

ZULULAND DISTRICT MUNICIPALITY



2021/2022 ANNUAL PERFORMANCE REPORT

*This report is prepared according to section 46 of the Municipal Systems Act.
The report forms part of the annual report of the Zululand District Municipality*

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APPROVAL OF THE REPORT

This is to certify that this Annual Performance Report for the 2021/2022 Financial Year has been prepared in accordance with the Municipal Systems Act of 2003 and regulations made under the Act,

N.G Mvelase
Deputy General Manager: PMS

Date

and is recommended for approval by:

R. N Hlongwa
Municipal Manager

Date

1. FOREWORD BY HIS WORSHIP THE MAYOR CLLR T.D BUTHELEZI



The Zululand District Municipality is pleased to present the 2021/2022 Annual Performance Report, containing enormous achievements. The municipality has so much to celebrate as it continues to thrive. We ended the previous financial year on a high note, achieving an improved audit outcome for the 2019/2020, and remain steadfast to improve even further. As we enter this new financial year on a positive note after achieving a funded budget status, the government's recent decision to repeal all Covid-19 regulations, gives us hope as we are slowly going back to our normal activities and being more effective on the ground as the previous financial years were challenging not only for Zululand District, but for the whole country. We remain resolute and hopeful that the scrapping of Covid-19 regulations will enable us to bring sustainability to the community of Zululand and to our stakeholders.

In spite of conquering Covid 19, we are entering this new financial year with the weakening and volatile economic status, forcing everyone to tighten their grip. The recent soaring price of fuel and staggering cost of living will impact negatively on our efforts in increasing revenue and debt collection. However, our administration is committed to fierce service delivery, clean governance and compliance. We commit to fighting the demon of corruption whenever it rears its ugly head. We are still committed into delivering on our commitment manifesto, supplying clean water being our focal point. The aforementioned reinforces the importance of Performance Management in ensuring effective, efficient and economic use of resources.

This municipality is engulfed with challenges such as infrastructure backlog and ageing infrastructure, but this will not deter us from investing in repairs and maintenance, above all, creating more job opportunities. As Zululand District Municipality we pride ourselves by managing to fill most of the senior management positions and for nearly completing key major projects in water provision.

The Zululand District Municipality's Integrated Development Plan (IDP) and the Service Delivery Budget and Implementation Plan (SDBIP) ensures the municipality remains customer centric in its approach and prioritization of projects, awareness, training and development within the Zululand

District Municipality. The social, economic and infrastructural needs of the community are well articulated in the IDP which governs the remaining term. The Annual Performance Report is thus a critical document in assessing the progress we have made in Service Delivery and enables the council to regularly report to the communities thus enhancing accountability and active citizenry. The Municipality remains resolute to the call of responsibility to improve the lives of the residents on the Zululand community.

I would like to thank amakhosi, council of Zululand District Municipality, Executive Members of Council, the various Portfolio Committees, the Municipal Public Accounts Committee, the Audit Performance Committee, and management of the municipality and all the employees of the Zululand District Municipality. The Municipality's success and achievements articulated on this report, demonstrate your efforts and commitment to improving the lives of the people of Zululand District through service delivery.

In conclusion, it is our ultimate dream to be the most progressive and developing district municipality not only in KwaZulu-Natal but in the whole country. We will remain an epicentre of tourist's attraction, investors, and social cohesion. Trust us to deliver!

CLLR T.D. BUTHELEZI

HONORABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY

2. FOREWORD BY THE MUNICIPAL MANAGER MR R.N HLONGWA



In the 2020/2021 financial year, the Zululand District Municipality, despite the challenges and redirection of priorities due to COVID 19, managed to turn around their audit outcome as compared to the previous three financial years. In the three preceding years (2017/18, 2018/19 and 2019/20) the municipality received a qualified audit opinion and in the peak of a worldwide pandemic, our institution managed to turn this around and gain an unqualified audit opinion. This is indicative of the commitment and hard work ethic of our Council, Administrative Management, and staff. Needless to say,

it was on this high note that the work began in earnest for the new financial year. We remained steadfast in our mission to be a leader in service delivery and serve the constituents of the Zululand District Municipality with integrity and transparency in order maintain and improve on service delivery within the district, while always ensuring the health and well-being of our foot-soldiers was never compromised.

With the above background in mind, we are yet again at the point in our municipal calendar where we present to you the 2021/2022 financial year Annual Performance Report. This report will seek to provide a summary of the performance of the municipality as well as highlighting challenges and successes on the achievement of all **Service Delivery and Budget Implementation Plan (SDBIP)** key performance indicators which is the guiding tool in efficient service delivery.

Over and above the challenges surrounding the pandemic, cognisance should also be given to the challenges encountered by the Municipality around human resources. The Zululand District Municipality started off the financial year with a few senior management vacancies however, our dedicated staff compliment rose to the occasion with middle-management officials with the required technical knowledge assuming the responsibility of temporarily filling these positions in an Acting capacity to mitigate the vacuum in leadership and progress the workload within the various departments. These efforts do not go unnoticed by any means and are highly appreciated. As

such, the challenges experienced in change management within the municipality inevitably led to a decreased staff morale in general, which meant the mammoth task of correcting and improving the mood of officials, as we know that a happy employee is a productive employee.

With the National State of Disaster for Covid 19 lifted in April 2022, the Municipality yet again had to readjust its plans to revert and refocus on their core mandate of provision of clean water and sanitation facilities for the community of Zululand. This also meant the delays placed on recruitment could be addressed and the Municipality embarked on a rigorous recruitment drive to fill key strategic positions which would expedite the SDBIP deliverables. Zululand District Municipality has also managed to make major strides in directing the municipality to a more 4IR centric approach to the operations within the workspace.

The SDBIP of the organisation has grown quite significantly in the key performance indicators set for the Municipality aimed purely at improving service delivery and accountability by the administration. All efforts are geared towards exceeding the previously improved levels of service delivery and to mitigate shortfalls in order to address key strategic areas for the district with focus on improving and maintaining new and existing infrastructure.

The revival of key structure such as the District Development Model attests to the intergovernmental cooperation and streamlined focus to bring about major developments which will enrich the economy of the District and inevitably the livelihoods of our people of the Zululand District Municipality. A series of catalytic projects have been identified which will attract international investors as well as local investors to vastly improve the economy of the District.

On this note, I would like to extend heartfelt gratitude to the political leadership under which the Municipality is led, the administrative leadership and staff as well as all the stakeholders of Zululand District Municipality for their participation in the transformation of the organisation and the continuous patience and support they have demonstrated.

In the spirit of cooperative governance in the Zululand District and the inclusion of various civil society structures in efforts of continued public participation, I leave with this excerpt from our extended municipal vision: *"We are committed to responsible and accountable actions, tolerance and concern for racial harmony, the protection of our environment and the strengthening of the role of women and youth"*.

As the Accounting Officer of the Zululand District Municipality and on behalf of the management, I commit to ensuring and providing oversight to successfully upholding the vision and mission of the municipality and always putting the needs of our people first.

MR. R.N. HLONGWA

MUNICIPAL MANAGER

3. EXECUTIVE SUMMARY

According to Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998, which requires that the Municipality annually review their overall performance in achieving their constitutional objectives, the monitoring and implementation of the Municipality's Integrated Development Plan are overseen and intended to gradually improve operations. Through the effective and efficient implementation of the Annual Service Delivery Budget and Implementation Plan (SDBIP), an effective performance management system guarantees the successful realization of the Municipality's Integrated Development Plan (IDP).

This Zululand District Municipality Annual Performance Report summarizes the Municipality's successes and failures in ensuring that services are provided, as well as that there is economic activity and change within the Zululand community. The Municipality continues to fulfil its obligation to better the lives of the Zululand community's citizens. A strategic management method is the Performance Management System, it is a procedure that assesses how well the organization's development and growth strategy is being carried out. It equips decision-makers at all levels with a set of tools and processes for routinely planning, ongoing supervision, and periodic measurement and review of the Municipality's performance in terms of indicators and targets for efficiency, effectiveness, and economy.

4. PURPOSE OF THE REPORT

In addition to addressing the principles of the constitution, Batho Pele, the white paper on local government, the Municipality Systems Act, and the Municipal Financial Management Act, this report subscribes to the developmental nature of participatory democracy and cooperative governance in South Africa. This Annual Performance Report's major goal is to hold the municipality accountable for its performance to the people of Zululand District Municipality and to show the community how far the municipality has come in enhancing

their quality of life through service delivery. The Zululand communities and other stakeholders will use this report as their primary instrument for evaluating the municipality's performance throughout the fiscal year that concluded in June 2022, as well as for upholding the ideals of transparency and citizen accountability.

5. METHODOLOGY

The Municipal Systems Act (No. 32 of 2000) mandates that municipalities must prepare quarterly, and mid-year reports as required by chapter 9 of the Municipal Systems Act on performance management system in order to monitor and measure the advancement of their performance. In accordance with section 46 of the Municipal Systems Act, these quarterly and mid-year reports are the municipality's yearly performance reports. Together with the Annual Financial Statements, these reports are submitted to the Auditor General of South Africa for auditing. The Department of Cooperative Governance and Traditional Affairs, National and Provincial Treasury, Auditor General, and other pertinent stakeholders must receive the audited performance report after the municipality's council has approved it as part of the annual report.

6. LEGISLATIVE MANDATE

6.1 The Constitution of the Republic of South Africa, Act 108 of 1996:

Section 152(1) of the Constitution prescribes that the objects of local government are:

- (a) To provide democratic and accountable government for local communities;
- (b) To ensure the provision of services to communities in a sustainable manner;
- (c) To promote social and economic development;
- (d) To promote a safe and healthy environment; and

(e) To encourage the involvement of communities and community organizations in the matters of local government.

Section (152) (2) further states that:

"A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)"

6.2 Municipal Systems Act (Act No 32 of 2000)

Chapter 6 of the Municipal Systems Act, and specifically Sections 38 to 49, deal with organizational performance management. These legislative mandates require of all municipalities to:

- Development of a performance management system;
- Monitoring and review of performance management system;
- Setting of key performance indicators and performance targets,
- Publish an annual report on performance for the benefit of the communities served by the Municipality;
- Incorporate and report on a set of general key performance indicators prescribed nationally by the Minister responsible for local government;
- Auditing of performance measurement both internally and externally;
- Annual reporting on performance.

Chapter 7 of the Municipal Systems Act deals with local public administration and human resources. In particular, section 57 of this Chapter requires that the Municipal Manager and those officials reporting directly to the Municipal Manager (i.e Section 57 employees) sign annual performance agreements. An individual performance plan must be attached to the performance agreement and it must include a set of performance measures that will enable actual performance of individuals to be assessed against planned performance.

6.3 Local Government: Municipal Planning and Performance Management Regulations, 2001

These Regulations were passed by the Minister responsible for local government in terms of Section 49 of the Municipal Systems Act. These Regulations spell out the performance management responsibilities of municipalities in more detail. They deal with:

- The nature of the PMS;
- The adoption of the PMS;
- The setting of key performance indicators;
- The general key performance indicators published by the Minister, which reflect the object of developmental local government;
- The review of key performance indicators;
- Setting of performance targets;
- Monitoring, measurement and review of performance;
- Internal auditing of performance measurements; and
- Community participation.

The regulations further instruct a municipality to ensure that its performance management system:

- Complies with the requirements of the Act;
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting;
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- Determines the frequency of reporting and the lines of accountability for performance;

- Relates to the municipality's employee performance management processes;
- Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes;
- A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

The implementation of the performance management framework should allow the municipality to collect, process, organize, analyse, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

6.4 Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006:

These regulations prescribe how the performance of municipal managers and managers' directly accountable to municipal managers must be directed, monitored and improved. The regulations include the following:

- (i) Chapter 2: requirements and provisions of employment contracts;
- (ii) Chapter 3: performance agreements, including prescribed key performance areas (KPA's) and core competency requirements (CCR's);
- (iii) Chapter 4: the content of a job description for municipal managers.

6.5 Municipal Finance Management Act

In terms of Section 53 (1) of the Municipal Finance Management Act of 2003 (MFMA), the mayor of a municipality must take all reasonable steps to ensure that the municipality's

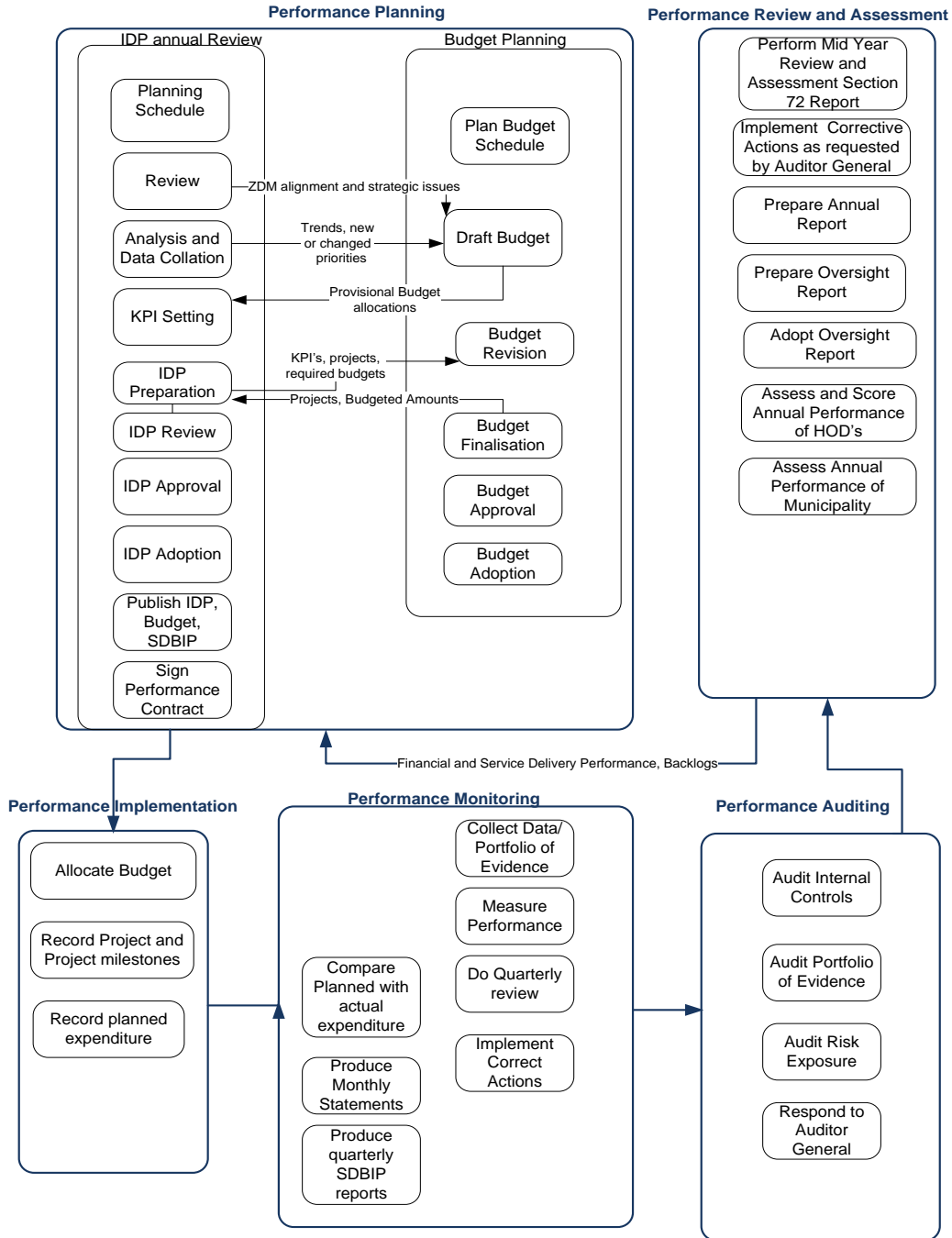
service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

Annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act for the Municipal Manager and all Senior Managers must also be concluded and they must be linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan.

The Service Delivery Budget Implementation Plan (SDBIP) and these performance agreements therefore give effect to the Integrated Development Plan (IDP) and budget of the municipality in ensuring that the execution of the budget, performance of senior management and achievement of the strategic objectives set by the Council are monitored.

The MFMA stipulates general responsibilities of Mayors. Section 52 (d) of the Act requires that a Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.

7. PERFORMANCE MANAGEMENT PROCESS OVERVIEW



8. PERFORMANCE AND SUPPORTING INFORMATION

This section of the report summarizes Zululand District Municipality's overall performance for the 2021/2022 financial year, which ended on June 30, 2022. It does so by citing the supporting portfolio of evidence that is noted on the Zululand District Municipality scorecard. The report of Performance Management System of Zululand District Municipality has incorporated five (5) National Key Performance Areas and it is in line with the requirements of the Municipal Systems Act of 2000, Section 46 and will therefore:

- highlight and reflect on the overall strategic performance of the municipality for the financial year under review;
- provide factual comparison to the performance of previous financial year;
- provide credible reasons for variances from set targets of all Key Performance Indicators not achieved and;
- most importantly list the corrective actions to be taken to improve performance in the Zululand District Municipality are covered in this report.

9. BACKGROUND TO THE MUNICIPAL SCORECARD (Annexure B)

The organizational scorecard reflects the five national KPAs, local goals, and allows for a more comprehensive study of the performance of the municipality. The organizational scorecard's indicators form the basis of the performance report. The scorecard covers 104 indicators that are related to the strategic IDP goals of the Zululand District Municipality. The Council modified the previously established targets during the Adjustment Budget period of 2021–2022, ensuring "SMART" principles to targets that were previously not measured in order to comply with Chapter 3 of Municipal Planning Performance Management Regulations, 2001 Section 12. In order to comply with Chapter 3, Section 9 and other standards, the Council has also improved indicators to make sure they are quantitative, relevant, objective, and precise. The Council adopted these on 25 February 2022.

10. ANNUAL ORGANISATIONAL PERFORMANCE INFORMATION

Regular evaluations by Performance Management in examining the stated targets on a quarterly basis are necessary to consistently maintain effective financial management and value for money in the execution of the municipal Integrated Development Plan. These assessments are carried out in order to quickly identify and implement the necessary corrective action, hence increasing the likelihood that the targets will be met and that the Zululand District Municipality's residents will receive quality services.

The organizational scorecard that was adopted together with the adjustment budget included performance goals for the 2021/2022 financial year. The resolution of the adjustment was posted on the municipal website for public access, comment, and information after being approved by the Council.

The Zululand District Municipality's success is shown in this annual performance report in comparison to its established objectives and targets on the organizational scorecard. The Office of the Auditor General will receive both the Annual Performance Report and the Annual Financial Statements on August 31, 2022.

The summary of performance results of the organization is outlined below.

10.1 Overall performance of the Municipality for 2021/2022 compared to 2020/2021 financial year.

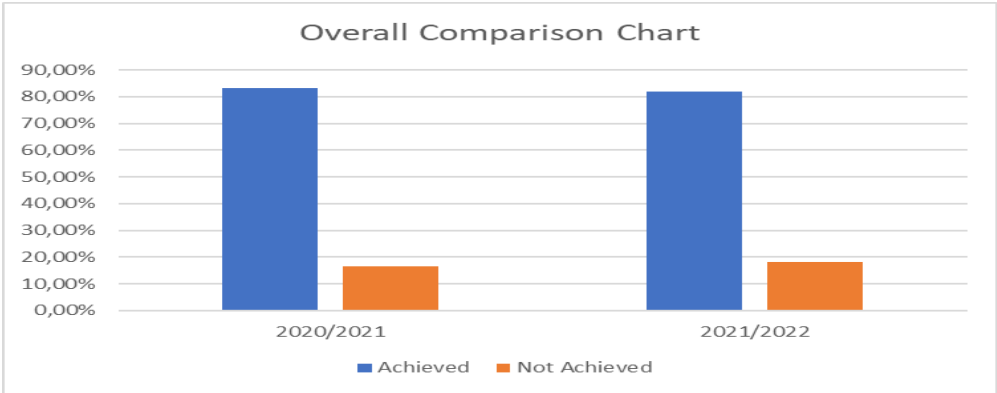
The overview of the Municipality's overall performance for the fiscal year ending on June 30, 2022, is shown in the table and graph below. As a result, a picture of the Municipality's performance is provided by tabulating the overall percentage of targets established by all directorates.

Against all difficulties, Zululand District Municipality was able maintain to its performance from the 2020/2021 and 2021/2022 financial years. The performance of the municipality was 82.69% in the previous financial cycle and 80.76% in the year ending on June 30, 2022. These are great results remembering that in 2020/2021 here were only 48 indicators which were added in 2021/2022 to 104. A difference of 56 indicators with only 1% decrease in achievement.

The municipality takes great pride in maintaining performance, and as a result of the dedication of its senior management, political leadership, and all employees, the residents of the Zululand District have benefited from numerous significant projects that were started and finished during the fiscal year. The Municipality will continuously monitor its performance extremely carefully to improve service delivery, and as a result, the monitoring controls will receive special attention in all of the Municipality's departments.

2020/2021		2021/2022	
Achieved	Not Achieved	Achieved	Not Achieved
83.33%	16.67%	80.76%	19.23%

The overall performance improvement between the two financial years is depicted in the graph below

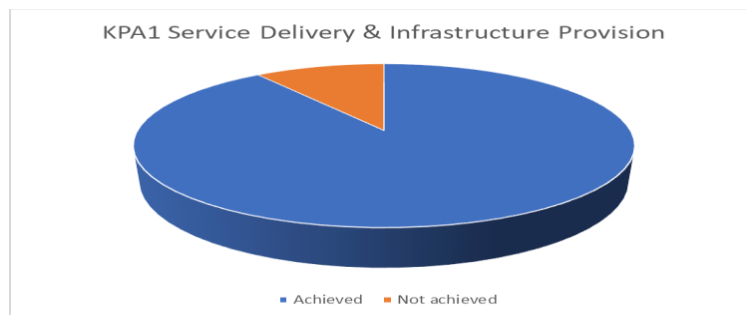
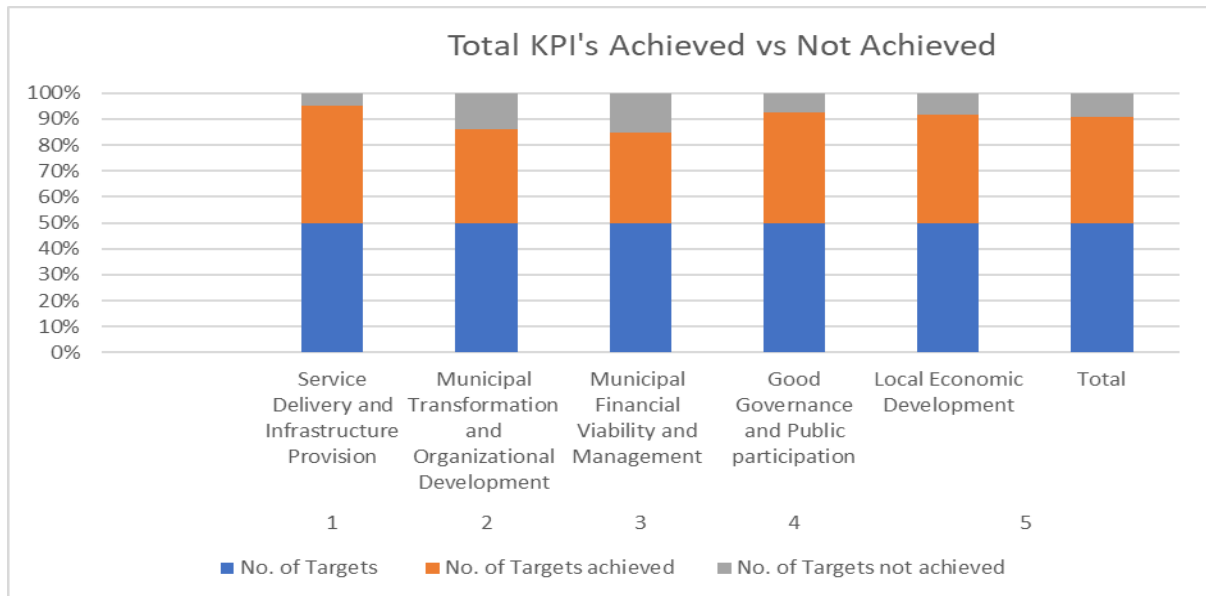


10.2 Overall performance of the Municipality for 2021/2022 financial year per National KPA

The table below illustrates the summary of overall performance of the Municipality for the financial year ending June 2022. This means that it is a tabulation of the total number of targets set for all directorates combined, which then gives a picture of how the Municipality has performed. This simple summarised that out of the total of 104 Key Performance indicators set for the municipality, the Zululand District Municipality managed to achieve 84 key performance indicators and only 20 KPIs were not achieved. The report has indicated reasons for variance for each KPI and the corrective actions to be implemented to improve performance have been outlined in this report. A detailed clarification on the reasons for variance and corrective actions per KPI can be accessed on the attached annexure A which is the organisational scorecard which then will give a detailed report per each KPI that the Municipality could not achieve.

KPA No.	KPA	No. of Targets	No. of Targets achieved	No. of Targets not achieved
1	Service Delivery and Infrastructure Provision	10	8	2
2	Municipal Transformation and Organizational Development	18	13	5
3	Municipal Financial Viability and Management	10	6	4
4	Good Governance and Public participation	60	52	8
5	Local Economic Development	6	5	1
	Total	104	84	20

Graph presentation of overall the overall number the targets achieved/ not achieved per National KPA



KPA 1

Performance Highlights:

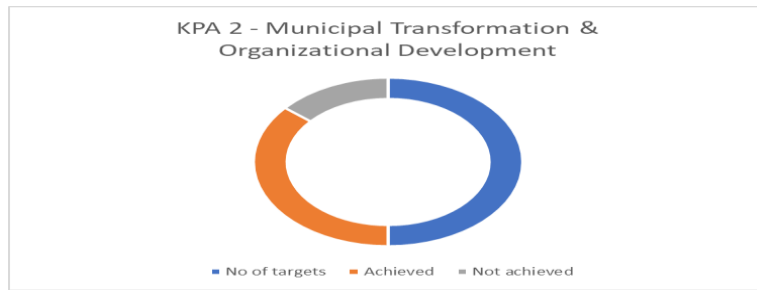
The overall score for the KPA 1 relating to Service Delivery and Infrastructure Provision was 88.8% for the 2020/2021 financial year and 80% for 2021/2022 year.

Challenge:

Testing on bulk infrastructure after a project has been completed was delayed.

Improvement Measures:

The contractor is already on sight and estimated time to complete is quarter 2 of the 2022/2023 financial year.



KPA 2

Performance Highlights:

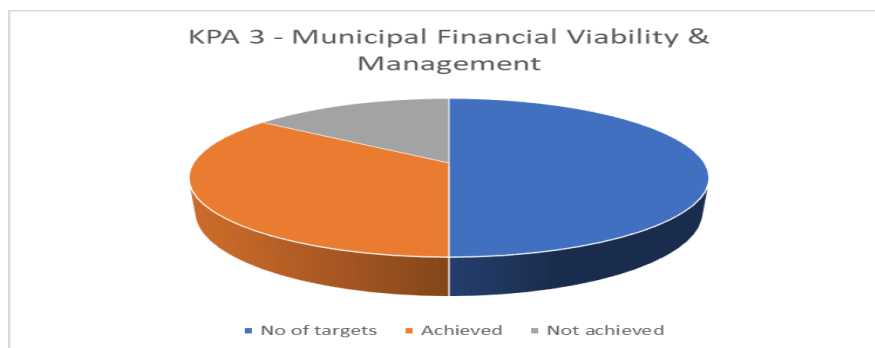
The overall score for the KPA 2 relating to Municipal Transformation and Organizational Development was 100% for the 2020/2021 financial year and 72.2% in 2021/2022 financial year. From 5 KPIs in 2020/2021 to 18 KPIs in 2021/2022.

Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians.

Improvement Measures:

In future municipal officials must be empowered through council resolution to deputize the chairpersons.



KPA 3

Performance Highlights:

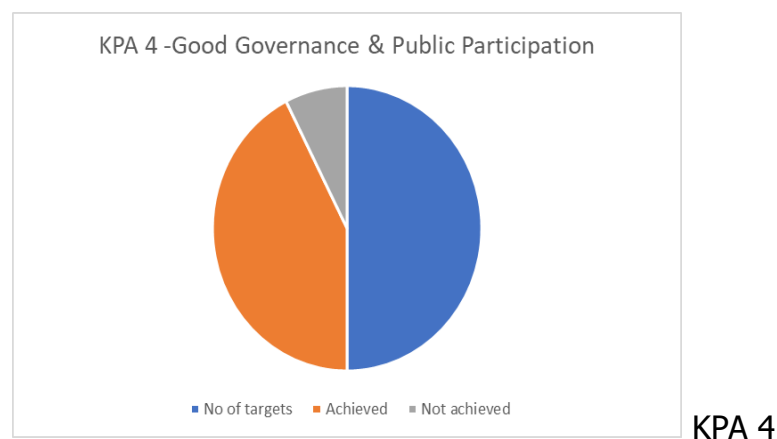
The overall score for the KPA 3 relating to Municipal Financial Viability and Management was 40% for the 2020/2021 financial year and 60% for 2021/2022.

Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians. RRAMS grant expenditure was not fully spent. It was not possible to procure services of a new service provider to complete the remaining project activities.

Improvement Measures:

Unreported Quarter reports to be reported in the next standing committee meetings. The contract will be advertised by September 2022. A rollover application is being prepared.



Performance Highlights:

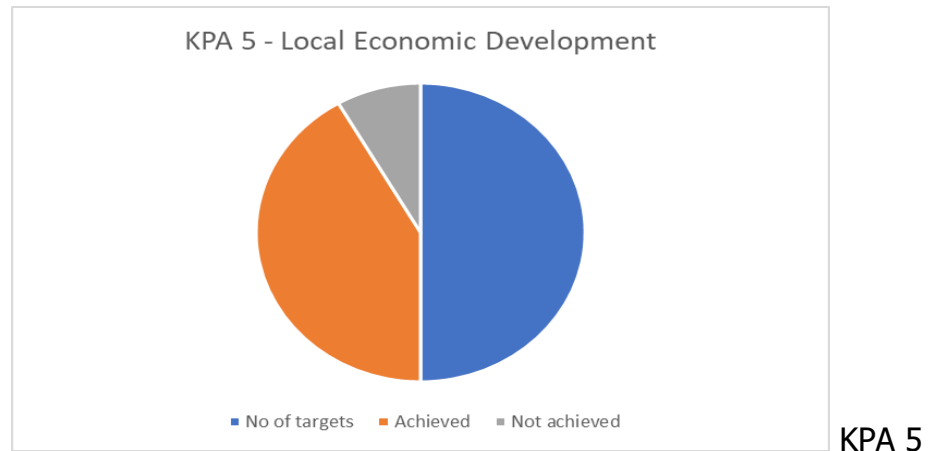
The overall score for the KPA 4 relating to Good Governance and Public Participation was 88.46% for the 2020/2021 financial year and 86.66% for the 2021/2022 financial year.

Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians.

Improvement Measures:

It has been addressed in Quarter 3 and 4 of 2021/2022 and will further be addressed in the 2022/2023 financial year.



Performance Highlights:

The overall score for the KPA 5 relating to Local Economic Development was 66.6% for the 2020/2021 financial year and 83.33% for the 2021/2022 financial year.

Challenges:

The report was prepared but not submitted to Council due to lack of understanding of the KPI.

Improvement Measures:

Workshops has been provided to the relevant staff.

11. KEY PERFORMANCE AREAS TO NOTE

This section contains the key areas that must be noted by Zululand District Municipality.

11.1 Improved Performance





Despite 56 additional KPIs, we will note that more KPIs were achieved and improvements in the Basic Service Delivery and Infrastructure where more of households within ZDM were provided with sanitation facilities as compared to the previous financial year where ZDM failed to reach the target. An increase of

16,79% in Local Economic Development was yet again noted. A huge increase of 30% in the Municipal Financial Viability and Management was noted.

11.2 Deteriorating Performance

Municipal Transformation and Organizational Development deteriorated due to Local Government Election season; some structure could not hold meeting due to unavailability of politicians.

The table below presents the outcome of each Key Performance Area (KPA) in a two-year comparison

KEY PERFORMANCE AREA (KPA)	2020/2021 %	2021/2022 %	INCREASE / DECLINE
Basic Service Delivery	88.8%	80%	
Municipal Transformation and Organisational Development	100%	72.2%	
Municipal Financial Viability and Management	40%	60%	
Good Governance and Public Participation	88.46%	86.66%	
Local Economic Development	66.6%	83.33%	