY RESULTS INDICATING SATISFACTION OR BETTER (%)***
WATER	Distribution of Question naires	2015/16 Financial year	Conducted samples in all the 7 LMs	For the ADM as a whole, the satisfaction levels for water service is 71% (this is an increase from the previous survey which yielded a 52% satisfaction); 13% cited poor performance with the water services and 14% was extremely dissatisfied with 2% which did not have an opinion from the municipality. However, when probed further whether the municipality conducted regular meter readings only 31% answered yes with 75% doubtful of the accuracy of the water measurement consumed.
SANITATION	Distribution of Question naires	2015/16 Financial year	Conducted samples in all the 7 LMs	Of the 4703 valid physical questionnaire respondents: 32% where satisfied with the sanitation that ADM provides with room for improvement, 41% was extremely satisfied with the sanitation while 13% is extremely dissatisfied. 13% cited poor service with room for improvement and 2% did not have anopinion. On Recent blockages or sewer overflow in streets, 9% noted that they had this problem recently.
CUSTOMER SERVICE	Distribution of Question naires	2015/16 Financial year	Conducted samples in all the 7 LMs	On Customer Service it was discovered that 49% of the samples are aware of ADM's Customer Care Centres in the municipality. When asked about the staff approach in addressing submitted complaints 46% said that ADM staff was reasonably professional/adequately capable; 35% was cited as highly capable and 18% perceived as incapable or unprofessional. 78% found the staff to be attentive, honest and friendly in handling queries andavailable to help at the time of contact. Another 23% of the staff was found not be punctual nor responsible.
FIRE DEPART MENT	Distribution of Question naires	2015/16 Financial year	Conducted samples in all the 7 LMs	11% of the total rating of the fire services was seen as excellent; 24% was noted as a good quick service, 9% as adequate while 27% and 29% where inadequate and totally inadequate respectively
ENVIROME NTAL PROTECTION	Distribution of Question naires	2015/16 Financial year	Conducted samples in all the 7 LMs	When the respondents were asked if the municipality sufficiently protects the natural environment only 31% respondent that they feel that the municipality is doing enough while 69% said 'no'.

PROTECTION OF HISTORICAL HERITAGE	Distribution of Questionnaires	2015/16 Financial year	Conducted samples in all the 7 LMs	95% feel that the municipality is not effectively protecting historical assets while only the remanding 5% thinks the municipality is doing enough.
COMMUNICATION	Distribution of Questionnaires	2015/16 Financial year	Conducted samples in all the 7 LMs	29% found that municipality doesn't communicate about the interruption of services in advance while 71% found thatthe municipality proactively communicates about the interruption of service. When asked if the respondents found that queries are resolved in time by the municipality 47.4% responded yes.
In an effort to improve customer experience, and turn-around time on service delivery complaints, ADM launched an automated customer system in June 2021 replacing its manual system of recording queries througha triplicate booklet. Customers now enjoy the ability to track and trace their logged queries through reference numbers produced by the system. *T 2.11.2.1*				

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PARTI)

INTRODUCTION

These include amongst other interventions:

The accountability cycle for local government impels municipalities to annually account to communities on how municipal resources have been utilized to ascertain value for money through the annual report processes. As the Executive Mayor of Amathole District Municipality, having been assigned with the executive responsibility by Council to give an account on our performance for the 2022/2023 financial year, it is my pleasure to present a summary of the performance of the Municipality for the period under review.

The report on the period under review is based on the performance of the Municipality as guided by the key Strategic planning instruments of the Institution as reflected in the Integrated Development Plan(IDP) the Institutional Scorecard and Service Devlivery and Budget Implemantation Plan as approved by Council.

Further to reporting on the executive responsibility assigned to me, ADM had committed to remain steadfast in fulfilling her strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.

The effect of the conflict between Ukraine and Russia presents a challenging global environment where commodity prices like oil have increased thus negatively impact on the ability of the local consumer to pay for services. Despite the after- effects of the pandemic and the negative global socio economic challenges, we never tired but continued in our endeavors to implement our service delivery programs as dictated in line with our IDP.

We assumed office in an environment characterized by labor unrest, financial constraints, political and administrative instability coupled with public confidence in the ability of the Institution to perform services being at its lowest. We have moved with speed to stabilize the Municipality giving priority to strengthening administrative capacity, improve labor relations, revenue collection and project spending. The report reflects improvements in the performance of the Municipality in comparison to previous years.

The Annual Report under review outlines successes and shortcomings in relation to our political mandate as provided in the key focus areas of the 06th administration, these can be summarized as follows:

- Economic transformation and job creation;
- Education, skills and health;
- Consolidating the social wage through reliable and quality basic services;
- Spatial integration, human settlements and local government;
- Social cohesion and safe communities;
- A capable, ethical and developmental state and

The alignment of ADM Long term vision with the National Development Plan and the Provincial Growth and Development Strategy paved the way for effective cooperative governance and places the Institution in a better position to seal strong partnerships with other spheres, state owned enterprises and private sector players. This approach further entrenched our commitment in building a capable and developmental local government that is responsive, accountable, effective and efficient in serving the people of Amathole.

The past financial year was characterized by effective functionality of Council and its structures in support of good governance. This was made possible through the approval of ADM institutional calendar as well Council assessment reports that are considered on a quarterly basis.

As a Water Services Authority and a Water Services Provider we continue to deliver on our mandate against the persistent drought and related challenges that we face as the District. We have embarked on the accelerated sanitation program within the district, through the use of incubator contractors, a program which not only saw us accelerating the sanitation program but the creation of job opportunities within the communities residing in the project areas.

Even though we are largely grant dependent, over the years we have ensured that allocated for the provisioning of basic services is utilized for the intended purposes. During the year under review we prioritized the refurbishment of our infrastructure including addressing water and sanitation backlogs. Parallel to these projects we have had to ensure the monitor the compliance levels of drinking and waste water including continuous health surveillance on premises.

As a rural district, the majority of our communities are largely indigent and we have managed to increase the registration of indigent households, resulting in Council writing off accounts owed due to recoverability. In our endeavors to enhance our revenue base, we amongst others managed to ensure the establishment of an in-house debt collection call centre, disconnection of government departments, parastatals and businesses, roll out of

electronic statements to consumers through bulk sms and the creation of an online portal as well as the introduction of the incentive scheme to encourage consumers to pay their outstanding debt.
The achievements made during the year under review would not have been possible if it were not for the support and commitment of Council, and the administration. We once again thank the continued support of our strategic partners and our communities at large for walking this road with us during these trying times. Collectively, we have been confronted with difficult times which begged for decisive and difficult decisions to be made and indeed we still remain true in our drive and responsibility.

Despite good rains and full dams, ADM continues to struggle to provide a reliable water supply. Loadshedding, vandalism, illegal connections and poor revenue collection all contribute to the challenges in providing a reliable service to consumers. In order to mitigate these challenges ADM has implemented a number projects. These include amongst other intervention:

- Drougjht interventions initiatives – Equipment of boreholes in Mnquma and Raymond Mhlaba;
- Refurbishment of sewer system throughout the district
- Refurbishment of a number of water facilities
- Water conservation and demand management initiatives in Fort Beaufor and Alice, with the aim of decreasing losses and increasing revenue;

The following was invested in Water and Sanitatin Infrastructure during the 22/23:

R 9.1 m on drought initiative (WSIG funding)
R12.7m on refurbishment (WSIG)
R14.5m on Water Conservation and Demand Management (WSIG)
R14.4m on refurbishment (MIG)
R60m on water upgrades (MIG)
R29m on new water installation (MIG)
R10m on sanitation upgrade (MIG)
R31m on new sanitation installation (MIG and WSIG)

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

Despite good rains and full dams, ADM continues to struggle to provide a reliable water supply. Loadshedding, vandalism, illegal connections and poor revenue collection all contribute to the challenges in providing a reliable service to consumers. In order to mitigate these challenges ADM has implemented a number projects. The legacy of poor access to services in the former homelands, has resulted in massive water and sanitation backlogs for the Amathole District Municipality. Addressing these backlogs is a key priority for the ADM, but the speed of roll out is limited by funding constraints as well as access to bulk water resources.

The right to adequate housing is intrinsically bound up with a number of other cross-cutting rights – including the rights to public participation, equality, human dignity, just administrative action, access to information and access to justice – as well as a range of socio-economic goods and amenities. These include access to land, water, sanitation, electricity, livelihoods, transport, clinics and hospitals, schools, universities and cultural and recreational amenities such as libraries, public spaces, swimming pools, sports fields and religious centers. Within ADM, this is achieved through delivery of the Integrated and Sustainable Human Settlements approach.

With regard to provision of Integrated and Sustainable Human Settlements, particularly the Settlement Planning and Land Development, ADM had developed Zone Plans in various local municipalities. These are aimed at providing a framework of settlement models to guide development options as well as providing local level planning for settlements and livelihood development in communal villages.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Amathole District Municipality (ADM) became a Water Services Authority in 2003 and through a subsequent Section 78 process, became the Water Service Provider for the Amathole District in July 2006.

Approximately 30% of water consumed in the District is purchased from the Amatola Water Board, while the balance is supplied from thirty (30) ADM owned Water Treatment Works and over eighty (80) borehole schemes. Water is supplied through metered yard connections in the towns and through communal standpipes in rural areas and informal settlements. During the last assessment in 2022, seventeen of the supply systems were found to be in the low-risk rating category (achieved <50% BDRR), while five were in the medium-risk rating category (achieved between 50% and <70% BDRR) and five were in the high-risk rating category (achieved between 70% and <90% BDRR). Four supply systems achieved critical-risk rating (achieved >90% BDRR). It should be noted that the ADM operates more treatment works than any other municipality in the country and the remoteness of many of these treatment facilities makes management difficult and expensive.

During the 22/23 financial year the ADM began the implementation of Water Conservation and Demand Management Projects in Alice and Fort Beaufort in order to reduce water losses and increase revenue. The project is still in its early stages and will continue during the 2023/24 fy. Service Providers also continued with the refurbishment of both Water and Wastewater Treatment Facilities, pump stations and pipelines. These are multiyear programs that will continue on an annual basis till the whole district is covered.

One of the ADM's objectives when rendering water services, is to provide a reliable and affordable supply of potable water and sanitation to the communities, ensuring that the supply is within a 200m distance and each household is provided with a Ventilated Pit Latrine. These projects improve the living standards of the people in the area and contribute towards reduction of the prevalence of water borne diseases and create employment opportunities.

In early 2012, the then Ministers of Water Affairs and Cooperative Governance and Traditional Affairs met to find ways of collaboration between the two departments to accelerate basic water services supply to all South African in the declared '24' poorest District Municipalities in the South Africa. As a result the Municipal Water Infrastructure Grant (MWIG) was established mainly to ensure access to at least an interim or intermediate water supply in the short and medium term through the Interim Intermediate Water Services Program (IIWSP) until such time the basic level can be achieved. The name of the grant has since been changed to the Water Services Infrastructure Grant and includes allocations for sanitation. During this financial year (22/23) an allocation of R38m was made available to assist with interim water and sanitation services, refurbishment projects, water conservation as well as drought mitigation projects.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year 2018/19	n/a	n/a	n/a	25 314 671	5 744 034
Year 2019/20	n/a	n/a	n/a	22,545,747	3,363,906
Year 2020.21	n/a	n/a	n/a	21,674,279	1,616,699
Year 2021/2022	n/a	**n/a**	**n/a**	22,857,733	1,615,857
Year 2022/2023	n/a	n/a	n/a	20,393,785	2,484,958
					T 3.1.2

COMMENT ON WATER USE BY SECTOR:

The high rate of water loss remains an ongoing challenge to the ADM. Leakage "beyond the meter", particularly in low income areas results in substantial water wastage. This is mainly owing to the difficulty of indigent consumers to maintain or repair their toilet cisterns.

Another concern, which contributes to the high water loss figures are the large number of illegal connections, particularly in rural areas. Owing to the limited design capacity of rural water supply schemes, yard connections have a negative effect on the operations of rural schemes and many consumers end up going without water altogether. This has not stopped households connecting anyway and in some areas most households have connected. While the water is being consumed by these households, it is not metered and reflects as a water loss. A Rural Yard Connection Policy has been developed to address the connections in the rural areas. Rollout of this policy is difficult with the current constraints facing the municipality.

T 3.1.2.

Water Service Delivery Levels Households					
Description	**Year 18/19 Actual No.**	**Year 19/20 Actual No.**	**Year 20/21 Actual No.**	**Year 21/22 Actual No.**	**Year 22/23 Actual No.**
***Water:* (above min level)**					
Piped water inside dwelling	31 902	31 902	31 902	54 305	54 305
Piped water inside yard (but not in dwelling) Using public tap (within 200m from dwelling) Other water supply (within 200m)	202 100	203 436		184 646	184 646
Minimum Service Level and Above sub-total	**234 002**	**235 338**	**235 626**	**238 951**	**238 951**
Minimum Service Level and Above Percentage	**97.50%**	**98.06%**	**98.20%**	**71.31%**	**71.31%**
***Water:* (below min level)**					
Using public tap (more than 200m from dwelling)				40 551	40 551
Other water supply (more than 200m from dwelling			5 998		
No water supply	11 707	5 998		55 602	55 602
Below Minimum Service Level sub-total	5 998	5 998	5 998	96 153	96 153
Below Minimum Service Level Percentage	2.5%	2.5%	2.5%	28.7%	28.7%
Total number of households*	**240 000**	**240 000**	**240 000**	**335 104**	**335 104**

** - To include informal settlements*

T 3.1.3

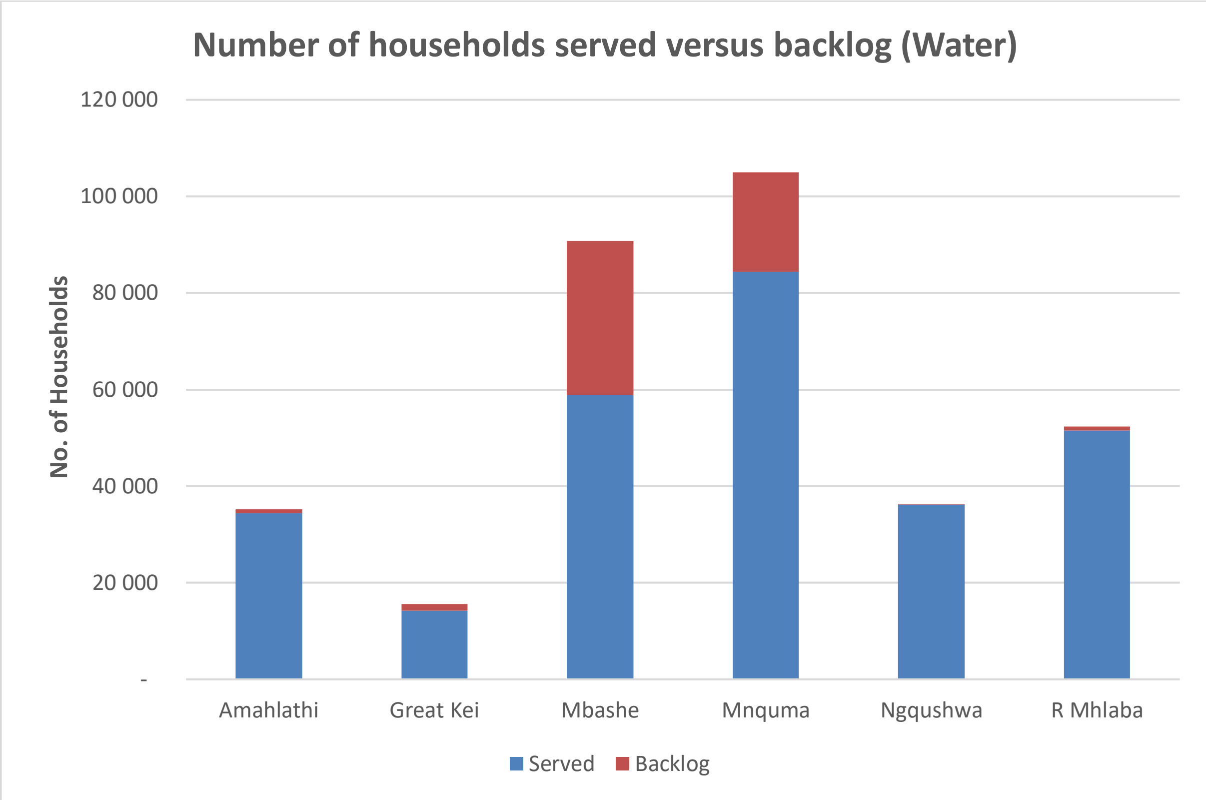
Description	Year 18/19	Year 19/20	Year 20/21	Year 21/22	Year 22/23	
	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.
Formal Settlements						
Total households	234 254	234 254	234 254	326 627	326 627	326 627
Households below minimum service level	11 707	5 998	5 998	92 522	88 522	91 522
Proportion of households below minimum service level	4,8%	2,5%	2,4%	28,3%	27,1%	28,0%
Informal Settlements						
Total households	5 746	5 746	5 746	8 477	8 477	8 477
Households below minimum service level	5 746	5 746	5 746	3 631	3 631	3 631
Proportion of households below minimum service level	100%	100%	100%	43%	43%	43%

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2018/19	194 934	234 002	194 934
Year 2019/20	194 934	235 338	194 934
Year 2020/21	194 934	235 626	194 934
Year 2021/22	184 646	238 951	184 646
Year 2022/23	184 646	238 951	184 646
			T 3.1.5

** Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute*

WATER AND SANITATION BACKLOG FIGURES: END 2022/23

Water Services	**Number of Households**							
Level of Service	**Amahlathi**	**Great Kei**	**Mbashe**	**Mnquma**	**Ngqushwa**	**R Mhlaba**	**TOTAL**	**% of Total**
No Service	882	1,390	32,013	20,495	24	798	**55,602**	**17%**
Extensions reqd (new houses in settlment more than 200m from nearest tap)	6 252	1 507	12463	13291	4180	2858	**40551**	12%
RDP	19 566	6293	44975	60618	27449	25745	**184646**	55%
Above RDP	8 524	6465	1368	10528	4490	22930	**54305**	16%
TOTAL	**35 224**	**15655**	**90819**	**104932**	**36143**	**52331**	**335104**	



Number of households served versus backlog (Water)
No. of Households
120 000
100 000
80 000
60 000
40 000
20 000
-
Amahlathi
Great Kei
Mbashe
Mnquma
Ngqushwa
R Mhlaba
Served
Backlog

Employees: Water Services (Networks)					
Job Level	Year 2020/21	Year 2022/23			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG15 & above	0	0		0	0%
TG13-14	5	7		2	28.57%
TG9-12	66	120		54	45%
TG8	61	93		32	34.40%
TG4-7	349	577		228	39.51%
Total	481	797		316	39.64%
					T3.1.7

Financial Performance Year 2022/2023: Water Services						
					R'000	
Details	*Year -2019/20*	*Year 2020/21*				Year -2022/2023
	Actual	*Original Budget*	*Adjustment **Budget***	***Actual***	*Variance to **Budget***	
Total Operational Revenue	*(1 158 207))*	*(603 099)*	*(603 099)*		*48%*	
Expenditure:						
Employees	264 034	*279 112*	*191 432*	*264 034*	*-6%*	
Repairs and Maintenance	6 588	*16 248*	*16 248*	*6 588*	*-147%*	
Other	435 593	*523 345*	*531 066*	*435 593*	*-20%*	
Total Operational Expenditure	706 214	*818 706*	*738 746*	*706 214*	*-16%*	
Net Operational Expenditure	(451 992)	*215 606*	*135 647*	*(451 992)*	*148%*	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

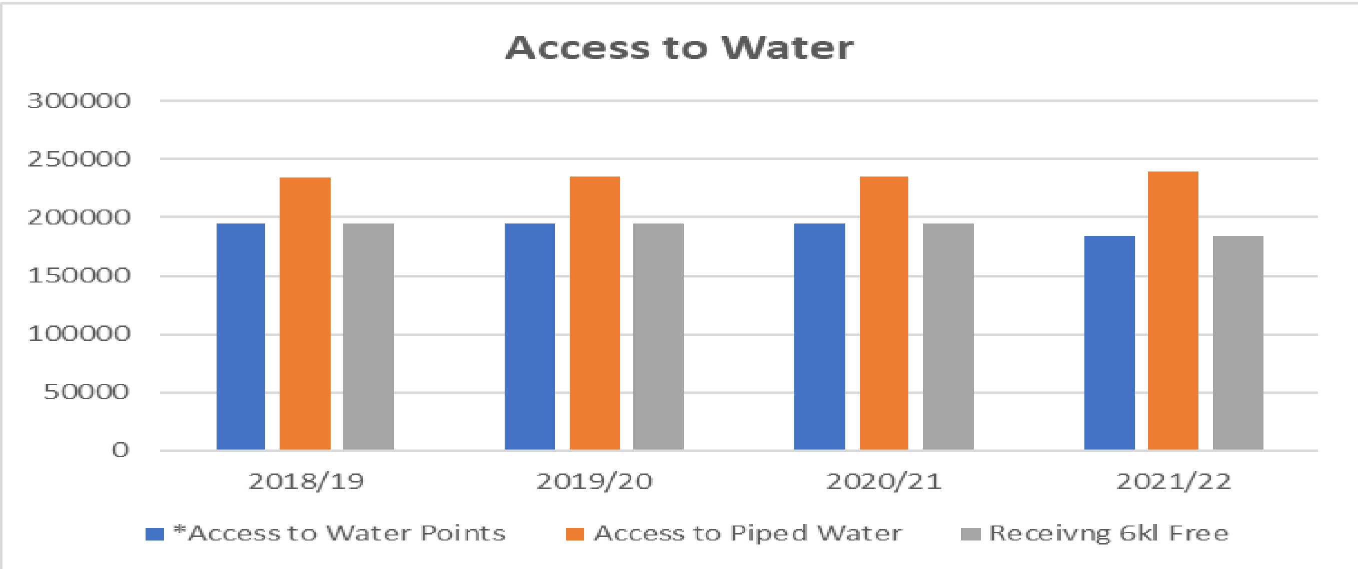
T 3.1.8

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

Most of water projects under implementation are multi-year projects and they also cover bulk services with the largest six as follows (Ngqamakhwe bulk water supply, Mgwali South water supply, Ngqushwa villages water reticulation, Fort Beuafort water supply, Hogsback water supply and Xhora Regional Water Supply Schemes), there is a very slightly improvement towards water access.

Current grant allocations to implement infrastructure projects are not enough to eliminate the water services backlog, as such the Institution is doing what is possible with the available funding.

T 3.1.10



3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The Amathole District Municipality (ADM) became a Water Services Authority in 2003 and through a subsequent Section 78 process, became the Water Services Provider (including sanitation) for the Amathole District in July 2006. ADM provides sanitation services via water borne sanitation connected to fifteen waste water treatment works, emptying of conservancy tanks with honey suckers and Ventilated Improved Pit Latrines. ADM has so far failed to achieve Green Drop status for any of its waste water treatment works and achieved and overall score of 54% in 2021. This was a regression from its score of 60% in 2013.

ADM intends to eradicate sanitation backlogs in its area of jurisdiction as a Water Services Authority, with funding from Municipal Infrastructure Grant (MIG) and other available source of funding. This will be achieved through the supply and installation of VIP movable or re-locatable toilets.

The ADM was working towards meeting the national water service delivery targets of "adequate potable and effective supply of safe water to all by 2023 and adequate and sustainable sanitation to all by 2023. The ADM as the Water Services Authority (WSA) in its area of jurisdiction is facing enormous water and sanitation backlogs and owing to the size of these backlogs, was unable to meet the above targets. Given the historical of underdevelopment in the rural areas, ADM has made great strides in pushing the frontiers of poverty backwards. ADM is however aware that the greater part of restoring the dignity of its people and providing them with sustainable and efficient municipal services remains a fundamental task in the new dispensation.

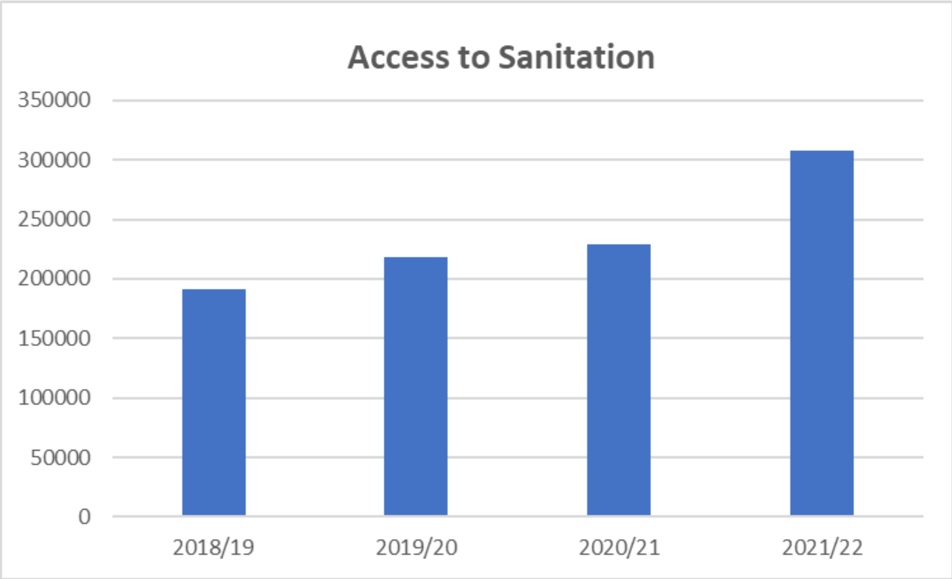
T 3.2.1

Sanitation Service Delivery Levels Households					
Description	Year 18/19 Actual No.	Year 19/20 Actual No.	Year 20/21 Actual No.	Year 21/22 Actual No.	Year 22/23 Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	23 882	23 882	23 882	42 762	42 762
Flush toilet (with septic tank) Chemical toilet Pit toilet	Included	Included	Included	Included	Included
Other toilet provisions (above min.service level)	N/a	N/a	N/a	N/a	N/a
Ventilated Pit Latrines(VIP)	167 699	193 971	217 192	265 109	267 583
Minimum Service Level and Above sub-total	**191 581**	**217 853**	**228 853**	**307 871**	**310 345**
Minimum Service Level and Above Percentage	**80%**	**91%**	**95%**	**92%**	**93%**
Sanitation/sewerage: (below minimum level)					
Bucket toilet	624	300	300	-	-
Other toilet provisions (below min.service level)	48 419	22 147	11 147	27 233	24 759
Below Minimum Service Level sub-total	48 418	22 447	11 447	27 233	24 759
Below Minimum Service Level Percentage	20%	9%	5%	8%	7%
Total number of households*	**240 000**	**240 000**	**240 000**	**335 104**	**335 104**
** - To include informal settlements*					
					T 3.2.3

Sanitation Service Delivery Levels					
Households					
Description	Year 18/19 Actual No.	Year 19/20 Actual No.	Year 20/21 Actual No.	Year 21/22 Actual No.	Year 22/23 Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	23 882	23 882	23 882	42 762	42 762
Flush toilet (with septic tank) Chemical toilet Pit toilet	Included	Included	Included	Included	Included
Other toilet provisions (above min.service level)	N/a	N/a	N/a	N/a	N/a
Ventilated Pit Latrines(VIP)	167 699	193 971	217 192	265 109	267 583
Minimum Service Level and Above sub-total	**191 581**	**217 853**	**228 853**	**307 871**	**310 345**
Minimum Service Level and Above Percentage	**80%**	**91%**	**95%**	**92%**	**93%**
Sanitation/sewerage: (below minimum level)					
Bucket toilet	624	300	300	-	-
Other toilet provisions (below min.service level)	48 419	22 147	11 147	27 233	24 759
Below Minimum Service Level sub-total	48 418	22 447	11 447	27 233	24 759
Below Minimum Service Level Percentage	20%	9%	5%	8%	7%
Total number of households*	**240 000**	**240 000**	**240 000**	**335 104**	**335 104**
** - To include informal settlements*					
					T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum							
Households							
Description	Year 18/19	Year 19/20	Year 20/21	Year 21/22	Year 22/23		
	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjuste Budget No.	Actual No.
Formal Settlements							
Total households	234 254	234 254	234 254	326 627	326 627	326 627	326 627
Households below minimum service level	48 419	48 419	11 147	24 697	16 697	22 329	22 223
Proportion of households below minimum service level	21%	21%	5%	8%	5%	7%	7%
Informal Settlements							
Total households	5 746	5 746	5 746	8 477	8 477	8 477	8 477
Households below minimum service level	5 746	5 746	5 746	2 536	2 536	2 536	2 536
Proportion of households below minimum service level	100%	100%	100%	30%	30%	30%	30%

Access to Sanitation	
	Proportion of households with access to sanitation
Year 2018/19	191 581
Year 2019/20	217 853
Year 2020/21	228 853
Year 2021/22	307 871
Year 2022/23	310 350
	T 3.2.5


Access to Sanitation
350000
300000
250000
200000
150000
100000
50000
0
2018/19
2019/20
2020/21
2021/22

Employees: Sanitation Services (Water Care)					
Job Level	Year 2019/20	Year 2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
TG15 & above	0	0	0	0	0%
TG13-14	25	28	25	3	10.71%
TG9-12	18	27	16	11	40.74%
TG8	156	189	149	40	21.16%
TG4-7	71	100	65	35	35%
Total	270	344	255	89	25.87%
					T 3.2.7

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sanitation projects that were under implementation during the financial year were funded through Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG) under all six various Local Municipality. During 2022/23 financial year a total of 2 474 VIP toilets were provided to various households within ADM Local Municipalities. These projects will still continue in the next. Financial Year with both grants.

Current financial streams that ADM is getting as an allocation to address the Infrastructure projects are not enough to eliminate the water services backlog, as such the Institution is doing what is possible with the available funding

T 3.2.10

ELECTRICITY

INTRODUCTION TO ELECTRICITY

Amathole District Municipality does not perform this function. Electricity is performed at a local level in partnership with ESKOM. This has not stopped ADM though from soliciting the support of MISA in assisting with the development of a feasibility study on renewable energy opportunities. This feasibility study has since been completed and utilised during the funding application targeting Budget Facility for Infratsructure (BFI) funding.

T 3.3.1

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The operations at the Eastern Regional Solid Waste Site (ERSWS) are progressing with Mnquma and Mbhashe Local Municipalities fully utilizing the landfill facility. The asset has since been transferred to Mnquma Local Municipality. Transfer of this asset has been necessitated by financial constraints currently being experienced by ADM. The Operator is handling the waste that is disposed on site daily as it comes in on site, it is weighed and the total waste volumes that have been recorded at the weigh bridge. There is also an onsite recycling taking place whereby they sort waste per category for example cardboards, papers, plastics, glasses and tins they are being bailed on daily basis and sold so as to compensate the workers.

Maximising of the regional waste site is critical from both the operational and commercial point of view. This recycling market will go a long way in increasing recycling as well reducing waste being dumped at the site. This will in turn result in extension of the regional waste site design life.

Having already completed the feasibility study into the provision of a regional waste site in the western region, rollout of such is vital and to be dictated by availability of funding. Also having completed the feasibility study into the provision of solid waste transfer stations in Keiskamahoek, rollout of such is also vital and to be dictated by availability of funding.

There is also Mbhashe Transfer Station that is linked to the Eastern Regional Solid Waste Site in terms of waste minimization that will reduce the waste that is transported and disposed at the landfill site. ADM was approached by Mbhashe LM as they had an interest to complete the outstanding works and the approval letter had since been signed by Municipal Manager and Mbhashe has taken over the site for completion and operation.

Once this transfer station is completed, benefits will be immense as transport costs for the Mbhashe local municipality will be reduced, consequently less expensive to provide the waste service.

T 3.4.1

Employees: Solid Waste Management Services					
Job Level	Year 2019/20	Year 2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 & above	2	2	1	1	50%
TG 13-14	0	0	0	0	0%
TG 9-12	1	1	1	0	0%
TG 8	0	0	0	0	0%
TG 4-7	0	0	0	0	0%
Total	3	3	2	1	33.33%
					T3.4.5

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

ADM had the following impact in these three service delivery priorities:
Construction at the Transfer Station in Idutywa have been completed.
Mbhashe LM starting to dispose at the ERSWS
Operationalization of the Eastern Regional Waste Site.

Major challenges in waste management services and remedial actions:
Solid Waste services have, for a long time, not been prioritized at the same level as other services like water and sanitation. This has been a major concern as projects emerging from the Integrated Waste Management Plan (IWMP) (even though valid projects) were not budgeted for, this must also be noted that the IWMP was last renewed in 2012/2013 financial year and now is overdue for major review. It is also noted with dismay that National Treasury fails to avail funding to the district even though relevant legislation dictates either wise, "Funding must follow Function". This challenge has consequently prevented the municipality from fully identifying and responding to communities living in poverty and deficient in this basic service. ADM sent correspondence to National Treasury to raise the concern and no response has been received as yet.

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

With regards to Housing, ADMs acknowledges that this is a Part A Schedule 4 - functional areaof concurrent between National and provincial legislative competence.

However, ADM also acknowledges that this is an Obligatory function in terms of Local Government competency. The ADM Integrated Human Settlements Housing Development Plan (Strategy) is a direct proposal of the District Municipality's IDP compilation process. It is an outcome of identification of key needs by communities which relates to housing needs & settlement Need as core issues for consideration.

It is a guiding Framework for the strategic engagement of the Amathole District Municipality in Human Settlements development, including its role in supporting the Category B Municipalities within its area of jurisdiction. It is clearly mentioned that the District role will be based on the focal area of Guide, Support, Co-ordinate, Advocacy and Implementation (when necessary).

The IHSDP Strategy further emphasizes on the development of Strategic Partnerships aimedat aligning, co-ordinating and cross-pollinate matters of common interest and programmes withall Spheres of Government and other stakeholders.

The ADM Integrated Human Settlements Development Plan depicts the approach on housingis a strategic paradigm shift from the traditional housing delivery to an Integrated and Sustainable Human Settlements within the ambit of the 2030 vision on Human Settlements, in line with the "Breaking New Ground" Policy.

However, concerning Housing, ADM acknowledges that this is a Part A Schedule 4 - functionalarea of concurrent between National and provincial legislative competence.

However, ADM also acknowledges that this is an Obligatory function in terms of LocalGovernment competency.

The ADM Integrated Human Settlements Development Plan (Strategy) is a direct proposal of the District Municipality's IDP compilation process. It is an outcome of identification of **KEY needs** by communities which relates to HOUSING NEEDS & SETTLEMENT NEEDS asCORE ISSUES for consideration.

This Plan was considered for review during the year of reporting and the following aspectswere consideration there on :

- To provide, as a sector plan, a reviewed guide to the ADM Integrated Development Plan
- To contextualize the New Housing Development Approach to ensure Integrated and Sustainable Human Settlements within the Urban and Rural Space of the District.
- To ensure Provision of affordable Housing
- Looking at Housing Delivery and Human Settlements from a Long Terms Perspective

The Plan also emphasizes the development of Strategic Partnerships aimed at aligning, co- ordinating and cross-pollinate matters of common interest and programmes with all Spheres of Government and other stakeholders.

T3.5

In the IDP Housing Strategy it is also clear that the approach on housing is a strategic paradigm shift from the traditional housing delivery to an Integrated and Sustainable Human Settlements within the ambit of the 2030 vision on Human Settlements, in line with the“Breaking New Ground” Policy.

As such the Strategic Framework phase of the Plan suggested key Objectives forconsideration moving forward being

- To facilitate the capacitation of the Local Municipalities to effectively deal with housingdelivery
- To ensure the availability of authentic data on housing demand
- To facilitate for the upgrading of the informal settlements within the district
- To create an environment for spatial transformation and social cohesion
- To facilitate the provision of a variety of tenure options
- Capacitation programs on rural housing options
- To ensure the security of tenure in all housing project
- Minimize the environmental impact of settlements

The major role is on the creation of conducive environment for development of inclusive humansettlements so as to progressively contribute to spatial transformation within the district.

The main objectives of the ADM IHSP is provision of Sustainable Human Settlements. Theseare defined by:

- Access to adequate accommodation that is suitable, relevant, appropriately located,affordable and fiscally sustainable;
- Access to basic services (water, sanitation, refuse removal and electricity);
- Security of tenure irrespective of ownership or rental, formal or informal structures;
- Access to social services and economic opportunity within reasonable distance.

As such the following key Programmes have since been implemented successfully aspronounced by the Plan, during the period of Reporting,

- Housing Consumer Education
- Housing Projects Analysis Forum (Strategic Partnerships)
- Implementation of National Upgrading Support Programme (NUSP) Projects
- Support in the Implementation of Human Settlements Development Projects in LMs
- Implementation of Backyard Survey Project
- Farm Residents Housing Assistance Programme
- LM Financial Viability Assessment on Housing Implementation
- Land Release for Housing Delivery at LMs
- Implementation of Land Rights Enquiry on Settlements
- General Sales Administration of Land Reform Settlements
- National Upgrading of Informal Settlements
- Housing Needs Register
- Housing Finance Risk and Fraud Plan
- Housing Finance Risk Programme

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year 2016/17	222 415	122 743	55.1%
Year 2017/18	237 777	119 259	50.1%
Year 2018/19	229 150	123 692	53.97%
Year 2019/20	229 150	123 692	70.4%
Year 2020/21	223 776	119 256	52.6%
Year 2021/22	211 942	107 422	43.74%
Year 2022/23	245 431	128 185	47.7%
			T 3.5.2

Financial Performance Year 2020/21: Housing Services					
					R'000
Details	Year -2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	*0*	*(21 220)*	*(27 117)*	*0*	*#DIV/0!*
Expenditure:					*0%*
Employees	1 531	1 444	13 931	1 490	3%
Repairs and Maintenance	0	0	0	0	0%
Other	57	603	6 501	48	-1149%
Total Operational Expenditure	1 588	2 047	20 432	1 539	(0)
Net Operational Expenditure	1 588	(19 173)	(6 686)	1 539	0

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.5.5*

<u>COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:</u>

AMATHOLE BUDGET – R109 529m

INDIVIDUAL MUNICIPAL BUDGET

<u>PLANNED DELIVERY</u>

- □ **HOUSES: 637**
- □ **SERVICES: 156**
- □ **RECTIFICATION: 108**
- □ **OVER ALL BUDGET R 124 635 054**

Municipality	Budget	Expenditure
Raymond Mhlaba	30 828 040	566 412.69
Mnquma	2 400 000	0
Mbhashe	13 900 000	21 851 335
Amahlathi	51 597 04	170,983 375
Great Kei	3 457 044	3 973 164
Ngqushwa	7 808 000	754 015
TEMPORARY SHELTER		1 813 789

AMATHOLE BUDGET – R 124 635 054m 2021/22

LOCAL MUNICIPAL BUDGET

MUNICIPALITY	PROJECT NATURE						ANNUAL BUDGET
	Planning	Services	New Units	Rectification	Procurement	Blocked	
Amahlathi Local Municipality	4 Projects	52 Sites	279 Units	0	3 Projects	3 Projects	R 30 480 000, 00
Great Kei Local Municipality	0 projects	0 Sites	105 Units	33 Units	1 Projects	0 Projects	R 21 552 000, 00
Ngqushwa Local Municipality	3 projects	0 Sites	24 Units	0	1 Projects	2 Projects	R 7 808 000, 00
Raymond Mhlaba Local Municipality	4 projects	25 Sites	121 Units	65 Units	0 Projects	8 Projects	R 42 017 154, 00
Mnquma Local Municipality	4 projects	0 Sites	24 Units	0	1 Projects	2 Projects	R 4 170 000, 00
Mbashe Local Municipality	1 projects	89 Sites	89 Units	10 Units	2 Projects	2 Projects	R 20 070 000, 00

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic Services

Free basic services are currently supplied in the form of a communal tap stand within 200 meters walking distance from each household and VIP latrines for sanitation purposes. ADM, however, recognizes that most communities aspire to a higher level of service and in this regard, the ADM is currently investigating methods of improving service level standards in a financial and technically sustainable manner. Limited water resources mean that the level of service cannot be improved infinitely, but it is believed that through careful management, higher levels of service can be attained.

Free basic sanitation consists of the construction of VIP latrines. These are being installed as quickly as funding will allow.

Indigent

Any household which is responsible for the payment of municipal services, earning a combined gross income equivalent or equal to two times the government social grant excluding Child Support grant is indigent as published by the National Department of Finance or in line with the National Indigence Framework issued by the Department of Co – Operative Governance and Traditional Affairs (COGTA). People who are indigent qualifies for support or a service subsidy according to the policy for rebates/remissions. These includes the child headed households which are unable to meet the municipal bills. The indigent subsidy is for a period of 24 months and only terminated when there has been an improvement in the house-hold income.

T 3.6.1

Financial Performance Year 2022/23: Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year 2018/19	240 000	240 000	214 776	89%	191 581	80%	N/A	N/A	N/A	N/A
Year 2019/20	240 000	240 000	235 338	98%	217 853	91%	N/A	N/A	N/A	N/A
Year 2020/21	240 000	240 000	235 626	98%	228 853	95%	N/A	N/A	N/A	N/A
Year 21/22							N/A	N/A	N/A	N/A
Year 22/23							N/A	N/A	N/A	N/A
									T3.6.3	

COMMENT ON INDIGENT SUPPORT:

ADM is using the approved Indigent Policy for 2020/21 to execute its duties to register allconsumers who meet the qualification criteria which is not limited to the following:

1. The applicant must reside within the Amathole District
2. Applicant must be in possession of a valid South African identity document
3. The combined or joint gross income of all occupants or dependents in a single household which receives services from the Municipality must be equivalent or equal to two times Government social grant excluding the Child Support Grant
4. The applicant must be the property owner/occupier who receives municipal services and is registered as an account holder on the Municipality's financial system
5. Any occupant or resident should not own more than 1 property.
6. The account of a deceased estate may be subsidised if the surviving spouse or dependents of the deceased, who occupy the property, also apply and qualify for indigent support.

Individuals who make themselves guilty of any malpractices will forfeit the payment of thesubsidy.
The Municipal Manager shall report such cases to the South African Police Services.

Indigent register as at 30 June 2021 has a closing figure of 40 964

T3.6.5

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

ADM does not have Roads Function. The function of roads in ADM is split between Local Municipalities and the Provincial Department of Roads and Public Works, in that Local Municipalities are responsible for Municipal Roads and the Provincial Department of Roads and Public Works responsible for provincial roads. It must be noted though that only on completion of the Road Asset Management System (RAMS) will the role of ADM as a district be amplified or revised if need be.

ADM, through its Municipal Support Unit (MSU), is providing support to its local municipalities in areas where they need assistance. The municipalities construct new access roads each financial year through their MIG funding for their communities, but this service can be construed as a waste of resources because these roads deteriorate after sometime due to lack of maintenance. In order for the access roads to remain sustainable they ought to be maintained periodically, failure to do so will result in roads gradually deteriorating until they have completely vanished.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

The National Department of Transport has initiated a priority program that will see the Amathole District Municipality rolling out the Road Asset Management System (RAMS) throughout the district utilizing the Rural Transport Services and Infrastructure Grant. ADM is one of the district municipalities countrywide chosen by the National Department of Transport to roll out development of this system.

The objective of the grant is to ensure effective and efficient investment on rural roads through development of Road Asset Management System (RAMS) throughout the districts through the following methodology:

- *Collection of Road Inventory data including condition assessment and traffic data.*
- *Setting up pavement and bridge management system compatible with national standards.*

The initial RAMS system has been developed. The magnitude of this program has necessitated that it be extended up until the 2020/21 financial year. On completion of theRAMS systems, the national Department of Transport will through National Treasury fund rehabilitation, upgrading and construction
of rural roads. The role of districts during the implementation phase is still being assessed. It is also worth mentioning that as part of RAMS, the district will undertake a process of developing an updated DITP

T 3.7

3.8 TRANSPORT

INTRODUCTION TO TRANSPORT

In terms of the powers and functions devolved by the Local Government Municipal Structures Act, 117 of 1998, Amathole District Municipality (ADM) is responsible for municipal public transport, which is a shared function with local municipalities in terms of services and infrastructure provision. In addition, ADM is responsible for regulation of the passenger transport services in all areas within the district.
Section 84 of the Municipal Structures Act (Act 117 of 1998) deals with the division of powers and functions between District and Local municipalities:

With regard to Municipal Public Transport the district has to perform the following functions.

- Must exercise any power concerning the regulation of passenger transport services forthe district as a whole.
- Develop a transport strategy and plan for the district
- Determine a service delivery mechanism for the performance of the function
- Develop or maintain the capacity to perform the function
- Make and administer bylaws in terms of section 156(2) of the Constitution
- Build capacity of the local municipalities where capacity is lacking in order to perform allthe functions excluding regulatory function

The National Department of Transport advised the Amathole District Municipality of theirintention to develop an Integrated Public Transport Network (ITPN) in Amathole District Municipality starting during the financial year 2019/2020. The primary objective of developing IPTN is to improve transport systems and to provide communities with access and mobility to basic services. IPTN will provide integrated, safe and reliable public transport services to the users. ADM as an integral part of this program will be at the forefront and will involve all local municipalities within the area of its jurisdiction. Progress with ITPN is currently at conclusion of procurement of the specialist consultant.

T 3.8.1

Financial Performance Year 2020/21: Transport Services						
					R'000	
Details	Year -2019/20	Year 2020/21				Year 2021/2022
	Actual	Original Budget	Adjustment Budget	Actual	Variance toBudget	
Total Operational Revenue	*(2 654)*	*(2 964)*	*(2 964)*	*0*	*0%*	
Expenditure:	*0*	*-*	*0*	*0*		
Employees	*954*	*993*	*993*	*969*	*-2%*	
Repairs and Maintenance	*415*	*0*	*0*	*0*	*0%*	
Other	*3 436*	*2 589*	*2 496*	*2 240*	*-16%*	
Total Operational Expenditure	*4 805*	*3 582*	*3 490*	*3 209*	*-12%*	
Net Operational Expenditure	*2 152*	*618*	*526*	*3 209*	*81%*	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing thedifference between the Actual and Original Budget by the Actual.						

T 5.1.2

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

ADM has in the financial year completed the following projects:

Having already completed the first version of Easy RAMS system, valuable data has since been collected and incorporated into the system. Actual collection of data and incorporating to the system will be extend to municipality officials so that when the specialist service provider is out of the picture, municipal officials are able to continue with the program on their own. This therefore means that resources and capacity related to RAMS at the specialist service provideroffices will need to be customized at district municipality level. Roll out to all Local Municipalities will be vital. This will be coupled with relevant training of all relevant officials at both district and local municipalities.

ADM has had the following impact in these service delivery priorities:

The institution is in the processes of reviewing its Integrated Transport Plan which is being undertaken as part of the Road Assessment Management System (RAMS). This major review will continue for the next two financial years.
< Rural Road Asset Management System (RRAMS) through the Rural Transport Infrastructure and services Grant is a grant funded by the Department of Transport since 2011/2012 Financial Year.
< The objective of the grant is to ensure effective and efficient investment on rural roads through development of Road Asset Management System (RAMS).
< RAMS has been provided to ADM having been install to three laptops belonging to the Transport Unit officials.
< Now that Covid 19 has become under control RAMS will be installed at local municipalities and thereafter training will also be undertaken.

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water drainage is a function of Local Municipalities.

T 3.9.1

COMPONENT C: SPATIAL PLANNING, LAND DEVELOPMENT AND ECONOMIC DEVELOPMENT

This component includes: Spatial Planning; Land Development and Local Economic Development.

3.10 SPATIAL PLANNING

INTRODUCTION TO PLANNING AND DEVELOPMENT

INTRODUCTION TO SPATIAL PLANNING AND LAND DEVELOPMENT

The district is one of the rural districts that is endowed with natural resources which in terms of comparative and competitive advantages, agriculture and tourism are the important resources in the district. ADM developed strategic plans (IDP Sector Plans) as instruments of integration, coordination and alignment with other sectoral interests in the district's space. Further the district has a District Spatial Development Framework that seeks amongst other things to transform the apartheid space through integration and coordination for a sustainable development within the district.

it is a framework that seeks to guide overall spatial distribution of current and desirable land uses within a municipality in order to give effect to the vision, goals and objectives of a Municipal IDP.

Spatial Planning directives from the National Spatial Planning directives from the National and Provincial Government as well as the District Sector Plans requires a commitment from the municipality to invest in coordinating spatial planning and development. This includes the protection of agricultural land, addressing Service Backlogs in the previously disadvantaged areas, Promoting Economic Development in Nodal Areas and along Major Transport and Trade Routes, and Promoting Spatial Equity.

The future is dependent upon a level of specialisation in the District Economy.

The key drivers are
- Commercial Agricultural Production and Processing,
- Commercial Retailing,
- Biodiversity Management and
- Eco-Tourism.

The Municipality needs to invest in creating the framework conducive to investment in these sectors by the private sector. Over time, specialization and diversification in the local economy would serve to lighten the subsistence load on the already stressed natural resource base of the district.

A number of factors and influences will shape the future Spatial Transformation of the Amathole District Municipality.

These include Social, Economic, Physical, and Environmental issues and can broadly be categorised as follows: Spatial development opportunities.
- Spatial Development Constraints
- Spatial patterns and trends

Below are the Key Issues experienced within the Municipality and the various strengths,

Challenges:
SUMMARY OF KEY ISSUES
The following Key Spatial Development Issues are summarised:.
ENVIRONMENTAL KEY ISSUES
- The effects of climate change such as the rise in sea level, droughts, flooding
- Only certain types of activities can occur in these critical biodiversity areas
- The reserving of high potential land for renewable energy projects;
- The demand for housing and infrastructure versus high potential agriculture versus high conservation value;

SOCIO ECONOMIC ISSUES
- Residents are not becoming adequately educated for the available and jobs in demand within the district.
- Insufficient services and available jobs to service this age group, they thus feed the need for outward migration;
- How to achieve a more equitable distribution of economic development opportunities when the greater number of the population reside in less economically developed areas;
- Many of the routes accessing Tourist destinations are in poor condition and require maintenance and upgrades

BUILT ENVIRONMENT
- The effects of climate change such as the rise in sea level, droughts, flooding
- Slow implementation process of housing delivery as well as the creation of Sustainable Human Settlements
- A large area that have Low arable land for agriculture opportunities within ADM
- Poor conditions of railway lines and lack of maintenance to existing railway lines.
- The electricity capacity is under stress in the Amathole District Municipality and large development projects are often affected by these limitations;
- Water is becoming a scarce resource in the district and it has become essential to plan for this;
- Inaccessible basic services lead to poor socio-economic conditions. .
- KIKKOO

SPATIAL DEVELOPMENT AND HUMAN SETTLEMENT KEY ISSUES
- The high level of population increase.
- Demand in employment opportunities.
- Development planning and service delivery targeted at the youth should be an important consideration for development (i.e. schools, crèches and sportsfields).
- Low levels of education and low level of skills base.
- Mbhashe, Ngqushwa and Mnquma Local Municipalities shows a high level of dependency on Social Grants, which has a negative effect on the economy and therefore translates into a low purchasing power.
- Slow Land Release Process has a negative impact on the development of settlements

throughout the district.

- The Growth trends within existing settlements, especially major transport routes, places a burden on local authorities with regard to Infrastructure Demand, due to insufficient funds.

RURAL DEVELOPMENT KEY ISSUES

- Slow implementation process of housing delivery.
- Land release issues are currently being experienced in the district.
- Low arable land for agriculture opportunities within ADM.

INFRASTRUCTURE KEY ISSUES

- Poor conditions of Railway Lines.
- The electricity capacity is under stress in the Amathole District Municipality and large development projects are often affected by these limitations.
- A significant number of households still have Limited Access to Sanitation Services, which can lead to unhygienic situations. The focus should therefore be on preventative strategies such as the provision of basic infrastructure.
- The linkages between the harbours and IDZs of East London and Port Elizabeth have grown in significance over the last seven years or so. The R72 has become a significant economic link and coupled with the Agricultural Economy and Tourism in the Sunshine coast.
- The Rural Development Corridor needs to be developed in order for the Mass Food Production and Forestry Programmes to be successful.

ECONOMIC SITUATION KEY ISSUES

- The Economy is highly dependent on the Unproductive Community Services Sector. The negative trend indicates limited private sector presence throughout the district. It also implicates that the economy is growing at a slow rate and employment has generally declined, which affects private sector investments as disposable income levels of the potential target market is low.
- The challenge remains how to achieve a more equitable distribution of economic development opportunities when the greater number of the population reside in less economically developed areas and experience an ever deepening poverty cycle.
- The Tourist Routes along the Primary Roads within the District require constant maintenance and upgrades.

HUMAN RESOURCES KEY ISSUES

- Spatial and development planning tends to be biased towards the Urban areas due to the historical focus of previous planning legislation and the relationship of municipal institutions towards those areas. Recent interventions towards mentorship of young planning professionals in various municipalities show a positive tendency towards upgrading planning capacity in the district and a 'wall to wall' approach will be required.
- Opportunities exist for the planning procedures, professional principles and management techniques to be adopted.
- The assessment of ADM's local municipalities SDFs shows that Spatial Development Planning for the Municipalities is evolving over time and becoming more detailed as Local Municipalities gain understanding of the trends, dynamics and programmes on the ground. There is however a need for to engage with local planning stakeholders to address areas of poor alignment gaps in regional linkages and definitions of structuring elements and integrated strategies.
- The proposed mobility route of Raymond Mhlaba Local Municipality aligns with the 'Strategic – Tourism Heritage' route of Amahlati Local Municipality.
- There is no alignment/linkage between the Raymond Mhlaba Local Municipality and Ngqushwa Local Municipality.
- The 'secondary strategic link' aligns with the 'important linkage route' of the Great Kei Local Municipality.
- The Raymond Mhlaba Local Municipality mobility routes do not align with any route within the Amahlati Local Municipal area.

GOVERNANCE KEY ISSUES

• The roles and responsibilities of stakeholders are unclear and the opportunities for Sustainable Development through community involvement are limited due to poor capacity in the Traditional Authority and Ward Committees.
• There needs to be effective and integrated spatial planning at all levels.
• A need exists for greater commitment from other Spheres Of Government to support the District in the Rural Development initiative.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The District is mindful of the fact that Land Use Management function is a Local Municipal function in terms of the devolution of powers and functions. But however, since the promulgation of SPLUMA, ADM and its Local Municipalities have since resolved in the implementation that the SPLUMA implementation will be implemented on A Shared Services Approach, with a decision-making body (Municipal Planning Tribunal at District level at District Level.

The status quo has since changed in that the Local Municipalities have since developed their own Municipal Planning Tribunals.

As such, during this period of Reporting, a Total of Fifty eight (58) Land Development Applications (4 Ngqushwa, 26 Mnquma and 28 at Amahlathi Local Municipality) were considered and out of those 32 are new Comprehensive Land Development Applications have been considered.
The remaining balance being minor land use change applications as they are dealt with by the delegated Authorised Officials in terms of the Spatial Planning and Land Use Management Act No 16 of 2013.

The ADM in its supporting role ensures that the Category B Municipalities are capacitated to fulfil their role and function [LAND USE MANAGEMENT] with regard to Land and Human Settlements as per the Land Reform Strategic Objective

LAND REFORM

From a Land REFORM point of view, on matters related to land development, the challenges exist for the District and Local Municipalities. These are clearly outlined in the two Sector Plans being the Land Reform and Settlement Plan and the Integrated Human Settlements Development Strategy.

The Land Reform and Settlement Plan remains is essential to permit economic progress and to ensure that the required redress did in fact take place, and that women and youth also receive the necessary support.

It was also imperative that the land be optimally utilised. Possession of land and/or housing provides the owner with a valuable asset. This could be defined as not merely fulfilling basic needs, but also the more concrete needs and also a right to live a meaningful life. All development thus has to be based on the assumption that all people want to be treated as worthy individuals. This developmental process therefore should include all aspects of life within a community and the relationships amongst its peoples.

It thus acknowledges that development should be more than the striving for material improvement, but that "Ubuntu" should form an integral part of such development strategy which will imply a striving for:

- Social Justice
- comprehensive consultation and joint decision-making
- the alleviation of all forms of suffering (or satisfaction of basic needs)
- respect for the local eco-system & local and cultural patterns, and the advancement of people through their own endeavours-freedom of expression

As such everybody had to remain committed to ensure that ultimately the IDP & LR&SP will translate in "improved humanness" for all communities will succeed.

Much work has been done over the last years but serious obstacles remain in the way of a free flow of implementation land reform matters for the District.

These obstacles are primarily related to capacity constraints of key land reform and settlement development agents, the Provincial arm of the National Department), the Amathole District Municipality itself, as well as the Local Municipalities in the district.

An assessment of the changes in the technical / operating environment for land reform and a review of the challenges facing the ongoing processes of land reform and settlement development in the Amathole District have led to changes being proposed in some of the Objectives, Strategies and Projects moving forward towards 2017 (5-year term) These changes have, in turn, led to minor amendments in the Operational Plan of the LRSP. Principally, these amendments relate to a proposed focus on rolling out implementation in some key land reform areas: -

During the analysis "opportunities" of the Land Reform issues in the Amathole area have emmerged and these include :

- Land Reform in ADM area should be in a holistic implementation approach of the comprehensive land reform package;
- Pace of land reform within the municipal area still lags behind national set targets;
- Land reform initiatives in ADM area remain geographically focused and limited to certain types of interventions,
- Land Redistribution Commonage Needs are still extensive throughout the district;
- Implementation capacity is viewed as a serious challenge in land reform implementation throughout the area;
- Land Administration Systems (in respect of both the legislative, regulatory and administrative aspects thereof) throughout the district has led to uncertainty and tensions;
- Tenure insecurity remains prevalent notwithstanding interim.

It thus acknowledged that development should be more than the striving for material improvement, but that "Ubuntu" should form an integral part of such development strategy which will imply a striving for:

- Social Justice

HUMAN SETTLEMENTS

ADMs role sits with Facilitation, Supporting, Advocacy and Coordination of the implementation of Integrated Human Settlements in the district. Its major role is on the creation of conducive environment for development of inclusive Human Settlements so as to progressively contribute to spatial transformation within the district.

In the context of ADM, The ADM Housing Development Strategy is a strategic development tool for the District Municipality to perform its human Settlement Development role effectively and efficiently. ADM, therefore, developed an objective so as to deal with the Human Settlements needs in the district.

The objective that was set during the five-year IDP cycle 2017- 2022 by ADM was to

"Facilitate the development of sustainable and viable settlements by 2030".

The ADM Housing Strategy inherits its main focus from the aspirations rooted in the Freedom Charter and has shifted its focus from Housing delivery to provision of Sustainable Human Settlements through identified Key Important Strategies aimed at addressing certain developmental approaches of Housing Needs

In conclusion this Plan is aimed at addressing the direct proposals of the district with regard to the Housing and Settlement needs that was identified as a core issue for consideration.

For the period of reporting, the projects listed therein in the Activity Plan are the eight (8) listed for implementation being

i. Implementation of National Upgrading Support Programme (NUSP) Projects
ii. Support in the Implementation of Human Settlements Development Projects in LMs
iii. Facilitate the Implementation of Backyard Survey Project
iv. Komga Zone 10 Housing Development Project
v. Kei Road Housing Development Project
vi. Housing Analysis Forum
vii. Housing Finance Risk and Fraud Plan
viii. Human Settlements Entities Strategic Partnerships

For progress reporting the following on Human Settlements were achieved.
Destitute Housing Projects.

- Masincedane 200 Destitute in Keiskammahoek
- Dutywa 100 Destitute
- Madwaleni 30 Destitute
- 4 isolated destitute individuals at Amatolaville, Stutterheim
- 8 isolated destitute individuals at Khubusi, Stutterheim
- 2 isolated destitute individuals at Sidi Location, Komga

Individuals with disabilities

-
- 3 beneficiaries with mobility challenges have been identified at Ndakana 1300
- A house for the widow of a late military veteran of the Vuso family at Squashville, Kei Road.
- A house for a bedridden 17 year old girl at Mooiplaas

Military Veterans

- 1 unit has been built for the wheelchair-bound widow of a late military veteran of the Vuso family at Squashville, Kei Road.
- 2 are in the Masincedane 200 Destitute.
- 1 is in the Mnquma 200 Destitute, and
- 1 unit in Alice is currently being enrolled with NHBRC.

The Department is still in a process of identifying more projects that will cater for even more military veterans.

Screening of Military Veterans is done in two stages, first by the Department of Military Veterans to confirm their legitimacy by checking and validating their force numbers.

- 131 individuals across Amathole District have been confirmed to date.

Vulnerable groups and child-headed households.

- The Ndakana project is a currently running project that is intended to deliver houses to 1300 beneficiaries, 414 of which are 60 years of age and above.
- Houses for three child-headed household have been built at Dutywa 100.
- At Mooiplaas a house was built for two orphaned children, and another for the family of a disable 17 year old girl.

Anti-poverty sites

- Nkanga 50 units in Mbhashe, and
- Goshen 60 units in Amahlathi

Disaster

Below are the numbers of temporary shelters that have already been erected in each Local Municipality in Amathole District.

Mbhashe LM: 11 erected out of 18 requested, but no formal application submitted.

- Mnquma LM: 12 erected out of 19 requested, but no formal application submitted.
- Great Kei LM: 3 erected out of 3 requested, but no formal application submitted.
- Amahlathi LM: 18 erected out of 56 requested, but no formal application submitted.
- Ngqushwa LM: 6 erected out of 9 requested, but the formal application submitted is for 2 beneficiaries only.
- Raymond Mhlaba LM: 12 erected out of 42 requested, but no formal application submitted.

Issuing of title deeds

The conveyancers are :

- Messrs Mncwango Attorneys were appointed for Siyanda New Rest 376 as well as Butterworth 282
- Maseko Tilana Attorneys and Velile Tinto Attorneys were appointed for Centane 1038
- DM Lukhozi Attorneys and NC Mjamba Attorneys were appointed for Dutywa Extension 8 (753 units)

Illegal occupations and vandalism

- Peddie 710 Power Construction,
- Peddie 710 New Creations,
- Peddie 500,
- Bhofolo 300,
- Fort Beaufort Hillside 638 and
- Dutywa 753.

T 3.10.1

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM ANDMARKET PLACES)

INTRODUCTION TO ECONOMIC DEVLOPMENT

The Amathole District Municipality developed and Economic Growth and Development Strategy with its five sector which were endorsed in the19/20 financial year. The ADM saw a need to focus on District Economic Growth hence the Development of the Amathole Economic Growth and Development Strategy. The purpose of the strategy is to collate all economic information, investigate, coordinate and integrate available options, and opportunities to broaden the economic base of the Amathole. Furthermore, it is also aimed at ensuring that the municipality can efficiently and effectively facilitate the creation of an appropriate enabling environment conducive to economic development and investment as to grow the economy of the district.

ECONOMIC GROWTH AND DEVELOPMENT WITH FIVE (5) SECTOR PLANS.

The strategy also offers the Amathole District Municipality, the private sector, and the local community, the opportunity to work together to improve the district economy. It will focus on enhancing the local business and competitive environment and thus increase sustainable growth and development in the area and ensure that this growth is inclusive of all communities.It will focus on identifying current resources and infrastructure available within the local municipal area. It will also aim to assess which skills are available, what the needs are and what needs to be done to sustainably grow the economy and generate opportunities for all the stakeholders. Below is the structure of the Economic Growth and the five sector plans.

There are five sector plans that are developed in line with the Economic development strategy.

Amathole District Municipality benefits in the Economic Development Components

These sectors are:

- Tourism and Heritage Sector Plan

This sector looks at how best the institution can un-tap the opportunities with the Tourism and Heritage Sector. Amathole District Municipality has a lot of tourism and Heritage attractions dating back in history. Therefore, this sector identifies the opportunities and how best can the locals maximise the potential presented by tourism and Heritage in a sustainable manner. Lack of funds are the major challenge in driving this sector forward.

- Agriculture Sector Plan

Amathole District Municipality has abundant land that is purely agricultural. However, according to statistics, Agriculture contributes only 3% to the GVA. This is attributed to the lack of interest to agriculture by the economic active persons and the high rate of outward migrationbut the very same age group. Thus, this sector intends to work on unlocking agricultural opportunities that the will be sustainable and grow emerging farmers into commercial farmers. Funding is a major challenge. It has also been noted that there is lack of collaborative planning amongst departments which leads to lack of communication. The following are the programmes implemented within the Sector

- Poverty Eradication Strategy

This strategy intends to vigorously fight, and remove poverty within Amathole District Municipality. As demographics are showing, about 80% of Amathole District Municipality inhabitants are living in poverty and near poverty. This strategy intends to come with some ways and means of successfully fighting poverty. However, it must be noted that the role of partnerships is key.

Amathole District Municipality is rural in nature, as such there are no industrial development initiatives to embark upon. As such in order to contribute towards the Job creation due to high Unemployment especially the Youth and Women, the EPWP Program was embarked upon. During the current financial ADM created through EPWP 2111 work opportunities, which is believe to be directly contributing poverty reduction.

- Enterprise Development Strategy

This is the sector that plays a crucial role in the development of local economy. A lot of Amathole District Municipality inhabitants are practising informal trading and their products are of poor quality. Therefore, this strategy looks at improving the lives of its inhabitants byestablishing Fora, Incubators, SMMEs and Cooperatives. This is done with the main purposeof making our people to commercially viable and self-developing.

- Rural Development Strategy

Amathole District Municipality forms part of the Eastern Cape which is one of the largest and poorest provinces in South Africa. It is viewed as being behind in becoming the economic powerhouse of South Africa and is one of the poor performing province (and districts) in terms of economic activity, contributing less to the national Gross Domestic Product (GDP) for 2016.

Therefore, the development of this strategy is an attempt of changing the status quo of the district. The aim is to increase the family lively woods through the provision of various economic opportunities. The development of the above documents is a means to an end. This means that Amathole District Municipality will use these documents to advocate for the Local Municipalities. The following has been done with respect the rural development;

ADM together with the Department of Rural Development & Agrarian reform supported Glenmore community in Ngqushwa LM (Ward 7) with fencing material & capacity building on fencing. The impact assessment was done this quarter with the following outcomes:
Farmers gained knowledge & skills on fencing, Jobs were created for 15 beneficiaries and their standard of living has improved. Also an Impact Assessment of the stakeholder support that was offered to beneficiaries in the Rural Development programme.

IMPLEMENTATION OF ECONOMIC GROWTH AND DEVELOPMENT AND THE SECTOR PLANS

TOURISM AND HERITAGE DEVELOPMENT

ADM has embarked on a number of Tourism and Heritage activities as part of promoting the district as a tourist destination of choice. Through extensive consultation and collaborations with various LMs and other external stakeholders, ADM in partnership with National Department of Tourism (NDT), Mbhashe LM, Raymond Mhlaba LM and project beneficiaries engaged in various meetings in which ADM provide technical support in achieving their goals which yielded positive results for local communities in terms of the following;
NDT together with Development bank of Southern Africa (DBSA) outlined the scope of work to be done and will also set time frames for the completion of these project (Qatywa Eco-Tourism Development & Mthontsi Lodge). Employment of locals to render security services for a period of 6 months whilst awaiting the appointment of the contractor to complete the construction phase of the project.

ADM in collaboration with Department of Sport, Recreation, Arts & Culture (DSRAC), AmatholeCrafters Association and various LMs facilitated the craft selection process which was held on 18th May 2021 at DSRAC offices in East London. The selection enables the best, unique, authentic and sellable arts and crafts product to be exhibited at the National Arts Festival to be held in Makhanda from the 8th – 21st July 2021.

The objective is to expose crafters to potential craft market and to take claim of Arts and Culture as a contributor to poverty alleviation, creation of job opportunities and social cohesion.Craft selection assists emerging crafters to improve the quality of merchandise and also ensuring production of quality craft products through learning from fully fledged crafters.

As a way of encouraging consolidated approach towards tourism marketing & promotion the ADM in collaboration with Ngqushwa LM and Hamburg Community Tourism Organization(CTO) successfully held the Hamburg Community Tourism Organization Inductionworkshop which resulted in the tour of Hamburg with the intention of identifying the places of interest in the area and find ways of developing the underdeveloped attractions.

Amathole District Municipality participated in the Mbhashe Municipality Coastal Hiking Trail which was successfully held on the 17th-19th June at Willowvale (Tenza Beach and Dwesa Nature Reserve). The aim of hosting the event was to promote the Mbhashe LM as an attractive and preferred safe tourist destination and to revive tourism in the area by promoting and showcasing its surroundings.

ADM together with Eastern Cape Parks Tourism Agency (ECPTA) in identifying tourism product owners to partake in the BBEE verification support programme in the form of assisting SMME's with BBBEE support. ECPTA sourced services of a consulting company in this field who will individually visit business establishments.

Inclusive Marine Tourism and Youth Participation Webinar
ADM Tourism Unit participated in the Inclusive Maritime Tourism and Youth Participation Webinar, which aims to find ways of welcoming cruise liners into South African shores again. Furthermore, the webinar aims to keep discussions on the opportunities available for youth in the marine tourism industry. The webinar under the banner of Maritime Tourism South Africa (MTSA) had engagements with authorities to open the sub-sector with all safety measures taken into account.

Also ADM is one of the district municipality that is rich with both tangible and intangible heritage, hence the development of four heritage routes, which are Maqoma, Makana, Phalo and Sandile Heritage Routes. During 2020/21 financial year the ADM concentrated on datingits heritage data resources. The ADM also worked with the University of Fort Hare and Raymond Mhlaba on developing application for the University of Fort Hare to be declared as a heritage site due to its rich history. This process was received with positive attitude by South African Heritage Resources Agency (SAHRA) as a result we are currently awaiting for its final response which is promising.
The ADM has also long since held the idea that we are culturally and historically rich. This was the case with the Mqwashini heritage which is symbolic of the history of the not only abaMbo (formally known amaMfengu) but of peoples of the South Africa in the KZN and Western Cape and of course the Eastern Cape. Subsequently the ADM heritage unit had convinced the various LM's within its jurisdiction regarding heritage sites and the value of the sector as a whole and Ngqushwa LM had made plans for the physical construction of a site that would depict this history to bring tourists so that they understand the cultural significance of the abaMbo clans mainly these were: amaBhele, Rhadebe, Tshezi, amaZizi, ooDlamnini and other clans. The ADM having conveyed the importance of heritage as a sector were instrumental in developing a case for the Mqwashu to be declared as a heritage site on national level. It is with regret that the heritage site was rejected as a heritage site as SAHRA requests that the Ngqushwa LM make an adjustment by involving the University of Fort Hare. Ngqushwa LM plans to appeal this outcome as the history will incorporate the ADM Heritage Unit in constructing an appeal document. The impact of ADMs involvement in the declaration process has made Ngqushwa exposed to national heritage issues.
Furthermore, ADM has also worked with various heritage institutions such as DSRAC, SAHRA for a long time and has built up trust over the years. This was evident in our handing over of the database developed in Amathole District Municipality heritage sites in order to conserve such sites.

ENTERPRISE DEVELOPMENT

The enterprise development is aimed at an objective that is to create enabling environment for business to thrive within the District. The ADM together with strategic partners have facilitated support towards SMMEs. The following programmes were implemented, Informal Trade Support, Cooperative Support, SMME Support, Film Development and Incubator Programmes.

In an attempt to determine the impact and the effectiveness of all support provided during the 2020/21 financial year, Amathole District Municipality's in collaborated with Asisa Foundation (organization formed by South African financial institutions) and Mnquma Local Municipality to implement financial literacy and ingenuity workshops. Key objectives of Asisa foundation and Enterprise Development was to guide and influence consumers through empowering financial skills so as to manage the general consumers financial affairs adequately especially after the covid-19 of shrinking budgets and job losses. There are plans to conduct these sessions in open spaces to accommodate more SMMEs, cooperatives and informal traders. The first phase of the programme was implemented in Mnquma Local Municipality and in all other Municipalities benefitted from the programme. Also ADM conducted an impact assessments of all Enterprise Development programs and this was mainly focused on the sustainability, functionality and profitability of all Enterprises within our District.
ADM Enterprises on fund relief programmes that are provided by Government.
ADM in partnership with UN Women embarked on digital marketing capacity building program for SMMEs and Informal Traders. The initiative seeks to **bridge the market access gap** and to **expand the local enterprise footprint.**

NEW VENTURE CREATION

ADM collaborated with South African Fashion Design Agency (SAFDA) and Services Seta to facilitate the New Venture Creation program pitched at NQF Level 2 for local fashion designers. This initiative is in response to a need to increase operational capacity and formalize the local fashion design sector that is not only sustainable but also absorbs the high rates of unemployment and poverty. At total number of 100 local fashion designers participatedon this initiative representing different youth formations across the district.

ADM has facilitated the production of the '**Dam**' film that is currently being finalized in Adelaide and Bedford (Raymond Mhlaba Local Municipality). The initiative was a partnership between Aspire, Multi-choice, Big Tree and Eastern Cape Development Corporation). The actual production is scheduled to take place towards the end of October 2020 in Adelaide and Bedford.

AGRICULTURE AND RURAL DEVELOPMENT

Amahlathi LM and DRDAR had allocated R1.14million for drilling of boreholes in 3 sites - Red Hill Farm, Lamana Farm and Mzamo Farm. The drilling process was finalised by the end of February 2021.

Honey Producers in Ngqushwa LM (Bingqala, Wesley, Mqwashini & Gwabeni) were capacitated on honey production and they were taken on study tour on beekeeping at King Sabata Dalindyebo in Umtata.The impact assessment was conducted and farmers gained knowledge & skills on honey production, 3 people got employed, Quantity of honey produced increased.

ADM Agriculture section in conjunction with DRDAR implemented a variety of projects such as Input Supply, Livestock Improvement and emerging farmers support, on June 2021 Slatsha, Ngxingxolo & Makazi communities in Great Kei LM were visited for the assessment of their maize production. Their maize is on growing stage and there are some areas where maize did not grow at all due to late planting. They are planning to harvest by August 2021. The drought which cause the late planting will have much impact on the yield.

In Ngqushwa LM, Pikoli, Ndlambe, Tuku & Mgababa communities were supported and impact assessment by both the ADM and Department of Rural Development & Agrarian Reform was done on all the support that has been done for these communities with maize seed & pesticide,tractors & drivers for ploughing. Jobs were created for tractor drivers & seasonal workers for removal of weeds. There is increase in food production and poverty is reduced which results in improved quality of life.

Support provided to livestock farmers was done during the 20/21 financial year and also an impact was also done in order to close the gaps identified. In Raymond Mhlaba LM, Mthontsi livestock association specialize on the cattle farming Department of Rural Development & Agrarian Reform provided them with dipping material, and lucerne bales to assist them with thefeeding of their cattle. The quality of the cattle has been improved greatly so much that the farmers are earning high prices when they sell their cattle. This has contributed to poverty reduction for the farmers and their families.

In Great Kei LM Sithungu Agricultural Co-op was assessed to determine the impact on their poultry house which was constructed by Social Development. Upon inspection the house has some defaults which Social Development called the service provider to come and rectify the house. So far, the impact of the structure isn’t positive.

POST COVID 19 ECONOMIC STIMULUS PLAN

During the 2020/21 financial year, the whole world was reeling from the COVID 19 Pandemic. The world Economy was ravaged by this pandemic as lockdown regulations were implementedworldwide. This prompted ADM to develop a Post-COVID 19 Economic Stimulus Plan. The main purpose of the plan is to revitalize ADM economy Post COVID 19. Several Catalytic projects that are key to stimulation of economy are identified in the plan. ADM in conjunction with ASPIRE (ADM development Agency) have developed and submitted several business plans in line with the catalytic projects identified in Vision 2058 and the Post COVID 19 Economic Stimulus Plan.

T 3.11.1

Economic Activity by Sector R '000				
Sector	**Year 2018/19**	**Year 2019/20**	**Year 2020/21**	***Year 2022/2023***
Agric, forestry and fishing	330	288	288	
Mining and quarrying	22	20	20	
Manufacturing	110	120	120	
Wholesale and retail trade	30	50	50	
Finance, property, etc.	190	190	185	
Govt, community and social services	1 001	1 211	1 211	
Infrastructure services	505	565	565	
Total	**2 188**	**2 456**	**2 439**	

Economic Employment by Sector			
Sector	Year 2019/20 No.	Year 2020/21 No.	Year 2021/2022
Agric, forestry and fishing	4 530	4 800	
Mining and quarrying	90	95	
Manufacturing	8 370	8 230	
			T3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The Tourism sector within the district contributes an average of 4% of GDP of the Province prior the COVID-19 Pandemic. However, the sector has been the hardest hit by the pandemic. However through the support of strategic partners such as Eastern Cape Parks and Tourism Agency and the National Department of Tourism strides are underway to revive the sector i.e. development of plans to revive the tourism sector, relief funds for the tourism businesses and e-marketing of tourism products.

The agricultural sector has also suffered during the lockdown period, as some of the exporting famers were un able to do so due to the pandemic. The district with its strategic agricultural partners have engaged in the revival of the sector through relief funds and implementation of programmes with the provincial department; Department of Rural Development Agrarian Reform. The other issues that negatively affected piggery farmer was the outbreak of the swine flu in Centane, Mnquma LM, however with the help of DRDAR the outbreak is under control but Mnquma has been severely affected as most pigs have died because of the diseases.

Extended Public Works Programme

Amathole District Municipality is rural in nature, as such there are no industrial development initiatives to embark upon. As such in order to contribute towards the Job creation due to high Unemployment especially the Youth and Women, the EPWP Program was embarked upon.

The following are the sectors that have created number of jobs opportunities for our ADM rural communities; Environmental, Social and Infrastructure in all six local municipalities. This job creation covers areas which include, data capturers, bush clearing, filling of potholes, removal of alien vegetation and home base care.

T 3.11.

Financial Performance Year 2020/21: Planning Services					
					R'000
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-	-	-	-0%
Expenditure:					
Employees	4 629	4 581	45 651	3 327	38%
Repairs and Maintenance	-	-	-	-	0%
Other	741	742	746	692	7%
Total Operational Expenditure	5 370	5 323	46 397	4 019	32%
Net Operational Expenditure	5 370	- 5 323	- 46 397	- 4 019	32%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
					T 3.10.5

Job creation through EPWP* projects		
	EPWP Projects No.	Jobs created through EPWP projects No.
Year 2018/19	4	1 516
Year 2019/20	4	2 116
Year 2020/21	4	2 111
* - Extended Public Works Programme		
		T 3.11.6

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Local Economic Development, as an important component of the Municipality, continues to achieve 100% of the set targets. However, the challenge is funding. Efforts to leverage alternative r Resources to perform the set targets are in place. Currently, socio-economic development can only be achieved through collaborative action and a shared vision. The Economic Growth and Development Strategy strives to change the status quo as there is a drive for resource mobilization for the implementation of the Catalytic Projects as stated in Vision 2058:Building a Smart District. Once the implementation of the catalytic projects is achieved, sustainable economic growth and development will be achieved.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Community Services in the Amathole District Municipality comprises the following:

- Municipal Health Services
- Water Quality Monitoring
- Environmental Pollution Control
- Food Control
- Fire Services in 4 Local Municipalities [as assigned by the MEC]
- Disaster Management
- Community Safety

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

ADM does not perform this function.

T3.12.1

3.13 CEMETARIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

ADM does not perform this function.

T 3.13.1

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

ADM does not perform this function.

T 3.14.1

COMPONENT E: environmental protection

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The primary goal of environmental health actions is disease prevention by addressing adverse environmental practices behaviors that can have adverse impact on health. This can be achieved by, among other means, inspection of premises, health promotion, community involvement, intersectoral collaboration and law enforcement. Emphasis is also placed on voluntary compliance through education and awareness

Environmental Pollution Control is one of the functions rendered by Municipal Health Services under Community Services. The function performed by Environmental Health Practitioners forms part of the health inspections conducted throughout the district.
It includes:
1.) prevention and control of land pollution detrimental to human, animal and plant life
2.) ensuring hygienic working, living and recreational environments.

05 Pollution related complaints relating to water and land pollution were investigated and resolved.

T 3.15.1

3.16 BIO-DIVERSITY and LANDSCAPE

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

ADM implemented three major service delivery projects namely:

Blue flag prpogramme
ADM is implementing four blue flag projects, i.e.`Hamburg, Bira,Tenza and Qatywa in our coastal municipalities. A blue flag programme is a value adding to tourism, environment and local economy. ADM is also implementing Tourism Green Coast Programme at Great Kei local municipality in three sites (Morgan's Bay, Chintsa and Kei Mouth).

Coastal Development
The ADM has a coast line of approximately 190km=34.14% of the Eastern Cape coastline. ADM possesses both the Sunshine Coast and the Wild Coast.

A coastal management plan has been developed. The plan outlines the state of the coast, challenges and opportunities. Operation pakisa is an integral part of exploiting opportunities along our coastline.

Biodiversity
A wetland study has been conducted. The study details the challenges and the value of wetland system in our development imperatives.

Climate Change Programme
The ADM Climate Change Strategy outlined that the district is prone to drought.

Environmental Empowerments
ADM obverse and implement all the statutory environmental campaigns which are (Water, Environment, Arbor and Marine weeks).

Air Quality
ADM has been implementing its Air Quality Plan i.e. particularly air ambient air quality monitoring in Mbashe.
Renewable Energy-ADM is implementing renewable strategy, renewable capacity building.

ADM implemented three major service delivery projects namely:
Sustainability as one of the four (4) principles that informed Amathole District Municipality's 2058 goals and initiatives is to enhance integrated human settlements. Subsequent to these strategies clear objectives, programmes and project were developed. Those projects and programmes are included into the SDBIP 2020/2021 financial year as listed below:

Air quality Programme
An ambient air quality monitoring was conducted for sulphur dioxide, nitrogen oxide andparticulate matter, less than 10 microns. This was done Raymond Mhlaba local municipality on the 18 May 2021.
This is as a result developed ADM Air Quality management plan with the aim of managing air quality in the district. Monitoring of sources of pollution is therefore a central part of air quality management. The site that was identified was Amahlathi site and generic assessment was conducted. The results showed; Low concentration SO2 in respective to the limit value of the national ambient air quality standards.

The daily average concentrations of PM10 at both monitoring station exceeds the national ambient air quality standards.

Renewable Energy-ADM is implementing renewable strategy, renewable capacity building.
An assessment of renewable energy in the District was conducted in quarter four. These Municipalities are: Raymond Mhlaba with 11plants, Ngqushwa with 4 plants, Great Kei with 2 plants, Amahlathi with 3 plants and Mbhashe with 1 plant. Geo-Spatial coordinates were established and plotted in ADM GIS.

Implementation of adaptive capacity facility (deff-acf) climate resilient human settlements pilot programme. Implementation of Amathole mountain Biosphere Reserve project with DEFF. Also Amathole District Municipality held a climate change workshop in Mbhashe local municipality.

Coastal Development
The ADM has a coast line of approximately 190km=34.14% of the Eastern Cape coastline. ADM possesses both the Sunshine Coast and the Wild Coast. A coastal management plan hasbeen developed. The plan outlines the state of the coast, challenges and opportunities. Operation pakisa is an integral part of exploiting opportunities along our coastline.
Blue flag awareness workshops were conducted in Ngqushwa municipality and Mbhashe Local Municipality. Water testing conducted in Tenza and Hamburg in order to retain the blue flag status as is one of the requirement. ADM continue to facilitate the testing of water in line with WESSA blue flag guidelines. The sites which are undergoing water testing are Tenza and Hamburg blue flag sites and results are sent to the local municipalities.

Biodiversity
A wetland study has been conducted. The study details the challenges and the value of wetland system in our development imperatives.

Environmental Empowerments
ADM obverse and implement all the statutory environmental campaigns which are (Water, Environment, Arbor and Marine weeks). ADM has been implementing its Air Quality Plan i.e. particularly air ambient air quality monitoring in Mbashe.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

Marine Protected Areas (MPA)

ADM has two MPA, i.e., Dwesa-Cwebe at Mbhashe local municipality and Amathole MPA at Great Kei local municipality. Dwesa- Cwebe is the "No take Zone" because it is one of only two breeding sites for critically endangered fish species in South Africa, .e., white & red steenbras; the second being the Saldahan.

Freshwater Ecosystems

ADM has 56 Rivers and two major water management areas, i.e., Mzimvubu –Keiskamma and Fish River- Tsitsikama and numerous major Dams and Waterfalls. There are four major drainage regions in the ADM, i.e., Great Fish River catchment, Amathole catchment, Great kei River basin, and Mbashe River basin. The major rivers of the Amathole DM are the Koonap and Kat Rivers of the Groot Vis River in the western extent; the Keiskamma and Groot-Kei in the central extends; and the Mbhashe River in the eastern extent. The dams of the Amathole DM include: Binfield Dam, Bridle Drif Dam, Cata Dam, Debe Dam, Gcuwa Dam, Gubu Dam, Katrivier Dam, Laing Dam, Maden Dam, Mnyameni Dam, Nahoon Dam, Pleasant View Dam, Rooikrans Dam, Sam Meyer Dam, Sandile Dam, Stanford Dam, Toleni Dam and Xilinxa Dam.

ADM has benefited from the collaboration of SALGA and Government of Flanders funding of three South African Municipalities. Anamount of £4.99million will be shared amongst the selected 3 District Municipalities. The project name is the Adaptive Capacity Facility which will be implemented in Xhilinxi Dam as a means of reducing the rate of silting up of the dam, thereby increasing the lifespan of the dam and ensuring better water quality for the inhabitants.

Wetlands

There are 9565 wetlands at Amathole district municipality with more recorded at Amahlathi local municipality.

Estuaries

The Eastern Cape has the highest concentration of estuaries of all provinces (estimated at 50% of South Africa's estuaries), the major systems including the Great Fish, Nahoon, Kei, Mthatha and Umzimvubu estuaries. Two of these, the Great Fish and Kei, are located in Amathole.

Within the Amathole DM there are five recognized estuarine types, namely temporarily closed estuaries (43 estuaries) and permanently open estuaries (6 estuaries).approximately 49 functional estuarine systems. These estuarine systems comprise only two of the five recognized estuarine types, namely temporarily closed estuaries (43 estuaries) and permanently open estuaries (6 estuaries).

Biodiversity

The biodiversity of the Amathole DM is represented in 5 major biomes that describe the different biotic communities. These biomes are Savanna (34.5%), Grasslands (31.5%), Albany Thicket (29.6% of the area), Indian Ocean Coastal Belt (3.7%) and Forests (0.7%). The variety in landscape and biodiversity within the Amathole DM is recognized within the Pondoland Centre of Endemism that stretches along the east coast below the Great Escarpment. One type of forest (Licuáti forest), three types of thicket, six types of bushveld, and five types of grassland are found only within the hotspot. About 80 percent of South Africa's remaining indigenous forests fall within the Pondoland centre of endemism.

The region includes warm temperate forests that hold nearly 600 tree species, the highest tree richness of any temperate forest on the planet. The Amathole Complex is home to high biodiversity and is regarded as a center of endemism. It falls within an area classified as Critically Endangered by the Subtropical Thicket Ecosystem Project (STEP). During 2020/21 financial year, Department of Enviromnent, Forestry and Fisheries appointed a services provider for the development of a Biosphere Reserve which traverses three (3) Municipalities, that is, Amahlathi LM, Raymond Mhlaba LM, and Ngqushwa LM.

Coastal

ADM coastline ranges from moderately protected to well protected. ADM coastal Environment is part of the large marine ecosystems (LMEs) of the world, namely the Agulhas Somali Current.

ADM has 63 functional estuaries which comprise approximately 40% of all the estuaries within the Eastern Cape and approximately 22% of all estuaries within South Africa. Only 11% of the 63 estuaries are classified as moderately modified. ADM - priority areas for operation Pakisa are Kob farm and the oyster farm in Hamburg, & the Qolora Aquaculture Development Zone. ADM has 21 beaches but one full blue flag status and one pilot status.

T 3.16.2

COMPONENT F: HEALTH

3.17 CLINICS

INTRODUCTION TO CLINICS
ADM does not perform this function.
T 3.17.1

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES
ADM does not perform this function.
T 3.18.1

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS

The primary goal of environmental health actions is disease prevention by addressing adverse environmental practices behaviours that can have adverse impact on health. This can be achieved by, among other means, inspection of premises, health promotion, community involvement, intersectoral collaboration and law enforcement. Emphasis is also placed on voluntary compliance through education and awareness

In terms of the National Health Act, 2003 (Act No. 61 of 2003), ADM is entrusted with the following functions:

- Water Quality Monitoring;
- Food Control;
- Waste Management
- Health Surveillance of Premises;
- Surveillance and Prevention of Communicable Diseases, Excluding Immunization;
- Vector Control;
- Environmental Pollution Control;
- Disposal of the Dead.
- Chemical Safety

This is one of the core functions of the Amathole District Municipality (ADM) in terms of Section 32 of the Act. The National Environmental Health Norms and Standards for Premises were gazette in December 2015, these determine the frequency, norms and standards to be adhered to by premises.

In the last financial year ADM has been focusing on Water Quality Monitoring, Food Control, Waste Management, Health Surveillance of Premises, Surveillance and Prevention of Communicable Diseases, Vector Control, Environmental Pollution Control, Disposal of the Dead as its functional areas.

There is a District Health Information System (DHIS) that is used by the Department of Health for reporting purposes as required by the National Health Act. The reports of the system are generated by the Information Managers at sub - district to the District Health office to the Provincial Department of Health and presented to National Department of Health for planning purposes. The system has 13 data elements that are reported on by Environmental Health Services. Municipal Health Services of Amathole District Municipality is utilizing this system for reporting purpose on the data elements.

The ADM Environmental Health Practioners conducted the inspections of business premises with a special focus on Funeral Undertakers and later on included personal care businesses. Funeral undertaker premises and mortuaries were inspected to ensure compliance with Regulation 363 and COVID 19 Regulations The level of compliance was high especially with the funeral undertakers, challenges were reported in respect of compliance with funeral management by the bereaved families and in respect of funeral undertakers , the possibility of funeral undertaker capacity being overwhelmed as the death rate increased, did not materialize. It was recommended that strict adherence to the 72-hour burial during the period before the lifting lockdown regulations be maintained and the financial year ended with no need to enforce such recommendations.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, ETC

Water Quality Monitoring

A total of 1603 drinking water samples were taken from fixed drinking water sources for testing and the results of the analysis directly loaded onto the IRIS (former Blue Drop) system via the Laboratory Information Management System (LIMS). A total of 205 waste water samples were taken for analysis,

Food Control

The Food Quality Monitoring Programme is ongoing and it encompasses inspection of food handling premises, sampling and analysis, and capacitation of food handlers, in order to ensure that food sold to the public is fit for human consumption and complies with relevant legislation.

A total of 57 capacitation sessions were held for food handlers including caterers and street vendors that are running businesses within Amathole's area of jurisdiction. This is done to ensure food safety, and improve the quality of food sold to consumers as well as the minimisation of food poisoning incidents. The capacitation sessions held in the form ofworkshops and on site education during inspections for both the formal and informal food handlers.
Food handling premises were inspected in terms of Regulation 638. A total of 1791 inspections were conducted. Food products that were found to be unfit for human consumption were condemned and disposed of in a safe manner in terms of Regulation 1128.
217 Milk samples were taken and the non-compliance was high as most samples in the outlets did not comply with Regulation 1555. 45 inspections to 15 dairy farms were inspected and randomly when aneed arises. Dairy farms are inspected on quarterly bases.

Waste Management

Landfill sites – Landfill sites inspections were conducted in the ADM areas on an adhoc basis.

Health Surveillance of Premises

Health Surveillance of Premises was conducted in line with the National Norms and Standards set in terms of the National Health Act as follows: Day care centers (418) were inspected, Accommodation Establishments (50) inspections to 25 accommodation establishments, Old Age Homes (12) were inspected, Beauty Salons (29) were inspected, (85) Schools were inspected, 85 inspections to 84 Health facilities were conducted.

Surveillance and Prevention of Communicable Diseases, Excluding Immunization

39 awareness campaigns were conducted in schools and communities. Awareness campaigns were conducted in collaboration with other stakeholders.

Disposal of the Dead

Funeral Undertakers' premises are inspected on quarterly basis in order to ensure compliance with the Regulation Relating to the Management of Human Remains, Government Notice No. 363 of 22 May 2013. This is done in order to prevent the spread of communicable diseases due to the unsafe handling of corpses. 207 inspections were conducted, and exhumations and reburials were monitored as per applications received.

T 3.19.

Employees: Health Inspection and Etc (Municipal Health Services)					
Job Level	Year 2019/20	Year 2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 & above	4	8	3	5	100%
TG 13-14	10	10	3	7	70%
TG 9-12	16	86	16	70	81.39 %
TG 8	37	87	37	50	57.47%
TG 4-7	0	0	0	0	0%
Total	**67**	**191**	**59**	**132**	**69.10%**
					T 3.19.4

Financial Performance Year 2020/21: Health Inspection and Etc R'000					
Details	**Year - 2021/22**	**Year 2022/23**			
	Actual	**Original Budget**	**Adjustment Budget**	Actual	Variance to Budget
Total Operational Revenue		40 234	(80 637)	(6)	-1245265%
Expenditure:					
Employees		34 011	12 219	31 510	-18%
Repairs and Maintenance		0	0	0	#DIV/0!
Other		6 223	59 389	10 964	-53%
Total Operational Expenditure		53 821	71 608	42 473	27%
Net Operational Expenditure		(26 816)	(9 030)	42 467	163%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.19.5

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONs, Etc OVERALL:

The Municipal Health Services unit is implementing their functions as per the National Environmental Health Norms and Standards for premises. The MHS Section has implemented cost recovery in terms of collecting revenue through payment for the COAs, COC, Health Certificates and processing of exhumation applications. The amount obtained is minimal as it is less than 1% of the total cost of the MHS budget.

T 3.19.7

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

Security and Safety comprises the following three sub units:

1) Fire Services as per responsibilities of District Municipalities and Fire Fighting Services assigned by the MEC in 4 of the seven 6 Local Municipalities in the ADM.

2) Disaster Management as per the responsibilities of a District Municipality - Disaster Management Act 57 of 2002

3) Community Safety Services [Excluding City Police and or VIP Protection Services] operates in terms of the National and Provincial Crime Prevention Strategies

T 3.20

3.20 COMMUNITY SAFETY

INTRODUCTION TO COMMUNITY SAFETY

Community Safety operates in terms of the Constitution, the National Crime Prevention Strategy, the Provincial Crime Prevention Strategy the National Establishment of Community Safety Forums Policy. The Constitution of the Republic of South Africa as amended relates to the promotion of a safe and healthy environment. The Provincial Crime Prevention Strategy relates to multi-agency collaboration on crime prevention matters (particularly between government departments as per the. Intergovernmental Relations Framework Act, 2005 (Act13 of 2005) and the Policy regulates the formation and responsibilities of Community Safety Forums and is detailed enough to serve as a Terms of Reference for Community SafetyForums.

In light of the above, Amathole District Municipality supports the following:

- The establishment and support to Community Safety Forums in each local municipality within the District, aimed at coordinating and increasing efficiency of various stakeholders in dealing with various aspects of community safety e.g. Social Development programs, Education initiatives, SAPS, NGO and Community Policing activities.
- Capacitating Community Safety stakeholders and affected communities in the concept of Community Safety, Roles and responsibilities of stakeholders, areas of social need to improve safety of vulnerable groups e.g. parenting skills, drug abuse, road and animal safety.
- The District supports initiatives that are identified by Community Safety Forum stakeholders which respond to address crime prevention in identified hotspots and in general. The focus is on the youth, Gender Based Violence and Femicide [GBV] and other designated groups.
- Create a District Platform for the co-ordination of Community Safety Activities in the District by convening a quarterly District Community Safety Forum.

T 3.

PROGRAMS	PURPOSE AND OUTCOMES
Convened 4 quarterly District Community Safety Fora. One virtual meeting convened.	P: Provide a platform for the sharing and coordination of stakeholder activities towards crime prevention. O: During the COVID-19 epidemic where all reporting of community interventions was reported through the COVID-19 Councils, Mnquma, Mbhashe, Ngqushwa and Amahlathi started returning back to separation of functions and were once again reporting to its Community Safety Forums and stakeholders. Great Kei is still reporting through its COVID-19 Council and Raymond Mhlaba remains a challenge in terms of getting its Community Safety function running. The regression in COVID-19 levels may impact on this return to functionality
13 **Capacity Building** sessions for Stakeholders were held [Target was 4]. The mid-term review amended the target asit was deemed unsafe to conduct class room type interactions, transect walks and face to face interviews in community's as per the requirements of conducting the Audits. Application for amendment of thetarget was submitted and the audits target was set aside for quarters three and four: The amended annual audit target of four (4) was achieved	P: To capacitate stakeholders in their role in Community Safety and other activities and functions that encourages a safer and more law abiding citizenry. O: Community members capacitated on how to assist with ensuring compliance of COVID 19 Safety protocols at local level and Gender Based Violence(GBV).
Supported 25 **initiatives** [target was 10] identified by Local Municipality Forums aimed at preventing crime; addressing social issues that escalate into criminal activities. Most of the initiatives were of a non-contact nature with small groups and loud-hailer type awareness's being done in conjunction with other stakeholders. The fourth Quarter however concentrated largely on schools with Gender Based Violence and Femicide, which increased during COVID Lockdown periods, substance abuse and crime prevention as the thematic areas of priority. Outdoor groups with health protocols adhered to was the norm.	P: To support and participate in mobilization of communities through loud hailing and pamphlet distribution. COVID 19 Safety protocols always observed. O: Pre and post Initiative reports at Joint Operation Centres (JOC) at local level from SAPS, the Departments of Social Development, and Education as well as Community Leaders in areas where community mobilization effortswere implemented indicated a short term improvement of conditions as the levels were adjusted as per the escalation of the pandemic. • Covid -19 Safety, health requirements and social distancing, substance abuse and GBV and Femicide, Disaster Declaration and Regulations Awareness were the main focus through. Emphasis on super spreaders i.e. funeral, liquor outlets and traditional ceremonies

BY -LAW ENFORCEMENT

Four (4) quarterly reports were submitted on the Coordination and implementation of the "By-Law Enforcement and Implementation Policy" and the annual target was met.

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

ADM provide fire services in the four (4) local municipalities which are Mbhashe, Mnquma, Great Kei and Ngqushwa. Raymond Mhlaba and Amahlathi are providing fire services in their jurisdiction with ADM providing a planning and co-ordination role as per section 84 1 (j) of the Municipal Structures Act
117 of 1998. Section 3 of the Fire Brigade Services Act requires the local municipalities to establish and maintain the fire brigade service for the purpose of Preventing the outbreak or spread of fires.
Fire Brigade Services as per section 3 of the Fire Brigade Services Act 99 of 1987 are established to:

- Fighting or extinguishing of fire
- Protection of life and property against a fire or other threatening danger
- Rescue of life or property from a fire or danger
- Any function connected with the above

1) Basic service delivery and infrastructure development

The ADM conducted one hundred and ninety-one (191) Fire Safety Compliance Inspections in the six local municipalities. From the fire compliance inspections conducted forty-six (46) were carried-out in Mnquma, thirty-two (32) in Raymond Mhlaba, thirty-four (34) in Mbhashe, thirty- six (36) in Amahlathi, twenty-five (25) in Great Kei and eighteen (18) in Ngqushwa Local Municipalities. An amount of R83 881.13 was collected as fire safety inspections were conducted. One hundred and forty-two (142) awareness campaigns were conducted during the2020/21 financial year. The campaigns focused more in preventing fires in informal settlementswhere the rate of fire incidents is high. Three hundred and fifty-one (351) fire calls were attended to during the 2020/21 financial year as compared to Four hundred and six (406) in 2019/2020. The decrease of fire calls maybe associated with dry with the Covid-19 pandemic and the ensuing lockdowns.

2) Local Municipal Financial Viability and Management

A total amount of **R83 881.13** was collected from fire inspections conducted in the six local municipalities as a result of inspections conducted.

3) Local Economic Development

The continuous capacitation enhances the firefighting and rescue skills of the firefighters. One fire protection association was established in Mnquma, Mbhashe Local and Ngqushwa Local Municipalities. The Fire Protection Association will assist in the management of veld fires in thetwo local municipalities.

T3.21.1

FIRE STATISTICS FOR THE PERIOD JULY 2020 –JUNE 2021

TYPE OF INCIDENT	GREAT KEI		MNQUMA		MBHASHE		NGQUSHWA		TOTAL
Buildings	0		7		0		2		9
Dwellings (formal - brick & mortar)	9		21		28		13		71
Informal Dwellings (Shacks/mud/hut etc.)	7		6		8		1		22
Electrical	2		0		3		2		7
Rubbish	3		4		2		1		10
Vegetation	68		44		37		25		174
Transport (Cars/busses/trains/aircraft/ship)	17		6		19		13		55
Ancillary Services: Provision of Potable Water	-		-		-		-		-
Ancillary Services: Locked premises	-		-		-		-		-
Rescue (people/animals trapped/lost from machinery or water etc.)	-		-		-		-		-
Spillages (oil, diesel on road services)	1		1		-		-		2
Hazmat Spillages (chemicals ect.)	-		-		-		-		-
Any other types of humanitarian services	1		-		-		-		1
TOTAL CALLS ATTENDED	**108**		**89**		**97**		**57**		**351**
Estimated cost	**R21 658 000**		**R 19 747 450**		**R 23 685 500**		**R 20 91 000**		**R67 181 950**
Fatalities	**Adult**	**Child**	**Adult**	**Child**	**Adult**	**Child**	**Adult**	**Child**	**TOTAL**
	1	**1**	**4**	**2**	**16**	**3**	**2**	**2**	**31**
Injured victims treated by ADM Fire Services	**Adult**	**Child**	**Adult**	**Child**	**Adult**	**Child**	**Adult**	**Child**	**TOTAL**
	9	**0**	**7**	**0**	**41**	**11**	**20**	**0**	**88**

INFRASTRUCTURE AND TURN-OUT TIMES

Turn out times within the urban and peri-urban settings of the towns of Dutywa, Butterworth, Komga and Peddie are 15 to 20 minutes, however the rural turn-out times are not ideal due to:

- Long distances to rural areas from the town based fire stations
- Poor road infrastructure
- Lack of water sources for fire- fighting thus large water carrying vehicles are utilized

In an effort to address this, the Amathole District Municipality has embarked on the establishment of satellite fire stations in the 4 local Municipalities for which it has been assigned the fire-fighting function.

- Three (3) major pumper, five (5) medium pumper, seven (7) sedans, six (6) skid unit vehicles are in operation.

T 3.21.2.1

Employees: Fire Services					
Job Level	Year 2019/20	Year 2020/21			
Fire Fighters Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Fire Officer & Deputy	0	0	0	0	0%
Other Fire Officers	0	0	0	0	0%
TG 15 & above	1	1	0	1	100%
TG 13-14	0	0	0	0	0%
TG 9-12	34	40	28	12	30%
TG 8	46	87	63	24	27.58%
TG 4-7	0	0	0	0	0%
Total	**81**	**128**	**91**	**37**	**28.90%**
					T3.21.4

Financial Performance Year 2020/21: Fire Services R'000					
Details	Year - 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	*(133)*	*(7 738)*	*(7 738)*	*(2 133)*	*-263%*
Expenditure:					
Fire fighters	59 399	55 866	60 147	56 916	2%
Other employees	-	-	-	-	#DIV/0!
Repairs and Maintenance	91	73	73	17	-327%
Other	3 103	6 282	8 312	5 908	-6%
Total Operational Expenditure	*62 594*	*62 222*	*68 532*	*2 937*	*1%*
Net Operational Expenditure	*62 726*	*69 960*	*76 270*	*2 940*	*-8%*

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

A total number of one hundred and ninety-one (191) inspections were conducted in 2020-2021 financial year. The more fire safety compliance inspections are conducted to promote safety; the more funds are generated by fire services. The Fire Service is intensifying fire safety inspections in the ADM area for the safety of communities and businesses.

A total number of four main fire stations and six satellite fire stations are in operation in four local municipalities.

T3.21.6

CHALLENGES

ADM does not have enough permanent fire fighters to assist throughout the district. Also we do not have enough response vehicles in cases of breakdowns. Also we do not have enough response vehicles in cases of breakdowns and the current fleet is old and breaks frequently. There is a shortage of equipment such as breathing apparatus and firefighting hoses.

T 3.21.7

3.22 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Act 57 of 2002, the Disaster Management Amendment Act 16 of 2015 and the National Disaster Risk Management Policy Framework promote inter alia:

- A coordinated approach to disaster management, with special emphasis on the prevention and mitigation of disasters;
- The facilitation of the development and implementation of public awareness to inculcate a culture of risk avoidance;
- The promotion of disaster management capacity through training and education.

All the Local municipalities within ADM prepared to establish or revive war rooms with the support of COGTA. The establishment of disaster volunteers was implemented in Mbhashe, Great Kei, Ngqushwa and Amahlathi local municipalities except for Mnquma and Raymond LMs. The ADM disaster officials provided the relevant support in the establishment of the disaster volunteers. The local municipalities conducted Joint Operation Committee meetings on various days and reported for consolidation to the Covid 19 Disaster Command Centre and Council as per agreed protocols. One of the common challenges reported with regards to the seating of the local JOCs was the poor attendance by stakeholders within the local municipalities.

PROGRAMS	PURPOSE AND OUTCOMES
Responded to significant incidents of severe weather elements to multiple homes.	To provide means to repair homes to families affected by disastrous incidents. Provide sustainable shelter to vulnerable/ needy families by submitting lists of the affected to local municipalities for submission to the EC Department of Human Settlements. Lists of affected families submitted to Local municipalities, namely, Amahlathi, Great Kei, Mbhashe, Mnquma, Ngqushwa and Raymond Mhlaba to make urgent applications for housing
1] Determining levels of risk; assessing vulnerability of communities to disasters that may occur; increasing the capacity of communities to minimize the risk and impact of disaster that may occur; and monitoring the likelihood and state of alertness to disasters that may occur: • 48 Community Integrated Response Plans were developed in all six local municipalities Capacitation of learners, educators and community members in disaster risk management in order to promote disaster risk avoidance: • 139 Disaster Risk Awareness	Disaster Management Centre is responsible to give guidance to the relevant stakeholders on ways and means of determining levels of risk; assessing vulnerability of communities to disasters that may occur; increasing the capacity of communities to minimize the risk and impact of disaster that may occur; and monitoring the likelihood and state of alertness to disasters that may occur. In order to meet the above-mentioned issues, the importance of developing Community Integrated Response Plans in all six local municipalities in the ADM area of jurisdiction was identified. Disaster Risk Management awareness Campaigns are conducted to raise awareness in actions that may lead to disasters and communicate preventative measures to reduce disasters that may occur in our communities.

The National Disaster Management Centre classified the coronavirus pandemic a National Disaster. Subsequent to the classification a national state of a disaster was declared by the State president on the 15th of March 2020 due to the coronavirus pandemic. The State President also announced a nation-wide lockdown on the 23 March 2020, effective from the 26 March 2020.	A declaration of a state of a disaster due to coronavirus pandemic was pronounced by State President on the 15th March 2020. Subsequent to a state of disaster declaration, a nation-wide lockdown was announced on the 23rd March 2020, effective from the 26th March 2020. Thedeclared state of a disaster requires execution of contingency plans to curb the spread of the virus in terms of Disaster Management Regulations. In response to the coronavirus pandemic a District Command Council headed by Mayor wasestablished. The ADM has since convened thirty- two (32) District Command Centre and twenty-nine (29) District Command Council meetings during the 2020/2021 financial year. These meetings
	T3.22.1

Job Level	Year 2019/20	Employees: Disaster Management Year 2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
TG 15 & above	1	1	1	0	0%
TG 13-14	1	1	1	0	0%
TG 9-12	8	8	7	1	12.5%
TG 8	0	0	0	0	0
TG 4-7	0	0	0	0	0
Total	10	10	9	1	9.09%
					T 3.22.4

Financial Performance Year 2020/21: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
					R'000
Details	Year -2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(2 259)	0	(1 116)	(709)	100%
Expenditure:					
Employees	6 763	6 852	940	6 181	-11%
Repairs and Maintenance	0	0	100	0	0%
Other	3 854	2 363	(229 912)	2 910	19%
Total Operational Expenditure	10 617	9 215	(228 872)	9 091	-1%
Net Operational Expenditure	8 358	9 215	(229 989)	8 382	-10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and original Budget.					
				T 3.22.5	

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Amathole District Municipality continues to use sports development as an investment to health, vitality and productivity of the communities in which it functions including our own employees. As reflected in the ADM's District Sport Development Strategy, the social benefits of investingin sport include an overall improvement in the quality of life, physical, -mental and moral well- being of a population.

Youth unemployment across the district is on the rise and through our sports development programs we are able to minimize them getting into illegal activities such as stealing including drug and alcohol abuse and all other social ills. Close collaborations with our strategic partners like sector departments, SALGA in the province and SAFA, we have been able to implement some of these programs over the years.

Inward looking to employee sports, it should be noted that employee sport plays an important role in the wellness of employees as it keeps people physically and mentally healthy, and therefore contributes in improving productivity. Hence one of the objectives of the ADM's District Sport Development Strategy is to promote continuous participation in sport by ADMstaff members and Councillors. Sporting codes that are popular among employees are soccer, rugby, netball, tennis, hockey to mention but a few. During the year under review sporting activities were put on hold and that had an impact in the normal sporting activities ouremployees usually engage in.

T 3.23.1

Employees: Sport and Recreation					
	Year 2019/20	*Year 2020/21*			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 & above	0	0	0	0	0%
TG 13-14	0	0	0	0	0%
TG 9-12	2	2	1	1	50%
TG 8	0	0	0	0	0%
TG 4-7	0	0	0	0	0%
Total	2	2	1	1	50%

T 3.23.3

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Sport development programs contribute in diverting the youth's energy from crime activities and improving the general health of citizens. It is also through these programs that new talent is identified in all sport codes.

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES and other services

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Amathole District Municipality is an Executive Mayoral Type of Municipality with Executive Mayor, Mayoral Committee Standing Committees and other committees of council.

The Municipality has established Standing Committee which are aligned to the local government key performance areas. The ADM Council has 47 councillors and 9 traditional leaders participating in council in accordance with section 81 of the Local Government Municipal Structures Act (Act 117 of 1998 as amended).

The Mayoral Committee is composed of 8 Councilors allocated according to the following portfolios:

1. Spatial Planning and Economic Development
2. Engineering and Infrastructure Services
3. Corporate Services
4. Community services
5. Budget and Treasury
6. Strategic Planning and Management
7. Legislative and Executive Support Services

The Portfolio councillors are delegated specific functions by the Executive Mayor to perform and report diligence. The Council has established section 79 Committees to assist Council to fulfil its oversight functions. The Committees are established in terms of section 160(8) of the Constitution of the Republic of South Africa, 1996 as amended with proportional representation of all the parties in council. The Committees are as follows:
(i) The Rules Committee
(ii) The Municipal Public Accounts Committee
(iii) The Women Caucus
The Committees perform the functions assigned to them in terms of their terms of reference and report to Council.

gT 3.24.1

Employees: The Executive and Council					
	Year *2019/20*	*Year 2020/21*			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 &above	8	9	8	1	11.11%
TG 13-14	6	12	7	5	41.66%
TG 9-12	2 8	33	25	8	24.24%
TG 8	3	4	3	1	25%
TG 4-7	0	0	0	0	0%

Financial Performance Year 2020/21: The Executive and Council					
					R'000
Details	Year -2019/20	Year 2020/21			
	Actual	*Original Budget*	*Adjustment Budget*	*Actual*	*Variance to Budget*
Total Operational Revenue	*(1 141 839)*	*1450 129*	*15 197 81*	*826 642*	*75%*
Expenditure:					
Employees	*62 302*	*320 247*	*710 336*	*276 148*	*16%*
Repairs and Maintenance	*9 985*	*1326*	*11 326*	*99 36*	*87%*
Other	*532 824*	*729 906*	*513 159*	*225 885*	*-223%*
Total Operational Expenditure	*883 955*	*1051 479*	*12 348 22*	*511 969*	*-105%*
Net Operational Expenditure	*307 884*	*398 649*	*284 959*	*314 673*	*-27*
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.24.5*

Total	**4 5**	**47**	**43**	**15**	**31.91%**
					T 3.24.4

3.25 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

3.24 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

The key performance area is the focus on long-term financial sustainability. It is imperative that the generated revenue base is of such a nature that the Municipality is able to fund its short-, medium- and long-term operations in order to ensure continuity and a financially sound and stable organisation.

The major key functional areas that have been identified and linked to financial sustainability are revenue enhancement, credit control measures and expenditure management.

Revenue Enhancement and Credit control

The outstanding debtors' balance for the 2022/23 financial year (before the provision for bad debt impairment) was R1 035 billion in which 64% of the total debt is owed by domestic category.

The average annual collection rate is 22% for the 2022/23 financial year; institution billed R709 million and managed to collect R155 million which equates to 22%. ADM continues to implement revenue enhancing strategies. These include;

- resuscitation of a call centre for debt collection;
- electronic platforms for communication and access to statements; and
- integrated indigent registration.
- Full implementation of credit control and debt collection policy thereby implementing disconnections and restrictions to all defaulters

Monitoring of supplier payments within legislative timeframes

The municipality continues to monitor payments to suppliers within 30 days of receipt of the invoice. 98.5% invoices were paid within 30 days for the financial year ending 30 June 2023.

Preparation of Annual Financial Statements

Amathole District Municipality continues to prepare the annual financial statements in house for submission to the Auditor General South Africa, in accordance with Sec 122 and Sec 126 of the Municipal Finance Management Act. These statements were submitted in compliance with the legislative timeframes.

ADM achieved a Disclaimer audit opinion during the year which ended on 30 June 2022, because the Auditor General could not express an opinion on the financial statements, due to the significance of the matters described in the basis for disclaimer opinion section of the Auditor's report. AG was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on both the consolidated and separate financial statement.

Management responses to audit queries

After the Audit report was issued by the Auditor General, an action plan to address the matters in both these documents was compiled. The Amathole District Municipality has implemented the Operation Clean Audit template to manage the actions and timeframes. The progress on the resolution of the audit queries is monitored closely by the Executive management, Internal Audit and Provincial Treasury, with weekly meetings to discuss progress. The delay in completion of the 2020/2021 audit has resulted in the resolution of the audit action plan not being at the desired level.

mSCOA compliance

ADM is transacting on mSCOA version 6.4 as required by National Treasury for the 2021/22 financial year. The municipality is still experiencing challenges around the submission of the data strings via the portals as the IDP and budget modules are not yet live. Data strings have however been submitted manually, with all monthly data strings being submitted.

T3.25.1

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	Year 2019/20		Year 2020/21			Year 2020/21	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected
Property Rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity - B	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity - C	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water - B	16 968	38%	25 464	18 923	26%	15 278	60%
Water - C	282 685	38%	424 226	80 686	19%	254 536	60%
Sanitation	97 735	43%	146 671	41 921	29%	88 003	60%
Refuse	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B- Basic; C= Consumption.							*T 3.25.2*

Employees: Financial Services					
Job Level	Year *2019/20*	*Year 2020/21*			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 &above	11	14	11	3	**21.42%**
TG 13-14	14	41	24	17	**41.46%**
TG 9-12	48	64	48	16	**25%**
TG 8	0	86	57	29	**33.72%**
TG 4-7	0	0	0	0	**0%**
Total	**73**	**205**	**140**	**65**	**31.70%**
					T 3.25.4

Financial Performance Year 2020/21: Financial Services					
					R'000
Details	Year -2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 938	1 674 406	273 561	1 474 593	-11.93%
Expenditure:		1 637 324	241 948	2 160 750	31.97%
Employees	112 636	782 924	(30 031)	726 710	-7.18%
Repairs and Maintenance	–	17 647	–	23 576	33.60%
Other	8 511	836 753	271 980	1 410 463	68.56%
Total Operational Expenditure	121 146	1 637 324	241 948	2 160 750	31.97%
Net Operational Expenditure	105 208	37 682	31 613	(146 959)	-490.00%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget.					*T 3.25.5*

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Regarding the Institutional arrangements assignment and In line with the Municipal Turnaround Strategy, Amathole District Municipality has managed to develop Job Descriptions for positions in the new Organogram and a Job Evaluation Committee was established and is fully functional. Job descriptions developed are continuously subjected to the committee for evaluation and ultimately submitted to the Provincial Audit Committee to prepare for the migration. The intention is to have all jobs in the new structure graded by the District Job Evaluation Committee and audited by the Provincial Audit Committee, which is a SALGA body, so that ADM could reach a maintenance stage of job evaluation.

Another intended goal is the implementation of Migration Plan that was approved by Council. This process can only be objectively conducted when all positions in the structure have grades. The approved Migration Plan makes provision for the consideration of skills possessed by each individual and relevant experience to ensure that employees are properly placed where their skills and experience are needed

The Corporate Services Department has also conducted an extensive skills and competency audit for the entire establishment which will not only assist during the implementation of the Migration Plan, but also in the establishment of a credible database of skills and competencies in the institution.

As part of lowering the staff complement and also lowering the salary bill, ADM embarked on a process of introducing the Mutual Separation Agreements and an application for funding was made to the Department of National Treasury and National Department of Cooperation and Traditional Affairs. The National Department has shown keep interest in funding this initiative as it is in line with the pronouncements made by the Minister of Financein his Budget speech in early 2019.

The institution was directed by the department to develop a concrete Business Plan for submission and that was subsequently done and a positive outcome has still not been secured.
ADM has now opted to look for funding internally and take an approach of staggering the applications to ensure affordability. Many options were considered and will be tabled in Council. Such include but not limited to Bank loans, utilizing the salary budget etc.

The institution has also managed to institute disciplinary actions within 3 months of all reported cases and with that, it is compliant with the South African Local Government Bargaining Council Collective Agreement. The institution also prides itself on the filling of Section 56 Manager positions as all positions are currently filled including that of the Municipal Manager.

The Organisation has about 6 suspensions of senior employees which extend beyond the 3 months stipulated in the SALGBC and the Accounting Officer has now ensure that all such cases are speeded up through the appointment of Presiding Officers and Prosecutors.

The institution has finalised the Delegation Framework to give effect to the new Regional Model which has now been introduced to manage the satellite offices. This will enhance the service delivery initiatives and provide for a speedy response rate to areas of need.

To note as well is that Amathole District Municipality has achieved 90 % of its Municipal Transformation and Institutional Arrangements Key Performance Indicator targets and that performance guarantees that all institutional targets as set out in the IDP and in the institutional Strategic Planning Session are achieved.

The department plans to reconfigure the Biometrics system to derive best value for money and also ensure that there is no time lost due to poor access control.that there is no time lost due topoor access control.
In the year under review, due to the challenges experienced with the Biometrics system, ADM management re-introduced Manual register to ensure that attendance of staff is monitored and there is compliance with all relevant prescripts. The manual registers and the Biometrics system have been running concurrently and without any glitches.

The Human Resource Plan
In the 2019/2020 financial year, ADM developed a Human Resource Plan which sought to provide s strategic direction in respect of the sourcing of human capital to ensure that the resources are directed towards pertinent programmes. ADM is a Water Service Authority and Water Service Provider and therefore, it is necessary for the Establishment Plan (Organogram) to be designed and engineered in order to be responsive to the powers and functions of the District Municipality. The last approved Organogram, in June 2018, was designed to offer technical positions in order to be able to deliver on the mandate of the organisation which is the provision of water and sanitation. More positions have been added on the technical services which include the Engineering Department.

The Human Resource Plan that was approved by Council in March 2019 seeks to identify critical talent pipelines with the intention of building on those and the Corporate Services department is charged with the responsibility of ensuring that the organisation is able to deliver on its mandate utilising talent and skills available within the organisation. As part of developing the HR Plan,

The HR Plan provides guidance on how to manage the ADM human capital from the stage wherein the skills are recruited into the organisation until a stage where employees exit the organisation. The HR Plan provides a blueprint that ensures that ADM is able attract the best skills available within the country and be able to sustain and hold on to that skill and more-over, be able to speedily replace such skills should it be lost.

The Human Resource Plan further provides for the conducting of Exit Interviews for those employees who exit the organisation in order to ensure that the information gathered through such exercises is utilised to benefit the organisation. The Plan will be a living policy which will be reviewed annually to ensure that it remains relevant and useful for the organisation

Employment Equity Plan
The Employment Equity Plan (EE) was reviewed and adopted in 2022. The analysis of the existing employee profile of ADM revealed that at ADM race is not a problem, but the main challenges are: Under representation of females and Gross under representation of People with Disabilities. The EE plan's objective is to pursue and achieve a female representation of 47.7% as per the 2016 Provincial EAP Gender Statistics, and 2% in People with Disability category. The 2012 baseline (a year in which a report was released after the first adoption of the EE plan) for female representation and People with Disabilities was 36% and 0.3% in the institution.

In 2022/2023 financial period, female representation stands at 43% whilst the percentage is 0.6 on People with Disabilities. The current Employment Equity Plan that stretches to 30 June 2027 seeks to address the percentage gaps.

Employee Wellness & Occupational Health & Safety
The Employee Wellness and Occupational Health and Safety Unit has three strategies that were adopted by the Council during the 2012/13 financial year and the implementation took place during the 2013/2014 Financial Year and continued during the 2020/2021 Financial Year. The strategies are Employee Wellness, Occupational Health & Safety and HIV and Chronic illnesses strategies. The implementation of the three strategies is ongoing.
These programs are promoting the health and Safety of employees at work, preventing the occurrence of diseases and injuries on duty. They also assist the employees to solve the problems that they encounter at work and those that affect their personal lives which in turn have a negative impact on their work performance.
The following programs were conducted on 3 strategies Medical Surveillance, workplace inspections, Employee Wellness Day; HIV& AIDS testing and education, General Health Checks; Inspection of ADM office; Health & Fitness Session, Procurement of 30 First Aid Kits, Procurement of Protective Clothing, HIV&AIDS Awareness ,Worm Infestation; Employ Wellness Day, Hepatitis A&B Financial Management, Flu Vaccine, Snake Awareness Workshop on Conflict Management Competency Training and distribution of Alcohol and Breathalyzers; Wellness Day, Health Exposition and Financial Management Workshop.

Organisational Development and Job Evaluation

The aim of Organisational Development and Job Evaluation Unit amongst other things, is to provide advisory services in developing an appropriate organisational structure, maintain organisational charts, provide work study services to departments and coordinate job evaluation services in order to fulfil the primary objective of Section 66 (1) of The Local Government Municipal Systems Act 32 of 2000.

As part of the broader strategy on institutional arrangement, ADM decided in 2018 on a list of key interventions that were to enable the Municipality to move closer to a decreased and lean structure, while ensuring that all functions are at accurate skills levels and T.A.S.K grades as contained in the South African Local Government Association Job Evaluation Policy. The list, accompanied by deliverables and a comprehensive implementation plan, was submitted and approved by Council. To-date, a significant ground in respect of implementation plan has been covered and concluded, which will lead to the migration of incumbents from the old to the new structure.

1. Migration of staff to 2018 organogram

The migration of staff has not taken place due to Job Evaluation Final Outcome Results that is going through relevant municipal structures until it is noted by Council. It is assumed that the Final Outcome Results will be approved in the next Council sitting of 28 July 2023, after which placement processes will unfold.

2. Job Evaluation Update

Progress on the grading and auditing of positions on the structure that was reviewed in 2018 is at 95% completion. However, with the current review of the structure, the number of outstanding positions is expected to increase due to modifications in positions in the structure under review.

3. 2023/24 Staff Establishment Review Update

ADM has embarked on a fresh review of its 2018 structure by taking into consideration the recently enacted Municipal Staff Regulations and the amended Municipal Systems Act to ensure that the Organogram is credible and compliant. Sessions have also been held in the Local Labour Forum regarding the reviewed structure to allow Organised Labour to make meaningful input. On the 31 May 2023 the structure was submitted to Council for approval and to be further submitted to COGTA for comments. The recommendation by Council was that a councillor workshop be conducted prior the COGTA submission. On the 22nd June 2023, Councilor workshops was held, which was followed by a virtual session on same that was on the 28th June 2023. The structure was adopted by Council on the 14th July 2023. s.

ELEMENTS OF THE PROPOSED STRUCTURE

The structure has been further reduced to a total of 1893 positions, with Engineering Services and Community Services Departments having a total of 1438 positions. This is a confirmation that the core mandate of the municipality with regards to powers and functions was considered. The review yielded a reduction of 199 positions since the 2018 review, and that giving a total reduction of 414 since the 2013 structural review.

COMMENT ON VACANCIES AND TURNOVER:

ADM has for the past years been facing serious challenges to deliver on its mandate of providing improved services to its constituency due to its oversized salary bill, which is beyond the acceptable National Treasury norms of 25% - 35%. As a result of the high salary bill, a Municipal Turnaround Strategy was developed and adopted. Moreover, the Financial Recovery Plan has been instituted with the assistance of National Treasury and Provincial Department of Cooperative Governance and Traditional Affairs and the progress is remarkable. The turnover rate for 2022/2023 stands at 7%.

All positions below the management levels are advertised internally for the benefit of the internal candidates and only if there is no suitable candidate found that positions are advertised externally. Positions of section 56 managers are advertised nationally.

The table below depicts the newly approved organogram and the distribution positions as per directorate:

AMATHOLE DISTRICT MUNICIPALITY POSITIONS PER DIRECTORATE [%]

Department	Number of Positions	Percentage
Office of the Municipal Manager	77	3.68
Strategic Planning & Development	66	3.15
Budget & Treasury Office	253	12.09
Corporate Services	130	6.21
Engineering & Infrastructure Services	1 272	60.8
Community Services	240	11.47
Spatial Planning & Economic Development	54	2.58
TOTAL	2 092	100%

Note: Amathole District Municipality Council adopted the reviewed Organisational Structure with a process plan that outlined:

- Job Descriptions development;
- Evaluation of Job Descriptions;
- Auditing of Job Descriptions;
- Workforce Transition Process; and
- Criteria for Filling of Vacant Critical Positions.

OD & Job Evaluation Unit has the following policy & Strategy

- Job Evaluation Policy
- Organizational Development Strategy

Proposed structural Review 2021/22

Due to relentless financial crisis ADM has decided on a need to review its organisational structure afresh, and further reduction in its salary bill and gaining more financial viability are some of the targeted outcomes. The decision was complemented by the implementation of a Regional

Management Support Contractor Programme, commonly referred to as the Financial Recovery Plan (FRP), which is an instrument that is designed to provide guidance in addressing financial distress in the municipality.

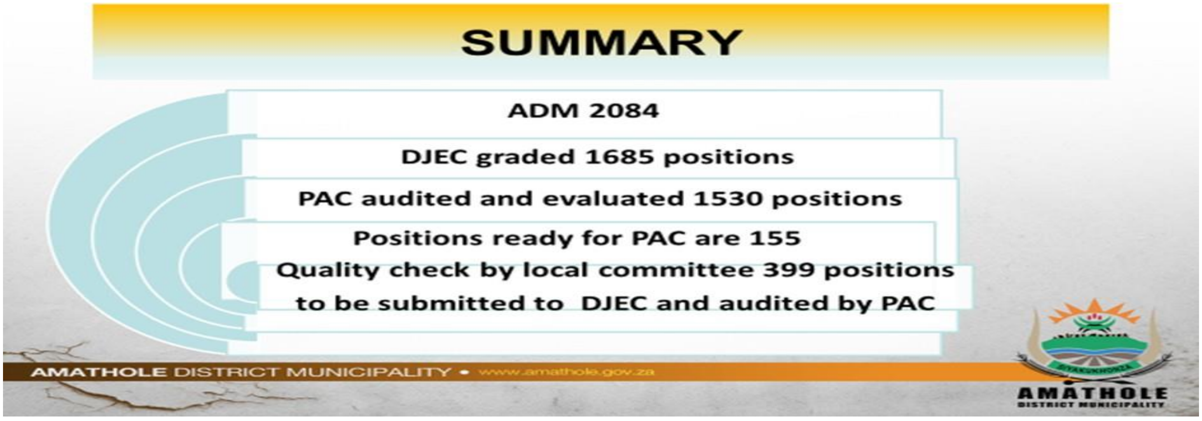
The Section ensured that critical Organizational Design principles were adhered to throughout the process, such as

- Core mandate of the institution as a District Municipality - powers and functions
- strategic goals of the institution – a structure follows function notion
- function (not person) consideration to develop an objective structure
- Objectives of the Financial Recovery Plan etc.

The proposed structure is still undergoing processes within relevant structures such as consultation with Local Labour Forum until it gets approval by the Council.

Progress of Job Evaluation and Auditing

As at 30 June 2021;1685 (one thousand six hundred and eighty-five) positions have been graded by DJEC and 1530 positions have been confirmed by the PAC, and this translates to 81% and 73% respectively of the total positions ready for migration. This gives a total of 399 positions (three hundred and ninety nine) that are outstanding for evaluation and auditing. To this end, 155 (one hundred and fifty-five) positions have been evaluated by the DJEC and will be submitted to the relevant structure accordingly.



Delays experienced in jobs grading processes are negatively affecting the implementation of the above plan as all data relating to the new structure can only be available after all jobs have been audited by the PAC and confirmed by the institution.

At Amathole District Municipality there are no scarce skills, in keeping with the ADM's Scarce Skills Policy, if ADM advertises twice without success, then that position is categorised as a scarce skill. (head hunting commences). However, the institution has not been faced with that challenge. Even though skills may be critical, but it is not scarce.

The new approved structure for the year 2018/19 has not yet implemented, however below is the list of filled positions and vacancies, since we still using the old structure: -

- 2018/2019 Establishment plan has 2299 positions
- Filled positions are a total of 1469 (one thousand four hundred and sixty-nine)
- Vacancies equals to 875 (eight hundred and seventy-five)
- No of positions budgeted are 1500 (one thousand five hundred), positions vacated on 31 January 2021 backwards are not funded.

Vacancy rate – 36%

Filled positions – 64%

T 3.26.

Employees: Human Resource Services					
Job Level	Year 2019/20	Year 2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 & above	10	18	9	9	50%
TG 13-14	9	23	10	13	56.52%
TG 9-12	19	35	19	16	45.71%
TG 8	16	19	15	4	21.05%
TG 4-7	47	66	46	20	30.30%
Total	101	161	99	62	38.50%
					T3.26.4

Financial Performance Year 2020/21: Human Resource Services					
					R'000
Details	Year -2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	*2 545*	*0*	*1 635*	*1495*	*100%*
Expenditure:					
Employees	*37 049*	*45 233*	*44 115*	*11792*	*284%*
Repairs and Maintenance					
Other	*30 772*	*5 767*	*232 350*	*98*	*6001%*
Total Operational Expenditure	*6 277*	*51 000*	*276 465*	*11694*	*-336%*
Net Operational Expenditure	*3 732*	*51 000*	*274 830*	*10198*	*-400%*
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.26.5*

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The institutional diagnosis conducted at ADM, revealed amongst other findings, that ADM staff establishment was bloated. In an effort to deal with that anomaly and to achieve other envisaged strategic goals, the institution took a decision to embark on a comprehensive organizational re-engineering. An Institutional Arrangement project which involved a number of key interventions that were aimed at enabling ADM to move closer to achieving its desired goal, commenced in 2018/2019.
In the main, the envisaged outcomes were to ensure that ADM has a lean and affordable structure that is directed at core functions of the institution, and that all jobs are in the correct skills level and TASK Grade. In order to ensure that all jobs are in the correct skill level and task grades, twelve officials were trained on job description writing and job evaluation, and were tasked to review all the written job description, and further participate in the job evaluation processes, in line with South African Local Government Association (SALGA) policies.

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main responsibility of ADMs ICT services is providing and maintaining Information Systems (IS) that responds to the information needs and requirements of the municipality as well as to ensure connectivity of ADM users at all times by focusing on the following areas;

- Security of all Information Technology (IT) systems and assets;
- Availability of systems;
- High performance of systems;
- Increase service delivery of ADM to its greater customers through highly effective systems;
- Support and maintain systems used by ADM departments;
- Ensure IT systems work according to business requirements;
- Ensure seamless integration of systems and platforms; and
- To lead delivery of IT systems and services according to industry best practices and government
- based procedures.

The municipality procured an Integrated Financial Management system known as ADMaC – (Accurate Data Management Capsule). This was to ensure compliance to mSCOA – (municipal Standard Chart of Accounts) requirements of 01 July 2017 by municipalities as mandated by National Treasury. ADM started transacting on the system in July 2016 on a phased approach a year earlier to the required date of 01 July 2017. One of the aims of the project is to integrate systems and ensure one central point of financial reporting whilst taking full advantage of automated business processes and enhancing how ADM conducts its business. There has been system challenges post implementation and a service provider has been appointed to address system issues.

The municipality established an IT Disaster Recover Site where ADMaC, (Financial/ERP System) is hosted for business continuity purposes in case of a disaster or emergency happening. This has been successfully implemented and tests together simulations were conducted during the year being reported.

The implementation of GIS focused on updating the system to a new portal thus advancing the system with the latest developments as per current version release provided.

The system is used by Amathole District Municipality and the local municipalities within its jurisdiction on a Shared Services Model where they also inturn have singular instances as per municipality. It also contains as base data the Surveyor General cadastral information for land parcel ownership details and DEEDS Office data for property ownership information, updated quarterly. The system is enhanced with a property base workflow system that maps the business process followed in processing land use applications and administration as prescribed. These have been customized per local municipality procedures specific to each for tracking, monitoring and reporting.

The system also contributes towards revenue management where the billing information is captured and updated quarterly spatially to ensure correct billing is effected as per tariffs policy. The information includes meter information and other infrastructure assets.

Furthermore, there are other data sets in place are local amenities or community facilities such as schools, community halls, clinics, hospitals and businesses both formal and informal. The building plans have been scanned in and linked to the property and landownership information or property base system. The latest capture is Customer Care Complaints from Customer Care per local municipality.

T 3.27.1

Employees: ICT Services					
Job Level	*Year 2021/20*	*Year 2022/23*			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 & above	3	5	2	2	**40%**
TG 13-14	10	17	9	8	**47.05%**
TG 9-12	1	1	1	0	**0%**
TG 8	0	0	0	0	**0%**
TG 4-7	0	0	0	0	**0%**
Total	**14**	**23**	**13**	**10**	**43.47%**
					T3.27.4

Financial Performance Year 2020/21: ICT Services					
					R'000
Details	**Year -2019/20**	**Year 2020/21**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	11 608	11 522	16 527	10 130	-14%
Repairs and Maintenance	15	0	0	6	100%
Other	42 821	40 871	39 684	21 326	-92%
Total Operational Expenditure	54 444	52 394	56 211	31 462	-67%
Net Operational Expenditure	54 444	52 394	56 211	31 462	-67%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.27.5

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Municipality under the year of review experienced challenges with the licensing of IT Infrastructure software to ensure optimal functionality and guaranteed availability of ICT services due to financial constraints. Onsite support continues to be rendered to the Integrated Financial Management System and user confidence in its understanding and use has improved. Historical data from legacy systems is accessible to the Municipality. Service providers for SAP support and ICT Co-source have been appointed for three years to address system gaps and challenges identified in the implementation of ADMaC and to augment internal ICT unit capacity. Data allocation has been consolidated into one service rather than individual data contracts which have proven difficult to manage over time and is now managed centrally.

Support has been received through SALGA and GIZ and an IT Capability Maturity Assessment was performed to identify areas that require improvement and/maintained to ensure the ICT unit is able to render acceptable services to end users. The next phase is to conduct an end-user survey on provisioning of ICT services which will be analyzed against the IT Capability Maturity Assessment report to provide a holistic view and areas of improvement. Due to financial constraints in the previous financial year critical systems i.e. backups, firewall, server hardware maintenance and support etc have been licensed.

Routine maintenance i.e. Capturing and Linking of building plans to the cadastral land audit update, update of "Who is My Councillor" application etc is done to ensure that both systems are always available and with up to date information. ADM Internal datasets including Customer care complaints, VIP toilets as well Water sampling points have been captured and integrated onto the GIS system

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

ADM owns a number of properties many of which are undeveloped properties. Some ADM owned properties are rented out and some are being utilized by the organization for office accommodation.

ADM has developed a Maintenance Plan to keep its properties in good condition. Lease agreements for those that are rented out, are under review. Property market value (of ADM properties) is obtained through its internal resources of Asset Unit.

The rental of office space at Waverly Park, Chiselhurst Office Complex was identified as one of the key cost drivers that significantly contributor to current precarious financial situation at this Municipality, hence council resolution of 29 April 2022 approved rehabilitation and use of ADM properties for cost saving benefits. The council resolutions were actioned, nonetheless variations coupled with delays rendered the project not achieving the estimated completion period. Simultaneously, the twelve-month notice was nearing the end hence the contingency plan to seek alternative temporal office accommodation was taken.
ADM Council on the 8th December 2022 approved the temporal relocation of East London Office based staff complement to find alternative temporal office accommodation. Through prescripts of SCM policies three (3) East London based office parks were visited with the intent to find temporal rental space that will be cost effective.
On the 8th of February 2023 Amathole District Municipality entered into a lease agreement with Sthathu Funding Pty (Ltd) to rent office space for East London-based employees at 15 Rees Street and 14 Fitzpatrick in Quigney, and the storage facility for furniture at 32 Dyer Street in Southernwood as approved in a Council of Thursday the 8th of December 2022.

As per the notice to terminate the contract ADM vacated the Chiselhurst offices on 28 February 2023 when the contract ended, ADM relocated to new premises in Quigney. It is worth noting that relocation to new leased properties was met with diverse project challenges that are not limited to, shortage in workstations, excess furniture, and the process of customizing to complement ADM standards. However, the Financial Recovery Plan is an expectant outlook compared to the previous leased contract which ADM saved more than 50% on rentals.The ultimate goal is to utilize its own properties as office accommodation.

1) **Litigation matters that have been dealt with during the year under review:**
During the year under review, ADM was involved in a number of litigation matters including labour matters, broken down as follows:

- Eight (8) labour matters and three (3) grievances;
- There are 32 currently active cases which are dealt with by our Panel of Attorneys

2) Criminal matters emanating from corruption and fraud

The existing appointed attorneys: Extended appointment on their contracts for six (6) months- from 1st July 2023 to 31st December 2023. The following: 1. Phiwokuhle Nyobo Inc,2. Tsika Attorneys Inc,3. Wesley Pretorius,4. Y Tsipa Attorneys Inc and 5. Mbali Makeleni Inc. Untill the SCM Process of appointing the Panel of Attorneys is finalised. (POE copies of extended contracts attached).

3) Management of Legal Risks

Fraud and Corruption is reflected on the institution's strategic risk register as a serious risk **,**there is now an Anti-Fraud/Corruption Management Policy in place aimed at the management of legal risks. ADM does have in place an Integrated Fraud and Corruption Mitigation Framework which commits the institution to proactively prevent fraud and corruption, as well as reactively responding to fraud/corruption once detected.

An Institutional Legal Compliance Register has been developed, which details relevant regulatory provisions, per department within the Municipality. During the year, the Institution also conducted regular legal compliance assessments of departments against the Legal Compliance Register, to assess the level of legal compliance within departments.

Contracts binding the Municipality are vetted by the Legal Services Unit prior to signing, to ensure that potential legal risks are identified before such contracts are concluded.

ADM has also established a Disciplinary Board for financial Misconduct.

Risk Management

Purpose of Risk Management is to identify potential events that may affect the municipality, and manage risks to be within its risk tolerance, to provide reasonable assurance regarding the achievement of municipality's objectives.

Section 62 of the Municipal Finance Management Act 56 of 2003 states that:

•The accounting officer of municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps-

•That the resources of the municipality are used effectively, efficiently and economically;

•That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

•That the municipality has effective, efficient and transparent systems-

•Of financial and risk management and internal control; and

•Of internal audit operating in accordance with any prescribed norms and standards

ADM's top five risks are as follows:

1. Inability to operate as a going concern
2. Dis-integrated water service delivery model
3. Poor document & information management
4. Inadequacy of ICT as an enabler to the institution's strategic outlook, and
5. Water Scarcity

T3.28.1

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	*Year 2021/2022*	*Year 2022/23*			
	Employees No.	Posts No.	Employees No	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG 15 &above	4	11	4	7	**63.63%**
TG 13-14	4	10	6	4	**40%**
TG 9-12	11	13	12	10	**7.69%**
TG 8	0	1	0	1	**100%**
TG 4-7	0	0	0	0	**0%**
Total	**19**	**35**	**22**	**13**	**37.14%**
					T 3.28.4

Financial Performance Year 2020/21: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year -2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	*18 720*	*18 756*	*166 298*	*16 531*	*-13%*
Repairs and Maintenance					*#DIV/0!*
Other	*1 636*	*2 304*	*237 403*	*8 720*	*74%*
Total Operational Expenditure	*20 355*	*21 060*	*71 106*	*25 251*	*17%*
Net Operational Expenditure	*20 355*	*21 060*	*71 106*	*25 251*	*17%*

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.28.5

COMPONENT J: MISCELLANEOUS

ADM does not have functions that include: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

INTRODUCTION

This chapter seeks to introduce the municipal workforce levels, workforce expenditure and skills development During 2019/2020 financial year the overall ADM performance results reflect a score of 119 out of 167 as per regulations. The score includes both the Institutional Service Delivery & Budget Implementation Plan (SDBIP) performance and Core Competency requirements (CCR) of the Municipal Manager.

Compared to year-on-year performance, as per the table below there has been a significant improvement in the Organisational Performance being from 113 targets in the last financial year to 119 in the current year.

There has been an improvement in all the KPAs compared to the 2019.20 financial year. This can be attributed to the fact that the Municipality has adopted new ways of providing a service and consultation with stake holders during the Covid 19 lockdowns and adjustment levels.

The second half of 2019/20 is when the Country was experiencing the first wave and there were no proper plans during this time. At the start of the 2020/21 the Municipality had an opportunity to plan differently hence there is improvement in the performance.

The highest performance in all the KPAs is 2019 was 67% and the lowest performing KPA in 2020/21 is 75 % with Local Economic Development KPA archived at 100%.

In KPAs where the has been challenges is under financial viability which is constrained by the financial position of the Municipality and low revenue base. This can be seen by the growing indigent register of the Municipal Customers.

COMPARISON OF ADM'S CURRENT PERFORMANCE WITH PREVIOUS 2 FINANCIAL YEAR'S PERFORMANCE

ANNUAL PERFORMANCE SCORES OVER 3 YEARS			
	2019/2020	**2021/2022**	**2022/2023**
2021/2022	**113**		
119	**68%**		
71.6%			
Municipal Transformation and Institutional Development	75%		
Basic Service Delivery and Infrastructure Development	87%		
Local Economic development	100%		
Municipal Finance Viability and Management	80%		
Good Governance and Public Participation	86%		

The table below makes a reflection on the 4 quarters of the year under review on the annual ratings:

Organizational Performance Results on SDBIP Targets					
KPI Performance Overview [2021/2022]					
Performance Results	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Annual**
Outstanding performance	11	6	9	10	
Performance significantly above expectation	1	1	2	2	
Fully effective	16	18	18	16	
Performance not fully effective	6	7	6	7	
Unacceptable performance	2	5	3	3	
N/A	2	1	0	0	
Total	**38**	**38**	**38**	**38**	

DEPARTMENTAL PERFORMANCE RESULTS BASED ON SDBIP TARGETS (WITHOUT CCRs)

RATING	Community Services	Budget Office	Eng. Services	Corporate Services	Land Human Settl. & Economic Dev.	Strategic Planning and Management
Unacceptable performance						
Performance not fully effective						
Fully effective						
Performance Above Expectation						
Outstanding Performance						
Not Applicable						

The institution will continue with endeavors to improve its performance under the prevalent Covid -19 circumstances.

DETAILED ANNUAL PERFORMANCE RESULTS 2022.23

AMATHOLE DISTRICT MUNICIPALITY

To : **The Municipal Manager**

Date : **August 2023**

Subject : **Annual Report on Performance Information Management**

PERFORMANCE INFORMATION RESULTS

JULY 2022 – JUNE 2023

CONSOLIDATED ANNUAL PERFORMANCE REPORT FOR 2022/2023 FINANCIAL YEA

Contents

1. Introduction

Section 39 of the Municipal Systems Act 32 of 2000 requires municipalities to manage the development of the municipality's Performance Management System (PMS); assign responsibilities in this regard to the Municipal Manager and submit the proposed system to the Municipal Council for adoption. Amathole District Municipality (ADM) Performance Management Framework was first adopted in 2001 and has since been reviewed yearly as part of the IDP Review process.

2. Strategic (Institutional / Organisational) Level linked to the IDP

It is important at the Municipality, that the Council and management should have access to the appropriate information for considering and making timeous interventions to uphold or improve the capacity of its delivery systems. The performance of any ***municipality as a service delivery mechanism*** is fundamentally determined by factors enabling it to perform its Constitutional and statutory mandates. It is important that these causal and contributory factors for performance excellence at the municipality be measured to determine performance gaps timeously with the objective to respond with appropriate remedial interventions.

At a strategic level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level it is the annual SDBIP. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives.

3. Early warning mechanisms

One of the key functions of a PMS is to serve as an early warning system to indicate so-called "gaps" in the levels of service delivery to the community. It is therefore imperative that the processes of regular monitoring, measurements and reviews are executed, to timeously identify those areas within which performance levels are to be found below satisfactory.

Reporting and review process is listed below:

3.1 Departmental Reviews (Monthly)

It is intended that departments review their performance at least monthly. Decision-makers should be immediately warned of any emerging failures to service delivery such that they can intervene if necessary. It is important that departments use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved.

3.2 Municipal Managers Reviews (Quarterly)

Departments will then need to report on their performance in the required format to the municipal manager. Additional indicators that occur in the strategic and operational plans will also be reviewed. The formulation of a strategic scorecard and the process of review will be co-ordinated by the Performance Management team. The Municipal Manager's Review Panel will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary.

3.3 Management Team Reviews

Each portfolio committee will be required to review the performance of their respective services against their service scorecard. The portfolio committee should appraise the performance of the service against committed targets. Where targets are not being met, portfolio committees should ensure that the reasons for poor performance are satisfactory and sufficient, and the corrective strategies proposed are sufficient to address the reasons for poor performance.

3.4 EXCO Reviews

On a quarterly basis, the Executive Mayoral Committee should engage in an intensive review of municipal performance against both the service scorecards and the strategic scorecard, as reported by the municipal manager.

Many of the indicators in the strategic scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of both scorecards. The review should reflect on the performance of services and the strategic scorecard. The Executive Committee will need to ensure that targets committed to in the strategic scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance. The review should also focus on reviewing the systematic compliance to the performance management system, by departments, portfolio committees and the Municipal Manager.

3.5 Council and Community Oversight (Through Rep Forum Meetings)

The cycle of performance management requires Council and community oversight in each of the stages of the cycle. Oversight is exercised in the interests of society in general and should ensure that the considerable powers that government executives and administrations assume are monitored to avoid abuse and under-performance.

It is important to note that reporting on performance as provided for in the framework will not in itself enable Councillors to fully exercise their internal oversight role effectively. Not everything a Department does would be reflected in quarterly performance reports or lends itself to review through key performance indicators and targets. In addition to the required performance reports; monthly progress reports are submitted to the relevant Portfolio Committee of Council dealing with the broader activities of each Department during the preceding month.

Below is the performance report for the period starting from July 2022 to June 2023.

SUMMARY OF ANNUAL ORGANISATIONAL PERFOMANCE FOR TOP LAY SDBIP 2022/23							
KEY PERFORMANCE AREAS	**Outstanding Performance (5)**	**Performance Significantly above expectation (4)**	**Fully Effective (3)**	**Performance Not fully Effective (2)**	**Unacceptable Performance (1)**	**Not Applicable**	**TOTAL**
Municipal Transformation and Institutional Development	**1**	**1**	**3**	**1**	**2**	**0**	**8**
Basic Service Delivery	**0**	0	3	2	2	0	7
Local Economic Development	**0**	0	3	1	0	0	4
Municipal Financial Viability	**1**	0	3	0	8	0	11
Good Governance and Public Participation	**0**	0	4	0	1	0	5
TOTAL	**2**	1	16	3	13	0	35

DETAILED PERFORMANCE RESULTS

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	22.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	21.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	22.23 REMEDIAL ACTIONS
KPA 1: Municipal Transformation and Institutional Development				**KPA Weight 20%**				
KPI 1	**MTI 01**	% of Staff Migrated into the New Organogram	50% of staff in the new Organogram	Target not achieved: The Placement Policy still has to approved by the Council for it to be implemented. Long consultation with Organized Labour is delaying progression to Council for approval.	1	80% Jobs audited & 50% Evaluated	**1**	Migration of staff will unfold with immediate effect and will be reported on in the SDBIP of 2023/24 financial year.
KPI 2	MTI 02	% Reduction of human Capital Cost with adequately compensated staff	5% reduction of human Capital Cost with adequately compensated staff	Target not achieved: There was no consultation with the Local Labour Forum structure	1	N\A	**N\A**	The target was not met because the council abandoned the process of retrenchment. The cost of employment will be reduced through other interventions such as placement of staff and the implementation of the MFRP
KPI 3	MTI 03	No. of internal candidates capacitated on training interventions	60 candidates capacitated on training interventions	152 candidates capacitated on training interventions. Supporting evidence is availed	5	183 candidates capacitated on training interventions. Supporting evidence is availed	**5**	None – Target Archived
KPI 4	MTI 04	% of Municipal Skills Development Levy Recovered.	20% municipal skills development levy recovered	Annual report on recovery of skills development levy, 32.7% has been recovered as per recovery rate regulated by national skills levy together with system printout are availed	4	N/A	N/A	None – Target Archived

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	22.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	21.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	22.23 REMEDIAL ACTIONS
KPI 5	MTI 05	No. of WIL candidates	10 WIL candidates	11 WIL students with access to workplace integrated learning, supporting evidence is provide	3	10 WIL students with access to workplace integrated learning, supporting evidence is provide	3	None – Target Archived
KPI 6	MTI 02	% Reduction of human Capital Cost with adequately compensated staff	5% reduction of human Capital Cost with adequately compensated staff	Target not achieved: There was no consultation with the Local Labour Forum structure	1	N/A	N/A	The target was not met because the council abandoned the process of retrenchment. The cost of employment will be reduced through other interventions such as placement of staff and the implementation of the MFRP
KPI 7	MTI 07	% institutional performance	80% institutional performance.	The actual achievement is 77% and the departments have provided variance reports.	2	Target is not achieved . 68% of institutional performance has been achieved against 76% on target . This is as a result of certain performance targets underperformed by contributing departments of the institution.	**2**	Continuous engagements with departments and the monitoring of the variance reports submitted by the KPI owners.
KPI 8	MTI 08	No of annual reports on implementation of the Delegations Framework	6 effectively functioning service points	6 effectively functioning service points being satellite offices in Ngqushwa, Mnquma, Amahlathi, Ngqushwa, Mbashe and Raymond Mhlaba have been monitored and reported quartely as effectively functioning.	3	Implementation on Regional Service Model and Delegation Framework has been achieved for Q3. Implementation report is availed as evidence.	**3**	None – Target Archived

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	22.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	21.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	22.23 REMEDIAL ACTIONS
KPA 2: Service Delivery and Infrastructure		**KPA Weight 30%**						
KPI 6	**SDI 01**	% Micro compliance sampling points complying with SANS 241 –	96% Micro compliance sampling points complying with SANS 241 -	Target not achieved: **95%** micro compliance sampling points against 96% targeted for the year and this is due to load shedding the department could not take the required number of samples	2	Target not achieved: 86% of sampling points complying with SANS against 92% targeted for the year.	2	On the process of procuring back-up generators
KPI 7	**SDI 03**	% Micro Compliance of wastewater samples compliant to Water Use License conditions. -	60% Micro Compliance of wastewater samples compliant to Water Use License conditions	Annual report on 68% compliance of waste water samples compliant to water use license conditions	3	N\A	**N\A**	None – Target Archived
KPI 8	**SDI 04**	No. of households with access to basic water supply	1000 Households with access to basic water supply	Target not achieved: The following projects were earmarked for this target: Mgwali South water supply, Shixini water supply. Due to poor performance the two projects were not completed. Also the following projects had an extension of time due to delays beyond the contractors control: Fort Beaufort bulk water supply and Ngqushwa villages water reticulation.	1	Target not achieved: **288** HH with access to the basic level of water against 4900 targeted for the year; The following projects were earmarked for this target: Mgwali south water supply and Shixini water supply. Due to the extension of time caused by rain, Covid 19 and poor performance these projects could not be commissioned before the end of June. The contractor appointed for Shixini water supply who did not complete the project as scheduled due to poor performance is on penalties starting from April 2021. There was also a need to increase the scope of works (Storage capacity) to one of the projects to accommodate O&M needs as such it will be completed in the 2021/22 financial year.	**1**	Contractors have been terminated after the municipality served the contractors with necessary notices as per QCC 2015 and terms of reference. The projects that had extension of time will be completed in 23/24 financial year
KPI 9	SDI 05	No. of assets refurbished	7 assets refurbished	Target not achieved: The service provider had cashflow problems which delayed the implementation and completion of the projects	2	Annual report on **100%** completion of refurbishment activities undertaken in Butterworth WTW for the year together with supporting evidence is availed.	**3**	The cashflow of the service provider has improved and they are on site completing the projects
KPI 10	SDI 06	No. of households with access to basic level of sanitation.	2368 households with access to basic sanitation	Annual report on 2479 households with access to basic sanitation, supporting evidence is availed.	3	**23 325** Households are supplied with new VIP toilets against 10 000 on target. Beneficiary	5	None – Target Archived

						certificates of acceptance with the service provider`s signature as a sign of completion are availed. Supporting evidence is availed.		
KPI 11	SDI 07	No of meters installed	8000 meters installed	Target not achieved: 0 meters installed due to No water meters in stock to implement installations internally. No service provider appointed as an alternative to implement the meter installation. There is insufficient staff at present to install the targeted number of meters. There is no fleet for staff to implement meter installations.	1	N\A	N\A	ADM is currently in a financial crisis, and it therefore agreed to focus should be on improving the billing of industrial, commercial and institutional consumers as the highest chance of generating revenue comes from these consumers. This includes ensuring that all the meters to these consumers are working and are readable
KPI 11	SDI 09	% of businesses that comply with Environmental Health Standards	50% of businesses that comply with Environmental Health Standard.	70% businesses inspected that comply with environmental health standards against 50% targeted.	3	5% increased businesses that comply with environmental health standards	3	None – Target Archived

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	2022.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2021.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2202.23 REMEDIAL ACTIONS
KPA 3: Local Economic Development			**KPA Weight 20%**					
KPI 9	LED 03	No. of Economic development programs and Partnerships implemented	Signed Quarterly reports 6 sector economic opportunities supported	"6 sector economic opportunities supported : 1.Heritage programmes supported 2.Tourism programmes supported 3. Agriculture Development programmes 4. Tourism programmes supported 5. Rural development support in 1 local municipality 6. Enterprise development programs	3	6 sector economic opportunities are supported. List of projects under each sector includes Heritage, Tourism, Agriculture, Enterprise Development, Rural Development and Environmental. Progress report on 6 sector opportunities is also availed.	3	None – Target Archived

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	2022.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2021.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2202.23 REMEDIAL ACTIONS
KPA 4: Municipal Financial Viability			**KPA Weight 30%**					
KPI 9	MFV 1/1	% of total operating revenue to finance total debt	45%	The target has been met for the quarter under review, as the municipality does not have any debt to finance.	3	N\A	N\A	None – Target Archived
KPI 10	MFV 1/2	% change in the cash backed reserves	0.10%	Target is not met . Cash backed reserves decreased by 0.10% instead of targeted increase to - 0.8%. The cash balance has decreased due to low collections and no new/additional revenue streams been identified. In addition, the final tranche of ES received in March, was short received by R66 million.	1	N\A	N\A	The implementation and monitoring of the MFRP Continued cost containment Improvement of the debt collection Identification of additional revenue streams
KPI 11	MFV 1/3	% of invoices for all capital projects funded with grants paid within 30 days	100%	100% has been achieved in payment of invoices received for capital projects funded with grants.	3	N\A	N\A	None – Target Archived
KPI 12	MFV 1/4	% cash change in cash and cash equivalent	5%	Target is not achieved. The institution is standing at - 0.256% against 5 % on target. The cash balance has decreased due to low collections and no new/additional revenue streams been identified. In addition, the final tranche of ES received in March, was short received by R66 million.	1	N\A	N\A	The implementation and monitoring of the MFRP Continued cost containment Improvement of the debt collection Identification of additional revenue streams

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	2022.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2021.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2202.23 REMEDIAL ACTIONS
KPI 9	MFV 1/5	% change in Gross Consumer Debtors'(Current and Non-current)	0.5%	Target is not met. The consumer debtors have increased by 94% . This is as a result of credit control practices and processes not being strictly implemented during the year. Lack of resources (vehicles, tools, manpower) cited as the reason for not effecting restrictions as intended. Labour unrest for the first four months of the financial year. The high level of estimations also has an impact on the collections as consumers are reluctant to pay accounts that are based on estimates. During the month of March, there was no access to SAP or telephones due to the head office move.	1	N\A	N\A	The appointed service provider is busy assisting the department to enable officials to derive reports from the system.
KPI 10	MFV 1/6	% of Revenue Growth excluding capital grants	6%	6.33% of Revenue Growth excluding capital grants is achieved for 2022/23. Supporting evidence is availed.	3	N\A	N\A	None – Target Archived.
KPI 11	MFV 07	% net operating surplus margin	-4%	50% net operating surplus margin is achieved against -4 % on target. Sec 52(d) report are availed as evidence.	5	N\A	N\A	None – Target Archived
KPI 12	MFV 08	% of residential properties in the billing systems as a percentage of residential properties in the valuation roll	75%	100 % is achieved on residential properties in the billing system as a percentage of residential properties is in the valuation roll. Billed consumers report from SAP is availed as evidence.	3	N\A	N\A	None – Target Archived.

	MFV 09	% of non-residential properties in the billing systems as a percentage of residential properties in the valuation roll	25%	100 % is achieved on non-residential properties in the billing system as a percentage of residential properties is in the valuation roll. Billed consumers report from SAP is availed as evidence.	5	N\A	N\A	None – Target Archived.
	MFV 1/10	% of expenditure against total budget	98%	Target is not met. 48 % is achieved against The total expenditure versus the total budget as at 30 June 2023 only yields a ratio of 48%. This is below the target of 98%. The variance is mainly due to under expenditure in employee costs by 14% which is due to an increased staff turnover rate. Another component that has contributed to the variance is the debt impaitment which includes the provision of bad debts. The variance on other expenditure is due to the delayed SCM processes with Bids awaiting award.	1	N\A	N\A	The implementation and monitoring of the MFRP Continued cost containment Improvement of the debt collection Identification of additional revenue streams

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	2022.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2021.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2202.23 REMEDIAL ACTIONS
KPI 9	MFV1 1	FM4.1 Percentage change of unauthorised, irregular, fruitless and wasteful expenditure	5%	Target is not met . There is 150.10% increase in unauthori zed, irregular, fruitless and wasteful expenditure. This is due to cash constraints. Not all service providers are willing to enter into payment arrangements and waive interest. Supporting evidence is availed as: 1. Irregular Expenditure Register 2. Fruitless & Wasteful.	1	N\A	N\A	Efforts will be employed to ensure that there are no new instances of irregular expenditure in the awarding of tenders. Council has now adopted a UIF and W Policy as well as a Policy for the Reduction of UIF and W Expenditure
KPI 10	MFV 12	% change in amount of irregular expenditure as a result of SCM Transgressions	1.00%	Target is not met. There is 227,56% increase in Irregular Expenditure. This is as a result of projects that are not yet complete and further payments related to prior year irregular expenditure is still being made during 2022/2023 financial year. These items have already been investigated and written off by Council. Supporting evidence as availed as Irregular Expenditure Register (refer S52(d) Report)	1	50% Reduction of Irregular, fruitless and wasteful, unauthorised Expenditure	**1**	Efforts will be employed to ensure that there are no new instances of irregular expenditure in the awarding of tenders. Council has now adopted a UIF and W Policy as well as a Policy for the Reduction of UIF and W Expenditure

INDI REF	IDP REF	INDICATOR	ANNUAL TARGET	2022.23 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2021.22 ANNUAL PERFORMANCE RESULTS REASONS/EVIDENCE	SCORE	2202.23 REMEDIAL ACTIONS
KPA 5: Good Governance and public Participation				**KPA Weight 20%**				
KPI 9	GGP 02	No. of reports on monitoring of Resolutions of MPAC Resolutions.	4 quarterly reports on monitoring MPAC Resolutions	Monitoring of the MPAC Resolutions is achieved. Quarterly Report is availed.	3	N\A	N\A	None – Target Archived
KPI 10	GGP 04	No. of reports on the implementation of the Automated Customer Care System	4 Reports on the Implementation of the Automated Customer Care System	4 Reports on the Implementation of the Automated Customer Care System were submitted during the quarters of 2022/23 as supporting evidence.	3	4 Local Municipalities are implementing automated customer care systems. Roll out of the automated customer care system supporting evidence has been availed in quarter 4	**5**	None – Target Archived
	GGP 05	Improved Audit Opinion	100% of audits resolved	Target is not achieved. 30 % of audits have been resolved. The Auditor general took longer on site which left very little time for for the municipal to address the findings.	1	67% Audit Findings Resolved	**1**	50% Implementation of OPCAR target not met. Key departments were attending to AG on site and the preparation of Financial Statements.
	GGP 06	No. of Credible IDP 2023/24	1 credible IDP 2023.24	Final 2023.24 IDP is developed, and a copy is availed as evidence.	3	Final 2022.23 IDP is developed, and a copy is availed as evidence.	**3**	None – Target Archived
	GGP 07	% Functional IGR Structures for DDM implementation	1 Annual reports on implementation of DDM	Annual Report on the Implementation of DDM.	3	N\A	N\A	None – Target Archived

4. CONCLUSION

- The annual institutional performance target for the 2022.23 financial year is 80% and the indicative figures state that the institution is at 77%.
- There are performance targets that have not been archived hence the performance is not at 100%. In terms of the performance framework there rating calculator has a score of 1 to 5, 1 being poor performance and 5 being performance above expectation.
- Further the score is not inclusive of the core competency scores of the Directors which will account for 20% of the final scores.
- There is a total of 13 targets that are falling within the not acceptable score and the MFV has 8 targets within that level, Service Delivery 2, Municipal Transformation 2 and Good Governance 1.
- Under municipal financial viability, the financial constraint and low revenue collection are the main indicators of poor performance of the institution Resulting to 8 targets met at level 1.
- This is despite the intervention of the Mandatory Financial recovery plan.
- It is however important to note that constant efforts and mechanisms with the assistance of Treasurer and Cogta are applied to improve the situation starting with the work done within the works streams.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION
In order to achieve its service delivery mandate, ADM ensures that it has the most appropriate organizational structure.
T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 2019/20	Year 2020/21			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water (Networks)	551	799	551	286	35
Waste Water (Sanitation)	294	357	304	70	19
Electricity	0	0	0	0	0
Waste Management	2	3	2	1	33
Housing	4	4	4	0	0
Waste Water (Storm water Drainage)	0	0	0	0	0
Roads	0	0	0	0	0
Transport	2	3	1	2	66
Planning	13	21	13	8	38
Local Economic Development	27	34	19	8	23
Planning (Strategic & Regulatory)	12	16	12	4	25
Community & Social Services	(Forms part of Community Services)				
Environmental Protection	(Forms part of Community Services)				
Health	44	56	44	12	21
Security and Safety	0	0	0	0	0
Sport and Recreation	2	2	1	1	50
Corporate Policy Offices and Other					
(Corporate Services)	0	0	0	0	0
Totals	974	1 328	951	392	40
					T 4.1.1

Additional Employees (not catered for by template)					
Description	Year 2019/20	Year 2020/21			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
General Office Administration	]	87	4	41	47%
Disaster Management					
Planning, Monitoring & Evaluation	12	12	5	5	41.66%
Communications & Customer Care					
Mechanical & Electrical	7	10	5	5	50%
Refurbishment & WMIS					
Spatial Planning	14	11	7	4	36%
Totals					
					T 4.1.1

Vacancy Rate: Year 2021/22			
Designations	***Total Approved Posts No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents) No.**	***Vacancies (as a proportion of total posts in each category) %**
Municipal Manager	1	0	0
CFO	1	0	100%
Other S56 Managers (excluding Finance Posts)	5	3	60%
Other S56 Managers (Finance posts)	0	0	0
Police officers	0	0	0
Fire fighters	166	88	53
Senior management: TG 17 -20 (excluding Finance Posts)	47	8	17
Senior management: TG 17 -20 (Finance posts)	4	0	0
Highly skilled supervision: TG 14-16 (excluding Finance posts)	165	58	17
Highly skilled supervision: TG 14-16 (Finance posts)	20	10	50
Total	409	165	137
			T 4.1.2

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year No.**	**Terminations during the Financial Year No.**	**Turn-over Rate**
Year 2018/19	1 698	124	7%
Year 2019/20	1 706	182	11%
Year 2020/2021	1 532	74	5%
Year 2021/2022			
Year 2022/2023			

** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year* *T 4.1.3*

COMMENT ON VACANCIES AND TURNOVER:

ADM has for the past years been facing serious challenges to deliver on its mandate of providing improved services to its constituency due to its oversized salary bill, which is beyond the acceptable National Treasury norms of 25% - 35%. Subsequent to the high salary bill, a Municipal Turnaround Strategy was developed and adopted. Moreover, the Financial Recovery Plan has been instituted with the assistance of National Treasury and Provincial Department of Cooperative Governance and Traditional Affairs and the progress is remarkable. The turnover rate for 2020/2021 stands at 5%.

All positions below the management levels are advertised internally for the benefit of the internal candidates and only if there is no suitable candidate found are the positions advertised externally. The positions of section 56 managers are advertised nationally.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Amathole District Municipality is a very progressing district municipality which has a wide range of policies which are reviewed annually and also, as and when need arises. Amongst these policies are the Recruitment and Selection Policy, Leave policy, cell phone policy and the Fleet Management Policy. The workforce is managed appropriately within the institution with clear reporting lines and proper delegation and authority given to the appropriate and relevant offices.

The Municipal Manager has delegated some authority to the Section 56 Managers through a delegation framework that provides guidance on delegations matters. The Heads of Departments have in-turn, delegated some authority to the Senior Managers in order to enable them to be able to manage their divisions on a day to day basis. With regards to management practices, the municipality has a system of reporting and processing issues which commences with the departmental Working Group meetings which is comprised of all employees from TG 14 upwards. The intention to extend the participation to Task Grade 14 is to build a new layer of management echelon in the department and to impart skills. Each Unit Manager is permitted to bring along one subordinate to the Working Group to observe and learn. The decentralized Working Group approach wasintroduced to ensure that there is maximum participation of assistant manager in the business of Council and to empower them. Further motivation for that was to begin to develop a layer of management that would be able to rise through the ranks at some point, and to ensure that there is institutional memory throughout.

The second structure of Council that processes issues is the Executive Management Committee which iscomposed of all Section 56 managers and is chaired by the Municipal Manager.
ADM also established Standing Committee linked to the 5 key performance areas of local government which are: Good Governance & Public Participation, Municipal Transformation & Institutional Development, Local Economic Development, Municipal Financial Viability, and Basic Service delivery & Infrastructure Development.

On the 15th March 2020, Co-operative Governance Minister, Dr N Dlamini-Zuma declared a national State of Disaster in Government Gazette 43096, citing the magnitude and severity of the Covid-19 outbreak which had been declared a global pandemic, and the need to augment the measures undertaken by organs of state to deal with the pandemic. As a department that is tasked with the responsibility of looking after the wellbeing of the organization's internal stakeholders, the Corporate Services Department, in consultation with the Community Services Department immediately established a COVID-19 Response Task Team which was representative of all ADM Departments. This set in motion a series of actions, including the development of ADM response to Covid-
19 Action Plan that was subsequently tabled through all structures of Council and eventually approved for implementation.

In a concerted effort to combat the transmission of this infectious disease, The plan is intended to outline measures to guide ADM staff and Councillors on keeping safe, becoming accustomed to healthy practices, mitigating against possible negative impacts on their wellbeing, and becoming advocates for the disease prevention and control even at their homes. This, by implication, means that it will be the responsibility of each person to ensure that a conducive working environment is created within the institution.
Below is the Lockdown COVID – 19 operational plan which, although Corporate Services Department will be at the forefront, all managers in various departments will be responsible to ensure that the plan and accompanying regulations are adhered to by each person:

Strengthening of the existing COVID-19 Response Task Team to include all Managers and Supervisors such that it is representative of all levels in the organization

- ADM partnering with the Provincial Department of Health or procuring of external Service

Providers to screen all ADM employees and Councillors of COVID-19 prior to resumption of work.

- Disinfect the internal environment of all ADM buildings
- After the initial screening on recommencing of duties, ADM employees and Councillors are encouraged to visit the EAP unit for screening every month.
- Establishment of mechanisms for reporting of identified cases of transmission and infection, without raising alarm and fear.
- Conducting awareness sessions electronically which will also address de-stigmatization; and distribution of pamphlets to ADM employees (head office, satellite offices and treatment plants).
- Procuring of cloth masks on a large scale instead of surgical masks, and each employee/Councillor to be provided with a pair.
- Wearing of cloth masks to be compulsory at all times where more than two people are gathered,
- Making available 60%+ alcohol based sanitizers and soap to wash hands in all work places at all times
- Sanitizing of hands to be compulsory at the entrance. Alcohol based sanitizer to be always used for all cleaning or cleansing purposes
- Stringent social distancing measures to be compulsory and observed at all times
- Providing good ventilation in all gatherings with more than two people
- Taking of temperature of all those visiting the assessment rooms of the Wellness Unit in the Corporate Services Department
- Prohibiting of office to office visits at all costs and use of telephones and other electronic devices to be encouraged
- Visiting of offices by people from outside ADM to be avoided, unless there are compelling reasons
- Encouraging employees to get tested in available facilities.
- Encouraging employees to get vaccinated for flu.
- Providing frontline staff and those working in the open plan space with the materials or equipment necessary to prevent person-to – person transmission. Wearing of such protective gear will be compulsory
- Prioritizing electronic document routing measures to minimize person-to-person transmission through document and stationery handling.
- Devising means to revive electronic signatures to eliminate person-to-person touching of papers
- Providing online training for frontline and general staff on hygiene and sanitizing of workplaces and on COVID-19 risk identification and response protocols.
- Developing a new set of rules for the cleaning staff, ensuring frequent cleansing and sanitizing of reception areas, offices and boardroom surfaces, chairs, floors, lifts, door handles, walking rails and taps. Such should be done as frequently as possible
- Discontinuation of sharing utensils, including cups (staff to bring their own, and keep them in their offices/spaces).
- Discontinuation of sharing water and glasses in Boardroom, (to bring/fetch own water from the kitchen)
- Sanitizing ADM vehicles after every use
- Ensure that sufficient stock is available for the duration of the national state disaster.
- Identifying the most vulnerable employees and Councillors (old and those with underlying health conditions) and recommending that they work from home.
- Cleaners to be supplied with disposable gloves and pinafores; (Importance of “disposable” pinafore to avoid contamination or use of daily sterilized pinafores is encouraged.

The objective of introducing extreme precautionary measures is to curtail or delay the spread of virus. Consideration has also been taken that the virus is sometimes incubated and people remain asymptomatic while unknowingly affecting others. For this reason, it is advisable that each person

perceives the other as a carrier of the virus, and such could even be adopted as ADM slogan; *"stay safe- perceive the other as a carrier of the virus''*.
Periodical measurement and evaluation of the plan will be necessary as to ascertain its continuous effectiveness.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%		2022
2	Attraction and Retention	100%		Talent Retention Strategy adopted in 2010
3	Code of Conduct for employees	100%		2009
4	Delegations, Authorisation & Responsibility	100%	100%	Reviewed in December 2018
5	Disciplinary Code and Procedures	100%		2009
6	Essential Vehicle Services	100%	N/A	Review took place in June 2016 Reviewed and adopted by Council on 19 March 2020.
7	Employee Assistance / Wellness	100%	100%	Reviewed in March 2019
8	Employment Equity	100%	100%	Plan reviewed in 2019
9	Exit Management	100%	100%	Included in Recruitment & Selection Policy reviewed in March 2019
10	Grievance Procedures	100%		2005
11	HIV/Aids and Chronic Illnesses	100%	100%	Reviewed in June 2018
12	Human Resource and Development / Training and Development	100%	100%	Reviewed in June 2018
13	Information Technology	100%	100%	Reviewed in March 2019
14	Job Evaluation	100%	100%	31 May 2022
15	Leave	100%	100%	31 May 2022
16	Occupational Health and Safety	100%	100%	Reviewed in March 2019
17	Official Housing / Homeowners Allowance	100%		Adopted in October 2010

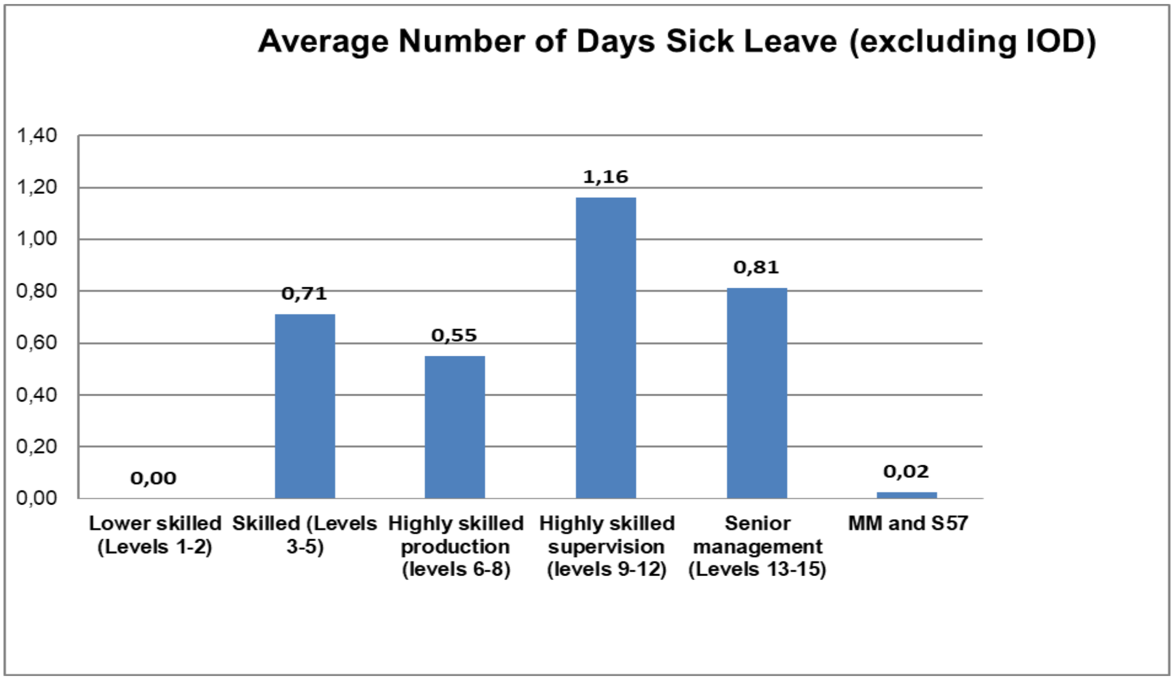
18	Official Journeys /Subsistence & Travel	100%	100%	31 May 2022
19	Official transport to attend Funerals / Bereavement	100%	100%	Adopted in June 2018
20	Official Working Hours and Overtime / Overtime and Emergency	100%	100%	31 May 2022
21	Organisational Rights	100%		Signed in 2010
22	Payroll Deductions			
23	Performance Management Framework	100%	100%	PM Framework is reviewed yearly as part of the IDP review process
24	Recruitment, Selection and Appointments	100%	100%	31 May 2022
25	Remuneration Scales and Allowances			
26	Resettlement			
27	Sexual Harassment / EAP Policy	100%	100%	Covered in EAP Policy last reviewed in March 2019
28	Skills Development/Training & Development	100%	100%	Reviewed in June 2018
29	Smoking	100%	100%	Covered in EAP Policy under addictive behaviours, last reviewed in March 2019
30	Special Skills/Scarce Skills	100%		Reviewed in March 2013
31	Work Organisation / Organisational Development Strategy	100%		Adopted in March 2019
32	Uniforms and Protective Clothing	100%	100%	Included in OHS Strategy reviewed in March 2019
33	Other: Substance abuse	100%	100%	Covered in EAP Policy reviewed in March 2019
34	Travel Allowance for Managers	100%	100%	31 May 2022
35	Subsistence and Travel Policy	100%	100%	31 May 2022.
36	Cellphone Policy	100%	N/A	31 May 2022
37	Termination Policy	100%	N/A	2013
38	Travel Allowance Scheme	100%	N/A	2011 Reviewed and adopted by Council on 19 March 2020.
39	Learnership	100%	100%	Reviewed in June 2018
40	Workplace Integrated Learning (WIL)	100%	100%	Reviewed in June 2018
41	Human Resource Plan	100%	100%	Reviewed in March 2019
42	Internship Policy	100%	100%	May 2022
				T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement	Nil	Nil	Nil	105	Nil
Permanent disablement	Nil	Nil	Nil	Nil	Nil
Fatal	Nil	Nil	Nil	Nil	Nil
Total	60	5	8%	12	60
					T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0,00	0
Skilled (Levels 3-5)	1 086	17%	216	437	0,5	561
Highly skilled production (levels 6-8)	843	27%	171	434	0,4	649
Highly skilled supervision (levels 9-12)	1 778	27%	228	358	0.63	2 292
Senior management (Levels 13-15)	1 242	27%	205	293	0,69	2 718
MM and S57	38		4	7	0,57	263
Total	**4 987**	**20%**	824	**1 529**	0,54	**6 483**

** - Number of employees in post at the beginning of the year*
**Average is calculated by taking sick leave in colunm 2 divided by total employees in column 5* *T 4.3.2*



T.4.3.3

COMMENT ON INJURY AND SICK LEAVE:

Training of employees on workplace hazards and occupational diseases and safety workshops were conducted to ensure that all ADM employees understand the importance of reporting the unsafe practice to prevent workplace injuries. When the accident happens in a particular workplace, the investigation is conducted and the findings are discussed with all employees to prevent re-occurrences. Each area has a trained First Aider and Health and Safety Representatives who assist when emergency occurs. Fire Marshals have been trained and equipped with knowledge on how to assist in cases of emergency, fire evacuation, and to assist during emergency evacuation drills.

T 4.3.4

NUMBER AND PERIOD OF SUSPENSION				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Senior manager ICT	Failure to manage Vodacom Contracts and constant late coming at work	04 Oct 2018	Disciplinary process underway	Not yet
General Manager – Internal Audit	Gross insolent behaviour and dereliction of duties	18-Dec-18	Process delayed due to involvement of legal representatives	
Snr Manager - EPWP	- Gross negligence - Irregularities in the contracts of EPWP beneficiaries - Financial misconduct - allowing stipends to be paid to someone not legal contracted to ADM.	24-Oct-18	Matter finalized. Awaiting outcome	27-May-21
Artisan	Theft of fuel	02-May-19	DC currently underway	Not yet
General Manager Corporate Services	- Failure to implement a council resolution - Failure on an instruction to facilitate the leave reconciliation	22-Jan-21	Charges have been formulated	Not yet
				T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
Snr Manager - EPWP	Financial misconduct - allowing stipends to be paid to someone not legal contracted to ADM.	DC finalized. Awaiting outcome	27-May-21
			T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The cases relating to financial misconduct are all at different stages of progress. ADM does not yet have the Financial Misconduct Board and the cases are dealt with in line with the Labour Relations Act and SALGBC Disciplinary Code Collective Agreement

T 4.3.7

Performance Rewards By Gender					
Designations	**Beneficiary profile**				
	Gender	**Total number of employees in group**	**Number of beneficiaries**	**Expenditure on rewards Year 1** **R' 000**	**Proportion of beneficiaries within group** **%**
Lower skilled, Highly skilled production and Highly skilled supervision (TG 4-10)	Female	437	223	N/A	51%
	Male	642	271	N/A	42%
Junior, Middle and Senior management (TG 11-20)	Female	190	82	N/A	43%
	Male	183	77	N/A	42%
MM and S56	Female	2	-	0	0
	Male	5	-	0	0
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					Yes
					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

The Municipal Manager and section 56 managers are the only employees who qualifies to receive performance bonus at ADM. However, during **2021/2022** performance cycle, no performance bonuses were paid out due to financial constraints. Performance rewards for employees below section 56 managers are non-financial, they are in a form of special leave days and the categories are as follows:

117% - 132% -3 special leave days
133% - 159% - 4 special leave days
160% and above - 5 special leave days.

The overall total of employees whom their performance was evaluated during **2021/2022** performance cycle was **1341**, of which **52%** of the total employees' performance was fully effective whereas **48%** was not fully effective for **2021/2022** performance cycle. However, **53%** of those employees qualified for performance rewards whereas **47%** did not qualify for performance rewards. Out of **53%** of employees qualified for performance rewards, **33%** received **3 special leave days** and **21%** received **4 Special leave days**.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

MINIMUM COMPETENCY LEVEL TRAINING

According to Government Gazette 29967, National Treasury (NT) specified occupational categories that need to be sent for this training. From the NT designated categories the status is asfollows; Despite the fact that the Municipal Manager,CFO, do have certificates on Minimum Competency Levels, but the certificates do not cover all of the Modules as required by National Treasury. “Senior Managers (HODs) reporting directly to MM are all competent as they have the required certificate on Minimum Competency Levels.

“Managers who report directly to CFO” - one Manager has not completed all of the required Unit Standards in line with the National Treasury regulations. Procurement of a Training Service Provider to conduct this training for ADM is currently underway and this Manager will be one of the candidates “Heads of SCM” and “SCM Managers” – have all completed the required training.

The Institution even went further and provided this regulated training to other “Managers” that were not necessarily specified by National Treasury. This was done for purposes of Succession Planning as well as to enable them to be aligned with national regulations regarding capacity building. This will allow additional candidates as well as a Human Resources Development (HRD) Strategy to ascend to higher positions when time comes. These categories include General Managers, Senior Managers and other Managers who do not necessarily report directly to the Municipal Manager or CFO, as per National treasury guidelines.

SKILLS DEVELOPMENT PROGRAMS

In trying to keep with the skills development landscape within the District, Amathole District Municipality in financial year 2022/22, conducted 6 Training programmes for identified candidates and Officials, as well as two Strategies which was were implemented as follows;

Implementation of WSP through Training and Development of Councillors & Officials

Internship Programme – ADM was a host employer and offered practical workplace training to eleven (11) unemployed FULL GRADUATE candidates to enable them to be eligible for employment opportunities. This is in line with the Skills Development Act and was done through partnerships with Local Government SETA, & National Treasury.

Workplace Integrated Learning (WIL) Programme was accessible to eleven (11) unemployed UNDERGRADUATES during 2022/23 to enable them to graduate;

Employee Study Assistance Programme - LGSETA paid outstanding bursary funding for seven (7) employed candidates whose payments were overdue. The candidates were enrolled with various institutions of Higher Learning;

Minimum Competency Level Training Programme – No training was conducted as ADM is fully compliant regarding National Treasury regulations on this training

(An amount of R1 547 669.13 was targeted for the various training programmes during the 2022/2023 financial year, and the actual amount utilized was R1 317 987.42.

T 4.5

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2020/21	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.1460	Actual: End of Year - 2020-21	Actual: End of Year - 2020-21	Year 2020-21 Target	Actual: End of Year - 2020-21	Actual: End of Year - 2020-21	Year 2020-21 Target	Actual: End of Year - 2020-21	Actual: End of Year - 2020-21	Year 2020-21 Target	Actual: End of Year - 2022-23	Actual: End of Year - 2022-23	Year 2022-23 Target
MM and s57	Female	2												
	Male	4												
Councillors, senior officials and managers	Female	20	10	10	10							4	4	4
	Male	79	6	6	6							2	2	2
Technicians and associate professionals*	Female	198	23	23	23	10	10	10				15	15	15
	Male	345	24	24	24	9	9	9				35	35	35
Professionals	Female	35	5	5	5							41	41	41
	Male	94	5	5	5							55	55	55
Sub total	Female	161					10	10				60	60	60
	Male	522					9	9				92	92	92
Total		**1 468**	**73**	**73**	**73**	**19**	**38**	**38**	**0**	**0**	**0**	152	152	152
Registered with professional Associate Body e.g. CA (SA)														***T 4.5.1***

Financial Competency Development: Progress Report*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)**	**Consolidated: Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))**	**Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	4	4	4
Any other financial officials	2	0	2	0	0	2
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	3	0	3	0	0	3
TOTAL	**12**	**0**	**12**	**6**	**6**	
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

SKILLS DEVELOPMENT EXPENDITURE										
										R'000
MANAGEMENT LEVEL	GENDER	EMPLOYEES AS AT THE BEGINNING OF THE FINANCIAL YEAR	ORIGINAL BUDGET AND ACTUAL EXPENDITURE ON SKILLS DEVELOPMENT YEAR 1							
			LEARNERSHIPS		SKILLS PROGRAMMES & OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO. 1468	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
MM AND S57	FEMALE	2								
	MALE	4								
LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	FEMALE	25			85 000	85 000			85000 0	85 000
	MALE	79			38 500	38 500			38 500	38 500 38 500
PROFESSIONALS	FEMALE	15								
	MALE	11								
TECHNICIANS AND ASSOCIATE PROFESSIONALS	FEMALE	80	199 427	199 427					199 427	199 427
	MALE	110	199 427	199 427					199 427	199 427
CLERKS	FEMALE	212								
	MALE	110								
SERVICE AND SALES WORKERS	FEMALE	65	770 000	770 000					770 00	770 000
	MALE	220								
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	FEMALE	240								
	MALE	112	25633.42	25633.42					25633.42	25633.42 25633.42
ELEMENTARY OCCUPATIONS	FEMALE	144								
	MALE	39								
SUB TOTAL	FEMALE	783	96942	96942	85 000	85 500				
	MALE	685	199427	199427	38 500	38 500				
TOTAL		**1 468**	**1317 987.42**	**1 317 987.42**	**123 500**	**123 500**	**0**	**0**	**1 317 987.42**	**1 317 987.42**
*% AND *R VALUE OF MUNICIPAL SALARIES (ORIGINAL BUDGET) ALLOCATED FOR WORKPLACE SKILLS PLAN.									%*	*R

T4.5.3

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The point of departure in managing workforce expenditure is that positions are created in the establishment plan and approved by Council on an annual basis. The fact that the posts are part of the establishment plan does not necessarily mean that the posts will be filled in the current financial year. This requires departments to prioritise critical posts. Departments budget for their own overtime and such funds are kept within the departmental commitment items. This kind of an approach assists with the management of overtime as departments become aware that should the funds be exhausted before the end of the financial year, there will be no overtime authorised for the remainder of the financial year. Overtime is restricted to essential services and carefully monitored and managed to avoid abuse, including pre- authorisation of all overtime to be worked.

To avoid the long turnaround time in the filling of vacancies, a system whereby departments fill in a form to indicate if a position should be filled or not when an employee leaves a post was introduced. This has assisted in the turnaround time of filling vacant positions.

To ensure that the municipality receives value for money, the municipality takes special care when advertisements for positions are crafted it ensure that the requirements and qualifications are properly designed to source the most appropriate skill for the position.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE:

ADM budgets for all employee related costs and the budget takes into cognisance the overtime to be worked, possible leave encashment and bonuses to be paid. In the previous years, a sizeable quantity of the budget has been utilised towards the payment of overtime with the Engineering department being the most prominent in that area. The work done at the Engineering department justify the high number of claims in respect of overtime due to the nature of their work. The department provides water to the communities and the water provisioning has to operate 24 hours non-stop as it is classified as a basic human right in the Constitution of the republic of South Africa.

Some of the factors that influence workforce expenditure are the yearly increments which the municipality has to budget and issues relating to drought and disasters which the municipality is unable to anticipate. Fortunately, provision is made in the budget for such occurrences.

Due to the financial constraints that ADM is experiencing excessive leave accruals by employees which needs to be reduced therefore the Leave Policy was amended and adopted by Council on 19 March 2020. The amendment was that an employee is required to take leave within each leave cycle and further granted 6 months grace period after leave cycle before forfeiting

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		*T 4.6.2*

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**
Artisan Plumber	14	Task Grade 09	Post Level 08	Salary more than the highest Task Grade Notch
Assistant Accountant	5	Task Grade 09/10	Post Level 09	Salary more than the highest Task Grade Notch
Foreman	3	Task Grade 07/08	Post Level 10	Salary more than the highest Task Grade Notch
General Assistant	1	Task Grade 03	Post Level 17	Salary more than the highest Task Grade Notch
Switchboard Operator	1	Task Grade 06	Post Level 11	Salary more than the highest Task Grade Notch
				T 4.6.3

Employees appointed to posts not approved				
Department	**Level**	**Date of appointment**	**No. appointed**	**Reason for appointment when no established post exist**
N/A	N/A	N/A	N/A	N/A
				T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Since the implementation of the Standardisation process, there has been overwhelming challenges regarding the method used to standardize positions. Moreover Amahlathi Local Municipality has since visited Amathole District Municipality to enquire about the Standardisation model and after lengthy engagements, Amahlathi failed to implement the Standardisation model.

T 4.6.5

CHAPTER 5 PERFORMANCE – FINANCIAL

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

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

The municipality closely monitors its performance of budget versus actual on a monthly basis through the use of management accounts which reflect material variances. These variances are investigated and remedial action is taken where required.

The municipality vigilantly tries to reduce its reliance on consultants, with its annual financial statements being prepared in-house.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 0f 2003). The principle accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document.

Financial performance

The municipality reflects a surplus of R294 million for the 2022 financial year. A total revenue of R2.1 billion has been recognised in the 2022 financial year. The ADM's revenue sources predominantly comprise operating fiscal transfers from the national government that accounted for 71% of operating revenue in 2022. Equitable share comprises the bulk (62%)of these operating fiscal transfers and are utilised at the municipality's discretion to provide basic services to poor communities within its jurisdiction.

The Amathole District municipality is one of few district municipalities in the country that provides water and sanitation services to all local municipalities within its jurisdiction.

However, given the widespread poverty in the area, the revenue collection is very low, at 28%, which places a large burden on the municipality to sustain this service.

Financial Position

The liquidity of the municipality is sustained by transfers from the national government. Revenue enhancement strategies are in place to improve the own revenue generated. The municipality has implemented the adopted financial recovery plan. At the end of 2022, the municipality reported a positive cash and cash equivalents balance of R219 million. The municipality's liquidity ratio has increased slightly from 0.4 to 0.5. The ratio is still below the norm and indicates vulnerability and high risk in the event of financial shocks or setbacks.

The largest asset remains the property plant and equipment at R4.8 billion carrying value. These mainly consist of water and sanitation infrastructure assets.

T5.1.0

5.1 STATEMENTS OF FINANCE PERFORMANCE

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transaction					
Service charges	624 582 245	(8 527 429)	616 054 816	524 320 833	(91 733 983)
Rental of facilities and equipment	350 297	-	350 297	238 896	(111 401)
Interest earned outstanding receivables	98 639 457	-	98 639 457	54 007 092	(44 632 365)
Other income	8 905 641	1 689 433	10 595 074	3 257 899	(7 337 175)
Interest received - Investment	18 717 004	-	18 717 004	13 551 978	(5 165 026)
Total revenue from exchange transaction	**751 194 644**	**(6 837 996)**	**744 356 648**	**595 376 698**	**(148 979 949)**
Revenue from non - exchange transaction					
Donations received	-	-	-	53 680	53 680
Transfer revenue					
Government grants & subsidies	1 636 531 998	2 649 841	1 639 181 839	1 511 374 931	(127 806 908)
Total revenue from non - exchange transaction	**1 636 531 998**	**2 649 841**	**1 639 181 839**	**1 511 428 611**	**(127 753 227)**
Total revenue	**2 387 726 642**	**(4 188 156)**	**2 383 538 486**	**2 106 805 309**	**(276 733 177)**
Expenditure					
Employee related costs	752 289 446	(11 203 696)	741 085 750	(679 156 667)	61 929 083
Remuneration of councillors	18 707 666	(7 112 909)	11 594 757	(14 716 460)	(3 121 703)
Depreciation and amortisation	190 856 053	(1 817 540)	189 038 513	(95 395 617)	93 642 896
Finance costs	94 471	-	94 471	(33 398 986)	(33 304 515)
Debt impairment	435 959 518	(20 794 968)	415 164 550	(473 003 000)	(57 838 450)
Collection costs	-		-	-	-
Repairs and maintenance	27 983 904	3 284 699	31 268 603	(30 248 876)	1 019 727
Contracted services	107 448 561	33 911 449	141 360 010	(73 626 988)	67 733 022
Inventory consumed	189 468 551	(140 404 804)	49 063 747	(190 670 378)	(141 606 631)
Transfers and grant expenditure	10 000 008	1 890 279	11 890 287	(10 810 631)	1 079 656
Operational costs	187 932 840	1 038 986	188 971 826	(220 695 693)	(31 723 867)
Total expenditure	**1 920 741 018**	**(141 208 504)**	**1 779 532 514**	**(1 821 723 297)**	**(42 190 783)**
Operating surplus	**466 985 624**	**137 020 348**	**604 005 972**	**285 082 012**	**(318 923 960)**
Actuarial gain	-	-	-	12 184 664	12 184 664
Loss on disposal of assets	-	-	-	(2 464 792)	(2 464 792)
Surplus/(deficit) for the year	**466 985 624**	**137 020 348**	**604 005 972**	**294 801 884**	**(309 204 088)**
Actual Amount on Comparable basis	**466 985 624**	**137 020 348**	**604 005 972**	**294 801 884**	**(309 204 088)**

Financial Performance of Operational Services R '000						
Description	Year - 2019/20	Year 2020/21			Year 0 2020/21 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	687 475	749 088	967 050	1 154 778	35%	16%
Waste Water (Sanitation)	252 194	185 519	187 161	266 922	30%	30%
Waste Management	7 301	6 914	7 411	3 469	-99%	-114%
Housing	1 588	2 047	7 946	(556)	468%	1528%
Component A: sub-total	948 558	943 568	1 169 568	1 424 613	22%	6,15%
Road Transport	4 805	3 582	3 583	3 238	-11%	-11%
Component B: sub-total	4 805	3 582	3 583	3 238	-11%	-11%
Planning and Development	5 370	115 590	109 144	131 496	12%	17%
Component B: sub-total	5 370	115 590	109 144	131 496	12%	17%
Community & Social Services	20 622	9 215	13 173	9 637	4%	-37%
Health	40 752	50 788	51 559	40 493	-25%	-27%
Security and Safety	62 461	65 255	67 231	68 632	5%	2%
Corporate Policy Offices and Other	891 722	449 325	465 015	415 583	-8%	-12%
Component D: sub-total	1 015 557	574 583	596 978	534 345	-8%	-12%2
Total Expenditure	**1 993 673**	**1 637 324**	**1 879 272**	**2 093 692**	22%	10%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. *T 5.1.2*						

COMMENT ON FINANCIAL PERFORMANCE:

Revenue
Service Charges

The year to date budget amount for service charges is R616 million while the year to date accrued billing is R524 million representing a 15% variance.
An amount of R28 million has been included in the service charges for the indigent subsidy and incentive scheme.
There are areas where the meter readers were unable to read meters due to ongoing disputes between the municipality and the community. In addition meters were not read during the four month period of labour unrest.
These service charges have been billed using estimates.

2. Rentals
The year to date budget is R350 thousand and the actual received to date is R239 thousand being 32% variance.
A lease on one of the properties had expired and was not renewed, hence the rental was less than anticipated.

3. Interest earned - outstanding receivables
The year to date planned amount was R99 million with the actual quarter amount amounting to R54 million. This represents 45% less that the budget amount.
This relates to interest charged and not interest received. The amount of interest recognised was reduced by the approved write off of R1.2 billion.

4. Other income
Other revenue is made up of payments from sundry debtors for septic tank /conservancy tank clearances etc. The year to date budget is R10 million against the actual of R3 million, being a 70% variance.

5. Interest on external investments
The year to date planned amount was R19 million with actual interest accrued amounting to R14 million. This represents 26% less that the budget amount.
This is as a result of a lower prime lending rate for businesses and consumers imposed by the damage caused by COVID -19 pandemic and Russian-Ukrainian war to the economy.

6. Government grants
The municipality has planned to receive R1,6 billion for the year, in the form of both equitable share and unconditional grants. R1,5 million has been recognised for the year. The variance between the planned
year to date grants actual is 8% variance. This is mainly due to the MIG and WSIG grant allocations that were not fully spent at year end hence grant income could not be recognised as the conditions had not been met.

Expenditure
7. Employee related costs
Employee costs incurred for the year amounts to R679 million, while the budget is at R741 million being a 8% variance. The municipality continues to pursue means to reduce the employee related costs.

8. Remuneration of councillors
Councillor remuneration for the year amounts to R14 million, while the budget is at R11 million being a 25% variance. The actual amount exceeds the budget as the line item was under budgeted for in the current year.

9. Depreciation
The budget is R190 million with expenditure of R95 million reported to date. This is a 49% variance.

10. Finance costs
The finance costs budget includes the portion of interest on the defined benefit obligation as well as the interest on the finance leases for rental of copiers.
The budget amount is R94 thousand with R33 million actual expenditure reported. The majority of the finance costs are recognised at year end in terms of GRAP 25 Employee Benefits.
The finance costs also include R13 million relating to interest accrued on the debt owed to the Water Board for bulk water purchases, this amount has not been budgeted for.

11. Debt impairment
The budget amount for the year is R415 million, with the actual being R473 million. The increase required for the impairment at year end was greater than anticipated.

13. Repairs and maintenance
The budget amount for the year is R31 million while the actual amount is R30 million. The repairs are adhoc in nature.

14.Contracted services
Contracted Services relates to expenditure incurred on the leasing of property plant and equipment, leases for buildings, photocopiers and security.
The budget is R141 million with R67 million actual expenditure, with a 53% variance.

15. Inventory consumed
This amount relates to VIP toilets that have been expensed upon the beneficiary taking ownership and water purchased and consumed.
The budget is R23 million against actual expenditure of R190 million.
The budget is based on the VIP projects as the water inventory budget (R122 923 809) is all part of inventory in the balance sheet as per Schedule A. In addition budget relating to VIP toilets is part of the balance sheet as sanitation projects. Hence the significant variance.
In addition budget relating to VIP toilets is part of the balance sheet as sanitation projects. Hence the significant variance.

16.Transfers and grant expenditure
The transfers and grant expenditure includes non capital expenditure such as feasibility studies, stipends and the allocation to ASPIRE, the municipal entity.
An amount of R10 million was budgeted for ASPIRE. The ASPIRE allocation is transferred in three tranches.

17. Operational Costs
The budget is R189 million against actual expenditure of R221 million, being 17% more than the budget.
The line item for support fees was over budget as the budget was reflected in the balance sheet as part of software costs.
Water catering budget was also exceeded as the need was greater than the budget.

18. Actuarial gains
Actuarial gains and losses on the actuarial valuations for the employee benefits are not budgeted for due to the level of uncertainty.
The municipality does not budget for gains and losses.

19. Loss on sale of assets
Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

T5.1.3

5.2 GRANTS

Description	Year 2020 Actual	Year 2021 Budget	Year 2021 Adjustments Budget	Year 2021 Actual	Year 2021 Variance Original Budget (%)	Year 2021 Variance Adjustments Budget (%)
						R' 000
Operating Transfers and Grants						
National Government:	**842 661**	**972 217**	**972 217**	**970 953**		
Equitable share	461 782	561 909	561 909	560 645	-0,002	-0,002
Municipal Systems Improvement	–	–	–	–	–	-
Expanded public works programme (EPWP)	2 466	3 085	3 085	3 085	–	-
Levy replacement	371 903	404 259	404 259	404 259	–	-
COVID-19 grant	3 397	–	–	–	–	-
Rural Roads Asset Management Grant (RAMS)	3 113	2 964	2 964	2 964	–	-
Provincial Government:	**1 000**	**1 000**	**1 000**	**1 000**		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
Rural Roads Asset Management Grant (RAMS)	1 000	1 000	1 000	1 000	0,00%	0
District Municipality:	**–**	**–**	**–**	**–**		
[insert description]						
Other grant providers:	**–**	**–**	**–**	**–**		
[insert description]						
Total Operating Transfers and Grants	**843 661**	**973 217**	**973 217**	**971 953**		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

At the end of the 2021 financial year 99.9% of the operational grant allocation received has been spent, this equates to R974 million.

All operating transfers and grants were fully received and utilized for the purpose for which they were intended, except for the Equitable share Grant was short received by R1.2 million.

T5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

MIG: The purpose of the grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. The grant was fully spent during 2020/21

EPWP Incentive Grant: This is an incentive grant received by the Municipality to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Program guidelines. This grant has been fully committed to the program of employing graduates as interns to give them exposure and experience in their respective areas ofstudy. The grant has been spent in full during the 2020/21 financial year.

Regional Bulk Infrastructure Grant: This is an allocation in kind and its purpose is to develop infrastructure required to connect or augment a water resource, to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality, and in the case of sanitation, to supplement regional bulk collection as well as regional waste water treatment works. Only 33% of the total gazetted amount was claimed and received. 100% of the allocations received has been spent.

Financial Management Grant

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms, capacity building and finance management interns required by the Municipal Finance Management Act (MFMA), 2003. The 2020/21 allocation amounted to R1 million, which has been spent in full.

Roads Asset Management Grant

The RAMS funds amount to R2.9 million. The strategic goal of the RRAMG is to ensure efficient and effective investment in rural roads through the development of Road Asset Management Systems (RAMS) 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. 100% of the grant has been received for 2020/21, however 91% of the grant was spent.

WSIG

To subsidize and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government, the total received at the end of the 2021 financial year amounts to R92 million. 92% of the allocation has been spent.

T 5.2.4.1

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset Management refers to all activities and processes carried out during the cycle of acquisition or construction, maintenance, renewal or refurbishment and disposal of all resources consumed during the provision of services by the municipality to the communities or customers.

These resources are consumed on the basis that there is future economic benefit derived fromtheir consumption or their utilization results in economic benefit for the municipality. These resources range from the water and sanitation infrastructure network used to deliver water and sanitation services to households, vehicles used by personnel to maintain the network, tools utilized in the maintenance of the network, equipment used by field and office staff during the delivery of services, furniture used by staff in support of the services to the communities, materials consumed during the construction of service facilities and work in progress in service infrastructure projects.

Section 63 of the Local Government Municipal Finance Management Act requires the accounting officer to have consistent regulatory framework in which the Municipality operates. An Asset Management Policy was designed to promote efficient and effective management, monitoring, control and safeguarding of all assets controlled and owned by Municipality. To ensure accurate recording of asset information in the asset register is in accordance with the applicable accounting standards approved by National Treasury.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS AQUIRED YEAR 2021				
Asset 1				
Name	*Gcuwa West Water Supply Scheme Phase 2*			
Description	*Water supply*			
Asset type	*Water infrastructure*			
Key Staff Involved	*Stephen Nash*			
Staff Responsibilities	*Engineering Services*			
	Year-3	*Year-2*	*Year-1*	*Year-0*
Asset Value				*R3 441 481.59*
Capital Implications	*None*			
Future Purpose of Asset	*Engineering Services*			
Describe Key Issues	*None*			
Policies in Place to Manage Asset	*Assets Management Policy*			
Asset 2				
Name	*Komga Commonage Settlement Project*			
Description	*Water Supply Scheme*			
Asset type	*Water Infrastructure*			
Key Staff Involved	*Stephen Nash*			
Staff Responsibilities	*Engineering Services*			

	Year-3	Year-2	Year-1	Year-0
				R21,865,996
Capital Implications	None			
Future Purpose of Asset	Engineering Services			
Describe Key Issues	None			
Policies in Place to Manage Asset	Assets Management Policy			
Asset 1				
Name	Isuzu Truck			
Description	Isuzu Truck F-Series Fvz 1400			
Asset type	Motor Vehicle			
Key Staff Involved	Pumzile Billie			
Staff Responsibilities	Fleet Management			
	Year-3	Year-2	Year-1	Year-0
Asset Value				3 389
Capital Implications	None			
Future Purpose of Asset	Fleet Management			
Describe Key Issues	None			
Policies in Place to Manage Asset	Assets Management Policy and Fleet Management Policy			

COMMENT ON ASSET MANAGEMENT:

Asset Management refers to all activities and processes carried out during the cycle of acquisition or construction, maintenance, renewal or refurbishment and disposal of all resources consumed during the provision of services by the municipality to the communitiesor customers. These resources are consumed on the basis that there is future economic benefit derived from their consumption of their utilization results in economic benefit for the municipality.

These resources range from the water and sanitation infrastructure network used to deliver water and sanitation services to householders, vehicles used by personnel to maintain the network, tools utilized in the maintenance of the network, equipment used by the field and office staff during the delivery of services, furniture used by the staff in support of the servicesto the communities, materials consumed during the construction of service facilities and work in progress in the service infrastructure projects. Capital Assets are classified into the following categories for the financial reporting purposes:

1. Property, Plant and Equipment

Land and Buildings (Land and Buildings not held as Investment)

Infrastructure Assets (Immovable Assets that are used to provide basic services) CommunityAssets (Resources contributing to the general well-being of the community) Housing Assets (Rental stock or housing stock not held for Capital gain)

Heritage Assets (Cultural significant resources) Other Assets (Ordinary operational resources) **2.Intangible Assets (GRAP 102)** – Intangible Assets (Assets without physical substance held for ordinary operational resources.
3. Investment Property (GRAP 16) – Investment Assets (Resources held for Capital or Operational Gain) **4. Assets classified as held-for-Sale (GRAP 100)** – Assets held-for-sale (Assets identified to besold in the next 12 months and reclassified as Inventory) **5. Challenges** Ownership of the water assets pose a threat to ADM as the owners of the land through whichADM infrastructure passes have a tendency to restrict our access to that infrastructure causing obstructions and delays in the service delivery. The major challenge is that no registered servitudes exist over those land.
T 5.3.3

COMMENT ON FLEET MANAGEMENT:

The Fleet Management Unit within the Corporate Services department is entrusted with the responsibility of managing and overseeing all ADM's fleet assets. The Unit serves the entire institution by issuing vehicles, facilitating maintenance and repairs, monitoring driver conduct and general management of fleet vehicles. The Fleet Management Unit is regulated by the Fleet Management Policy and Fleet Management Procedure Manual.
During the 2022/23 financial year a super sucker truck was procured to service the Raymond Mhlaba area and six double cab bakkies were procured to service the various Satellite Offices in ADM.The Fleet Management Unit has conducted a verification of vehicles to be able to dispose of redundant and or obsolete vehicles and in that process 33 vehicles were identified as redundant.
Challenges and possible solutions

Several vehicles have reached their lifespan and are continuously in repairs. Some have been involved in accidents and written off by the insurance. A council resolution will be sought from the council so that the vehicles will be written off and disposed of through auction and the revenue that would be generated from the auction can be utilized to purchase new vehicles.
Management is exploring an option of leasing versus outright purchase of vehicles especially service delivery vehicles.
Contribution to the MFRP
1. Officials who transgress the traffic laws and get traffic fines pay for such fines.
2. Those officials involved in accidents and are found to be negligent are disciplined and in some instances get dismissed due to the severity of the case.
3. In the process of disposing of old fleet that consumes more budget, the proceeds to be ring fenced to procure more fleet that will better service delivery for our communities

Repair and Maintenance Expenditure: Year 2020/21				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	17 617	-	23 576	133,33%
				T 5.3.4

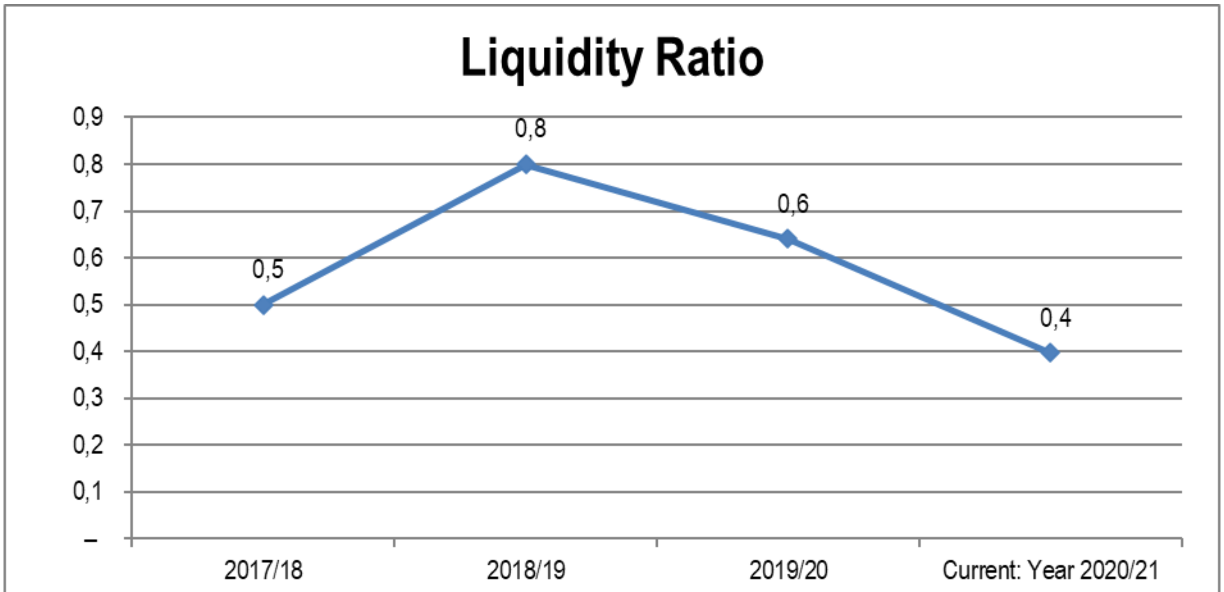
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Budgeting for repairs and maintenance is for both reactive and planned maintenance. It is very difficult to budget accurately for reactive maintenance as it is not possible to predict when infrastructure is going to fail. Nevertheless, adequate budget provision needs to be available in order to attend to problems if and when they occur.

The repairs and maintenance budget is 1% of the total operating budget.

T 5.3.4.1

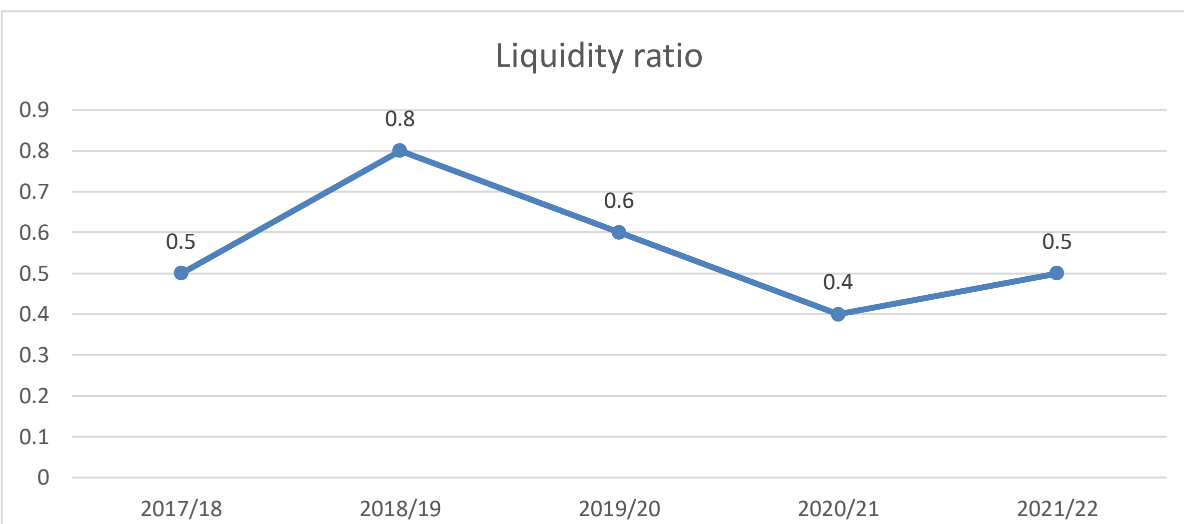
5.4 FINANCIAL RATIOS BASED ON KEY INDICATORS

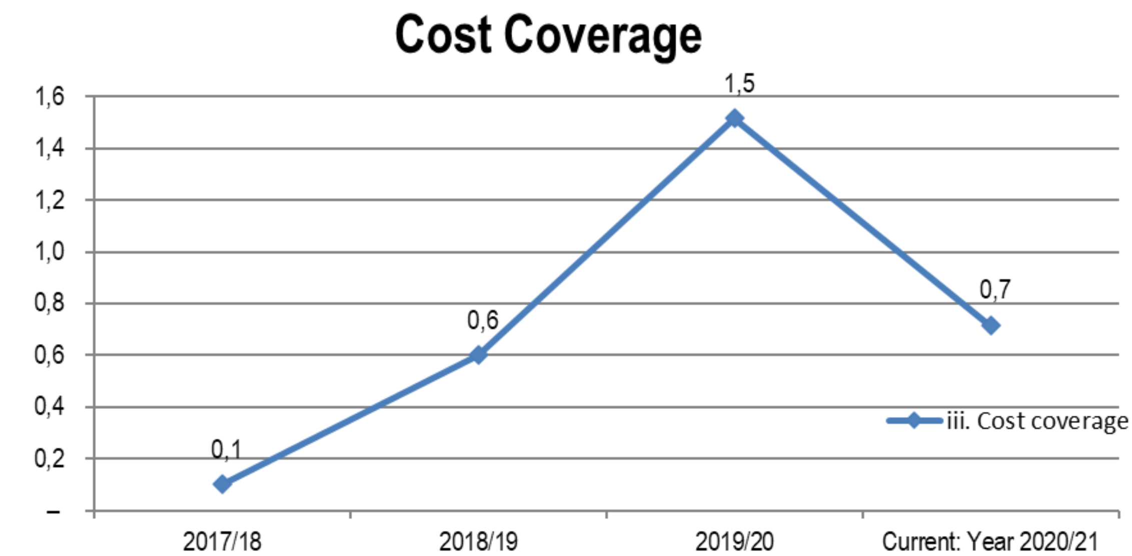


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

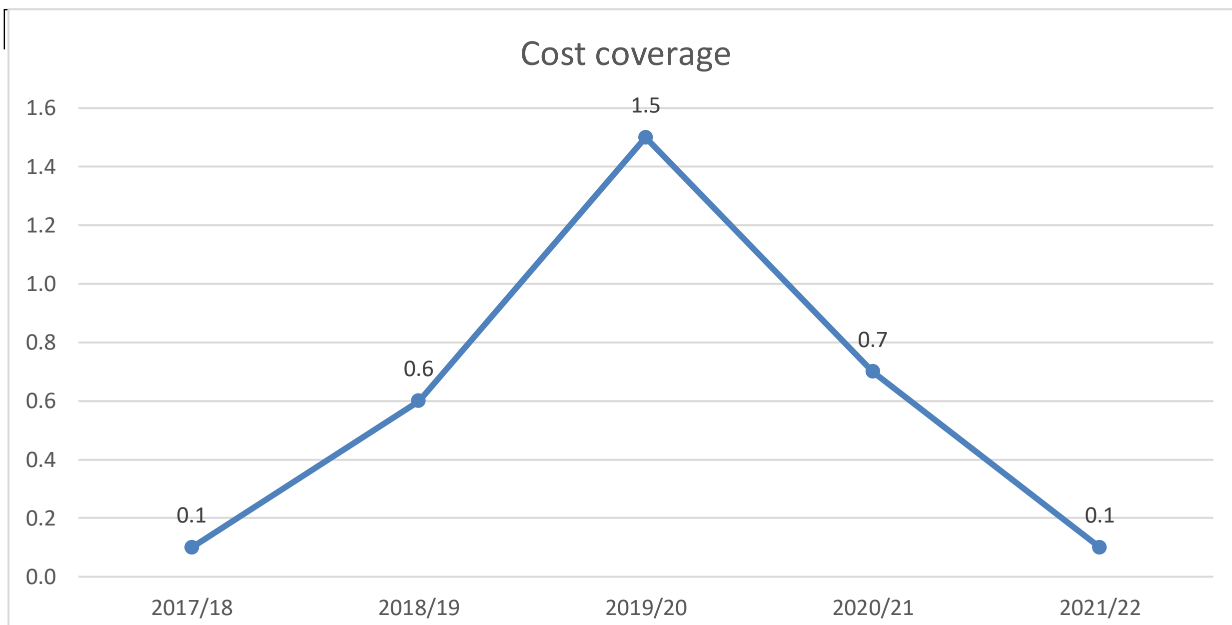


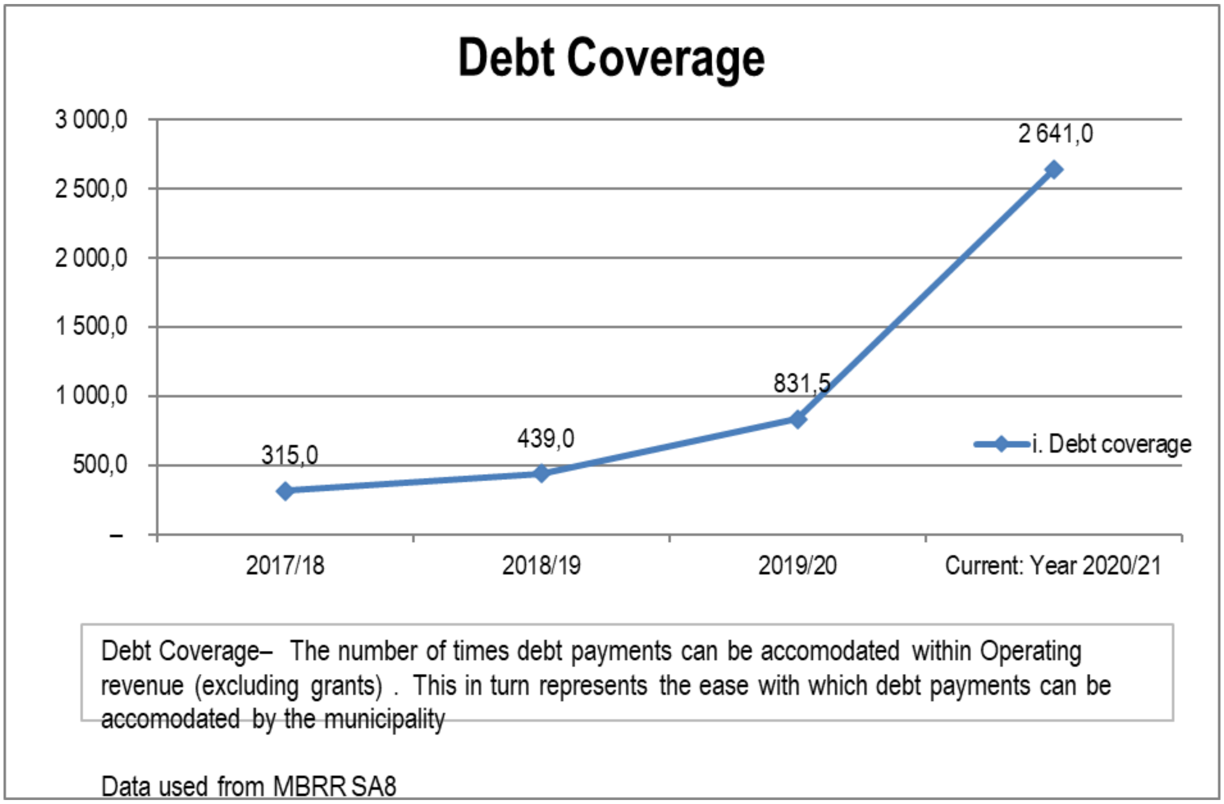


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

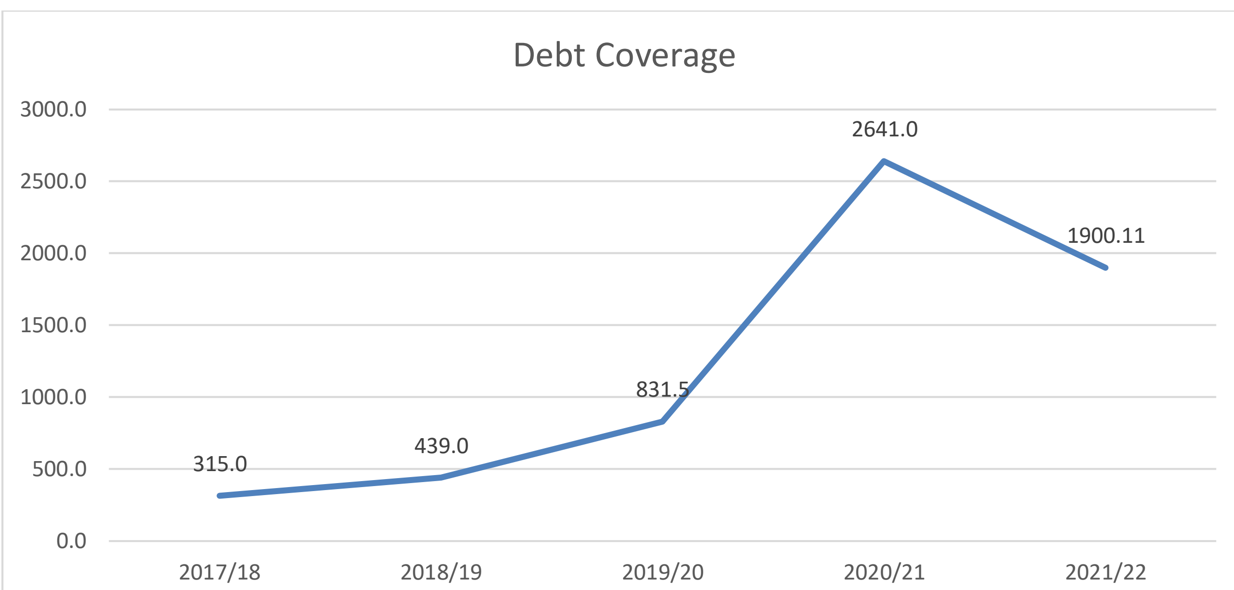
Data used from MBRR SA8

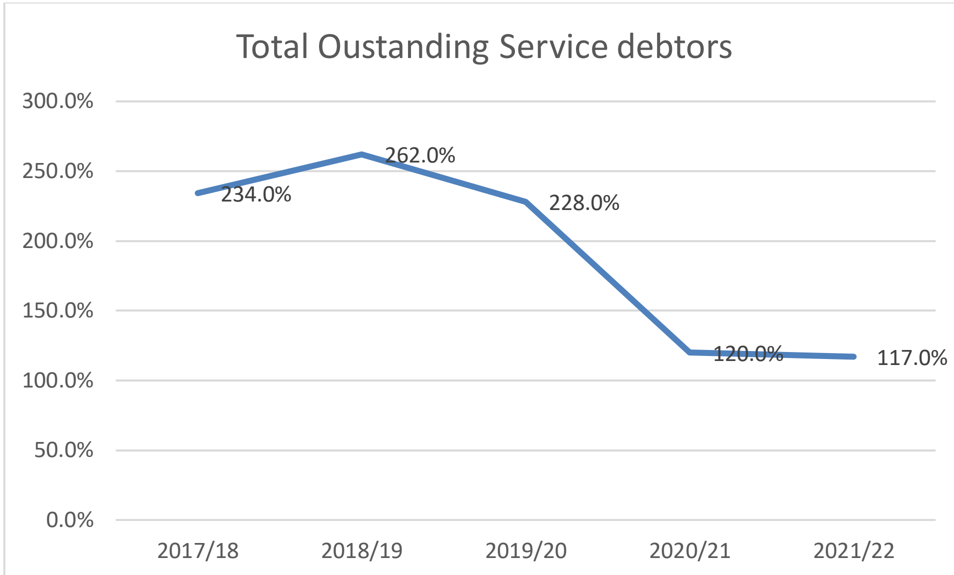
T 5.4.2

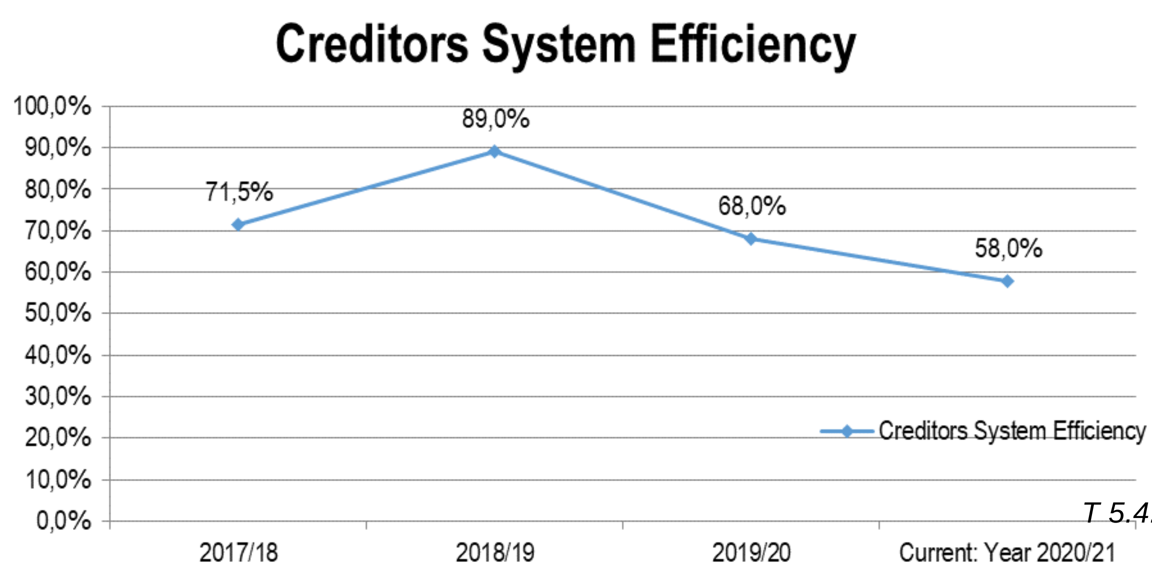



Debt Coverage
3 000,0
2 500,0
2 000,0
1 500,0
1 000,0
500,0
–
315,0
439,0
831,5
2 641,0
i. Debt coverage
2017/18
2018/19
2019/20
Current: Year 2020/21
Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality
Data used from MBRR SA8

T 5.4.3


Debt Coverage
3000.0
2500.0
2000.0
1500.0
1000.0
500.0
0.0
315.0
439.0
831.5
2641.0
1900.11
2017/18
2018/19
2019/20
2020/21
2021/22



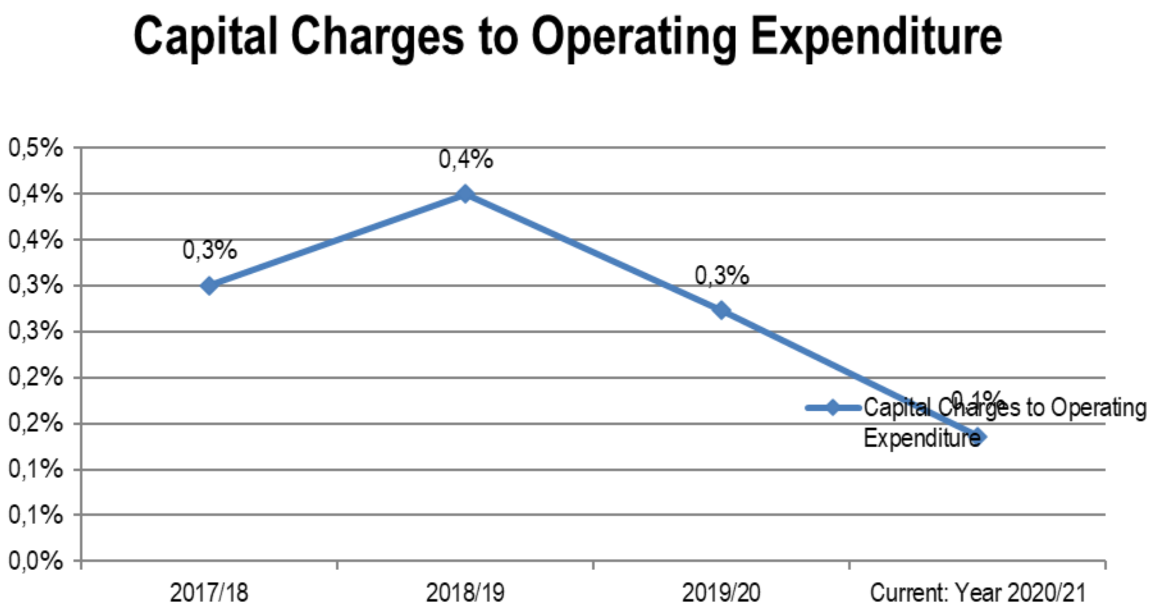


T 5.4.3

Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

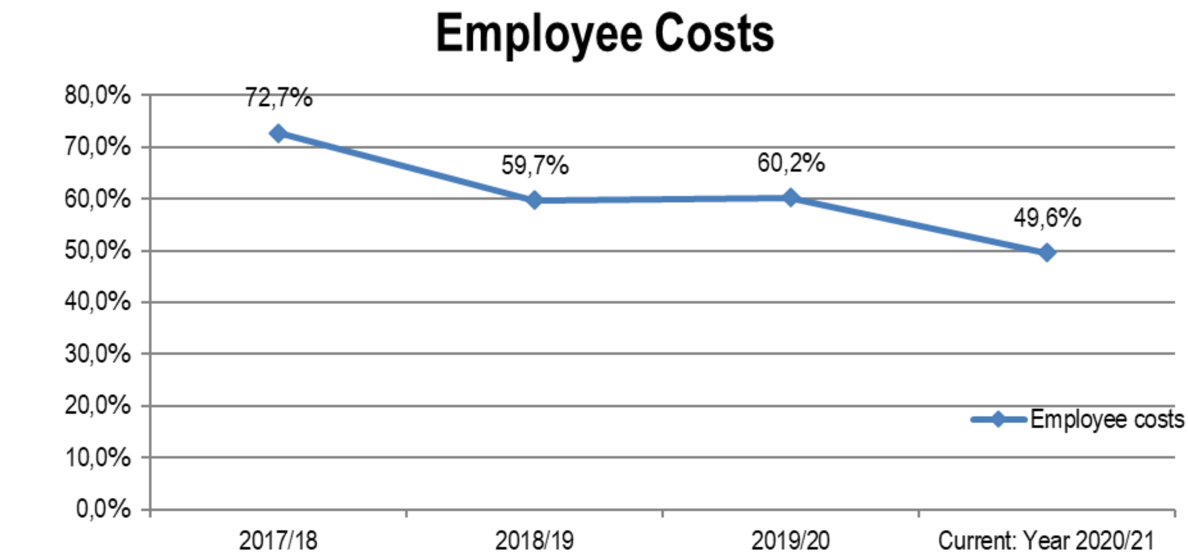
T 5.4.4



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

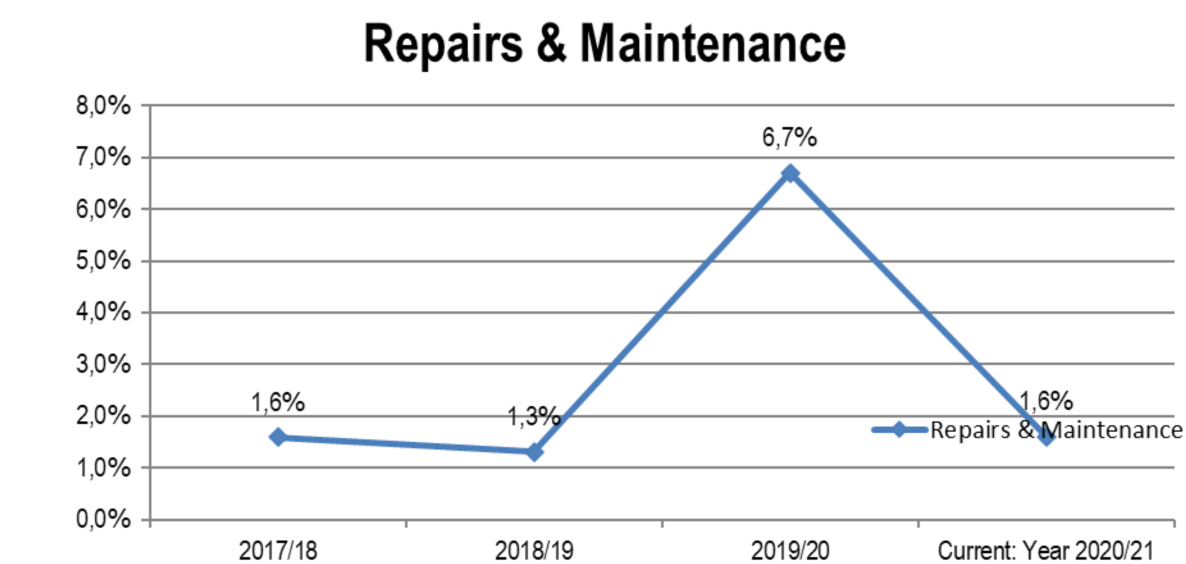
T 5.4.5



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7



Repairs and Maintenance – This represents the propotion of operating expenditure spent and is calculated by dividing the total repairs and maintenace.

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity
This ratio measures the municipality's ability to pay its debts when due and is calculated by dividing the total current assets by current liabilities. The higher the ratio the better. The Amathole District municipality reflects a weak liquidity ratio which is indicative of cash flow constraints thus rendering the municipality unable to pay its debts when they fall due.Despite the constraints, the municipality continues to monitor and manage cash.
The municipality has been placed under administration as per Section 139 5(a) which relates to a mandatory financial recovery plan implementation.

Cost coverage
This ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available to the Municipality. The cost coverage ratio year on year shows an upward trend from the 2017/2018 financial year to the 2019/2020 financial year, with a dip in 2020/2021 and decrease in 2021/22
The municipal viability is not healthy due to financial constraints that the municipality is experiencing. The municipality is dependent on grants. Strategies to improve own revenue are being implemented.

Outstanding debtors and Collection rates
The collection rate measures how much is money is owed by the municipality by its consumers for water, sanitation and fire services within the District. It is calculated by divided the total revenue collected versus the total billing of services.
The collection rate target was 60% for the 2020/21 financial, however as at 30th June 2022, the actual collection rate was only 28%. Several strategies have been implemented toimprove collections and reduce the outstanding debt.

Debt coverage
The municipality has a very low debt gearing. The ADM only has external from finance lease obligations for office equipment in accordance with GRAP 13 on leases. This amount is immaterial.

Creditors' efficiency
The municipality reflects a ratio of 58% for the end of the fourth quarter in 2020/2021 of invoices paid within 30 days of receipt. This is as a result of cash flow constraints experienced by the municipality. The ratio must be compared to the municipality's credit terms which it receives from suppliers and that determined by the MFMA to determine whether the management of accounts payable is effective or not. The longer the credit terms the better for the municipality as the credit is usually interest free. Trade creditors carryno explicit cost. However, when cash discounts are being offered, the cost of not taking the discount is an implicit cost. Additional stain is placed on working capital requirements if creditor's payment days are significantly less than the debtor's collection period.

Payment can only be made upon receiving the original invoice. The Budget and Treasury office has implemented procedures and controls to ensure that invoices are received andpaid within the legislative time frames i.e. payment within 30 days of receipt of invoice. This intervention has greatly improved the payment turn-around times to ensure compliance with the MFMA.

Capital charges to operating expenditure

This ratio is an indication of capital charges in relation to operating expenditure. This ratio could be used to assess the cost/extent of financing. The cost of capital includes finance costs and depreciation.

This ratio is very low as the only finance and capital payments are as a result of finance lease payments. The municipality rents copiers and fax machines. These lease agreements are classified as finance leases in accordance with GRAP 13: Leases (applicable accounting standard).

The municipality has finance lease obligations and external borrowings hence the ratio is below 1%.

Employee costs

This ratio measures what percentage of the revenue was spent on paying employee costs. The ratio reflects a downward trend, with a decrease from 60.2% in the 2019/20 financial year to 49.6% in the 2020/21 financial year.

Repairs and maintenance

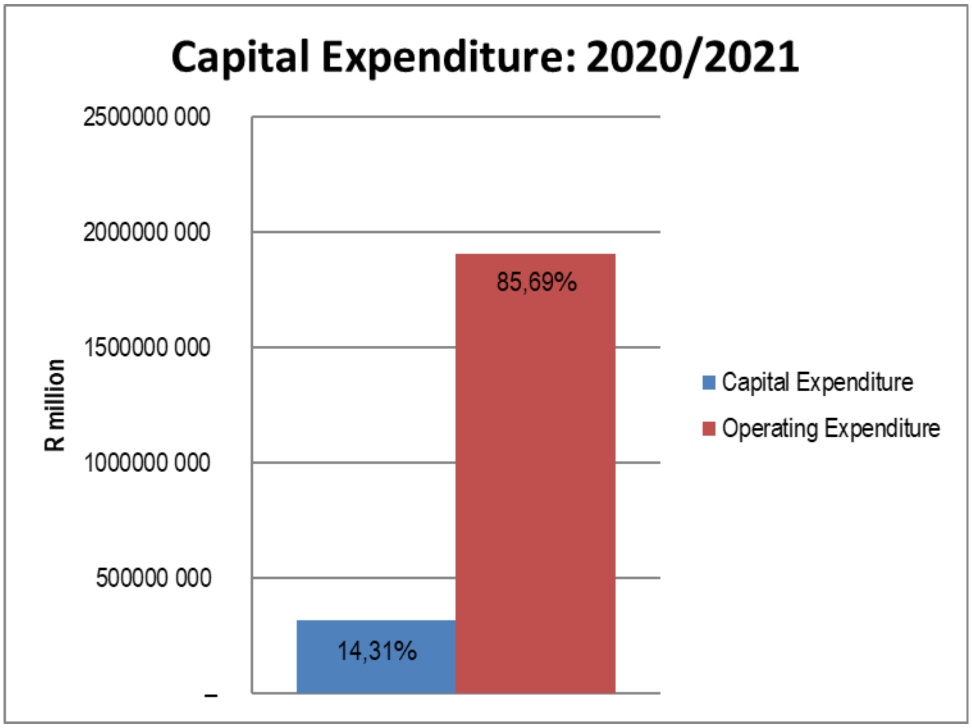
Currently the ratio is very low. The amount of repair expenditure will depend on the age of the assets. The ratio can be used to assess whether asset management is effective or not. The budget has a direct impact on the repairs and maintenance.

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

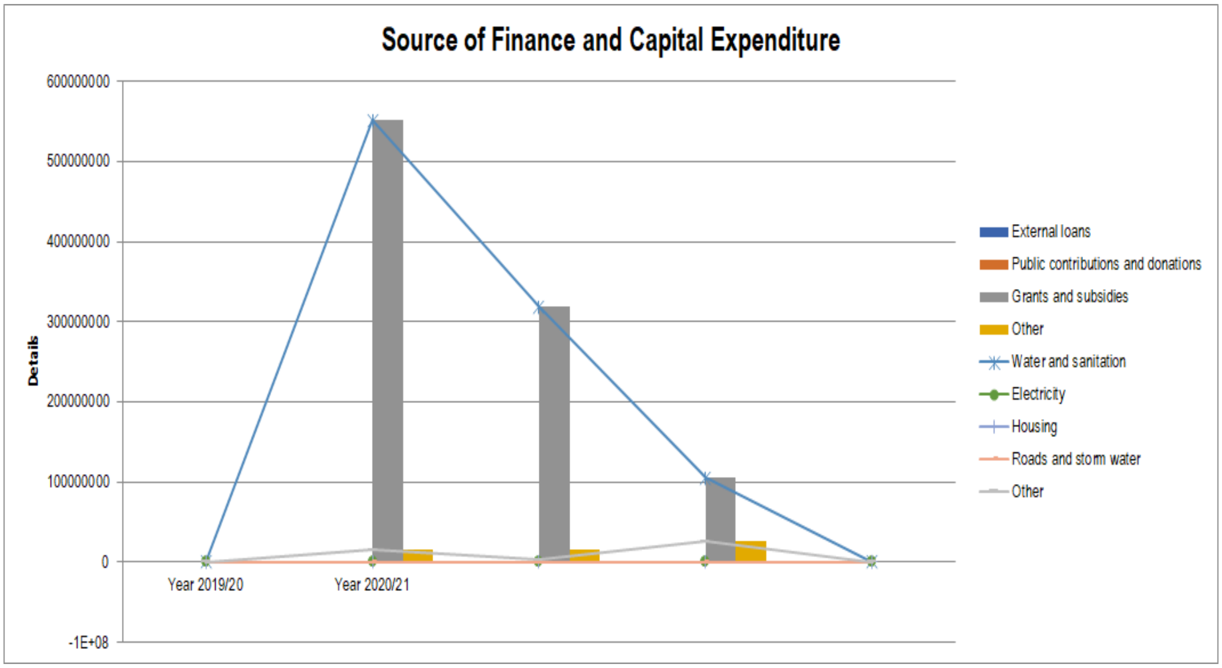
It must be noted that: Capital expenditure relates mainly to construction projects i.e. water and sanitation infrastructure that will have lasting value over many years; and that themajority of the Capital expenditure is funded from grants.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

							R' 000
Details		Year 2019/20	Year 2020/21				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	#DIV/0!	#DIV/0!
	Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
	Grants and subsidies	475570	551 484	318 676	104 797	-42,21%	-81,00%
	Other	3967	15 000	15 429	25 759	2,86%	71,73%
Total		**479537**	**566 484**	**334 105**	**130 557**	**#DIV/0!**	**#DIV/0!**
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Grants and subsidies	99,2%	97,4%	95,4%	80,3%	#DIV/0!	#DIV/0!
	Other	0,8%	2,6%	4,6%	19,7%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation	475 570	551 344	318 676	104 797	-42,20%	-80,99%
	Electricity	0	0	0	0	#DIV/0!	#DIV/0!
	Housing	0	0	0	0	#DIV/0!	#DIV/0!
	Roads and storm water	0	0	0	0	#DIV/0!	#DIV/0!
	Other	3967	15 140	2 890	25 759	-80,91%	70,14%
Total		**479537**	**566 484**	**321 566**	**130 557**	**#DIV/0!**	**#DIV/0!**
Percentage of expenditure							
	Water and sanitation	99,2%	97,3%	99,1%	80,3%	#DIV/0!	#DIV/0!
	Electricity	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Housing	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Roads and storm water	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Other	0,8%	2,7%	0,9%	19,7%	#DIV/0!	#DIV/0!
							T 5.6.1



T 5.6.1.1

COMMENT ON SOURCES OF FUNDING:

Capital Budget is predominantly funded by Grants and Subsidies, with the two largest grants being MIG and WSIG. Other sources of funds include RBIG and a minor amount from own cash reserves. There is no loan capital.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current: Year 2020/21			Variance: Current Year 2020/21	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Xhora East Water Supply	99 694 000	99 694 000	25 700	100%	0%
B -SAP/ ADMAC project	46 462 720	26 611 707	19 900	100%	43%
C - Ngqamakwe Regional Water Supply Phase (1 - 4)	21 205 874	21 205 875	15 500	100%	0%
D - Ngqushwa Region 2C Sanitation Project	62 7432 779	8 901 345	55 842	100%	-14%
E - Ibika-Centani Water Supply Phase 3	16 964 699	18 123 839	11 250	100%	-7%
** Projects with the highest capital expenditure in Year 0*					
Name of Project - A	- Xhora East Water Supply				
Objective of Project	The purpose of the project is to ultimately supply 6.6 Mℓ/day of potable				

	water to a population of about 66,900 people (approximately 8,082 households), allowing for an increase in the average consumption per capita from 25 ℓ/c/d on reticulation mains to 60 ℓ/c/d on the bulk mains over a 20 year time horizon. The targeted categories of consumers to be supplied with potable water are domestic water users throughout the Mbashe Local Municipality, coastal tourism areas, light industrial users and institutional users mainly within the town of Elliotdale
Delays	Budget constrains
Future Challenges	-Eskom quality of supply, large phase imbalances. This is impacting the volume of treated water -Illegal water connections (rural areas) -Pipe leaks -Infrastructure vandalism
Anticipated citizen benefits	There are approximately 133 rural villages with a population of about 66,900 in 8,082 households. The project area covers Wards 13, 15, 16, 17, 20, 21, 26, 28 and 32 of the Mbashe Local Municipality.`
Name of Project - B	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - C	C - Ngqamakwe Regional Water Supply Phase (1 - 4)
Objective of Project	The whole project covers 129 villages in ward 13-20 of the Mnquma Local Municipality covering 76 000 people. A severe persisting water shortage in 2009/10 due to drought prompted ADM to sort a medium to long term relief and an area that is within the greater part of Ngqamakhwe RWSS that was worst hit was identified and required urgent water supply.
Delays	Eskom Connection at Borehole Pumpstations, Bulk water Supply from Phase 5 - project to be completed September 2023
Future Challenges	Vandalism, Illegal water connections (rural areas) and Pipe leaks
Anticipated citizen benefits	76 000 people (12666 households)
Name of Project - D	
Objective of Project	Provision of basic sanitation services
Delays	None
Future Challenges	Lack of funds to eradicate backlog and address population growth
Anticipated citizen benefits	The use of dignified sanitation facilities
Name of Project - E	E - Ibika-Centani Water Supply Phase 3
Objective of Project	This project, Ibika - Centani Regional Water Supply, was identified in ADM's 2012-2017 IDP for the realization of its objective of provision of adequate, potable and sustainable water services infrastructure. Amathole District Municipality seeks to implement a rural water supply scheme for the area stretching from N2 route in the north, Xholani on the west and Gosaxi in the east down to the coastal area of Mazepa within the Mnquma Local Municipality. The area is home to a total of 32,574 people dwelling in 6,515 households made of mainly low income earners. The project will also extend to Centane which has both urban and rural dwellers. The estimated population for Centane, projected from the 2002 population is around 13,260, which converts to about 2,652 households at

	an average of 5 people per household. An additional 1200 will be added once the new housing development is completed. This gives a total current design population of 10,367 households.
Delays	Draught
Future Challenges	Draught, vandalism of existing infrastructure with no adequate water supply
Anticipated citizen benefits	47 034 people (10 367 households)
	T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Owing to the rural nature and Grant dependency of the ADM, there are still significant water and sanitation backlogs in the former homeland areas. The pace of the eradication of these backlogs is entirely dependent on funding allocations from National Treasury through the respective Grant allocations. The newly established Water Services Infrastructure Grant (WSIG) will assist in ensuring that all communities have access to at least a safe water supply by 2022, even if these water systems do not meet RDP standards. The Municipal Infrastructure Grant (MIG) will be used to eradicate the backlog.

The MIG grant is also being used to eradicate the water backlog and ensure that all households have access to a RDP level of service While the ADM still needs to provide waterand sanitation services to all those currently not served, other challenges being faced are expanding villages, the demand for higher levels of service as well as old and dilapidated infrastructure.

Since the MIG is primarily being used to eradicate backlogs, ADM has to rely on limited internal funding for extensions, upgrades and asset renewal. This is a major cause for concern as the ADM has insufficient internal funding to adequately keep pace with these additional infrastructure requirements which therefore results in a growing backlog in these areas. Effective asset management, such as preventive maintenance will be key to prolong the life of ageing infrastructure.

T5.8.1

Service Backlogs at 30 June Year 2020				
	Service Level Above minimum Standard		Service Level below minimum Standard	
	No. HHs	%HHs	No. HHs	%HHs
Water	235 338	98%	5 998	2%
Sanitation	217 853	91%	22 147	9%

Electricity	N/A	N/A	N/A	N/A
Waste Management	N/A	N/A	N/A	N/A
Housing	122743	55.1	99643	44.8
				T5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 2019/20 on Service backlogs						
Details	**Budget**	**Adjustments Budget**	**Actual**	**Variance**		**Major conditions applied by donor (continue below if necessary)**
				Budget	**Adjust-ments Budget**	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water	225 011	129 347	129 347	%	100	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation	182 460	278 232	278 232	%	100	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management	N/A	N/A	N/A	%	%	
Transportation	N/A	N/A	N/A	%	%	
Gas				%	%	
Other Specify: PMU Operations	20 961	20 891 597	20 891	%	100%	
				%	%	
				%	%	
				%	%	
Total	428 472	428 472	428 472	%	100%	

** MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustment budget by actual.*

T 5.8.3

COMMENT ON BACKLOGS:

Municipal Infrastructure Grant is a conditional grant that is issued to municipalities based on powers and functions to address all related backlog. Amathole District Municipality being a water service authority is responsible for all water and sanitation mandates of the district. The grant therefore aims to address all water and sanitation backlog within the district. The grant is regulated through the Division of Revenue Act (DORA) which is gazetted yearly to indicate the allocations to be given to each municipality on a 3 year Medium-Term Expenditure (MTEF) framework. The municipality therefore has a three year window to plan accordingly for the implementation of projects that aim to address the identified backlog.

ADM for the 2018/19 financial year received a MIG allocation of R428 472 000, 100% of the allocation has been spent. The expenditure incurred for the 2019/20 financial year was to address the water and sanitation backlog as identified in the IDP

MIG only implements projects to address household backlog and the mandate for addressing backlog in schools and clinics lies with the departments of education and health respectively. Therefore the above indicated allocation only addressed backlog in relation to households.

T5.8.4

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow is of vital importance to the health of a municipality.

Investments are placed with top creditworthy institutions as rated by nationally recognised credit rating agencies.

The administrative system of cash flow and investment management is geared towards fiscal discipline despite challenges associated with the collection of revenues.

The municipality continues to experience cash flow constraints and finds itself facing challenges in meeting its long- and short-term commitments in a timely manner. The Council of the municipality is regarded as the trustee of the public revenue that it collects and it therefore has an obligation to the community to ensure that the municipality's cash resources are effectively and efficiently managed. Council therefore has a responsibility to invest these public revenues knowledgeably and judiciously and must be able to account fully to the community in respect of these investments.

The investment portfolio has been delegated to the Chief Financial Officer, through application of the approved investment policy and stringent cash monitoring, R13 million interest was actually earned versus the budget of R19 million. This was as a direct impact of the world wide COVID-19 pandemic that saw the effective interest rates decreasing. Hence the municipality earned less interest income than anticipated.

T 5.8.

5.9 CASH FLOW

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement for the year ended 30 June 2022

Figures in Rand	**Note(s)**	**2022**	**Restated 2021**
Cash flows from operating activities			
Receipts			
Service charges		(4 226 647)	27 356 928
Grants		1 596 609 282	1 516 277 088
Interest income		67 559 070	77 559 079
Other receipts		3 550 475	2 906 679
		1 663 492 180	**1 624 099 774**
Payments			
Employee costs		(683 895 634)	(671 214 536)
Suppliers		(564 364 388)	(819 854 888)
Finance costs		(15 720 608)	(7 370 718)
		(1 263 980 630)	**(1 498 440 142)**
Net cash flows from operating activities	**39**	**399 511 550**	**125 659 632**
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(262 279 428)	(227 204 602)
Proceeds from sale of property, plant and equipment	4	-	-
Movement in investment property		-	617 152
Increase in current investment		(2 137 129)	(2 862 400)
Net cash flows from investing activities		**(264 416 557)**	**(229 449 850)**
Cash flow from financing activities			
Finance lease payments		(159 156)	(295 495)
Net cash flows from financing activities		**(159 156)**	**(295 495)**
Net increase/(Decrease) in cash and cash equivalents		**134 935 837**	**(104 085 713)**
Cash and cash equivalent at the beginning of the year		84 580 828	188 666 538
Cash and cash equivalent at the end of the year	**16**	**219 516 665**	**84 580 824**

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Debt Profile

The district currently has no loans or borrowings other than finance leases for the rental of photocopiers in accordance with GRAP 13.

T 5.10.1

Actual Borrowings: Year 2018/2019 to Year 2020/2021			
			R' 000
Instrument	**Year 2019**	**Year 2020**	**Year 2021**
Municipality			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	4	455	159
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Municipality Total	4	455	159
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Entities Total	0	0	0
			T 5.10.2

COMMENT ON BORROWING AND INVESTMENTS:

Debt profile
The finance lease obligations are recognized in accordance with the GRAP standards and pertain to the rental of photocopiers.

Investment profile
The municipality has R27 million capital invested in reputable financial institutions, earning interest at an average of 4.25%.
R5 million has been invested in a fixed deposit account until 2022, this account supports the MTAS and vision 2058 towards rebuilding the cash reserves of the municipality.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

There are no Public Private Partnership Agreements in place.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council.

The SCM Policy of ADM has been reviewed to give effect to MFMA Circular 106: Local Government Framework for Infrastructure Delivery and Procurement Management.

Section 117 of the MFMA states that: "No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer." The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Rules and procedures governing the functioning of the abovementioned bid committees were developed and implemented. Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that:

"The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management."

The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management. The Managers of Supply Chain Management have successfully completed the Minimum Competency Training.

ANALYSIS OF THE SUPPLY CHAIN MANAGEMENT BID PROCESS

CURRENT CONTRACTS AWARDED FOR THE 2020/21 FINANCIAL YEAR

During the 2020/21 financial year a total number of 185 contracts were awarded. The following table reflects the various procurement methods as well as the number of projects:

PROCUREMENT METHOD	NUMBER
Formal written price quotation (RFQ) (R30 000 - R200 000)	8
Competitive Bidding (Above R200 000)	163
Deviations	14
Section 32	-
TOTAL	**185**

The following table reflects the types of procurement:

PROCUREMENT METHOD	NUMBER
Goods	8
Services	18
Infrastructure	159
TOTAL	**185**

PERFORMANCE OF SERVICE PROVIDERS FOR THE 2020/2021 FINANCIAL YEAR FOR THE PERIOD ENDING 30 JUNE 2021

The following table reflects performance of the service providers during 2020/2021 financial year:

Financial Year	Number of Awards	% Poor	% Acceptable	% Excellent
2020/2021	185	6,5%	81,08%	12,43%

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders.

The financial statements have been prepared using an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified.
The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB). This has occurred in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

T 5.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The accounting officer of the municipality is responsible for the preparation and fair presentation of the annual financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act No. 56 of 2003 (MFMA) and for internal controls that management determines necessary to enable the annual financial statements to be prepared free from material misstatements whether due to fraud or error.

The Constitution S188 (1) (b) and section 4 of the Public Audit Act of South Africa No. 25 of 2004 statesthat the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year 2020/21 (PREVIOUS YEAR)

6.1 AUDITOR GENERAL REPORTS Year 2021/22 (Previous year)

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year 2021/22 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORTS Year 2022/23 (CURRENT year)

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:
T6.2

GLOSSARY

-

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce thedesired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve whensetting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement offinancial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery ofoutputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.

Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal servicesand activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify theoutputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees striveto achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or

	functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time /Part Time FT/PT**	**Committees Allocated**	***Ward and/ or PartyRepresented**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
				%	%
Cllr. N. Ndikinda	FT	RULES COMMITTEE	ANC	100%	0%
Cllr K.C. Maneli	FT		ANC	85%	15%
Cllr. N. W. Nxawe	FT		ANC	70%	30%
Cllr. N. Mgidlana	FT	Whips Committee	ANC	91%	9%
Cllr. N. Mfecane	FT	Municipal Public Accounts Committee	ANC	90%	10%
Cllr S. Zuka	FT	Good Governance and PublicParticipation	ANC	100%	0%
Cllr L. Jacobs	FT	Municipal Financial Viability	ANC	82%	18%
Cllr S. Ndwayana		Whips Committee	ANC	95%	5%
Cllr Kabane	FT	Whips Committee Municipal Transformation and OrganizationalDevelopment Committee	ANC	90%	10%
Cllr Ngxola	PT	Local Economic Development Committee	ANC	90%	10%
Cllr B Goniwe	PT	Municipal Public Account Committee	ANC	100%	0%
Cllr P. Qaba	PT	Municipal Public Account Committee	ANC	80%	20%
Cllr Z. Xongwana	PT	Municipal Public Account Committee	ANC	64%	36%

Cllr N. Sango	PT	Basic Services and infrastructure InvestmentCommittee	ANC	85%	15%
Cllr T. Balindlela	PT	Municipal Public AccountsCommittee Whips Committee	DA	90%	10%
Cllr Sitole	PT	Municipal Public AccountsCommittee	UDM	45%	55%
Cllr C. Genyane	PT	Municipal Public Accounts Committee	ANC	80%	20%
Cllr Z. Mnqwazi	PT	Municipal Financial ViabilityCommittee Basic Service Delivery and InfrastructureInvestment	ANC	100%	0%
Cllr N. Geza	PT	Municipal Financial ViabilityCommittee Local Economic Development Committee	ANC	100%	0%
Cllr M. Tshaka	PT	Municipal Financial ViabilityCommittee	DA	90%	10%
Cllr C. Auld	PT	Municipal Financial ViabilityCommittee Local Economic Development Committee	DA	80%	20%
Cllr N. Mgema	PT	Municipal Financial Viability Committee	ANC	55%	45%
Cllr L. Mantshiyose	PT	Municipal Financial Viability Committee	ANC	80%	20%
Cllr N. Rulashe	PT	Local Economic Development Committee Whips Committee	ANC	90%	10%
Cllr A. Matshobeni	PT	Local Economic Development Committee Whips Committee	ANC	90%	10%

Cllr K. Magwaca	PT	Local Economic Development Committee	UDM	64%	36%
Cllr T. Ngaye	PT	Local Economic Development Committee	ANC	91%	9%
Cllr S. Maneli	PT	Municipal Transformation and OrganizationalDevelopment Committee Good Governance and PublicParticipation Whips Committee	ANC	55%	45%
Cllr N. Dube	PT	Municipal Public Accounts Committee	ANC	95%	5%
Cllr X. Tyodana	PT	Municipal Transformation and Organizational DevelopmentCommittee	ANC	80%	20%
Cllr N. Skelenge	PT	Municipal Transformation and OrganizationalDevelopment Committee Local Economic Development Committee	ANC	80%	20%
Cllr M. Mqokoyi	PT	Basic Service Delivery and Infrastructure Committee	ANC	36%	64%
Cllr P. Sango	PT	Basic Service Delivery and Infrastructure Committee	ANC	55%	45%
Cllr D. Ncanywa	PT	Good Governance and Public Participation	ANC	50%	50%
Cllr J. Lombard	PT	Good Governance and Public Participation	DA	80%	20%
Cllr M. Siwisa	PT	Good Governance and Public Participation	ANC	73%	27%
Cllr Siyo		Good Governance and Public Participation Municipal Financial Viability	ANC	45%	55%

Cllr X. Mngxaso		Good Governance and Public Participation	UDM	90%	10%
Cllr Yelani	PT	Municipal Transformation and OrganizationalDevelopment Committee	ANC	64%	36%
Cllr N. Nyathela	FT	Local Economic Development Basic Service Delivery and Infrastructure	ANC	91%	9%
Cll M Jiya	PT	Basic Service Delivery and Infrastructure	ANC	82%	18%
Cllr X. Baleni	PT	Basic Service Delivery and Infrastructure	ANC	91%	9%
Cllr N. Ntolosi	PT	Basic Service Delivery and Infrastructure	ANC	82%	18%
Cllr M. Namba	FT	Good Governance and Public Participation	ANC	100%	0%

*Note: * Councillors appointed on a proportional basis do not have wards allocated to them* *T A*

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<table>
<tr><th colspan="2">Committees (other than Mayoral / Executive Committee) and Purposes of Committees</th></tr>
<tr><th>Municipal Committees</th><th>Purpose of Committee</th></tr>
<tr><td>Municipal Transformation and Organizational Development Committee</td><td>To assist the Executive Mayor in his responsibility to monitor the management of the municipality’s administration in accordance with the directions of Council.

The Committee shall have the power to consider and make recommendations to the Mayoral Committee on all issues falling within the ambit of the following functional areas:

• Industrial Relations
• Personnel Administration
• Occupational Health and Safety
• Conditions of Services and Staff Benefits
• Resource Management
• Council Assets
• Land Transaction
• Building Maintenance and Administration
• Insurance Fire Services
• Municipal Health Services including Environmental Health
• Protection Services
• Disaster Management
• Community Safety</td></tr>
<tr><td>Local Economic Development Committee</td><td>To assist the Executive Mayor in his responsibilities to identify the social and economic needs of the municipality, recommending to Council strategies, programmes and services to address priority needs and monitoring the operational functions of ASPIRE in a way that does not interfere in the performance of those functions.

The Committee shall have the power to consider and make recommendation to the Mayoral Committee on all issues falling within the ambit of the following functions:

• Land and Housing
• Land Development Objectives
• Integrated Development Plans</td></tr>
</table>

	• Tourism • Local Economic Development • Land Reform and Settlement Plan • Town and Regional Planning • Land Usage
Basic Services and Infrastructure Investment Committee	To assist the Executive Mayor in his responsibility to oversee the provision of basic services to communities in a sustainable manner. The Committee shall have the power to consider and make recommendations to the Mayoral Committee on all the issues falling within the scope of the following functional areas: • Engineering Services • Water and Sanitation • Solid Waste • Transport and Planning • Community Facilities
Municipal Financial Viability	To assist the Executive Mayor in his responsibilities to provide political guidance of the fiscal and financial affairs of the municipalities that must guide the preparations of the budget and taking reasonable steps to ensure that the municipality performs its Constitutional and statutory functions within the limits to the municipality's approved budget. The Committee shall have the power to consider and make recommendation to the Mayoral Committee on all issues falling within the scope of the following: - Municipal Budget; - Integrated Development Planning; - Service Delivery and Budget Implementation Plan; - Performance Management; - Risk Management; - Mid-year Budget review; - Financial Management; - Asset and Liability management; - Revenue Management;

	- Expenditure Management; - ASPIRE performance review; - Supply Chain Management. - Monitor progress on the implementation of the SDBIP (projects).
Good Governance and Public Participation Committee	To assist the Executive Mayor in his responsibility to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget and to annually report on the involvement of communities and community organizations in the affairs of the municipality. The Committee shall have the power to consider and make recommendation to the Mayoral Committee on all issues falling within the scope of the following: - Political & Administrative Structures of Council; - Ethics Management; - Inter-governmental relations; - Municipal Support Services; - Community participation; - Mayoral Imbizo; - Customer Care. - Special Programmes (Gender, people with disabilities and Youth) - Performance management - Monitor progress on the implementation of the SDBIP (projects).
Municipal Public Accounts Committee	The Municipal Public Accounts Committee is established in terms of section 79 of the Municipal Structures Act, 1198 as amended, as a mechanism to assist Council to fulfil its mandate to oversee of Executive function. It is a multi-party Committee established in terms of section 160(8) of the Constitution. The Committee is established to enable Council to fulfil her oversight functions as envisaged in section 32 of the Municipal Finance Management Act (Act 56 of 2003). Since its inception the Committee has worked tirelessly to fulfil its mandate and developed an oversight report on the annual report and the annual financial statements for each financial year. From the work of the committee during the years it can be observed that: (a) The Committee has been able to create a better understanding of its work among the political

	and administrative office bearers in council. (b) It developed a program of action intended to ensure continuous and complementary oversight over the Executive and the Administration (c) Facilitated capacity building of its members for better understanding and performance of its functions. (d) Ensure regular meetings and submission of reports of the committee to the Council on a quarterly basis. (e) Develop an oversight report on the annual report for the financial year 2018/19 (f) Take the annual report to communities and ensure citizen participation in evaluation of the performance of the Municipality. (g) Facilitate engagement of the Municipal Public Accounts Committees of the Local Municipalities in ADM's area of jurisdiction to ensure synergy in annual reporting to communities. (h) Conduct oversight on the section 52(d) reports thus providing in year monitoring of the financial performance of the Municipality. (i) Visit projects implemented by the Municipality to assess outcomes and gauge community Satisfaction with service delivery. (j) Investigating recoverability of irregular, unauthorized fruitless, and wasteful expenditure.
Women Caucus	The committee is responsible for dealing with issues affecting Women within the jurisdiction of ADM and also responsible for raising their plight.
Chief Whips Committee	The Whips Committee is established in terms of section 10 of the Standing Rules of Council. The Committee consist of the Whips of all political parties in council and is chaired by the Chief Whip of Council. The Committee performs any function assigned to it by the Council or as defined in terms of the Standing Rules. The Whips Committee meets four days before the date of Council to enable the Whips of Political to determine the manner in which matters brought to Council will be taken and to develop consensus in approach amongst political parties on matters in the agenda of

	Council. The Whips Committee facilitates the smooth running of the meeting of Council. During the period under review the whips Committee has met in line with the Calendar of Council. Some meetings of the Whips Committee were also affected by the lockdown, and had to be cancelled. However mechanisms were developed whereby whips forward questions to the Chief Whip on matters in the agenda to facilitate for the smooth running of Council
Rules Committee	Since its inception the Council has established Rules Committee for the development and regular updating of the Rules of Council. The Rules Committee is a multi-party Committee of Council with proportional representation of all parties in Council as determined in terms of section 160(8) of the Constitution of the Republic of South Africa, 1996 as amended. During the period under review, the Rules Committee convened and reviewed Standing Rules to: 1. Ensure that the Rules are in line with legislation. 2. Ensure that the Rules reflect the current status in Council. 3. Ensure that rules provide for virtual meetings in line with provisions of the Disaster Management Act and its regulations
Ethics Committee	The Committee on Ethics and Discipline was established by Council in 2016 in terms of section 79 of the Local Government Municipal Structures Act (Act 117 of 1998 as amended). The mandate of the Committee is to ensure the development and maintenance of a register of members' interests and to assist the Speaker with investigations of any suspected breaches of the code of conduct by councilors. The Committee meets as and when there are cases of suspected breaches of the code of conduct and reports to council on its findings with recommendations of appropriate sentence. During the period under review the Committee has met to consider suspected breaches of the code of conduct of councilors against seven (7) councilors and recommendations were submitted to the Council for consideration.
Audit and Risk Committee	ADM appointed a new Audit and Risk Committee with effect from 1 November 2017 comprising of five independent individuals. The Audit and Risk Committee performs the responsibilities assigned to it by MFMA (section 166), and the corporate governance responsibilities delegated to it by council in a charter approved by Council. The committee reviewed the annual financial statements of the municipality before they were submitted to the Auditor-General (AG). The

	Committee managed to convene once during lockdown to carry out its responsibilities.	
		T B

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality	Function Applicable to Entity
Constitution Schedule 4, Part B functions:	(Yes / No)*	(Yes / No)
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	No	
Firefighting services	Yes	
Local tourism	Yes	Yes
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities	No.	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	No	
Water and sanitation services limited to potable water supply systems and	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	No	
Cleansing	No	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	No	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	No	
Municipal roads	No	
Noise pollution	No	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	No No Yes	
Street trading	No	
Street lighting	No	
Traffic and parking	No	

** If municipality: indicate (yes or No); * If entity: Provide name of entity* *T D*

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 2019/20**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
16 August 2019	Management implementation of quality control measures and close monitoring of the commitments register to avoid repeat findings.	Yes
	Internal Audit to play a pro-active role for the reviews to have impact on the assurance to be provided.	Yes
	Approval of Internal Audit Three Year Rolling Plan for 2019/20 to 2021/22 financial year.	
	Approval of Internal Audit Charter	
	Management to effectively address the issues raised by AG as these could negatively impact the audit outcomes of the municipality.	Yes, even though progress is delayed in certain areas
	Management to expedite the process of finalizing matters that involve employees in relation fraudulent activities and unethical behaviour	Yes
	Findings and recommendations by Internal audit to be considered and acted upon by management to improve the control environment.	Yes
	Management to implement systems to reduce the number of expenditure incurred through the deviation procurement process	Yes
	Council Approval of AFS and Annual Performance Report recommended with amendments as suggested.	Yes
13 December 2019	Auditor General's Report, a qualification and the following recommendations were made: • Audit action plans should be monitored throughout the financial year and not only in preparation for the audit. • Constant oversight by the Accounting Officer and Governance Structures on progress on the implementation of the action plan • Strengthening of internal IT systems • ADM to adopt a proactive audit approach to the audit of the SDBIP so that recommendations can implemented and adopted during the adjustments budget and SDBIP review period.	Yes
	Urgent intervention in areas of ICT, Revenue and Asset Management to avoid repeat findings.	Yes

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 2019/20	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	mSCOA compliance: ADM to urgently find an amicable solution in order to resolve all ICT related issue.	Yes

APPENDIX H – CONTRACTS ENTERED INTO DURING YEAR 2022/23

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE SOURCE

Revenue Collection Performance by Vote

Revenue Collection Performance by Vote

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

	R'000					
Vote Description	**Year 2017/18**	**Current: Year 2018/19**			**Year 2019/20 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustment Budget**
Property rates						
Service Charges - water revenue	273 987	383 512	383 512	300 678	22%	22%
Service Charges - sanitation revenue	98 131	140 541	140 541	113 278	19%	19%
Service Charges - refuse revenue						
Service Charges - other (Fire)	5 579	7 409	7 409	6 213	16%	16%
Interest earned - outstanding debtors	95 393	93 056	93 056	67 560	27%	27%
Dividends received						
Fines						
Licences and permits						
Agency services						
Transfers recognised - operational						
Other revenue						
Gains on disposal of PPE						
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	**473 090**	**624 518**	**624 518**	**487 729**	**22%**	**22%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. TK. 2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG R' 000						
Details	**Budget**	**Adjustments Budget**	**Actual**	**Variance**		**Major conditions applied by donor (continue below if necessary)**
				Budget	**Adjustments Budget**	
FINANCE MANAGEMENT	1 000 000	1 000 000	1 000 000	-	-	
EXTENDED PUBLIC WORKS PROGRAMME	3 085 000	3 085 000	3 085 000	-	-	
RURAL ROADS ASSET MANAGEMENT	2 964 000	2 964 000	2 964 000	-	-	
REGIONAL BULK INFRASTRUCTURE GRANT	86 366 000	106 366 000	33 386 432	52 979 568	72 979 568	
WATER SERVICES INFRASTRUCTURE GRANT	80 000 000	92 101 000	92 101 000	-12 101 000	-	
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	-	-	-	-	-	
				-	-	
				-	-	
				-	-	
Total	173 415 000	205 516 000	132 536 437	40 878 568	72 979 568	

APPENDIX M – CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

5. APPENDIX M(I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 2022/23				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	ValueYear 0 R' 000	Total Amount committed over previous and future years
NONE				
** Loans/Grants - whether in cash or in kind*				*T R*

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

ACRONYMS

ADM	Amathole District Municipality
AFS	Annual financial statements
AREDS	Amathole Regional Economic Development Strategy
ARC	Agricultural Research Council
AC	Audit Committee
BCMM	Buffalo City Metropolitan Municipality
CAPEX	Capital expenditure
CBD	Central business district
CCMA	Commission for Conciliation, Mediation and Arbitration
CCR	Core Competency Requirement
CEO	Chief executive officer
CFO	Chief Finance Officer
CSIR	Council for Scientific and Industrial Research
DAFF	Department of Agriculture, Forestry and Fisheries
DEA	(National) Department of Environmental Affairs
DLGTA	Department of Local Government and Traditional Affairs
DRDLR	Department of Rural Development and Land Reform
DRPW	Department of Roads and Public Works
DWA	Department of Water Affairs
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECF	Employment Creation Fund
ECMAC	Eastern Cape Manufacturing Advisory Centre

EIA	Environmental impact assessment
EPIP	Environmental protection and infrastructure programmes
EXCO	Executive committee
FET	Further education and training
GGP	Good Governance and Public Participation
GIZ	German development service
GRAP	Generally recognised accounting practice
HIV	Human immunodeficiency virus
HR	Human resources
ICT	Information and communications technology
IDP	Integrated Development Plan
IIWSP	Interim Intermediate Water Service Provision
ICT	Information Communication Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LHSED	Land, Human Settlement and Economic Affairs
LESS	Legislative and Executive Support Services
LM	Local municipality
LSDF	Local spatial development framework
M&E	Monitoring and evaluation
MFMA	Municipal Finance Management Act
MFV	Municipal Financial Viability
MM	Municipal manager
MoA	Memorandum of agreement

MoU	Memorandum of understanding
MTI	Municipal Transformation & Institutional Development
MWIG	Municipal Water Infrastructure Grant
NAMC	National Agricultural Marketing Council
NDPG	Neighbourhood Development Partnership Grant
NEDA	Nkonkobe Economic Development Agency
NRM	Natural resource management
NMMU	Nelson Mandela Metropolitan University
OD	Organisational development
PAC	Performance Audit Committee
PMS	Performance management system
PPECB	Perishable Products Export Control Board
SARS	South African Revenue Service
SCM	Supply chain management
SDBIP	Service Delivery & Budget Implementation Plan
SDI	Service Delivery & Infrastructure Investment
SDL	Skills development levy
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SMME	Small Micro Medium Enterprise
WSP	Workplace skills plan

VOLUME II: ANNUAL FINANCIAL STATEMENTS

AMATHOLE
DISTRICT MUNICIPALITY

UN AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

ASPIRE UN AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS

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