

MTUBATUBA MUNICIPALITY



ANNUAL PERFORMANCE REPORT - 2016/2017

30 AUGUST 2017

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1. Background

The **Municipal Systems Act No. 32 of 2000**, Section 46, stipulates that the Accounting Officer of a Municipality must after the end of each year, compile the **Annual Performance Report** and **Annual Financial Statements** which forms part of the **Annual Report**. The **Municipal Finance Management Act (MFMA) No. 56 of 2003 (Chapter 12 Section 121)** further stipulates that the Municipal Manager must within six (6) months after the end of Financial Year present the Annual Report. The Mayor within seven (7) months after the end of the Financial Year must table the Annual Report to Council for adoption.

The Department of Provincial and Local Government defines PMS as strategic approach to management which equips leaders, managers, employees and stakeholders at different levels to regularly plan, monitor, measure and review the performance of the municipality in terms of the targets that are set out in the organisational scorecard for that financial year and in this case 2016/2017.

The S46 Annual Performance Report assesses and ensures that the performance targets that were set out in the organisational scorecard for the entire financial year are actually achieved.

In the 2015/2016 financial year, Mtubatuba Municipality maintained an unqualified audit opinion. This financial year, the municipality is hoping to achieve a clean audit opinion and the municipality is trying its best to achieve it. During the mid-year 2016/2017, the municipality revised the scorecard and the departmental SDBIPs and reasons were provided. Public participation meetings were conducted on the revised plans and were also advertised.

Based on the analysis of the organisational scorecard 2016/2017, Mtubatuba Municipality has achieved the majority of the targets that were set from the beginning of the 2016/2017 financial year.

It should also be noted that, the initial scorecard was revised during mid-year to ensure that service delivery processes are not compromised. This report is based on five (5) National KPA's and the 6th KZN-KPA and these are:

- Municipal Transformation and Institutional Development
- Basic Services Delivery and Infrastructure
- Local Economic Development
- Financial Viability and Financial Management
- Good Governance and Public participation
- Cross Cutting Interventions

2. Summary

This Section highlights the performance achievements, challenges and measures taken to improve municipality's performance during 2016/2017 financial year.

The Annual Performance Report includes Key Performance Areas which forms part of the IDP 2016/2017. These Key Performance Areas have been included in the Municipal Scorecard for 2016/2017 financial year.

It also presents the year-end performance results for 2016/2017. The report is accumulative and are in the form of two approaches; that is organisational scorecard and narrative form as per National Key Performance Areas of:

1. Municipal Institutional Transformation & Development
2. Basic Service Delivery and Infrastructure Development
3. Local Economic Development
4. Municipal Financial Viability & Management
5. Good Governance & Public Participation
6. Cross-Cutting Interventions

3. Performance Management Systems Processes

Mtubatuba Municipality has developed and adopted the Organisational Performance Management System and is aligned to Local Government related policies and prescripts.

- Local Government: Municipal Finance Management Act 56 of 2003, (publish the Annual Performance Report of the municipality forming part of the annual report)

The municipality has successfully submitted the following compliance reports:

- The municipality held Management Committee Meetings to deliberate on municipal operational issues.
- Quarterly Reports were prepared and submitted to Council
- Mid-Year Municipal Performance Report were submitted to Council, Cogta and Provincial Treasury
- The Internal Audit firm (Ernest and Young) was appointed to audit the municipal performance and financials
- Draft Annual Report 2016/2017 has been developed and will be adopted by the on 31 August 2017 by the Council and submitted to Co-operative Governance & Traditional Affairs (Pietermaritzburg – KwaZulu Natal) and Provincial Treasury.

4. Performance and Supporting Information

The Performance Reporting of Mtubatuba Local Municipality is in line with the six (6) National Key Performance Areas and also focuses on Section 46 of the Municipal Systems Act requirements.

The 2016/2017 organisational scorecard was adopted in May 2017 and is used to develop this Annual Performance Report is attached below (Annual Performance Report).

Key For Performance Ratings

RATING	COLOUR
TARGET ACHIEVED	
TARGET NOT ACHIEVED	

No.	KPA	TOTAL NUMBER OF KPI's	TARGETS ACHIEVED	% TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% TARGETS NOT ACHIEVED
1	Municipal Institutional Development and Transformation	19	13	68%	6	32%
2	Social & Economic Development	5	2	40%	3	60%
3	Good Governance and Public Participation	41	30	73%	11	27%
4	Basic service delivery and Infrastructure development	60	45	75%	15	25%
5	Financial Viability and Management	19	15	78%	4	22%
6	Cross Cutting Interventions	10	4	40%	6	60%
TOTAL		154	109	71%	45	29%

Summary

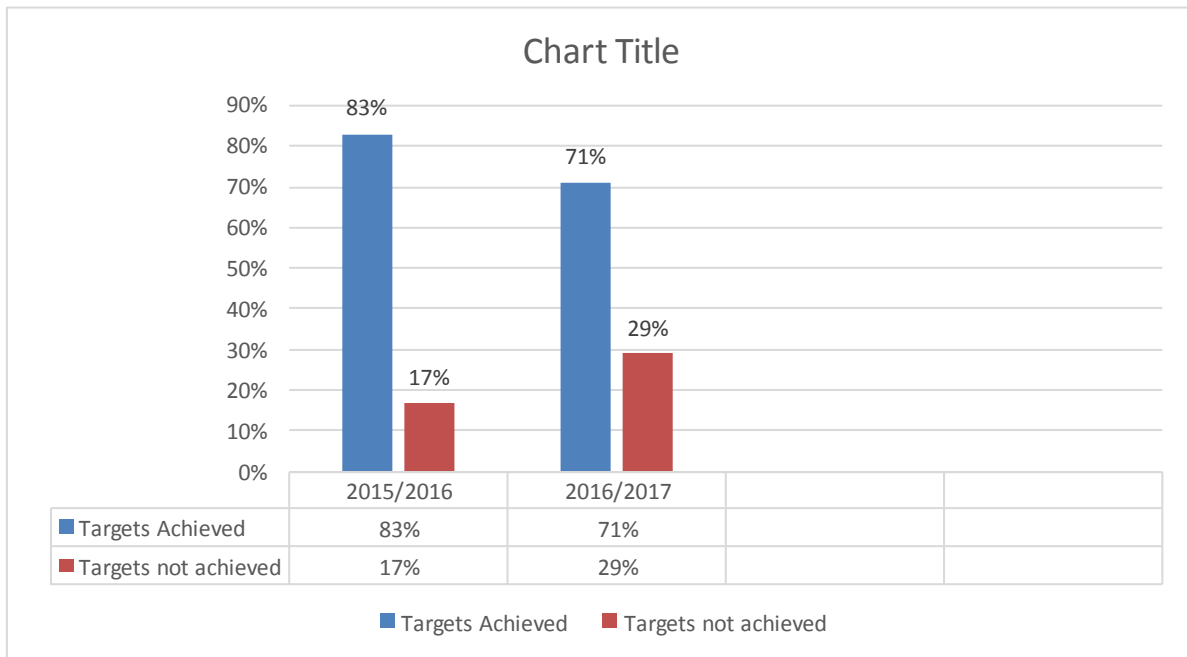
This report includes highlights from the key performance measures included in the IDP 2016/2017. These priority measures constitute the Municipal Scorecard for 2016/2017

This report presents the year-end performance results for 2016/2017. The results are assessed according to their performance against improvement targets.

During 2015/2016 financial year, the municipality achieved 83% while the 2016/2017 performance was 71%. The 2016/2017 performance has dropped by 12% when compared with 2015/2016 performance.

The municipality has maintained good levels of service delivery (as demonstrated through comparative information). Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate.

Graph: Comparative Analysis on Target Achievement Information



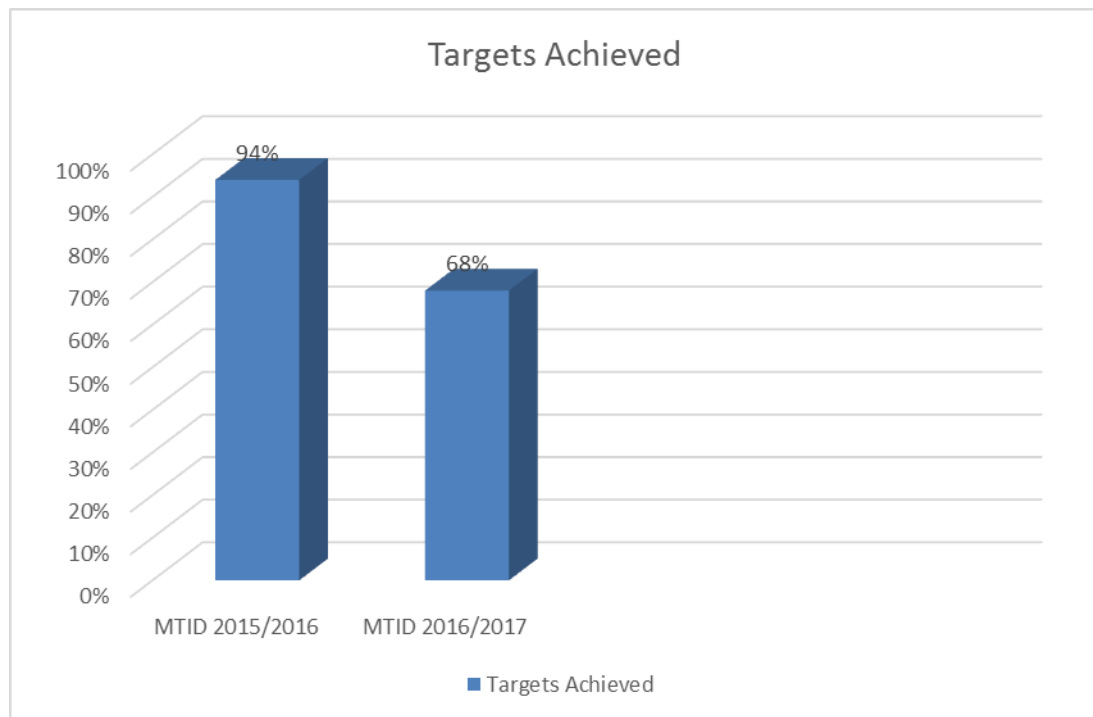
4.1 Performance and Supporting Information

The performance reporting of the municipality is done in line with the 6 national KPA’s and is the focus of the MSA Section 46 requirements and therefore reflects the performance of the municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

Background to municipal scorecard

- The Municipal Scorecard reflects the 6 national KPA’s and local priorities. The performance report is based on measures included within the Municipal Scorecard.
- In relation to the 2016/2017 year end performance results, the final position shows:
 - 71% targets have met
 - 29% targets have not been met.
- *Summary performance results for all priority measures included in the municipal scorecard are as follows.*

KPA: 1 Municipal Institutional Development and Transformation



The overall score for the KPA is 68% for 2016/2017 financial year and for 2015/2016 was 94%. Most projects and targets were executed under this department. Out of 19 planned projects and targets 13 were achieved and only 6 were not achieved.

Challenges

Measures Taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

Cascading of IPMS to all employees below section 54 and 56 managers has been a challenge during 2016/2017 financial year. The municipality resolved to implement a phased approach in cascading the IPMS. Phasing of IPMS will be implemented as follows:

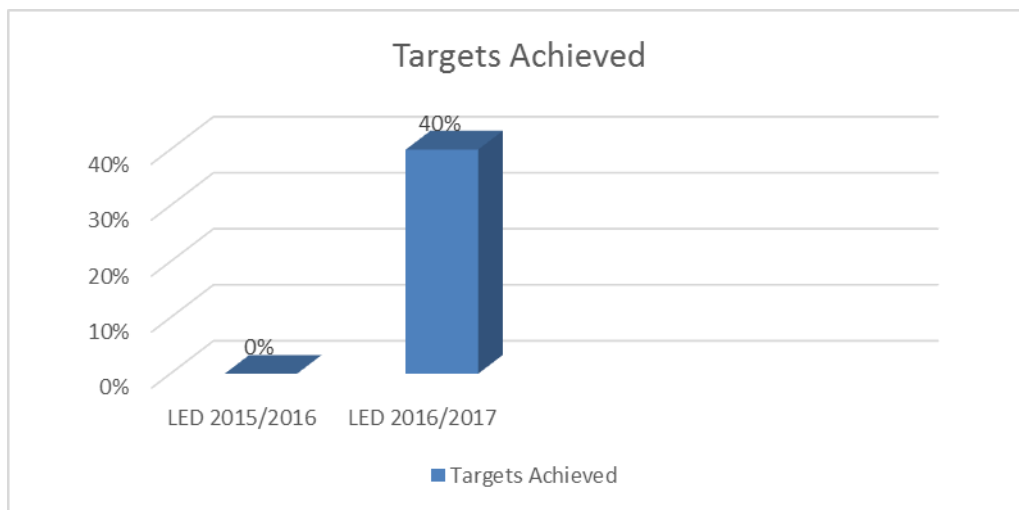
2017/2018: Deputy Managers

2018/2019: All Supervisors

2019/2020: All employees

All critical positions were filled during mid-2016/2017 financial year including the appointment of PMS Officer. Filling of these positions will assist the municipality in implementing the PMS effectively.

KPA-2: Local Economic Development



a) Performance Highlights for 2016/2017

The overall score for the KPA is 40% for 2016/2017 financial year. There were 5 planned projects and targets that were executed under this department. Out of 5 planned projects and targets, 2 were achieved and 3 were not achieved.

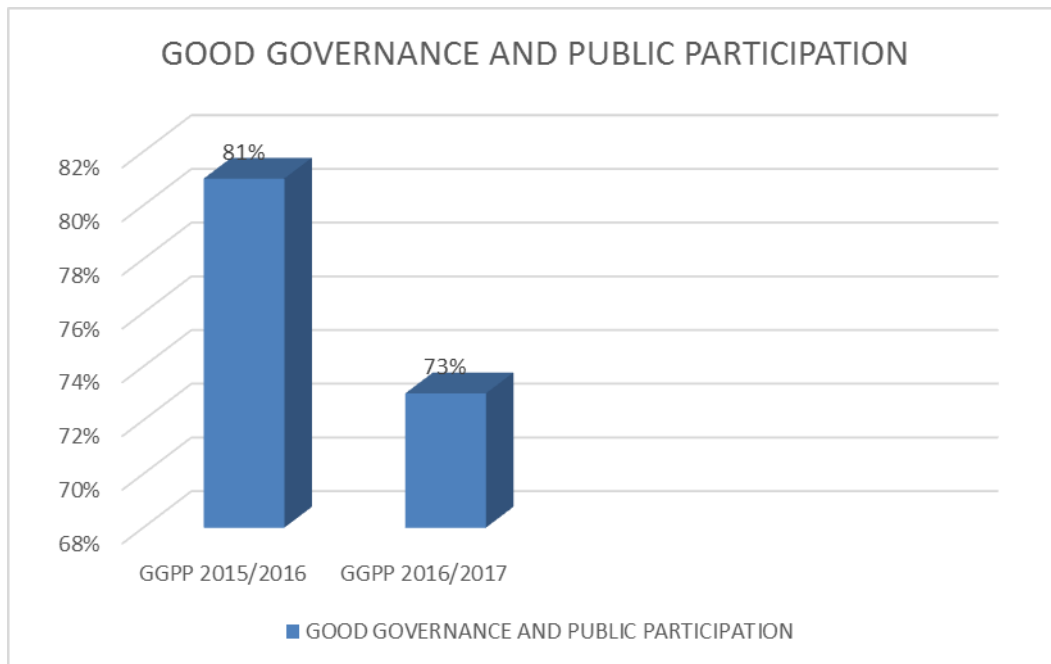
b) Challenges

The municipality had insufficient funds for the implementation of LED and Tourism projects which resulted to budget cuts in some LED projects to include the Development of LED Strategy. The review/development of LED Strategy was re-prioritised for 2017/2018 financial year.

c) Measures Taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

KPA-3: Good Governance and Public Participation



a) Performance Highlights for 2016/2017

The overall performance score for this National Key Performance Area is 73% for 2016/2017. There were 41 planned projects and targets that were executed under this department. Out of 41 planned projects with targets, 30 were achieved and 11 were not achieved.

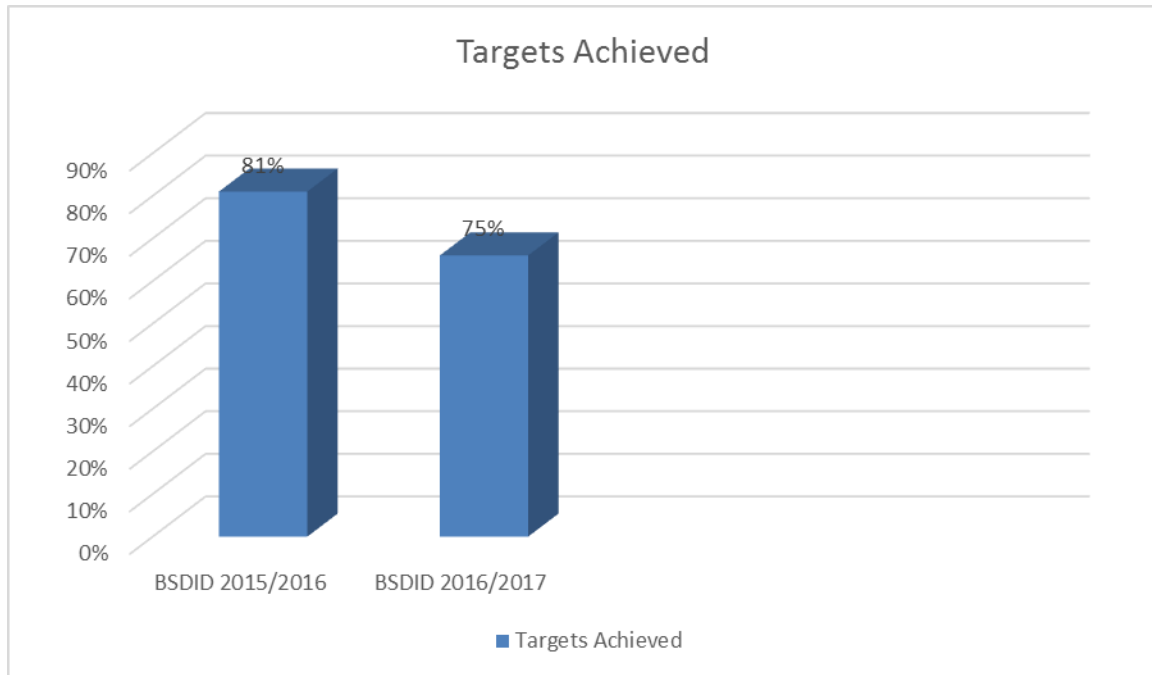
b) Challenges

c) Measure to be taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

In future, the municipality would not include projects not budgeted for as this is affecting the performance of the municipality.

KPA-4: Basic Services Delivery & Infrastructure Development



a) Performance Highlights for 2016/2017

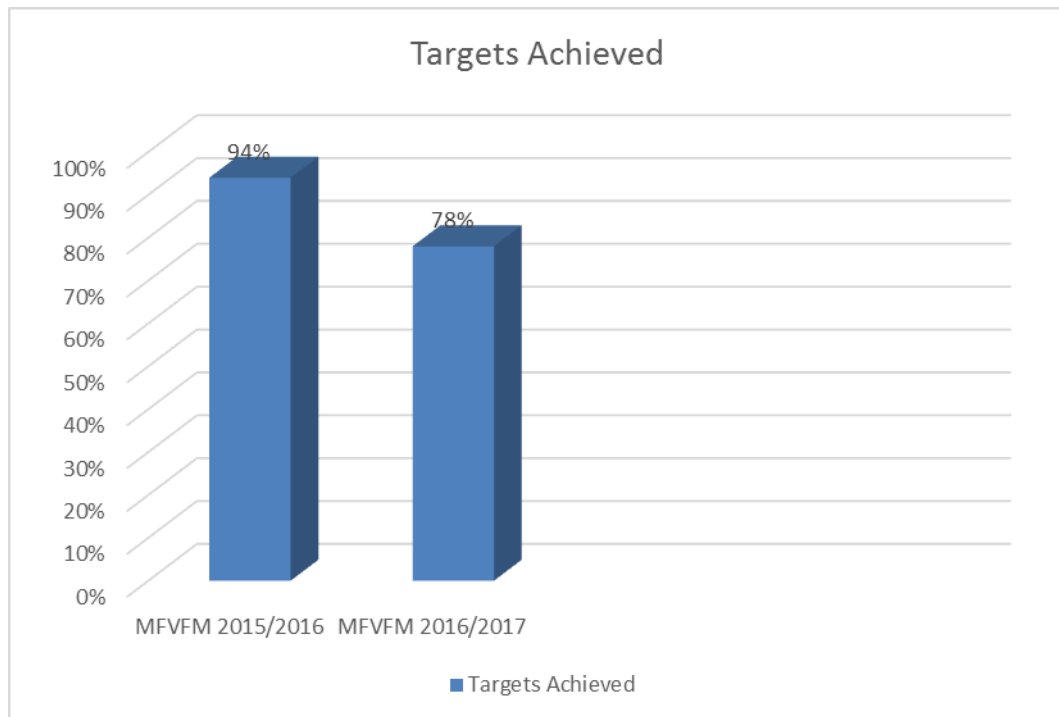
The overall performance score for this National Key Performance Area is 75% for 2016/2017. There were 60 planned projects with targets that were executed under these departments, namely (Community Services and Technical Services Departments). Out of 60 planned projects with targets, 45 were achieved and 15 were not achieved.

b) Challenges

c) Measures to be taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

KPA-5 Municipal Financial Viability and Management



a) Performance a Highlights for 2016/2017

The overall performance score for this Key Performance Area was 78%. Most of the planned projects with targets were executed during the 2016/2017 financial year. There were 19 planned projects with targets that were executed under the finance department. Out of 19 planned projects with targets, 15 were achieved and 4 were not achieved.

The Finance Department had shortage of staff to support the department in carrying out its functions effectively. Under these circumstances, the Finance Department has managed to execute/ perform most their projects. The planned projects for the finance department are listed below:

b) Challenges

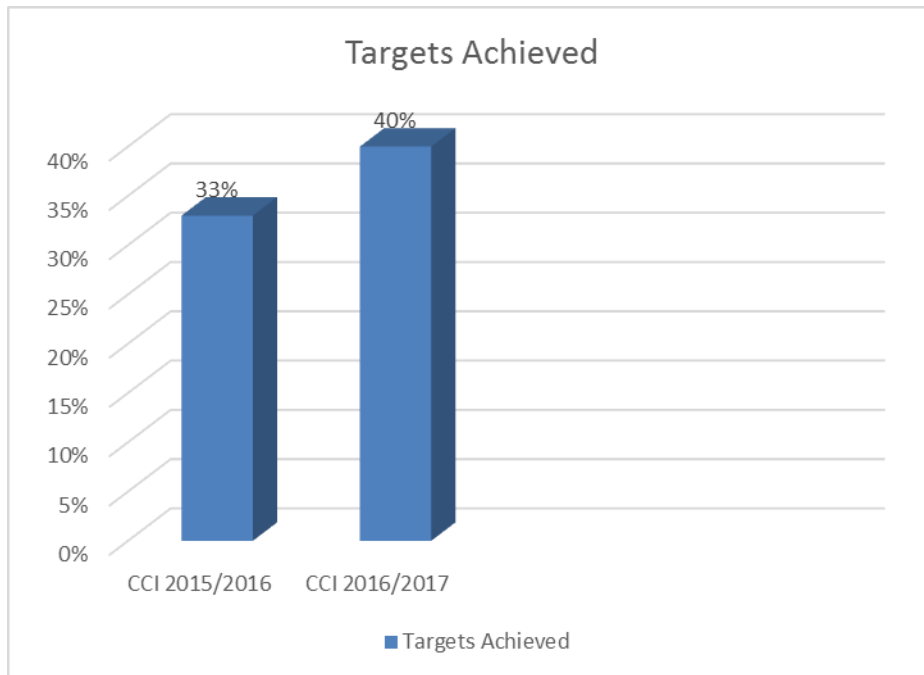
The Finance Department was faced with staff shortages to support the department to carry out their functions effectively and this may lead to poor performance.

The challenges for not achieving the planned targets are listed in the scorecard.

c) Measures to be taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

KPA-6-Cross Cutting Interventions



a) Performance Highlights for 2016/2017

The overall performance score for this Key Performance Area is 40%. Most of the planned projects with targets were executed during the 2016/2017 financial year. There were 10 planned projects with targets that were executed under these departments (Development Planning and Community Services). Out of 10 planned projects with targets, 4 were achieved and 6 were not achieved.

b) Challenges

The challenges for not achieving the planned targets are listed in the scorecard.

c) Measures to be taken to Improve Performance

Measures taken by the municipality in addressing the targets not achieved are provided in the scorecard.

3. General Challenges

- Cascading of IPMS to all employees
- Preparation of Staff Performance Agreements and Performance Work Plans
- Quarterly Performance Assessment Reviews and Performance Reports for Staff not conducted
- Planning and inclusion of projects in the departmental SDBIPs and re-prioritisation of projects due to budget cuts affected the performance of the municipality. (eg. LED Strategy and Planning Projects)

- Critical positions that are vacant and shortage of staff eg (HODs, LED Manager, IDP/PMS Manager, Town Planner, etc)

4. Measures to be taken to Improve Performance

- Phasing of the implementation of IPMS Policy from 2017/2017 to 2020
- Establishment of the Performance Management Committee and development of PMS Annual Calendar
- Hold monthly meetings to monitor the SDBIP implementation
- Ensure that the PMS Unit has personnel to support the municipality and other departments within the municipality
- The municipality has filled the critical positions (eg Deputy Senior Managers in all departments Town Planner, IDP/PMS Manager, PMS Officer)

5. Conclusion

- In future, the municipality would not include projects not budgeted for as this is affecting the performance of the municipality.
- The municipality needs to focus on the two KPAs that did not perform well in 2016/2017, thus, LED and Cross Cutting Interventions (Planning).

6. SERVICE PROVIDER'S PERFORMANCE

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

Rating score index	
1	Very poor
2	Bad
3	Average
4	Good
5	Excellent

NO	NAME COMPANY	OF	TYPE OF SERVICE	CONTRACT PERIOD	ASSESSMENT SCORING RATE	Remedial action on poor performed service providers
					2016/2017 F/Y	
1.	Camelsa		System Support	3 Years	4	N/A
2.	Ntshidi and Associates		VAT Recovery and AFS preparations	3 Years	4	N/A
3.	Indwe Insurance	Risk	Insurance	3 Year	4	N/A
4.	Adventure		Travel Urgent	3 Year	3	Appointment of new service provider
5.	Camelsa		Fixed Assets Register	3 Years	4	N/A
6.	Thelbridge enterprise PTY(LTD)		Upgrade of municipal ablution	2016/2017	5	N/A
7.	Goje Electrical Installation		Repairs of street lights	2016/2017	4	N/A
8.	Goje Electrical Installation		St Lucia IEC offices repairs	2016/2017	5	N/A
9.	SMD construction		Chamber Roof repairs	2016/2017	4	N/A
10.	Minathi Consulting		Grader Hiring	2016/2017	5	N/A
11.	Much Asphalt		Coldmix supply	2016/2017	3	N/A
12.	Mela Okuhle Trading Enterprise		Construction of Wild Olive road storm water system.	2016/2017	3	N/A
13.	Sibaya Asphaltting and ZT Civils and construction		Construction of Nordale stormwater drainage system	2016/2017	4	N/A
14.	Sinakho Engineering Solutions		Geometric designs & Construction drawings	2016/2017	5	N/A

NO	NAME OF COMPANY	TYPE OF SERVICE	CONTRACT PERIOD	ASSESSMENT SCORING RATE	Remedial action on poor performed service providers
				2016/2017 F/Y	
15.	Smay may trading	Technical material supplying	2016/2017	5	N/A
16.	ZT Civils	Technical offices painting and lavatory repairs	2016/2017	4	N/A
17.	Sibaya Asphaltting and ZT Civils and construction	Ward 18 roads rehabilitation	2016/2017	5	N/A
18.	Central Media Distributors (CMD)	Supplying with Newspaper	1year	3	Contract was terminated, the Municipality is still looking for a new supplier
19.	AS and T Security Company	Security Services	3 years	3	N/A
20.	Republic Watch Security Company	Security Service	3 years	3	N/A
21.	Ingonyama Security Company	Security Service	3 years	2	Their contract is for three years it cannot be terminated however in future, the Municipality will know better
22.	Inyala Security Company	Security Service	3 years	2	Their contact is for three years it cannot be terminated however in future, the Municipality will know better
23.	Umfoloji Masibambisane PTY (ltd)	Cleaning service	3 years	4	N/A
24.	Dolphin Coast Waste Management PTY (ltd)	Cleaning service	1 year	4	N/A
25.	Off Camp Trading PTY (ltd)	Cleaning service	3 years	4	N/A
26.	Umfoloji Masibambisane PTY (ltd)	Cleaning service	3 years	4	N/A
27.	Mirha Projects and Services	Consulting Services: IDP and PMS	1-Year	4	N/A
28.	DLV Engineers & Project Manager	Consulting Engineer	2015-2018	3	N/A
29.	SMEC	Consulting Engineer	2015-2018	4	N/A
30.	GIBB	Consulting Engineer	2015-2018	4	N/A
31.	Sibukakonke	Construction/ Building	2015-2015	1	N/A

NO	NAME OF COMPANY	TYPE OF SERVICE	CONTRACT PERIOD	ASSESSMENT SCORING RATE	Remedial action on poor performed service providers
				2016/2017 F/Y	
32.	FMA Engineers	Consulting Engineer	2015-2018	4	N/A
33.	Minathi Consulting	Consulting Engineer	2015-2018	3	N/A
34.	Afriscon Construction	Construction/ Building	2016-2017	4	N/A
35.	Egxeni Engineering	Road Construction	2016-2017	4	N/A
36.	Sibaya Asphalt & ZT Civils	Road Construction	2016-2017	3	N/A
37.	V Bhengu Construction	Civil Construction	2015-2016	1	N/A
38.	Dodwana Construction	Electrical Contractor	2016-2017	3	N/A
39.	Shanti's Electrical	Electrical Contractor	2016-2017	4	N/A
40.	Infinity alliance	Consulting Engineer	2016-2019	4	N/A