

# Senqu Municipality Annual Report

2013/2014



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# **CHAPTER 1**

## **MAYOR'S FOREWORD & EXECUTIVE SUMMARY**

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# CHAPTER 1

## MAYOR'S FOREWORD & EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

It is with confidence and pleasure that I present you with the Annual Report for Senqu Municipality for the 2013/2014 period. I cannot help but think back to when this term of office began and the overriding goals - to facilitate ways to ensure peace, stability, job creation, an improved and strong economy and a firm foundation for better and even faster progress, especially within our rural areas. As stated, very close to my heart was the need to take steps to ensure that economic upliftment for our area would be facilitated, especially for the previously marginalized - the women, youth and disabled. I do believe that we are well on our way to achieving this.

#### a. Vision

Senqu Municipality's vision encompasses these sentiments and so much more, reading as follows:

"A developmentally orientated municipality that provides appropriate, efficient and economical infrastructure services for all residents."

The emphasis of this vision lies in ensuring that the municipality remains focused on development – ensuring that both infrastructure and staff are developed in order to be able to provide effective and efficient services for all. Upliftment of the community remains paramount – to be achieved by more efficient service delivery, additional resources and staff that are better capacitated to meet required needs. In this manner, every effort is made to ensure that the identified needs of the community are met in a coordinated and disciplined way. Through effective planning and appropriate developmental initiatives, improvement in infrastructure and the capacitation of Councillors, management and staff occurs. Ongoing improvements over time, enable services to be delivered more efficiently and effectively and this contributes also to the financial sustainability of the organisation.

As reflected in the IDP (2011-2016, revised 2013-2014 and adopted 28 May 2013), the draft vision for 2030 incorporates these issues as a more specific set of objectives. Under these circumstances it is the intention of Senqu Municipality to ensure that:

- ❖ The rural economy is activated by stimulating small scale agriculture and tourism; by undertaking to improve road infrastructure and signage; engaging in efforts to



market tourism more extensively; maintaining towns and the CBD (ensuring that these remain clean and beautiful); fencing agricultural areas; ensuring tenure security for farmers and by facilitating the development of agricultural industries. These are suggested as plausible means to stimulate agriculture and tourism;

- ❖ Towns are developed to their full potential (strictly enforcing by-laws; training residents in waste management; cutting grass; managing commonages; improving electrical infrastructure and the like);
- ❖ A well-functioning and transparent local government is created (through effective PMS implementation, good customer relations, strong administrative functions and the like);
- ❖ The municipality is financially viable (by revising our Supply Chain Management Policy and implementing this effectively; ensuring tight fiscal control and effective management of the budget); and
- ❖ Steps are taken to ensure that the municipality has a vibrant local economy (by improving road infrastructure, assisting co-operatives, developing the youth and participating generally in all developmental opportunities).

#### **b. Key Policy Developments**

Significant efforts have been made in order to improve service delivery and accordingly from an administrative and compliance perspective, efforts have been made to develop administrative structures that would support these efforts.

In an effort to facilitate positive change, the following policies/plans have received focus in order to structure development and more effective functioning within related areas:

- ❖ Improved Public Participation (through Public Participation Forums and a reviewed and implemented Public Participation Plan. This plan is still to be formally approved by Council);
- ❖ Implementation of the Communication Strategy;
- ❖ Implementation of the Institutional Branding Policy;
- ❖ Improved service delivery through the installation and operation of the Customer Care Line;
- ❖ Mainstreaming of HIV/AIDS related initiatives;
- ❖ Mainstreaming of SPU related issues;
- ❖ Youth development initiatives;
- ❖ Implementation of the Risk Assessment Policy;

- ❖ Improved implementation of the Performance Management Policy and related assessment and reporting;
- ❖ Improved Performance Monitoring and Reporting; and
- ❖ The review and updating of designated Human Resources and Finance Policies and Procedures.

Every effort has been made to ensure that service delivery is heightened and delivered more effectively through the alignment of the IDP with the Budget and alignment provincially, locally and nationally with Growth and Development strategies.

National priorities focus on:

- ❖ Creating jobs;
- ❖ Enhancing education and skills development;
- ❖ Improving health services;
- ❖ Rural development and agriculture, and
- ❖ Fighting crime and corruption.

Policy and expenditure priorities remain closely aligned in order to ensure that these priorities meet required objectives overall.

#### **c. Key Service Delivery Improvements**

The challenges regarding ageing/inadequate infrastructure and limited financial and human resources are not unique to Senqu Municipality and are experienced nationally. In addition, it must be noted that the political turmoil and unrest in Sterkspruit has continued to impact negatively on service delivery in this area. Notwithstanding these related challenges Senqu Municipality was the recipient of no less than 5 Vuna Awards and Service Delivery was one of these awards.

While these challenges have had an impact within the area of service delivery, Senqu Municipality continues to rise to the occasion and improvements in service delivery continue to be observed. When we consider the fact that Senqu Municipality was awarded five (5) Vuna Awards it is to be noted that: three (3) awards were received for 3 Key Performance Areas (Service Delivery; Financial Management & Viability and Good Governance & Public Participation), another was awarded for overall performance on KPI's and one was awarded for obtaining an unqualified audit opinion for five (5) consecutive years. In addition our municipality was rated as the best performing municipality in the Eastern Cape. It is against this context that we consider where improvements have been noted regarding service delivery within the current year.

These are highlighted as follows (citing many cases of well and over-achieved) although this is not an exhaustive list:

- ❖ The review of the IDP and related forum meetings to facilitate implementation of strategic objectives;
- ❖ Improved Billing of Consumers and Revenue Collection;
- ❖ Improved management of stray animals through the repair of fences (Barkly East and Lady Grey commonages);
- ❖ “Clean towns” and the manner in which this is achieved (Having been the recipient of the cleanest town award);
- ❖ Improved cemetery maintenance;
- ❖ Improved waste collection;
- ❖ Improvements in stormwater maintenance and construction;
- ❖ The identification and repair of potholes;
- ❖ Restrunging and replacement of open conductors, in order to reduce electricity losses;
- ❖ Installation of electricity meters;
- ❖ Review of the Housing Sector Plan;
- ❖ Reporting regularly on the zoning and housing plans in order to improve land and building control management;
- ❖ Creation and successful implementation of EPWP projects;
- ❖ SPU activities that have included many efforts and interventions aimed at our youth, the disabled, HIV/Aids awareness and economic empowerment of women; and
- ❖ Improvements in the implementation of the Supply Chain Management Policy.

Challenges have included:

- ❖ SPU structures being created and meeting regularly. It is noted that not all SPU structures were meeting quarterly and reporting on those that did, was not always done or possible to do timeously;
- ❖ Maintenance and upgrading of identified municipal infrastructure due to limited financial resources;
- ❖ Asset management implementation and reporting;
- ❖ Expenditure reporting on the budget;

- ❖ Updating of the Risk Register;
- ❖ Street light installations;
- ❖ Construction of pedestrian bridge in Ward 4 and construction of box culvert river crossing in Ward 3.

Despite the protests and violent action in Sterkspruit (in respect of poor service delivery allegations), Ward Committees continued to meet regularly in this area in order to discuss pressing issues and the manner in which these could be addressed. The CLO attends quarterly ward meetings and assists with administrative support.

Efforts continue to result in improvements and plans are always in place to identify and manage perceived and actual challenges.

#### **d. Public Participation**

The Public Participation Framework was developed and submitted to Council for adoption. Prior to doing so, this strategy was presented to both the IDP Representative Forum and the Public Participation Forum for comment.

This framework outlines the roles and responsibilities of all stakeholders in public participation, in addition to detailing the various mechanisms/methods that could be used to increase and improve public participation. Guidelines have been provided regarding the “what” and “how” and the manner in which complaints could be effectively managed.

One of the many challenges facing effective public participation relates to the geographical spread and related infrastructure (making travel more difficult), communication networks, education levels and financial constraints. More specifically, it must be noted that Senqu Municipality spans 19 wards with many villages within. Rural areas are faced with the challenges of mountainous terrain and poor roads and infrastructure development. This in itself creates difficulties when attempting to reach the public. Coupled with high levels of unemployment, limited telecommunication networks, high levels of illiteracy and limited support from traditional leaders (some who regard the municipality as undermining their role and consequently refusing to work with them), obtaining high and inclusive levels of public participation continues to be a challenge.

Efforts to improve communication are facilitated by the Communication Strategy, the IDP Process Plan, Ward Councillors, CDW's, and the Executive Committee.

Notwithstanding identified challenges we continue to look for and exercise opportunities to improve public participation ongoing.

**e. Future Actions**

Notwithstanding the many areas of success and improvement (expanded upon within the main body of this report), the following areas will receive priority and focus moving forward:

- ❖ Service Delivery Backlogs (eradication thereof);
- ❖ Elimination of electricity losses;
- ❖ Development of approach roads in Wards 14, 16,19 and 10 and with emphasis on the paving of roads;
- ❖ Expanding Sterkspruit and developing Barkly East;
- ❖ Improving the populations skills level;
- ❖ The creation of recreational facilities in every ward, especially for the youth;
- ❖ Agro processing initiatives such as wool washing;
- ❖ Improving communication networks by installing network poles and transmitter poles in most areas;
- ❖ Investigating ways to improve the services of water, sanitation, electricity and disaster management, notwithstanding the fact that these fall outside the municipality's powers and functions;
- ❖ Effective Performance Management and reporting; and
- ❖ Elimination of unauthorised, irregular and wasteful expenditure.

**f. Agreements /Partnerships**

Networking via formal and semi-formal structures continues in order to improve existing aspects of functioning. Meetings with structures such and MUNIMEC, DIMAFU and IGR (to name but a few) have resulted in the provision of much needed insights and direction.

Service Level Agreements are signed with appointed service providers who are then evaluated in accordance with the recognised service provider's assessment process. Agreements with agencies such as JOGEDA (the recognised Development Agency that is required to boost tourism in the area) will ensure that tourism objectives are prioritised and met where at all possible.

Agreements with the Department of Transport have also been made available in an effort to ensure administrative and financial compliance.

**Conclusion**

It goes without saying that the successes of any organisation are to be attributed to the men and women who work within it. Accordingly my sincere thanks and appreciation go to our Speaker, the Chief Whip, the Executive Council, the Municipal Manager,

management and staff. Your support and commitment over the past year has been invaluable.

\_\_\_\_\_

DATE \_\_\_\_\_

**N Y MTYALI**  
**MAYOR**

DRAFT

## COMPONENT B: EXECUTIVE SUMMARY

2013/2014 has been experienced very positively by Senqu Municipality, notwithstanding the expected challenges. At the end of the day, I am confident that we may hold our heads high and with pride, as we note the many positive achievements yielded during this year.

### **a. Alignment of service delivery priorities**

The strategic objectives of our organisation come directly from the annually reviewed IDP. In this instance the 2011-2016 IDP was reviewed and adjusted and the annual (strategic) set of objectives were developed and approved for implementation.

The IDP Process Plan was developed and implemented in accordance with the stated planned objectives/milestones. Identified and prioritized needs were factored into the compilation of the strategic objectives, in order to ensure that the required action would be taken. Aligned to the IDP and budget, Service Delivery and Budget Implementation Plans were developed for the entire organisation. These performance objectives were then factored into the performance scorecards for each s56 manager. Efforts to ensure alignment and to incorporate all predetermined objectives were made, so as to ensure that the emphasis remained on the service delivery priorities. It must be noted that the IDP was once again recognised for its content.

It is acknowledged that service delivery priorities can only be effectively identified providing effective public participation initiatives are being undertaken. It is acknowledged that a Public Participation Framework /Strategy was developed and efforts continue to ensure that this is implemented effectively.

A Communication Strategy has been adopted and this is implemented through Ward Councillors, CDW's and the Executive Committee – ensuring that structures and media are successfully utilized when communicating /receiving communication /inputs from the public.

Feedback is encouraged and through well-functioning structures such as the Presidential Hotline, Mayoral Imbizo's, surveys and the like, efforts are made to establish the required levels of public satisfaction with service delivery. In this manner, service delivery priorities remain constantly aligned.

## **b. Service Delivery Performance**

Service delivery continues to experience challenges due to financial constraints, lack of capacity, ageing infrastructure and limited resources overall. Notwithstanding, it must be remembered that in the previous financial year, Senqu Municipality received 5 Vuna Awards – one of these being for service delivery. Efforts continue annually in order to ensure that service delivery efforts continue to improve.

Notwithstanding and despite limited resources we have noted a number of achievements that have included:

- ❖ Maintaining the cleanliness of the towns (Being recognized with the “Cleanest Town Award”);
- ❖ Improved repair of potholes;
- ❖ Waste collection in line with targets;
- ❖ Efforts to improve backlogs in all areas of basic service delivery;
- ❖ Reduced electricity losses;
- ❖ The establishment of tourism structures;
- ❖ Improved reporting regarding service delivery;
- ❖ Stormwater maintenance and control;
- ❖ Effective EPWP projects;
- ❖ SPU projects being successfully implemented in accordance with an SPU Plan (especially in respect of the youth, the disabled, HIV/Aids and Women Empowerment);
- ❖ Implementation of the Supply Chain Management policies;
- ❖ Revenue collection (excluding Free Basic Services) of 80.27 % and
- ❖ 83.7% expenditure on Grant funding;
- ❖ MIG and donor funding is well utilized in maintaining infrastructure and contributes extensively towards its upliftment.

Notwithstanding, challenges are noted in respect of service provider’s performance and roads and stormwater functions continue to remain a challenge.



### **c. Financial Health**

Senqu Municipality continues to show itself as being in good financial health. Year upon year, efforts are made to improve fiscal control and it must be noted that last year, Senqu Municipality received a Vuna Award for having achieved an unqualified audit report for 5 consecutive years.

Overall it is noted that there has been a substantial improvement in the billing of consumers and an increase in revenue collection. Compliance reporting occurs as required and a positive cash flow is observed.

### **d. Efforts to conserve power**

One percent of indigent households have access to free alternative energy sources. In this regard we have continued successfully with the Rossouw project where 85 households are receiving 20ℓ of paraffin and 12 x candles monthly in an effort to conserve energy. Solar power continues to be considered more often and Eskom's national rebates have encouraged members of the community to utilize solar energy.

### **e. Administrative Policies**

Policies are developed and reviewed annually. Policies are formulated in order to ensure that the organisation functions effectively according to legislative prescripts and to ensure that all parties have a good understanding of what is required of them in order to remain compliant.

In this manner, staff can be managed effectively, Human Resources Management can be effectively applied, the manner of operation can be clearly executed and evaluated and performance optimization will be facilitated.

Administrative structures have been created (such as the organogram and relevant policies and procedures) in order to facilitate and aid effective functioning. In addition, efforts are made to interact with and learn from other municipalities and organisations. This is facilitated through the attendance of IGR meetings, MUNIMEC (Political and Technical), DIMAFU, the District Mayor's Forum, District Clusters, meetings with municipal managers and the like.

After a successful 2013/2014 financial year we look forward to new challenges and achievements as we continuously strive towards the achievement of greater success and service excellence.

It is with gratitude that I mention the efforts and support of the Executive Mayor, Council, the Speaker, the s56 Managers and staff. Your efforts are invaluable to our continued success.

_____	<b>DATE</b>	_____
<b>M M YAWA</b>		
<b>MUNICIPAL MANAGER</b>		

DRAFT

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### Introduction to Background Data

This chapter will detail the geographical area and context in which Senqu Municipality exists, together with demographics relating to the population itself. In this manner, insight into the challenges and situations faced by Senqu Municipality will be obtained and must be considered when determining context at every level.

### Geographical Context and Overview of the Municipality

Senqu Municipality was established after the amalgamation of the following Local Authorities and towns:

- ❖ Lady Grey (including Transwilger and Kwezi Naledi);
- ❖ Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- ❖ Sterkspruit;
- ❖ Rhodes (including Zakhile), Rossouw; and
- ❖ Portion of Wodehouse (Dordrecht) and Indwe.

The Senqu area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality, and spans an area of 6 772km squared. A unique feature of this Municipality is the fact that

it borders the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing. Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality and these then link to the N6 at Aliwal North.

The municipality has three urban nodes viz Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate. The rest of the municipality is characterised by small villages and communal and commercial farming land.

In examining the background detail, due cognizance must be taken of the efforts made by Senqu Municipality to satisfy basic service delivery requirements, while facing the many challenges as detailed further.

### **Demographic Overview: Senqu Municipality (as reflected in the 2011/2016 IDP- reviewed 28 May 2013)**

- ❖ Senqu Municipality consist of 3 main towns i.e. Lady Grey, Barkly East and Sterkspruit.
- ❖ **Population figures:** 2011 Statssa reflects 134 150 as compared with the Statssa, Census 2001 population figures of 135 141. This represents a decrease in the population (attributed to migration – the move to seek jobs and schools and increased urbanisation as a result).
- ❖ **Population density** 16.12 persons per km<sup>2</sup>. The majority of the population still reside in rural areas as opposed to urban area. This includes rural villages and farm households.
- ❖ **Household numbers** have increased from 33 904 (2001) to 38 046 (2011) - due to urbanisation and increased participation in world economy.
- ❖ **Average unemployment rate** of those **actively looking for employment**, as per the Community Survey (2011) is 35.5% The official definition of unemployment as per the IDP reflects that more than one third (30.34%) of the economically active group in Senqu is unemployed, while the district average is 23.54%.
- ❖ **Unemployment** in Senqu (when **including those not actively seeking for work**), is as high as 65% compared to 54% and 48% for the District and Eastern Cape respectively.
- ❖ The **dependency rate** is 71.4% (STATSSA, 2011).
- ❖ **Income (2013/2014 IDP) :**
  - 50.25% of the households earn no income at all.
  - 21.39% of households earn between R1 and R1600 per month.

- Almost 2/3 Senqu households are indigent. More than ¼ households (6 134) earn R400 or less per month.

**NOTE:** This reflects Senqu's low economic base, which negatively affects investor confidence, their investments and has seriously negative repercussions for the economy and the municipality overall (fewer people able to sustain their livelihoods and afford to live and pay for services).

- ❖ Senqu experienced **positive economic growth** between 2000 and 2010, but the economy has been unable to create meaningful benefits for the poor. The **poverty rate** is 62.93% (much higher than the provincial average of 53.61%).
- ❖ 70 % of households live in a **formal dwelling** and 68.5 % **own their own dwelling**.
- ❖ The **average household size** has dropped from 4 in 2001 to 3.5 in 2011.
- ❖ The municipality has a very **high youthful population** which requires a **high need for employment, secondary and tertiary education** in the region. Tertiary opportunities are offered outside the region.
- ❖ The **traditional employment opportunities in agriculture and the commercial sector for low skilled workers do not appeal to the better educated** youth.
- ❖ Senqu is a poor area with:
  - High levels of service backlogs;
  - Poverty;
  - Unemployment;
  - A very small tax base to pay for services;
  - Limited skills base; and
  - Reliance on public sector employment.

**NOTE:** The Municipality disputes the accuracy of the figures relating to the population, due to the scattered and mountainous terrain of the municipality, the rural population was not adequately accounted for in the census.

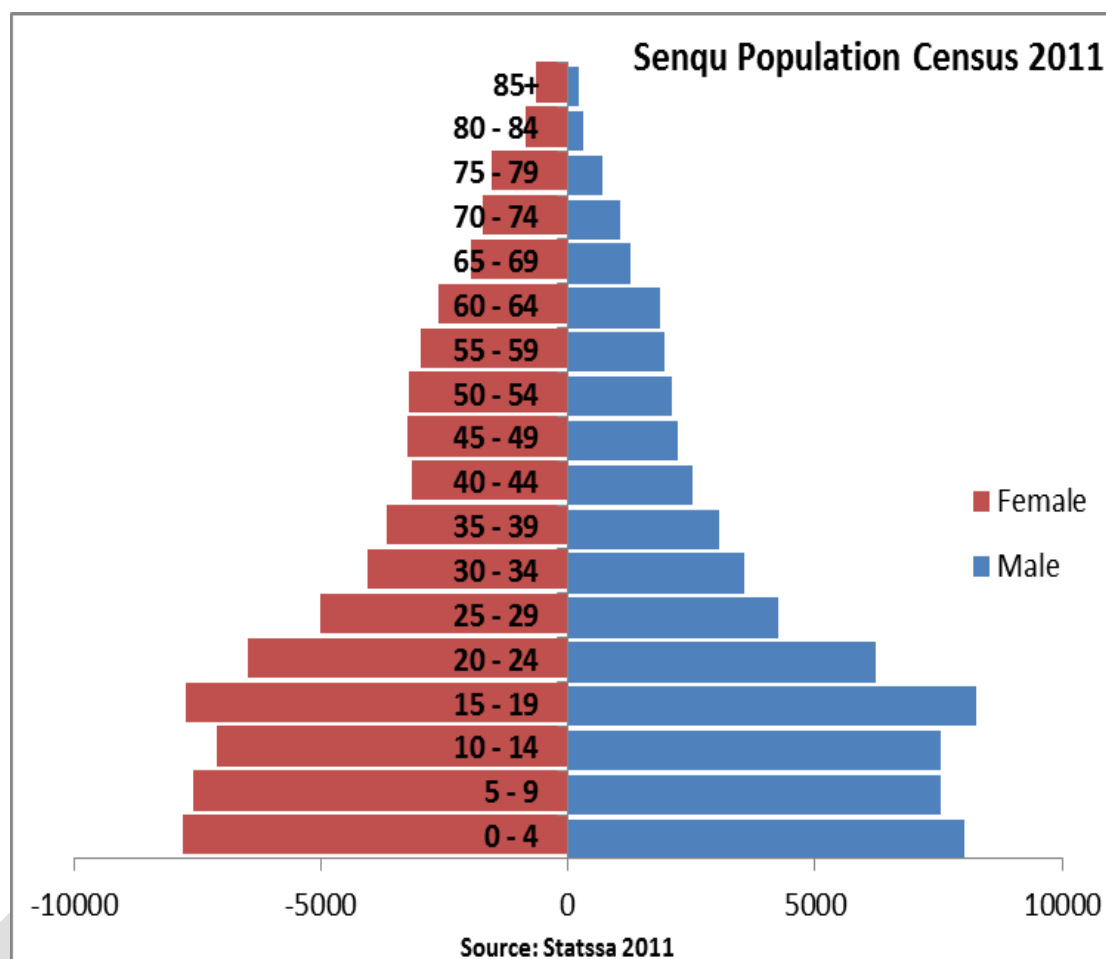
### ❖ **Population Figures & Gender**

The table below (taken from the 2011-2016 IDP) reflects that:

- Approximately 34 % of the population falls below the 15 year age group. This is a drop of 4 % from 2001.
- 58.3 % of the population fall within the 20-65 age group. This is the economically active sector of the population (STATSSA census 2011). This suggests continuing population growth in the area with a need for educational facilities and a focus on education and skills training (SDF 2011).
- The age group 65 and above has grown slightly from 7.5 % (2001) to 7.7 % (2011). The percentage of the dependant population and elderly is just over 40 %

which should indicate that the population is able to support itself. This is borne out by the fact that the dependency ratio has dropped from 83.5 % (2001) to 71.4 % in 2011.

### Senqu Municipality Population & Gender Tables (2013 – 2014 IDP)



As detailed within these diagrams the overall male to female ratio is 45% male to 55% female. This situation has resulted due to the migrant and commuter labour which has resulted in many women acting as the head of the household while the chief breadwinner lives away from home.

### Service Delivery Challenges

A number of Service Delivery challenges appear to exist and these are reflected generally as follows:

#### ❖ **Water**

As per STATSSA, 2011: Unserved population of 7 209 households out of 38 046 with water. This is below 20%.

### ❖ **Sanitation**

As per STATSSA, 2011: Unserved population (sanitation provision) of just under 6000 households. Despite improvements, Senqu Municipality still has to eradicate 645 bucket toilets in wards 14, 16 and 19.

**NOTE:** Aside from these backlogs, Senqu continues to experience problems with old, “decaying” and poorly designed water and sanitation systems that simply cannot handle the current demands placed upon them.

### ❖ **Electrification & Telecommunication**

These networks are inadequate and poor quality is experienced in many areas. A great deal of electricity leakages/losses are experienced and needs to be addressed.

### ❖ **Waste management**

This continues to remain a challenge and is characterized by insufficient staff and old vehicles that constantly break down. Waste sites are poorly maintained and recycling efforts remain limited due to financial constraints.

### ❖ **Environmental Management**

Service delivery within this area is poorly provided due to limited financial and human resources provision. This makes it extremely difficult to enforce by-laws. As a direct consequence, many town planning by-laws are broken and illegal land invasion occurs regularly. The greatest challenges faced in terms of environmental issues **include** the following:

- Alien vegetation eradication (specifically the Crack Willow which grows along the Kraai River and sucks up litres of water);
- Firewood collection that results in the destruction of trees;
- Grassland burning (indiscriminately) which heightens air pollution and loss of biodiversity;
- Dipping tank locations as these can poison water supplies (from streams);
- Borrow Pits which are not adequately rehabilitated;
- Drainage culverts that can either hinder or promote gulley erosion;
- The proximity of all wastewater treatment works which may result in water contamination (risk of flood damage and spillage into dams, rivers and wetlands) causing contamination generally and risk to animals);
- Soil erosion which is the highest in the JGDM due to marginal soils being utilised for inappropriate agricultural practises;
- The registration and management of solid waste disposal sites;
- The lack of recycling at waste sites;
- The burning of and inadequate collection of waste leading to illegal dumping;
- Inappropriate land and hygiene practises leading to increased sedimentation and

- pollution of fresh and groundwater sources; and
- The increased invasion by alien and undesirable species like Slangbos and blue bush near Lady Grey and limited protection of environmental sensitive areas.

Limited financial and human resources makes it extremely difficult to control the environmental factors.

### ❖ **Access Roads & Bridges**

Access roads and bridges in the rural areas are generally of a very poor standard, due to the lack of maintenance and staff. It is also noted that rural people struggle to access services due to these factors and especially during the rainy period when the roads become impassable and flooded. Access to clinics and schools remains a challenge as people still have to walk long distances and the quality of the service is limited.

### **Concluding Statements: Demographics**

- ❖ Population studies have indicated that Senqu is characterized as having a youthful population with low skills and high unemployment. There is there for a high need for tertiary and secondary education;
- ❖ The majority of the population lives in rural villages and relies on social grants;
- ❖ By far the majority of the population are black Africans;
- ❖ There is high migration to the more urban centres inside and outside the municipality for employment and educational opportunities;
- ❖ The high out migration to areas outside the municipality has an annual season with persons returning for the Easter and Christmas holidays;
- ❖ Senqu has an exceptionally low rate base; and
- ❖ There is a corresponding need for infrastructure and social services due to the high number of indigent people. This means that there is a risk that the equitable share contribution will remain insufficient to provide basic services as set out in the Constitution.
- ❖ Agriculture and Tourism as the major economic drivers of the local economy;
- ❖ Tourism reflects as a key potential economic sector, and economic driver, particularly with the inclusion of the country's only ski resort, Tiffendell; and
- ❖ Senqu is characterised by scenic beauty, hiking and wildlife attractions and trout fishing.



## Natural Resources

NATURAL RESOURCE	
Major Natural Resource	Benefit / Potential
Mountains	Beautiful scenery (adventure and agricultural tourism)
Wind	Off grid and cleaner sources of electricity from wind
Rivers	Game fishing and tourism

### 1.3 SERVICE DELIVERY OVERVIEW

#### Service Delivery Introduction

FREE BASIC WATER						
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service (e.g. 9 kilolitres per household)		Progression	
			Infrastructure	Quantity	Backlog	Annual Target
TBA	TBA	TBA	Above RDP (200m>)	TBA	TBA	TBA
			At RDP (=200m)			
			Below RDP (<200)			
			No infrastructure			

FREE BASIC SANITATION					
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service (e.g. VIP toilets)	Level of ongoing service (e.g. pit emptying, additional free water)	No. of beneficiaries
TBA	TBA	TBA	Urine Diversion	TBA	TBA
			VIP toilet		
			Full Latrine system (either sewer connected or septic tanks)		
			Ablution Toilets		

FREE BASIC REFUSE REMOVAL					
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service	Type of subsidy e.g. Equitable Share	Frequency of waste collection e.g. once a week or twice a week
TBA	TBA	TBA	On site appropriate & regularly supervised disposal	TBA	TBA
			Community transfer to central collection point		
			Kerbside Collection		
			Other(Please specify)		

FREE BASIC ENERGY	
No. of Indigent (poor) beneficiaries	--
No. of other beneficiaries (non-indigent)	--
Total beneficiaries	--
No. of Indigents configured in Eskom database	--
No. of Indigent who collected tokens and the % thereof	--
Beneficiaries provided by Eskom	--
Beneficiaries provided by Municipality	--
Non-grid energy Beneficiaries	--
level of Service (e.g. 50 Kwh per household) or the Rand value in the case of non-grid	--

## 1.4 FINANCIAL HEALTH OVERVIEW

**NOTE:** The Auditor General's Report for the current year is not yet available. This will influence an accurate assessment of the financial health of the organisation. Notwithstanding, a broad overview is provided.

- ❖ Senqu Municipality has been in receipt of an unqualified audit report for the past 5 years;
- ❖ The municipality's liquidity is considered to be relatively sound as the current ratio by far exceeds its short-term obligations. In the Financial year 2013/14 Senqu Municipality achieved an operating surplus of R 46 986 221;
- ❖ An amount of R 9 915 376 was incurred as unauthorised expenditure resulting from a fair value adjustment for Land and Buildings;
- ❖ Irregular expenditure increased from R 2 228 867 (2012/13) with R 20 900 to R 2 249 767 in the 2013/14 financial year. The irregular expenditure resulted from non-compliance with SCM regulations. This is regarded in a very serious light by the Municipality and has resulted in efforts to strengthen its control environment to ensure that irregular expenditure is eliminated completely;
- ❖ Fruitless and Wasteful expenditure for the financial year (2013/14) amounted to R 978 906 and R 2 029 794 was incurred during the previous financial year;
- ❖ Reasons for the under-spending on Grant-funding can be largely attributed to the tribal land dispute issues in the Herschel Housing project that prevents work from continuing;
- ❖ Assets and liabilities are well managed;
- ❖ This municipality is acknowledged as paying its creditors within 30 days, as is stipulated by the MFMA (except in situations where there have been disputes between the Municipality and the creditor);
- ❖ The Water and Sanitation services have been transferred to Joe Gqabi District Municipality. This has been removed from the municipality's books as per the adjustment process that occurred in February 2014;
- ❖ Employee costs have been underspent due to the vacant funded posts that have not yet been filled;
- ❖ One of the greatest challenges facing Senqu Municipality relates to its high levels of outstanding debt (affecting cash flow directly). Strict credit control measures have been executed (as per Credit Control Policy and By-Laws) in order to ensure that this situation is effectively managed. This has clearly paid off and Revenue Collection (excluding Free Basic Services) is now reflected as 80.27 %
- ❖ Reporting to National Treasury in respect of performance reporting is being well achieved within the prescribed periods.

Efforts continue to manage supply chain effectively and to ensure that the application of strict controls minimizes any incidents of wasteful or fruitless expenditure and fraud.

## **1.5 ORGANISATION DEVELOPMENT OVERVIEW**

### **Organisational Development Performance**

Reference is made to Chapter 4 as this issue is dealt with and reported on extensively in this section.

### **Introduction to Employee Personnel**

In this instance reference is again made to Chapter 4.

Human Resources Management is well managed overall. It is noted that in 2011/2012 SALGA developed a National Human Resources Strategy as a blueprint for Local Government. It was the intention that this would be utilised by municipalities and was required to be customized to meet their needs. That being said it must be noted that the draft Human Resources Strategy that has been drafted during quarter 2 is still required to be circulated by SALGA before being finalized.

Overall and certainly in terms of staffing it must be noted that:

- ❖ Staff have been appointed according to the Recruitment and Selection Policy and in accordance with the Employment Equity Plan;
- ❖ All staff are in possession of job descriptions and these have been written according to the TASK system of Job Evaluation;
- ❖ The organogram was approved 30 May 2012 and reviewed 28 February resulting in a number of amendments. It reflects the functional structure required in order to meet the objectives of the IDP;
- ❖ Skills Retention remains a challenge, especially due to the geographical location of the municipality (rural nature) and the inability to offer competitive salaries;
- ❖ Council experiences scarcity of skills and as such a Scarce Skills Policy was planned to be adopted at the end of June 2013 for implementation thereafter; and
- ❖ Staff capacitation remains of critical importance and the development and the implementation of the Workplace Skills Plan ensures this occurs in a planned manner.

### **Managing the Municipal Workforce**

As will be detailed further within this report it must be noted that numerous and varied efforts have been made in order to ensure that the municipal workforce is well managed. A strong administrative support structure has been created in order to facilitate this process. More specifically, it is noted that:

- ❖ Policies and procedures have been put in place, not simply as a matter of compliance, but to ensure that the manner in which work is performed occurs under guidance and with fairness to both the employer and employee. Funding constraints are the greatest challenge experienced when attempting to ensure that this occurs;
- ❖ A performance management policy has been approved and is applied currently only at the level of the s56 manages. It is the intention to ensure that this policy is ultimately cascaded to all lower levels;
- ❖ OHS Committees have been formed and are functional in an effort to improve safety in the workplace;
- ❖ Policies implemented may be grouped within the areas of Labour Relations, Safety and Human Resource Management; and
- ❖ Risk is managed through the establishment of a Risk Plan and implementation thereof.

### **Capacitating the Municipal Workforce**

This is well achieved through:

- ❖ The development of the Workplace Skills Plan (aligned to the IDP performance objectives) and based on a Skills Audit;
- ❖ The appointment of the Skills Development Facilitator to facilitate this process and function;
- ❖ Implementation of the training plan and reporting in terms of the implementation plans; and
- ❖ The development and approval of a training policy and study bursary policy (used to optimize the knowledge and skills of human resources within the organisation).

### **Managing Workforce Expenditure**

Very strict protocols exist in an attempt to ensure that workforce expenditure is managed effectively and correctly. Protocols are in place to ensure that any changes to the payroll are checked and audited, prior to any change being sanctioned.

Failure to ensure that all controls are instituted will result in a greater degree of inaccurate data and an inability to identify and remedy any discrepancies between systems.

## **1.6 AUDITOR GENERAL'S REPORT**

### **Auditor General Report: Year 2013/2014**

**Note:** Information is not yet available for 2013/2014 and this report is only due to be provided in November 2014 after auditing of the first draft of the Annual Report.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

ANNUAL REPORT PROCESS TABLE		
No.	ACTIVITY	TIMEFRAME
1.	Consideration of next financial year's Budget and IDP process plan. Aside from legislative content, this process plan should conform with in-year reporting formats so 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.	Finalisation of the 4 <sup>th</sup> quarter report for previous financial year.	
4.	Submission of the draft year's Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submission of draft annual reports to Municipal Manager	
6.	Consideration by the Audit/Performance committee of the draft Annual Report of municipality and entities (where relevant)	August
7.	Tabling by the Mayor of the unaudited Annual Report	
8.	Municipal submission of draft Annual Report (including consolidated annual financial statements and performance report) to Auditor General	
9.	Annual Performance Report submitted to Auditor General to be provided as input into the IDP analysis phase	
10.	Auditor General auditing of Annual Report, including consolidated Annual Financial Statements and Performance data.	September – October
11.	Municipalities receiving and starting to address the Auditor- Generals comments	November
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
13.	Audited Annual Report is made public and representation is invited	
14.	Oversight Committee assesses Annual Report	
15.	Council adopts Oversight report	December
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	
18.	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

### **Comment on the Annual Report Process**

The deadlines (as specified within the table above) have been necessitated in order to ensure that all required reporting occurs timeously and correctly and that correct and accurate consolidation is possible – resulting in an Annual Report that is aligned to other strategic documents.

The Annual Report reflects the annual review of performance for the entire year. As a result, this document will provide the base that is used for forward planning. Under these circumstances it is even more critical that the accuracy of data is ensured with alignment between the IDP, SDBIP, Budget (AFS) and the Annual Report.

Alignment and validation of this information is ensured through auditing internally and externally. Validated data ensures that the Annual Report can be used to inform the IDP review, organogram, SDBIP's, SDBIP performance planning, Budget and the like, for the year that follows. This report is also required to reflect the comparisons between the current, past and planned future performance. Every effort must be made to ensure that the integrity of all data is maintained.

Efforts to obtain public/stakeholder comment must be formally made as this remains a public document that is required to be open to scrutiny and comment.

In an effort to ensure that this document is presented in the required manner and details the required data in terms of compliance, various drafts are required to be submitted timeously. The development/compilation of the Annual Report is an extremely time consuming process and if this is not undertaken in a structured and coordinated fashion, the timeous and successful achievement of this report will be severely compromised.

### **DISCLAIMER:**

The information provided within this report is reliant on the information provided by the various departments. Information has not been audited and difficulties in validating data continue to be experienced. The accuracy of all information provided cannot be assured.

As this is the first draft of this report, it is understood that certain information is still lacking and of the information provided, this has not yet been fully verified and is still required to be formally audited. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. These will be amended in the subsequent draft after the auditing of the financial statements and the Annual Report. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents.