



# **MKHAMBATHINI MUNICIPALITY**

## **SECTION 46 MUNICIPAL**

### **ANNUAL PERFORMANCE REPORT**

**FOR**

**2021/2022**

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## 1. INTRODUCTION

Performance management is a process which measures the implementation of actions identified to achieve the organization's strategy. It assists management to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

The Municipal Systems Act (MSA), no. 32 of 2000, requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA), no. 56 of 2003, requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP by using the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance management is not only relevant to the organisation, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

This performance report is per key performance areas and indicates the performance the organization against the organizational planned annual targets and objectives. This report will also entail the corrective measures to variations on planned targets and the challenges thereof. Moreover, the financial reports as per project spending.

## 2. LEGISLATIVE REQUIREMENT

Legislation that governs performance management in local government includes the Municipal Systems Act, 32 of 2000 (MSA), the Municipal Planning and Performance Management Regulations, 2001 (MPPMR), the Municipal Finance Management Act, 56 of 2003 (MFMA) and the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

In terms of section 46(1)(a) of the MSA, a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that are taken to improve performance.

### 2.1. MUNICIPAL SYSTEMS ACT, 32 OF 2000

The MSA requires all municipalities to promote a culture of performance through the establishment of a PMS, which must set key performance indicators and targets, as well as monitor, review and report on municipal performance, based on indicators linked to the Integrated Development Plan (IDP), including the national indicators prescribed by the Minister responsible for Local Government.

Section 46 of the Municipal Systems Act states that:

(1) A municipality must prepare for each financial year a performance report reflecting-

- (a) The performance of the municipality and of each external service provider during the financial year;
- (b) A comparison of the performances referred to in paragraph (a) with targets and performances in the previous financial year, and
- (c) Measures taken to improve performance

(2) An Annual Performance Report must form part of the municipality's Annual Report in terms of Chapter 12 of the Municipal Finance Management Act.

## **2.2. MUNICIPAL PLANNING AND PERFORMANCE MANAGEMENT REGULATIONS**

The regulations deal with provisions for the following aspects of the PMS:

- The framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations (Reg. 7), and the adoption of the Performance Management System (Reg. 8);
- The setting and review of Key Performance Indicators (Reg. 9 & 11);
- The General KPIs which municipalities must report on (Reg. 10); and
- Reporting of performance information (Reg. 13)

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective, and economical. Municipalities must develop strategic plans and allocate resources for the implementation

## **3. SUMMARY**

The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level.

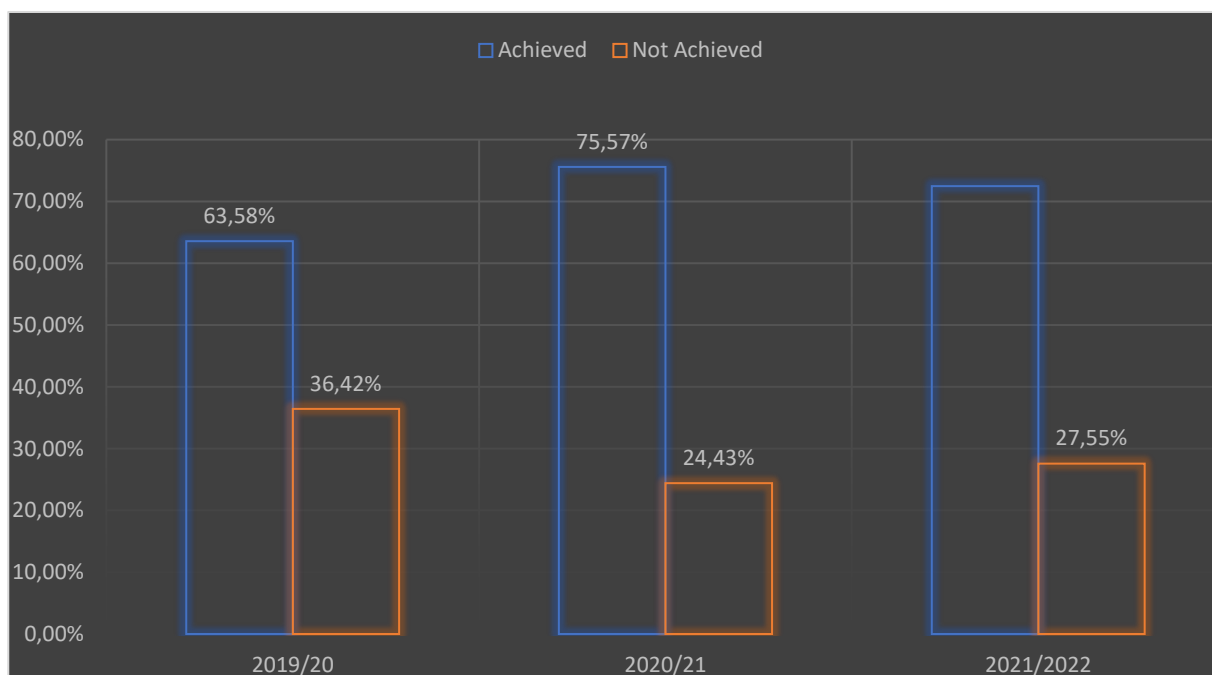
Details regarding specific basic service delivery targets, achievements and challenges will be included in the Annual Report of the municipality.

This report includes highlights from the key performance measures included in the 2021/2022 IDP. These priority measures constitute the Municipal Scorecard for 2021/2022 financial year.

This report presents the year-end performance results for 2021/2022. The results are assessed using traffic light criteria, according to their performance against improvement targets. A dashboard which summarizes performance for the municipality's scorecard is shown in Figure1.

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.

### ***Overall performance graphs and dashboard information***



## **4. PERFORMANCE MANAGEMENT PROCESS**

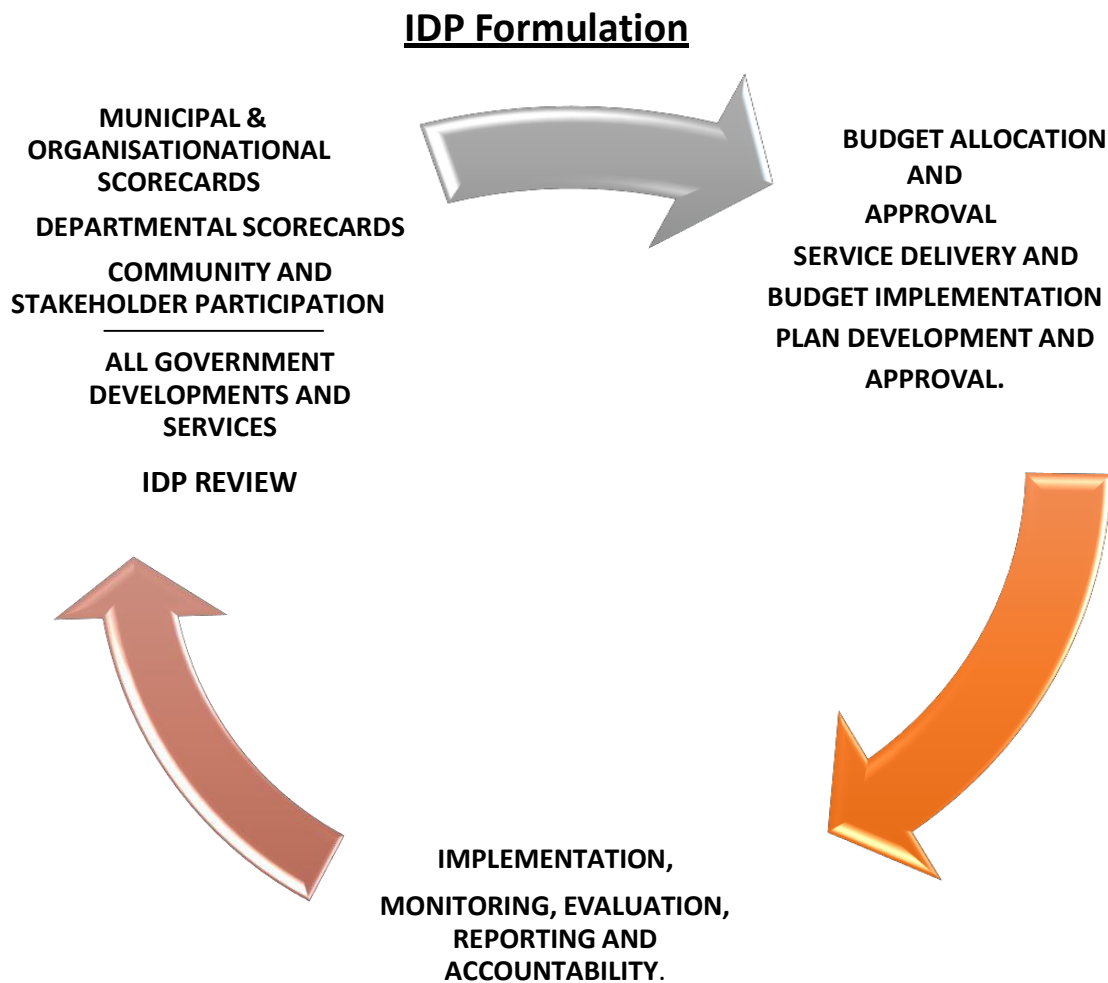
The Municipality recognizes the significance of having a Performance Management System not only as a legal requirement in terms of the applicable laws, but as an important instrument of corporate governance which aims at ensuring that a process of goal setting in the workplace is followed by a systematic success measuring process.

At Departmental level, the measures are captured in the SDBIPs /Scorecards of the various departments that operate within the municipality. Performance management should occur at the various levels and relate to one another, as required by the 2001 Municipal Planning and Performance Regulations through cascading performance measures from organisational to departmental level, both the IDP and the SDBIP/Scorecard eventually link with individual performance management.

Regarding performance management at individual level, the MFMA specifically requires that

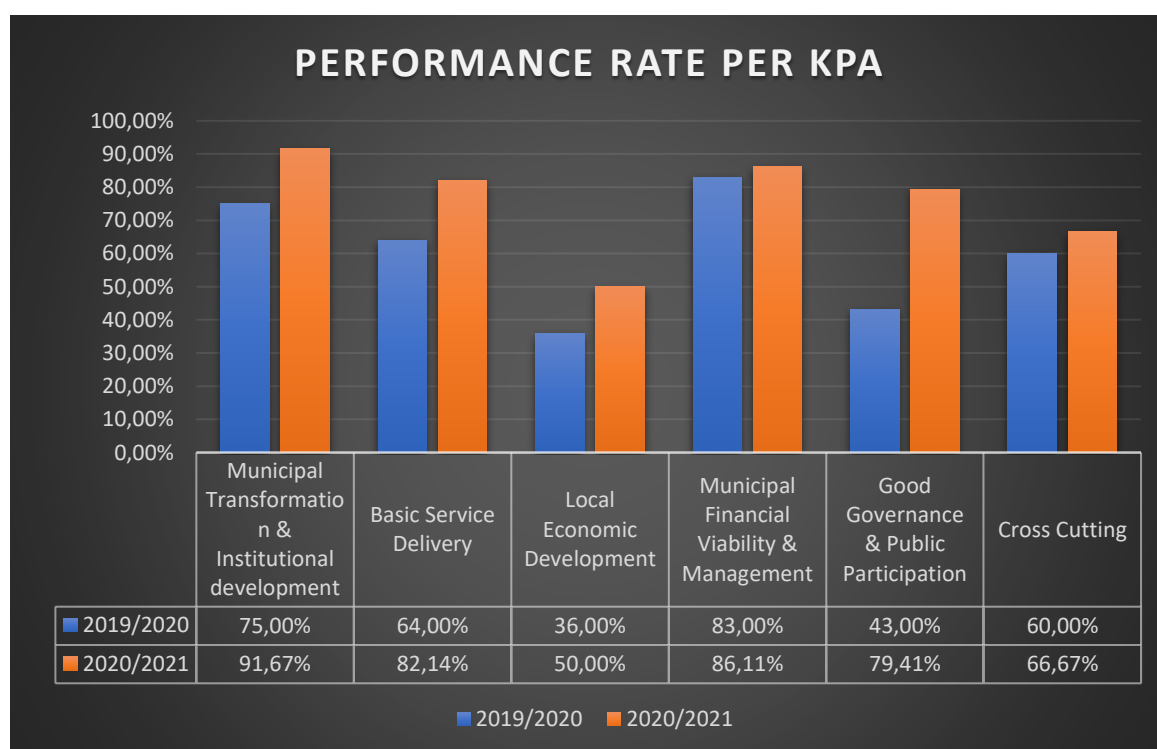
the annual performance agreements of Section 56 Managers must be linked to the SDBIP, and the measurable performance objectives approved with the budget

The process is being summarized in the flow chart below:



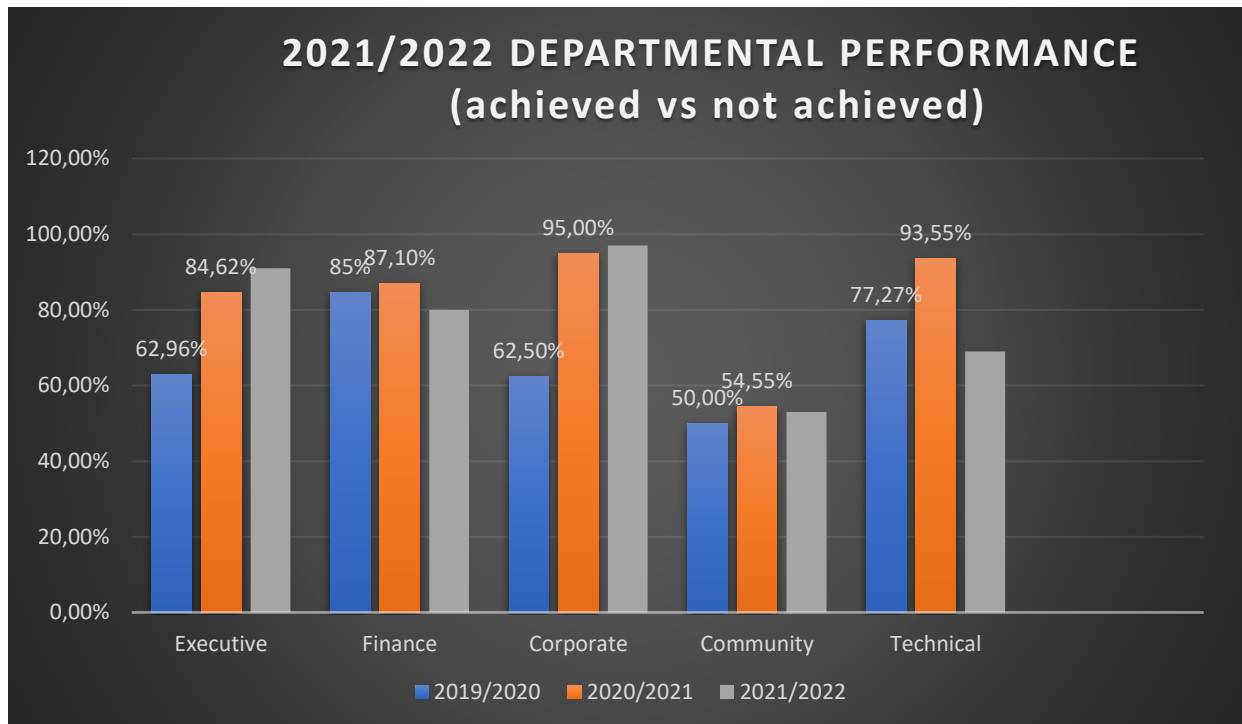
## 5. PERFORMANCE ASSESSMENT PER KEY PERFORMANCE AREA-2021/2022

KPA No.	KPA	TOTAL TARGETS	NO. OF TARGETS ACHIEVED	NO. OF TARGETS NOT ACHIEVED	PERFORMANCE RATE (%)
1	Municipal Transformation & Institutional Development	27	25	2	92%
2	Basic Service Delivery	31	25	6	82%
3	Local Economic Development	49	20	29	50%
4	Municipal Financial Viability and Management	31	26	5	86%
5	Good Governance & Public Participation	40	35	5	79%
6	Cross Cutting Intervention	18	11	7	67%
	<b>Total</b>	<b>196</b>	<b>142</b>	<b>54</b>	<b>76%</b>



## 6. PERFORMANCE ASSESSMENT PER DEPARTMENT FOR 2021/2022

KPA No.	DEPARTMENT	TOTAL TARGETS	NO. OF TARGETS ACHIEVED	NO. OF TARGETS NOT ACHIEVED	PERFORMANCE RATE (%)
1	Executive Department	33	30	3	91%
2	Financial Services	30	24	6	80%
3	Corporate Services	30	29	1	97%
4	Community Services	77	41	36	53%
5	Technical Services	26	18	8	69%
	<b>Total</b>	196	142	54	72%



## 7. PERFORMANCE AND SUPPORTING INFORMATION

The performance reporting of the municipality is done in line with the 6 National Key Performance Areas (NKPA'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 the performance of the previous financial year and measures taken to improve performance.



## 8. GENERAL KEY PERFORMANCE INDICATORS

Regulation 10 of the Municipal Planning and Performance Regulation has set prescribed General Key Performance Indicators as stated in section 43 of the Municipal Systems Acts. Below is the list of the six (6) General Key Performance Indicators applicable to Mkhambathini Municipality:

No.	Key Performance Indicator	Target	Actual	Status (Achieved/Not Achieved)	Reason for Variance	Corrective Measure
a.	The percentage of households with access to basic level of:					
i.	Water			District Function		
ii.	Sanitation			District Function		
iii.	Electricity	140 households	140 households	Achieved	N/A	N/A
iv.	Solid Waste Removal	396 households have access to weekly refuse	396 households have access to weekly refuse	Achieved	N/A	N/A
b.	The percentage of households earning less than R1100 per month with access to free basic services	4 Reports	4 Reports	Achieved	N/A	N/A
c.	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100%	100%	Achieved	N/A	N/A
d.	The number of jobs created through municipality's local, economic development initiatives including capital projects	0	0	N/A	N/A	N/A
e.	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	5	5	Achieved	N/A	N/A
f.	The percentage of a municipality's budget spent on implementing its workplace skills plan	100%	100%	N/A	N/A	N/A

**PLEASE REFER TO ATTACHED ANNEXURE : A**

## 10. ASSESSMENT OF THE PERFORMANCE OF THE EXTERNAL SERVICE PROVIDERS

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement which is used as a monitoring tool. It is currently being done by user department levels. The end user department should provide monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

### Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Example:

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Bid Number	Date Contract Awarded	Name of the Service provider in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
				Target	Actual	Target	Actual	G	S	P
MKH020 20/10	15 June 2020	Sipho - Glad Construction and General Trading cc	R 2,684,311.98	N/A	N/A	Construction of Mgwaphuna Gravel Road (Ward 04)	100%	✓		

MKH020 20/12	18 June 2020	Khanya Africa Network s cc	ADMIN %	N/A	N/A	Software license	100%	✓		
MKH020 20/12	18 June 2020	Emalang eni Technolo gies (PTY) LTD	ADMIN %	N/A	N/A	Supply and delivery of laptops	100%	✓		
MKH020 20/12	01 Septemb er 2020	ION Consulti ng (PTY) LTD, Elethu Systems (PTY) LTD, k2k Informati on Systems (PTY) LTD	ADMIN %	N/A	N/A	Provision of internet services	100%	✓		
MKH020 20/08	1 Septemb er 2020	Pooven Chetty and Associat es T/A Umntho Business Consulti	R 3,300,00 0.00	N/A	N/A	Provision of internal auditor for a period of 36 months	50%		✓	

		ng								
MKH020 20/18	18 Decemb er 2020	Zyanda Develop ment Projects (PTY) LTD	R 878,985. 25	N/A	N/A	Renovation of Kwandaya Community Hall ward 07	100%	✓		
MKH020 20/13	18 Decemb er 2020	Smartec h Trading and Projects (PTY) LTD	R 775,295. 00	N/A	N/A	Rehabilitation of Gcina Gravel Road	100%	✓		
MKH020 20/14	18 Decemb er 2020	Nzomba ne Investem ent Compan y (PTY) LTd	R 795,621. 75	N/A	N/A	Renovation of Ophokweni Community Hall ward 02.	100%	✓		
MKH020 20/17	18 Decemb er 2020	Londaco rp Trading cc	R 703,491. 8	N/A	N/A	Renovation of Ismont Creche Ward 06.	100%	✓		
MKH020 20/09	04 Novemb er 2020	Nongafa Trading Enterpris e	R 5,682,49 8.91	N/A	N/A	Upgrade of Camperdown Community Hall	100%	✓		

MKH020 20/16	18 Decemb er 2020	Vezokun gcono Trading cc	R 742,135. 25	N/A	N/A	Rehabilitation of Banqobile Gravel road	100%	✓		
MKH020 20/15	18 Decemb er 2020	Thumam ina Group (PTY) LTD	R 461,370. 80	N/A	N/A	Renovation of Dukes Hall Ward 04	100%	✓		
MKH020 20/12	18 Decemb er 2020	Xoli M Projects	R 6,320,00 0.00	N/A	N/A	Construction of Kwenzokuhle Community Hall Ward 06	65%		✓	
MKH020 20/19	17 February 2021	Pooven Chetty and Associat es T/A Umntho Business Consulti ng	ADMIN %	N/A	N/A	Provision of internal auditor for a period of 36 months	50%		✓	
MKH020 20/19	17 February 2021	Civtech Engineer s	Admin %	N/A	N/A	Consultant fees for Camperdown community hall	100%	✓		
MKH020 20/19	17 February 2021	Asande Project Consulti ng And Engineer	Admin %	N/A	N/A	Electrification project	100%	✓		

		ing								
MKH020 20/19	17 February 2021	Zlm Project Engineer s (Pty) Ltd/Btmn Engineer s (Pty) Ltd	Admin %	N/A	N/A	Electrification of Njobokazi	100%	✓		
MKH020 20/22	17 February 2021	Thumam ina Group (PTY) LTD	R 6,692,77 0.00	N/A	N/A	Rehabilitation of D1000 Gravel Road	100%	✓		
MKH020 20/21	17 February 2021	Born And Bread Group/N obuhle Media House	ADMIN %	N/A	N/A	Panel of Graphic Designers for 36 months	60%		✓	
MKH020 20/20	17 February 2021	Bonakud e Consulti ng (Pty) Ltd	R 1 933 458.66	N/A	N/A	Appointment of a service provider to conduct the physical verification, condition assessment including calculating , compensation of	80%		✓	



						immovable assets and valuation				
MKH020 21/12	19 March 2021	Ingadlan gadla Civil Projects Jv Paty Civils Pty Ltd	R 2,374,90 9.91	N/A	N/A	Construction of Ntweka Road	100%	✓		
MKH020 21/12	19 March 2021	Khanyisa Civils And General Maintena nce Cc	R 2,972,24 4.00	N/A	N/A	Construction of Nonzila Gravel Road	100%	✓		
MKH020 21/001	15 April 2021	Siwa Consulti ng Engineer ing/ Sibgem Partners (Pty) LTD	Admin %	N/A	N/A	Consultant fees for Nonzila access road	100%	✓		
MKH020 21/001	15 April 2021	Mzolo Consulti ng Engineer s & Bvi Consulti ng	Admin %	N/A	N/A	Consultant fees for Makhokhoba access road	100%	✓		

		Engineer s Kzn (Pty) Ltd								
MKH020 21/001	15 April 2021	Dlamindl ovu Consulti ng Engineer s (Pty) Ltd	Admin %	N/A	N/A	Consultant fees for Kwenzokuhle hall	65%		✓	
MKH020 21/001	15 April 2021	Civi tech Engineer s	Admin %	N/A	N/A	Consultant fees for Camperdown community hall	100%	✓		

## 11. CAPITAL PROGRAMME PERFORMANCE 2021/2022

A detailed capital status report highlighting the status of the capital programme as at the 30 June 2022.

### 11.2 PROJECTS PLANNED THAT ARE STILL IN PROGRESS FOR THE 2021/2022 FINANCIAL YEAR

Project Name	Ward	Status of the Project
Construction of Makhokhoba Access Road, 0,44 km	1	Work in progress
Construction of Jilafohlo Access Road, 4,5km	7	Work in progress
Construction of Banqobile Sport Field	7	Work in progress

### 11.3 PROJECT PLANNED AND COMPLETED FOR 2020- 2021

PROJECT	WARD NO.	Status of the Project
<b>Ascent Road Resurfacing of the road</b>	<b>3</b>	Completed
Victoria Road - Resurfacing of the road	3	Completed
Alfred Storm Drive -Resurfacing of the road	3	Completed
Charlton Place = Resurfacing of road	3	Completed
Leylands Place - Resurfacing of the road	3	Completed
Woodcircle Road - Resurfacing of the road	3	Completed
Oehley Road - Resurfacing of the road	3	Completed
Gcina Gravel Road	1	Completed
Ophokweni Community Hall	2	Completed
Dukes Hall Ward 04	4	Completed
Banqobile Gravel Road	5	Completed
Ismont (Philisiwe Ntombifuthi) Crèche Ward 06	6	Completed
KwaNdaya Community Hall	7	Completed
Construction of Ezinembeni Creche	1	Completed
Construction of Okhalweni Creche	6	Completed
Construction of Manzamnyama Community Hall	2	Completed
Construction of Qedazulu Gravel Road	5	Completed
Construction Mgwahumbe Gravel Road	4	Completed

## 12. ANNUAL PERFORMANCE ASSESSMENT FOR SECTION 56 EMPLOYEES

Performance Assessments for the 2019/2020 was conducted on the 18/05/2022 and 2020/2021 was conducted on the 18/05/2022

### BONUSES PAID TO SECTION 56 EMPLOYEES 2019/2020

No	Position held	Period Covered	Performance Bonus Paid/ Not Yet Paid
1.	Acting Municipal Manager	01 July 2019 - 30 December 2019	Paid
2.	Municipal Manager	01 January 2020 - 30 June 2020	Paid
3.	Chief Financial Officer	01 July 2019 - 30 December 2019	Paid
4.	Corporate Services	01 July 2019 - 30 December 2020	Paid
5.	Community Services	01 July 2019 - 30 June 2020	Paid
6.	Technical Services	01 July 2019 - 30 June 2020	Paid

**BONUSES PAID TO SECTION 56 EMPLOYEES 2020/2021**

<b>No</b>	<b>Position held</b>	<b>Period Covered</b>	<b>Performance Bonus Paid/ Not Yet Paid</b>
1.	Municipal Manager	01 July 2020 - 30 June 2021	Paid
2.	Chief Financial Officer	01 January 2021- 30 June 2021	Paid
3.	Corporate Services	01 January 2021 -30 June 2021	Paid
4.	Community Services	01 July 2020 - 30 June 2021	Paid
5.	Technical Services	01 July 2020 - 30 June 2021	Paid

### 13. CONCLUSION

The office of the Municipal Manager maintains a Portfolio of Evidence to support the achievements recorded in this Annual Performance Report, and Internal Audit has performed a verification of credibility of evidence of the reported achievements.

COVID-19 has caused challenges, targets were not achieved due to the levels and restrictions of the pandemic.

Activities for targets not achieved due to the Lockdown will resume in the next financial year. Furthermore, in areas where performance was not achieved, the municipality has provided reasons and corrective measure to ensure that performance is improved in the 2022/2023 financial year.

Both the Political and Administrative leadership is committed to do best for the community of Mkhambathini.

The municipality has made significant progress in the provision of services to its community based on the 2016 census; however the census showed that the level of unemployment rate particularly amongst the youth and poverty within Mkhambathini continues to grow.

The agricultural sector which is the dominant sector that contributed to the economy of Mkhambathini continues to decline as a results of climate change as we have recently witnessed draught that impacted all agricultural sector across the country. The leading industries in terms of percentage contribution to Mkhambathini' s economy are community services.

This necessitates a change in the strategic direction of the municipality moving forward.

Mr S Mngwenge

Municipal Manager