

MASEKONYANA LOCAL MUNICIPALITY



# ANNUAL REPORT

## 2012/13



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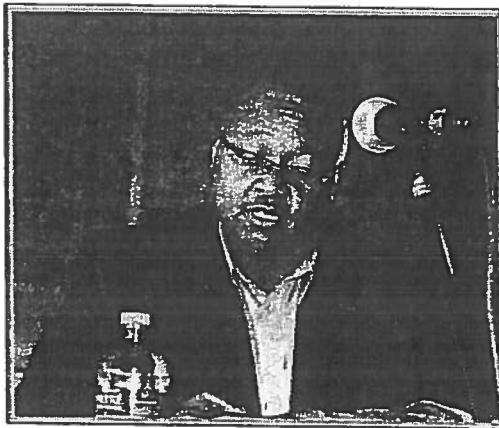
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## CHAPTER 1

### COMPONENT A: EXECUTIVE SUMMARY

#### 1.1 FOREWORD BY HONOURABLEMAYOR



It is a great pleasure for me, once again, to have this opportunity to reflect on the endeavours we have made as the Municipality in the quest to change the lives of the people of Masilonyana Local Municipality. More importantly this is an opportunity to thank you, the community of Masilonyana, for the support and trust you have towards us as your public representatives.

Such annual reporting is required from municipalities in terms of various pieces of legislation, such as Section 46 of the Local Government: Municipal Systems Act

No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003.

This, 2012/13 Annual Performance Report of Masilonyana Municipality, is reflective of our service delivery, developmental achievements and challenges. It is presented in recognition of our obligation to be an accountable and transparent institution.

Most importantly, the report also reflects the municipality's limitations and constraints encountered during the reporting period, which will have to be addressed going forward. It is of critical importance that we learn equally from our achievements, as well as from our oversights and limitations. I must indicate in the year under review that significant improvements were witnessed in various areas, such as, filling of all vacant section (56) Managers posts including Municipal Manager's post; appointment of the Audit Unit and the establishment of both the Audit Committee and Municipal Public Accounts Committee. This has resulted in us strengthening our internal oversight structures to ensure the proper and effective governance of our institution, whilst ensuring that an effective, efficient and economical internal control system is in place and functioning effectively in the quest to realise a clean audit by 2014.

The Vision of Masilonyana Local Municipality is very clear; to be an integrated, developmental and viable municipality and it is enshrined in our Five Year Integrated Development Plan. An institutional environmental scan conducted by the Municipal Manager and his Senior Management team, has assisted us to prepare a more realistic and achievable IDP.

On the service delivery front, we have made remarkable strides to continue transforming the socio-economic environment of

Masilonyana. The trust that the community of Masilonyana has placed in the municipality, after the local government elections cannot be betrayed. We will spare no effort in ensuring that the municipality continuously enhances the quality of the services it offers.

In all our operations and dealings value for money and transparency remains the basic principle of our business, we are unshaken in our belief and behaviour to fight corruption and



fraud, and we continuously appeal to the community to blow the whistle whenever they suspect or perceive an act of fraud. I also applaud and continue to invite all stakeholders to work with us in strengthening and advancing Public Participation.

We thank all the people of Masilonyana for being responsible citizens by participating in the activities of the municipality through our public participation system. Keep appreciating this wonderful democratic achievement.

Lastly but not least, we believe that the 2012/2013 Annual Report highlights a large number of the positives that exist in Masilonyana, that viewed collectively, should give our people a sense of hope and optimism that we are serious about achieving our vision, sooner rather than later.

I Thank You

(Signed by :) \_\_\_\_\_

**CLLR. K.S KOALANE**  
**MAYOR**  
**MASILONYANA LOCAL MUNICIPALITY**



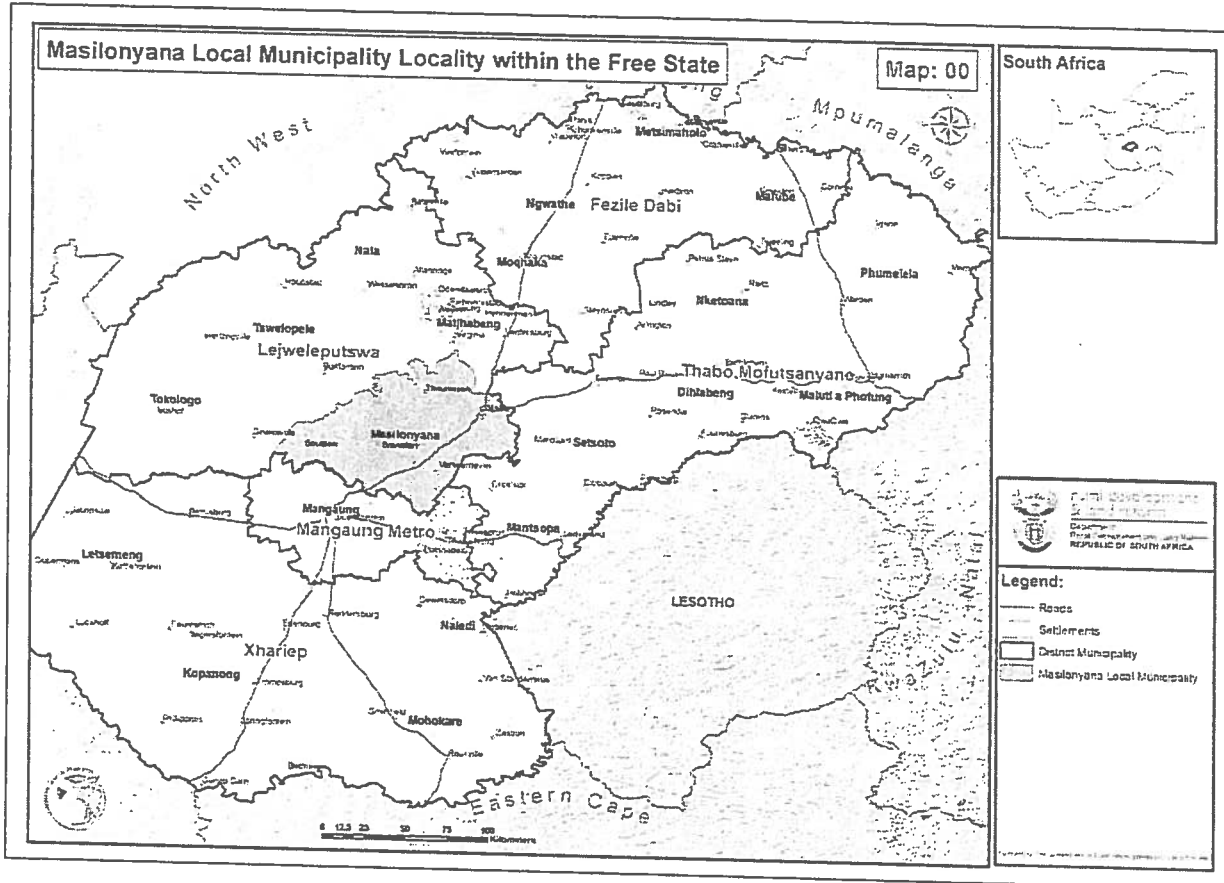
The dominant position of Matjhabeng in respect of the economy of the District should be noted. Overall, about 72% of the district's economic output is generated in Matjhabeng. Matjhabeng is followed by Masilonyana where 10.8% of the economy of the District is produced. However, these relative contributions from Matjhabeng and Masilonyana have decreased since 1996. The main reason for the decreases in these two municipalities is the overall decline of the mining industry.

### **Municipal Functions**

1. A municipality has executive authority in respect of, and has the right to administer
  - a. the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
  - b. any other matter assigned to it by national or provincial legislation.
2. A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer.
3. Subject to section 151(4), a by-law that conflicts with national or provincial legislation is invalid. If there is a conflict between a by-law and national or provincial legislation that is inoperative because of a conflict referred to in section 149, the by-law must be regarded as valid for as long as that legislation is inoperative.
4. The national government and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if
  - a. that matter would most effectively be administered locally; and
  - b. the municipality has the capacity to administer it.
5. A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.



### Location of Masilonyana within the provincial and district jurisdiction



Map 1: Location of Masilonyana within the provincial jurisdiction.

Masilonyana Local Municipality is situated in the Free State which is one of the nine provinces in South Africa. The Free State province is situated in the centre of South Africa, making it one of the most accessible provinces due to its location in respect of the rest of South Africa. The Free State borders the Northern Cape, North West, Gauteng, Mpumalanga, Kwa Zulu-Natal, Eastern Cape Provinces and also has an extensive boundary with Lesotho.

Masilonyana Local Municipality consists of a total population of 63333 people. There is an indication that their total figures of the population has not been constant since 1996. Census data for 2007 shows the highest total population figure since 2007 and 2011 shows a decline in the total population as the municipality had the lowest population. Race Comparison of Masilonyana comprises of Africans, Asian/Indians, Coloured and Whites and Africans, and Africans mostly reside in the municipal area.

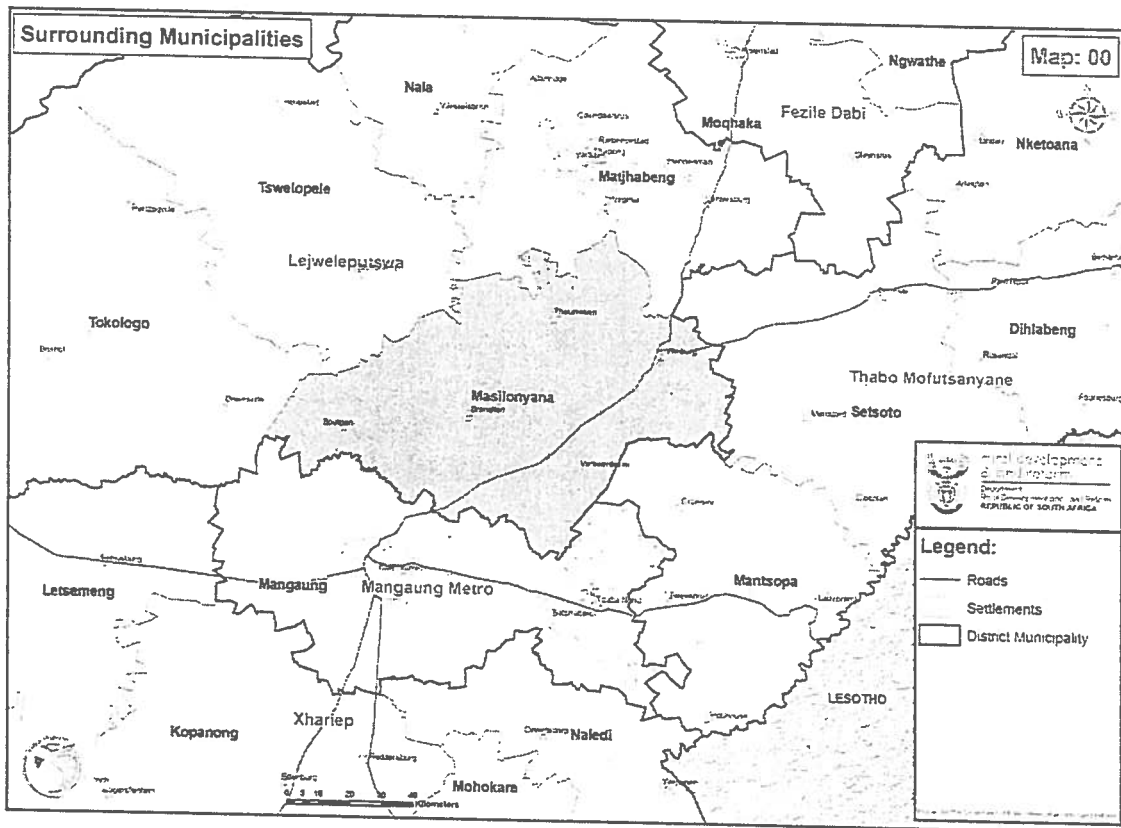




Masilonyana Local Municipality covering an area of 679 725.2 ha forms part of Lejweleputswa District Municipality which comprises of other municipalities namely Matjhabeng, Nala, Tokologo and Tswelopele.

It is bordered by Mantsopa and Setsoto Local municipalities to the east, Mangaung Metropolitan Municipality to the south, Tokologo and Tswelopele Local Municipalities to the west and Matjhabeng Local Municipality to the north.

The municipality comprises of five towns which are Theunissen (the administrative head office), Brandfort, Winburg, Verkeerdevlei and Soutpan and it also consists of ten wards.





**Theunissen/ Masilo:** The towns of Theunissen and Masilo falls within wards 7, 8, and 9 in Masilonyana local municipality. One of the major connecting roads, R30 traverses the town in a north-south direction that links North West province with Bloemfontein through Welkom. The wards of Theunissen are surrounded by wards 5, 6 and 9. The town serves as the employment centre for some of the local residents. Most importantly, this urban centre consists of two major rural towns namely Theunissen and the Masilo townships. The main aim of the SDF will be to focus on rural development within the two centers in an integrated way to ensure the town will develop as a unity.

**Brandfort/Majwemasweu:** Brandfort/ Majwemasweu is situated in the centre part of Masilonyana Local Municipality approximately 42 km away from the town of Theunissen and 55 km from the capital of the Free State province, Bloemfontein. The area falls within ward 1 and is bordered by ward 10 to the north and east and ward 2 to the west. The R30 that traverses through Theunissen also connects Brandfort with the main corridor from the NorthWest province. The connection between Brandfort and Winburg has been one of the alternative routes followed by commuters reluctant to use the N1 National route, especially heavy vehicles.

**Winburg/ Makeleketla:** Winburg / Makeleketla townships are situated in the eastern part of the Masilonyana Local Municipality area. The centre is 31 km away from the town of Theunissen and 54 km away from the town of Brandfort. Winburg falls within ward 4 of the administrative region of the local municipality and is bordered by ward 5 to the west and ward 3 to the east. The town is situated next to the N1 corridor that links the Gauteng Province with the Western Cape via Bloemfontein. The N5 national route to Harrismith via Bethlehem starts at Winburg. The locality of Winburg in relation to national routes makes it one of the most accessible towns in the Free State province. The locality of the national route has numerous advantages to the town of Winburg and is an aspect that must be explored to ensure the sustained economical growth of the area.

**Verkeerdevlei/ Tshepong:** Verkeerdevlei/ Tshepong is a small town in the Free State province of South Africa. It was named after a stream which runs in the opposite direction to other streams in the area, hence the name in Afrikaans for "Wrong Marsh". The name of the town was used to identify the toll gate on the N1. The town is 9 km away from the N1 route and also the toll gate. The town is approximately 55 km away from Bloemfontein. Verkeerdevlei falls within ward 3 of the administrative region of the local municipality and is bordered by ward 4 to the north and ward 10 to the west. The town can be seen as an agricultural village and a town with a rural function.



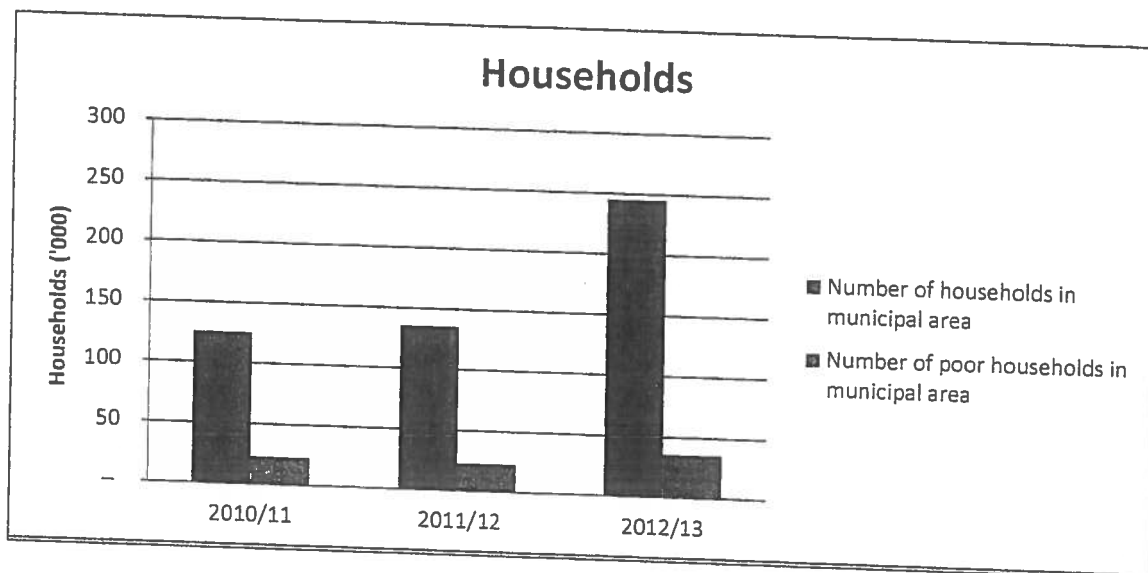
**Soutpan/ Ikgomotseng:** Soutpan is a very small town that was established due to the existence of salt in the immediate surroundings of the town. The town is still producing a vast amount of salt and the current inhabitants of Soutpan are employed by the salt production industry.

The town is 52 km away from the town of Bultfontein to the north and 38 km away from Bloemfontein to the south. The area is known for the Florisbad anthropological area and also the Soetdoring Nature Reserve. Ikgomotseng is 5 km to the east of Soutpan and can almost be seen as a centre on its own. The area falls within ward 2 of the administrative region of the local municipality and is bordered by ward 10 to the north and ward 1 to the east.



## DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE OF THE MUNICIPALITY

The official statistics according to *Statistics South Africa's Census 2001, Community Survey 2007* and *Census 2011* were used.



### Gender distribution of population

	Census 2001	CS2007	Census 2011
Males	32 587 (50.6%)	-	31 961 (50.5%)
Females	31 824 (49.4%)	-	31 374 (49.5%)

### Racial distribution of population

	Census 2001		CS2007		Census 2011	
Black African	59	92.0	-	-	58	91.6
White	4	6.7	-	-	4	6.7
Coloured	82	1.3	-	-	72	1.1
Indian or Asian	1	0.0	-	-	20	0.3
Other	-	-	-	-	16	0.3

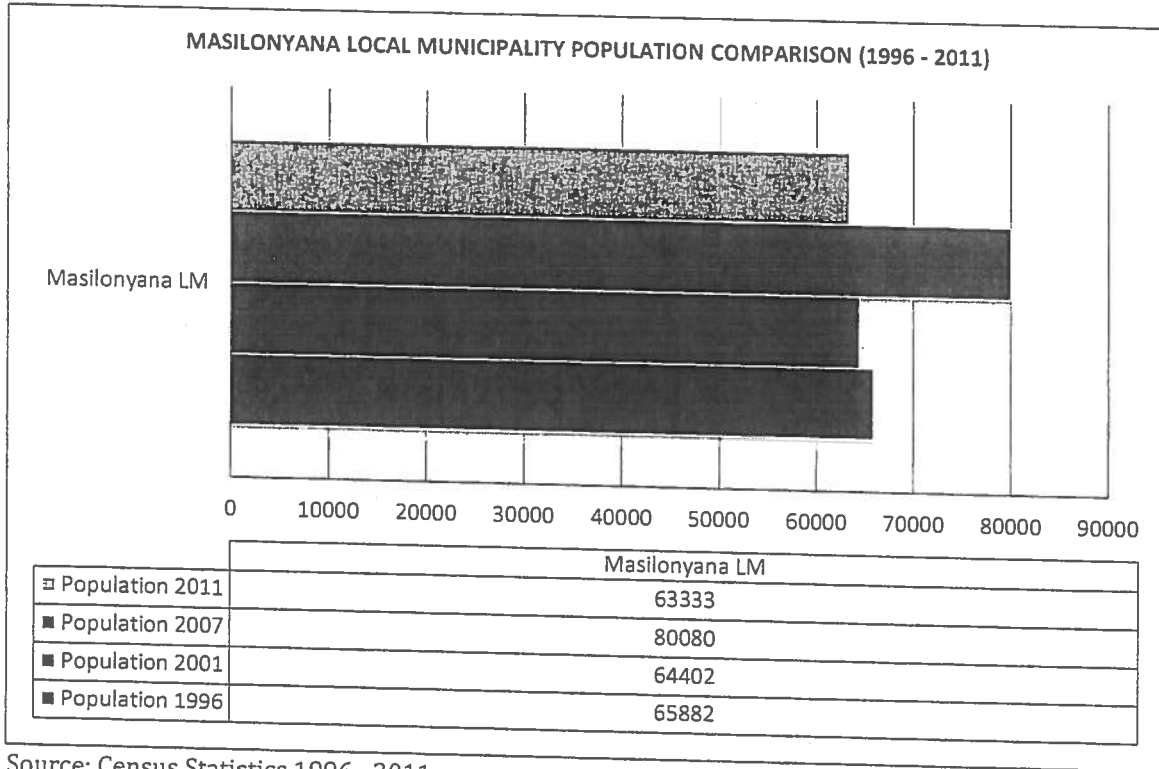
### Age distribution of population



	Census 2001		CS2007		Census 2011	
0- 4 years	6	9.5	-	-	6	10.9
5- 14 years	13	20.3	-	-	11	18.9
15- 34 years	23	36.8	-	-	21	34.4
35-64 years	18	28.1	-	-	19	30.0
65 years and older	3	5.4	-	-	3	5.8



### Population of Masilonyana



Source: Census Statistics 1996 -2011



## Operating Ratios

Operating Ratios		
Details	2013	2012
Employee Cost	32.92%	38.73%
Repairs & Maintenance	2.65%	2.96%
Finance Charges & Impairment	15.37%	3.59%

This current year: employee costs with a percentage of **32.9%** compared to previous financial year, considerably have reached low peak. Below the acceptable benchmark of **36%** and have decreased by **5.52%**. Repairs and Maintenance have also decreased, and have dropped by **0.31%** compared to previous financial year this of which indicates the municipality still struggling to find better means to maintain its infrastructure. With finance and impairment costs of they have increased from **3.59%** to **15.37%** yielding a difference of **11.78%**, this may indicate that the municipality have incurred long term debts and depression/ impairment costs.



## **1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW**

### **Human Resource Services**

For the last quarter of the 2012/13 financial year the municipality focused on ensuring effective management of available human resources and attraction of competent work force. The Human Resources Management Manual was developed and forwarded for approved by council in 2012/13 in order to ensure proper governance of the workforce. Senior Management Teams were trained on developed policies in order to familiarise the team with the policies. The municipal structure was review and filling of vacant position as identifies in the new structure is also placed at the centre of service delivery by the municipal manager.

### **Skills Development:**

Management team is attending training in various fields with the sole objective of capacity building and skills development, to close identified gaps within different directorates.

### **Promoting Safe and Healthy Working Environment:**

Occupational Health and Safety Risk Assessments were conducted in 2012/13 where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and Safety Committee which is inclusive of representatives is established and needs to be revitalised to ensure its effective functionality.

### **Promoting the Wellbeing of all Employees:**

Organization wide Employee Wellness Program was approved by council in 2010 as a framework to guide wellness activities continuously.

### **Management of Labour Relations:**

The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions within the municipality. The local Labour Forum was re-established and had functional engagements with management especially on matter affecting the municipal workforce.





### **Information and Communications Technology:**

Information and Communications Technology is the backbone of service operations in the Municipality. The unit has set out to achieve the following.

- **Information Technology Governance**

The issue of governance was flagged as a necessary intervention to regulate and guide the development path of IT in the Municipality. Information Technology Governance is a subset discipline of Corporate Governance focused on information technology (IT) systems and their performance and risk management.

The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders.

IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders.

IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

- **Information Technology Service Continuity Planning**

Continuity management is the process by which plans are put in place and managed to ensure that IT Services can recover and continue should a serious incident occur. It is not just about reactive measures, but also about proactive measures - reducing the risk of a disaster in the first instance.

Continuity management is regarded as the recovery of the IT infrastructure used to deliver IT Services, but many businesses these days practice the much further reaching process of Business Continuity Planning (BCP), to ensure that the whole end-to-end business process can continue should a serious incident occur.

- **Facility and Control Management**

The municipality needs to comprehensively revamp its facility in line with the best practices and ensure that the control environment has the necessary features that would protect the production environment. Further a modernization server room is needed also to ensure the following:

- The physical environment of a server room is rigorously controlled;



- Raised Floors: for easy access of wires and cables;
- Backup power consists of one or more uninterruptible power supplies and or generators;
- Fire protection system include passive and active elements, in that there are smoke detectors installed to provide early warning systems, fire sprinklers to control fire should it develop and the surrounding of the server room is fitted with fire walls so a fire can be restricted to a portion of the facility for a limited time in the event of the failure of the active fire protection systems
- Access to the server room is limited to selected personnel and controlled by the biometric system and also monitored by high definition cameras

Information and Communications Technology operations are a crucial aspect of most organizational operations. One of the main concerns is **business continuity**; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for ICT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a server room has to offer a secure environment which minimizes the chances of a security breach.

A server room must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This can be accomplished through redundancy of both fibre optic cables and power, which includes emergency backup power generation.

Print Room: there is a need to procure printing room equipment of high standards to assist the relevant line department in its support function.

#### **PCs and Desktops:**

This must be an on-going process to continually automate municipal operations. The exercise also included replacement old equipment's.



## LOCAL PROFILE

### 1.4 SERVICE DELIVERY OVERVIEW

Ward	Households	Formal Dwellings (%)	Telephone at Home (%)	Electricity (%)	Sanitation (%)	Piped Water to Dwelling (%)
1	1394	40.3	9.0	73.2	2.5	58.4
2	1897	77.4	35.5	78.4	38.7	43.0
3	1693	56.9	13.9	67.6	6.7	23.2
4	1251	65.1	38.5	91.3	34.2	44.9
5	682	35.9	7.6	51.9	28.9	22.4
6	1344	63.0	26.6	68.9	26.0	65.7
7	1565	72.9	18.0	81.9	26.7	22.0
8	1299	7.9	0.0	74.7	0.3	26.1
9	1764	47.8	15.6	60.0	28.1	31.7

### Statistics South Africa Household Services, Geography by Source of water for Household weighted 2011

Statistics South Africa Household Services, Geography by Source of water for Household weighted 2011									
W/D	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool /stagnant water	River/stream	Water vendor	Water tanker	Other
1	1274	14	1	10	27	1	15	8	7
2	1806	333	1	11	12	4	17	72	30
3	1430	457	5	9	17	-	2	50	8
4	1238	94	-	-	-	-	1	1	70
5	2569	112	-	11	1	1	1	7	59
6	513	185	-	3	2	1	-	3	12
7	2050	4	-	-	37	-	-	9	19
8	1177	-	-	-	1	-	1	4	19
9	2239	38	-	7	2	1	5	8	67
10	1333	5	6	-	1	-	2	5	26

**Capital Expenditure**

<b>Capital Expenditure</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Original Budget	45,542	30,642,000	29,061,000
Adjustment Budget	83 771	30,642,000	29,061,000
<b>Actual Budget</b>	<b>169 011 047</b>	<b>30,642,000</b>	<b>35,823,422</b>



### 1.3 FINANCIAL HEALTH OVERVIEW

The financial health of the municipality deteriorated during the financial year under review, in that the payment levels for services decreased significantly. This impacted especially on the municipality's ability to service payments to the bulk distributor of electricity. The reconciliation of municipal expenditure was never conducted for the whole 2012/13 financial year. There is a huge variance between the original budget, adjustment budget and actual expenditure.

Based on this financial situation the municipal cash flow was under pressure, a revenue enhancement strategy have been formulated, based on 5 pillars, namely billing processes, credit control, infrastructure assistance, the expansion of the revenue based of the municipality and the reduction of expenditure.

#### Financial Overview - 2012/13

Financial Overview - 2012/13			
Details	Original Budget	Adjustment Budget	Actual
			R' 000
Income			
Grants	128 173 000	7 705 538	120 467 462
Taxes, Levies and tariffs	54 882 889	6 150 761	61 033 650
Other	355 562	15 388 053	15 743 615
Sub Total	183 411 451	29 244 352	197 244 728
Less Expenditure	158 833 146	10 177 901	169 011 047
Net Total*	24 578 305	19 066 451	28 233 681



## Employment, Age and Population Statistics

### Unemployment rates (official definition) of Masilonyana Local Municipalities, 2001-2011

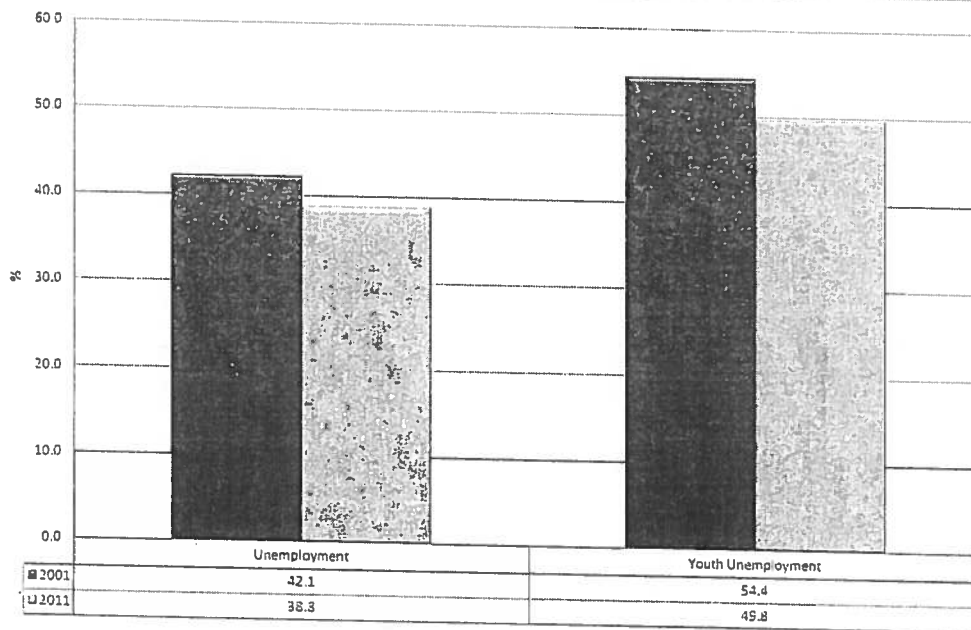


Figure: Employment situation (Source Stats SA 2001 - 2011)

The official unemployment rate of Masilonyana is decreased from 42,1 % to 38,8 % which is still very high and Local economic Development opportunities are becoming critical and needs to be addressed through both the Private and Public Sectors.



## MUNICIPAL FUNCTIONS, LOCATION AND DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

The total population of Masilonyana LM which includes both male and female for all towns, that is, Theunissen/ Masilo, Brandfort/Majwemasweu, Winburg/ Makeleketla, Soutpan/Ikgomotseng, Verkeerdevlei/Tshepong, Rural, Star Diamond Mine, Beatrix Mine and Joel Mine is estimated at 63 870. This population includes Blacks, Coloureds, Indians and Whites.

The following population groups constitutes the following percentages out of the total population group of the entire municipality, that is, Blacks (91,2%), Coloureds(1,28%), Indians (0,03%), Whites (7,49%) respectively. **(Source: Stats SA Census 2011).**

Masilonyana is one of the five (5) local municipalities within the Lejweleputswa District Municipality. It had a population of 63,548 people in 2009. This population declined by almost 4.0 % from an estimated 66,139 people in 1996. The main reason for this decline could be attributed to the decline in the mining sector, which is the key contributor to growth in this locality.

In 2009, 53.9 % of all people in Masilonyana were living in poverty. This poverty rate had increased from 49.8 % in 1996.

The unemployment rate, which stood at 30.0 % in 2009, is mainly responsible for this high poverty rate. Masilonyana unemployment rate is higher than the provincial average, which was 26.4% in the same period.

What is amazing is that, a staggering 62.6 per cent of all those who were 20 years or more had attained grade 7 or higher. This indicates that the educational level of those who were of working age was not necessarily suspected. And it provided an opportunity for socio-economic development.

Masilonyana contributed a mere 1.1 % to the Gross Domestic Product of the whole Free State in 2009. This is a very small contribution. This contribution declined slightly from just less than 2.0 % in 1996. More than 98% of mining takes place in Matjhabeng and Masilonyana

- Mining dominates GDP at (24%)
- Agriculture (17%)
- Community Services (13%)
- Manufacturing/retail are small contributors who need a new injection and focus
- Low household incomes.



## 1.2 Municipal Manager's Overview

The performance of Masilonyana Local Municipalities during 2012/13 largely consolidated the substantial gains made during the two previous financial years when the municipality was placed under section 139 (Administration). This trend becomes most discernable when analysing the audit outcomes as determined by the Auditor-General. There has been an improvement over the last two financial years. The financial year 2012/13 reflected a continuation of this trend, with Masilonyana receiving qualified opinions.

However, the Amanzi Strategic Planning Report of 2013 also identified various challenges that still need to be addressed. Municipal governance needs to be improved, stronger management is required and effective financial and non-financial performance needs to be entrenched. Additionally, the Auditor-General identified various areas of non-compliance related to the submission of documents for auditing purposes, as well as to internal audit functions.

Another area of encouraging performance relates to Integrated Development Planning (IDP) within Masilonyana with the IDP of municipality being regarded as credible by the Provincial Department of Corporative Governance & Traditional Affairs. Local Economic Development (LED) forms an important part of the IDP and Masilonyana have managed to improve progress, with compliance. However, the municipality experienced various challenges with the implementation of their LEDs during 2012/13 financial year, due to limited funding, under-investment and a lack of dedicated personnel for the post.

In relation to the institutional capacity of municipalities, it is encouraging to note that most Section 57 posts have been filled. However, transformation at junior management levels remains a challenge, with gender imbalances being particularly pronounced as women account for less. When taking into consideration the fact that our municipality identified a lack of skilled staff and capacity as major challenges during the year under review, it is exciting to note that there has been a progress in the amount that will be spent by municipality on capacity building and skills development initiatives in the coming financial year (2013/14).

From a financial perspective, municipality experienced a worrying decline in overall liquidity ratios. The situation has relatively been stable during the financial year under review through the appointment of the permanent municipal manager and the chief financial officer.

As Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of the Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2012/13 financial

Mr S.S Mtakati

Municipal Manager





## CHAPTER 6

The Constitution S188 (1)(b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.



## 1.5 AUDITOR GENERAL'S REPORT



## 1.6 STATUTORY ANNUAL REPORT PROCESS

Annual report of Maseleso against its core legislative obligations and service delivery priorities, this is assessed primarily against the municipality's developmental priorities and objectives that are cited in the municipal IDP

Activity	Timeframe
Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
Implementation and monitoring of approved Budget and IDP commences (In-Year financial reporting).	
Finalise the Performance Report for 2012/13 financial year	
Submit draft Annual Report to Internal Audit and Auditor-General	August
Municipal entities submit draft annual reports to MM	
Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
Municipal Manager tables the unaudited Annual Report to the Mayor	
Municipality submits draft unaudited Annual Report including consolidated annual financial statements to Auditor General	
Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
Municipalities receive and start to address the Auditor General's comments	November
Mayor tables Annual Report and audited Financial Statements to Council	
Complete with the Auditor-General's Report	
Audited Annual Report is made public and representation is invited	
Oversight Committee assesses Annual Report	December
Council adopts Oversight report	
Oversight report is made public	
Oversight report is submitted to relevant provincial councils	January
Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	



## **COMPONENT B: CORPORATE GOVERNANCE**

### **OVERVIEW OF CORPORATE GOVERNANCE**

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance. This includes the establishment of risk management, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

### **RISK MANAGEMENT**

#### **BACKGROUND**

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act 56 of 2003) stipulates that the Accounting Officer (Municipal Manager) of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

#### **ROLE OF RISK MANAGEMENT**

Risk management forms a critical part of any institution's strategic management. It is the process whereby an institution methodically and intuitively addresses the risks attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio activities. Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally as good practice to both the public and private sectors.

#### **ACHIEVEMENTS**

The municipality is in the process of developing an integrated Enterprise Risk Management (ERM) framework and the Risk Management Policy for consideration and approval by the Audit Committee as it is currently handling risk management matter as per the municipal arrangement... The framework will inform by best practice Public Risk Management Framework as well as current trends led by provincial and national government. The framework will make provision for the establishment of a risk committee and a governance structure.

- A high level (strategic) risk assessment was finalized in July 2011/12 through the assistance of Provincial COGTA and Provincial Treasury is assisting taking the process further for the current financial year.
- The risk assessment identified a list of 4 key risks that need to be managed and controlled by the municipality.
- The Operational Risk Assessment was not finalized but will be finalized in 2013/14
- Risk Management Committee Charter was in place and approved coming fin.
- Risk Management implementation plan was in place and approved in July 2011



- Risk Management Committee schedule in the process of developed and will be tabled before the committee.

### **TOP 5 INHERENT RISKS**

Below are overview five most significant risks in terms of inherent risk exposure:

- Aging Infrastructure;
- Document Management/ Records Management & Archiving;
- Performance Management;
- Internal Controls;
- Supply Chain Management.

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

In terms of the Municipal Systems Act (MSA) Act 32 of 2000 Section 83 (c), if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

Masilonyana Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

- Internal Audit Unit reviews the effectiveness of the systems of internal control, governance and risk management on a continuous basis.
- SCM Policy
- and is in the process of developing Risk Management Policy

### **SUPPLY CHAIN MANAGEMENT**

The SCM forms part of the Finance Directorate under the leadership of the municipal chief financial officer. During the budget process the SCM Policy was adopted, which was formulated in terms of section 111 of the MFMA and SCM regulations of 2005.

### **BY-LAWS**

After a By-Law has been passed by council it get published promptly and gazetted, wereafter it takes effect.



## WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's/Entity's Website	Yes/No	Publishing Date
Current annual and adjustment budget and all budget-related documents	no	
All current budget-related policies	no	
The previous annual report (2011/12)	yes	
The annual report (2012/13) published/to be published	yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal	yes	
All service delivery agreements (2012/13)	no	
All long-term borrowing contracts (2012/13)	no	
All supply chain management contracts above a prescribed value (give value) for 2011/12	no	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during 2011/12	no	
Contracts agreed in 2012/13 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	no	
Public-private partnership agreements referred to in section 120 made in 2011/12	n/a	
All quarterly reports tabled in the council in terms of section 52(d) during 2011/12	no	
<p><i>Note: MFMA s75 sets out the information that municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>		



## **PUBLICSATISFACTIONONMUNICIPALSERVICES**

### **PUBLIC SATISFACTION LEVELS**

The municipality did not conduct any public satisfaction surveys. However, the municipality plans to conduct a satisfaction survey, depending on availability of financial resources, to determine community satisfaction levels in respect of the specified service delivery areas in the financial year 2013/14.



## CHAPTER 2

### 2.1 POLITICAL GOVERNANCE

Governance structures and processes in the municipality area aligned to the relevant legislative provisions in the Municipal Structures Act, Municipal Systems Act and Municipal Finance Management Act.

The interface between political and administrative structures are managed by the Mayor and Municipal Manager, the municipality participated effectively in the various inter-governmental structures, public accountability and participation are managed by the Speaker's Office and the Mayor in terms of their respective responsibilities and a number of corporate governance arrangements have been institutionalised to ensure legislative compliance and best practice.

The political structure of the municipality consist 20 Councillors. Ten of the elected Councillors represents the ten wards within the municipality whilst the other ten Councillors are PR Councillors and represents their respective political parties in the municipal council. There are two political office bearers that were elected in their respective positions by the full council. The two political office bearers are the Mayor and the Speaker.

The Mayor of Masilonyana Local Municipality is honourable Councillor K.S Koalane. The Mayor is the senior political office bearer that carries the following responsibilities:

- *Identify the needs of the municipality*
- *Review and evaluate those needs in order of priority*
- *Recommend to the Council strategies, programmes and services to address priority needs through the integrated development plan*
- *Recommend or determine the best way to implement the plan*
- *Evaluate progress against the key performance indicators*
- *Review the performance of the municipality*
- *Monitor the management of the municipality's administration in accordance with the direction of the municipal council*
- *Oversee the provision of services to communities in the municipality in a sustainable*
- *Manner Perform such duties and exercise powers as the council may delegate to him or her*
- *Annually report to the council on the involvement of communities and community*





*organizations.*

- *Ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.*
- *Must perform ceremonial role as the council may determine.*
- *Must report to the municipal council on all decisions taken by the mayor.*
- *Determine the venue, time and date of the Executive Committee meetings.*
- *Delegate specific responsibilities to each member of the committee.*

The Speaker of Masilonyana Local Municipality is honourable Councillor SJ Mabitla who is the Chairperson of all Council meetings and is responsible for the discipline of councillors and to maintain order at meetings and other functions. The Speaker is responsible for:

- *To perform the duties and exercise the powers delegated to the Speaker.*
- *Must ensure that the council meets at least quarterly.*
- *Must ensure compliance with the code of conduct*
- *Must ensure that the council meetings are conducted in accordance with the rules and orders to the council.*
- *Determine the date, time and venue of ordinary and special council meetings.*



The Executive Committee of the Council is assisted by four portfolio committees. Each of these committees is chaired by a member of the Executive committee.

The four portfolio committees are as follows:

*-Human Resources and Corporate Services Committee.*

*-Finance Management Committee.*

*-Social and Community Services Committee.*

*-Infrastructure and LED Committee*

The Council is assisted by section 79 committees. Each of these committees is chaired by a member of the municipal council that is not an Executive Committee member.

Section 79 committees that are currently in operation are as follows:

*-Rules Committee*

*-Oversight Committee*

*-MPA Committee*

The Oversight committee that consist of non-Executive Committee members has been established to play an oversight role over Auditor General Reports, the annual report as well as other oversight functions that maybe delegated to it from time to time.

An Audit Committee and Audit Unit were established **January 2013**.



## POLITICAL STRUCTURE

<i>PHOTOS</i>	
<b>FUNCTION</b>	
<b>MAYOR:</b> K.S Koalane	<i>Overall political responsibility for sound governance and service delivery</i>
<b>SPEAKER:</b> S.J Matliba	<i>Public participation, ward committees and managing Council and Committee meetings</i>
<b>CHIEFWHIP:</b> M.E Modise	<i>Ensures discipline among Councillors; Managing relations between political parties representation on committees</i>
<b>EXECUTIVE SUMMARY:</b>	
<ul style="list-style-type: none"> <li>• Councillor KS Koalane</li> <li>• Councillor ME Modise</li> <li>• Councillor Tsoaela</li> <li>• Councillor PT Botha</li> </ul>	

## COUNCILLORS

The municipality has 20 Councillors of which 10 is Ward Councillors and 10 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings)

.Further note sets out committees and committee purposes. **One Councillor has resigned from Council with effect from 31 July 2013. This Councillor was elected as a PR Councillor and has represented the DA in Council. The IEC is in process to replace this Councillor as per the proportional list of the DA.**



## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Mayor and Council. Directors (section 56 managers) report directly to the Municipal Manager and their performance is managed by the Municipal Managers in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programmes and targets, personnel and budgets.

The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.

### TOP ADMINISTRATIVE STRUCTURE

*Note: MFMA section 60(b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.*

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Mayor and Council. Directors (section 56 managers) report directly to the Municipal Manager and their performance is managed by the Municipal Managers in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programmes, targets, personnel and budgets. The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.



## TOP ADMINISTRATIVE STRUCTURE

	STRUCTURE	FUNCTION
<b><u>MANAGERS</u></b>	CHIEF FINANCIAL OFFICER Me. M. Mokena	<i>Revenue, Expenditure, Asset and Liability Management; Budget in grand Reporting</i>
	DIRECTOR: Infrastructure Services Mr T. Maja	<i>Water, Sanitation, Electricity, Roads, Storm water and PMU</i>
	DIRECTOR :Corporate Services Mr M.D. Nthau	<i>Human Resources, Auxiliary and Legal Services, Council Support</i>
	DIRECTOR: Community & Social Services Me. M.E. Maphobole	<i>Waste management, Sport &amp; Recreation, Arts &amp; Culture, Public Safety, Urban Planning and Parks</i>



## COMPONENT B: INTER GOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE INTERGOVERNMENTAL

*Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.*

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance and intergovernmental relations. This includes the establishment of a risk management function, internal audit unit and independent audit committee, the implementation of fraud and anti-corruption policies and measures and active participation in various IGR structures.

#### 2.3 INTERGOVERNMENTAL RELATIONS

##### NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participate in all districts, provincial and national structures.

##### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The main structure is the Premier's Coordinating Forum (PCF) in which the Mayor and Municipal Manager participate. The municipality did participate in these structure and this has promoted good interrelations, best practices and information sharing amongst stakeholders.

##### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The main structure is the Premier's Coordinating Forum (PCF) in which the Mayor and Municipal Manager participate. The municipality did participate in these structure and this has promoted good interrelations, best practices and information sharing amongst stakeholders.

##### DISTRICT INTERGOVERNMENTAL STRUCTURES

The main structure is the District Coordinating Forum (DCF) in which the Executive Mayor and Municipal Manager participated and has promoted good relations and best practices in leadership and governance between local municipalities and the district municipality.

**Note:**



MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of Accountability amongst its staff. Section 16(1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.

Section 18 (a)-(d): requires a municipality to supply its community with information concerning municipal governance and development.

The municipality managed to establish functional ward committees which held monthly meetings convened by the ward council as chairperson. These committees served as a link to represent the aspirations, concerns and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, indigents and roads were major issues dealt with by the ward committees

#### **2.4 PUBLIC MEETINGS**

The municipality managed to establish functional ward committees in all 10 wards. Monthly meetings convened by the Ward Councillor as Chairperson were held in the majority of the municipal wards. These committees serve as a link to between the municipality and communities and represent the aspirations, and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, IGGs and roads were major issues dealt with by the ward committees.

Benefits are: Dissemination of information, community participation in the development of municipal plans, IDP inputs, being aware of the concerns of our residents, providing clarity on issues and accountability of the municipality to its residents; Minimizing voter apathy amongst our residents and Inculcating the concept of responsible residents.

#### **2.5 WARD COMMITTEES**

The municipality managed to establish functional ward committees in all 10 wards. Monthly meetings convened by the Ward Councillor as Chairperson were held in the majority of the municipal wards. These committees serve as a link between the municipality and communities and represent the aspirations, concerns and needs of the community.

Service delivery challenges such as electricity outages, water, sanitation, IGGs and roads were major issues dealt with by the ward committees.



## 2.6 IDP PUBLIC PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment	Yes/No
<b>Criteria*</b>	
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes





## **CHAPTER 3**

### **COMPONENT A: SERVICES DELIVERY PERFORMANCE**

#### **INTRODUCTION TO BASIC SERVICES**

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

#### **3.1 WATER PROVISION**

##### **INTRODUCTION TO WATER PROVISION**

The insufficient capacity of the plants produces less water than the demand and possesses a challenge in water provision. In Theunissen the plant produces 5 Ml/d while the demand is over 6Ml. The plant had been refurbished to operate at full capacity. Water is closed at night to build up the pressure and quantity.

The Winburg plant and reservoirs are very old with insufficient capacity. The business plans had been submitted to MIG for funding.

The Brandfort water treatment plant phase1 had been upgraded. A business plan for phase2 has been submitted to MIG for funding.

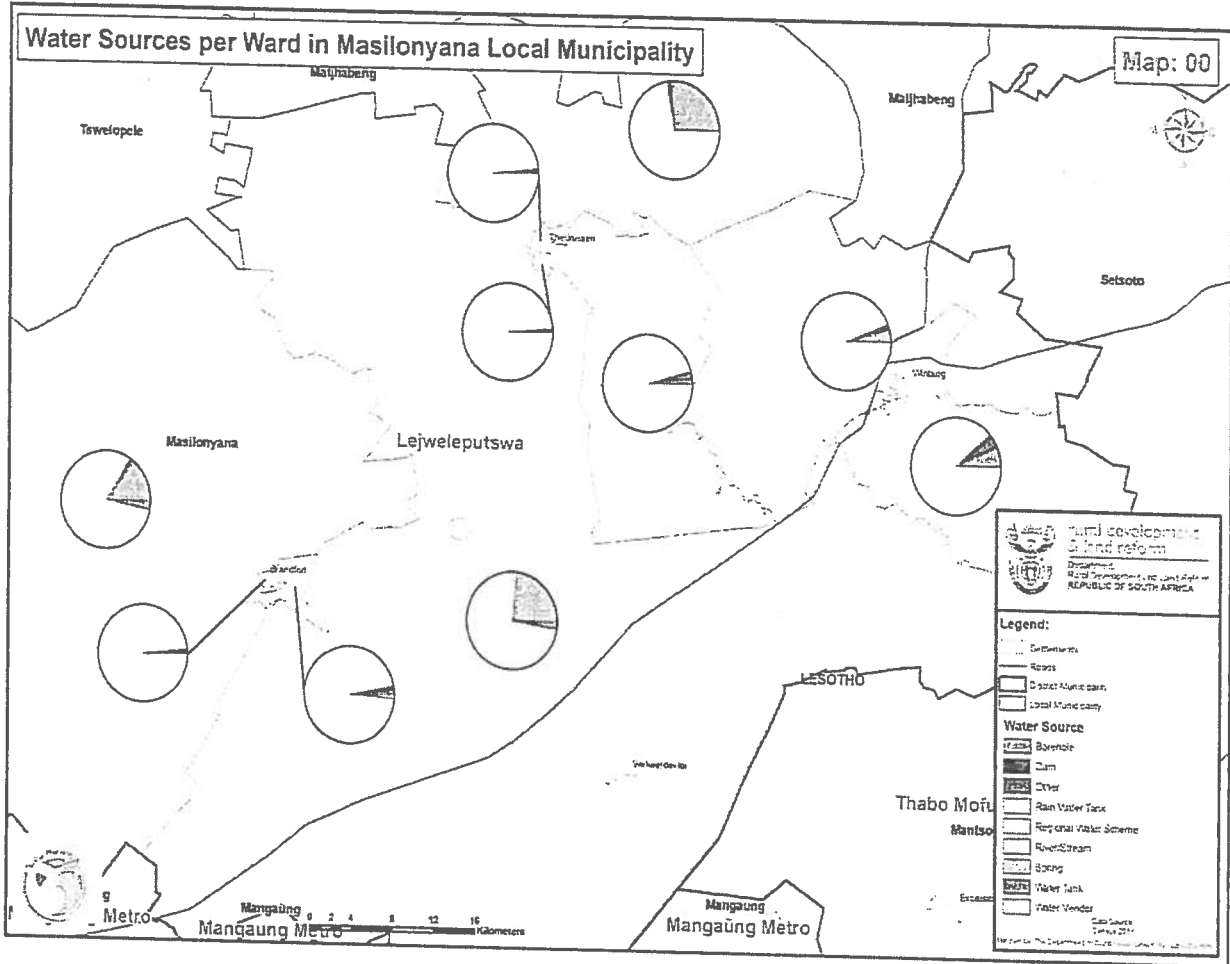
DWA had supported the municipality with R6million for the upgrading of Brandfort bulk water pipe line and the Winburg boreholes projects.

##### **BLUE AND GREEN DROP**

The municipality performed badly and a budget had been put aside to correct this situation. The municipality continues to perform below set standards as per the Department of Water Affairs requirement.

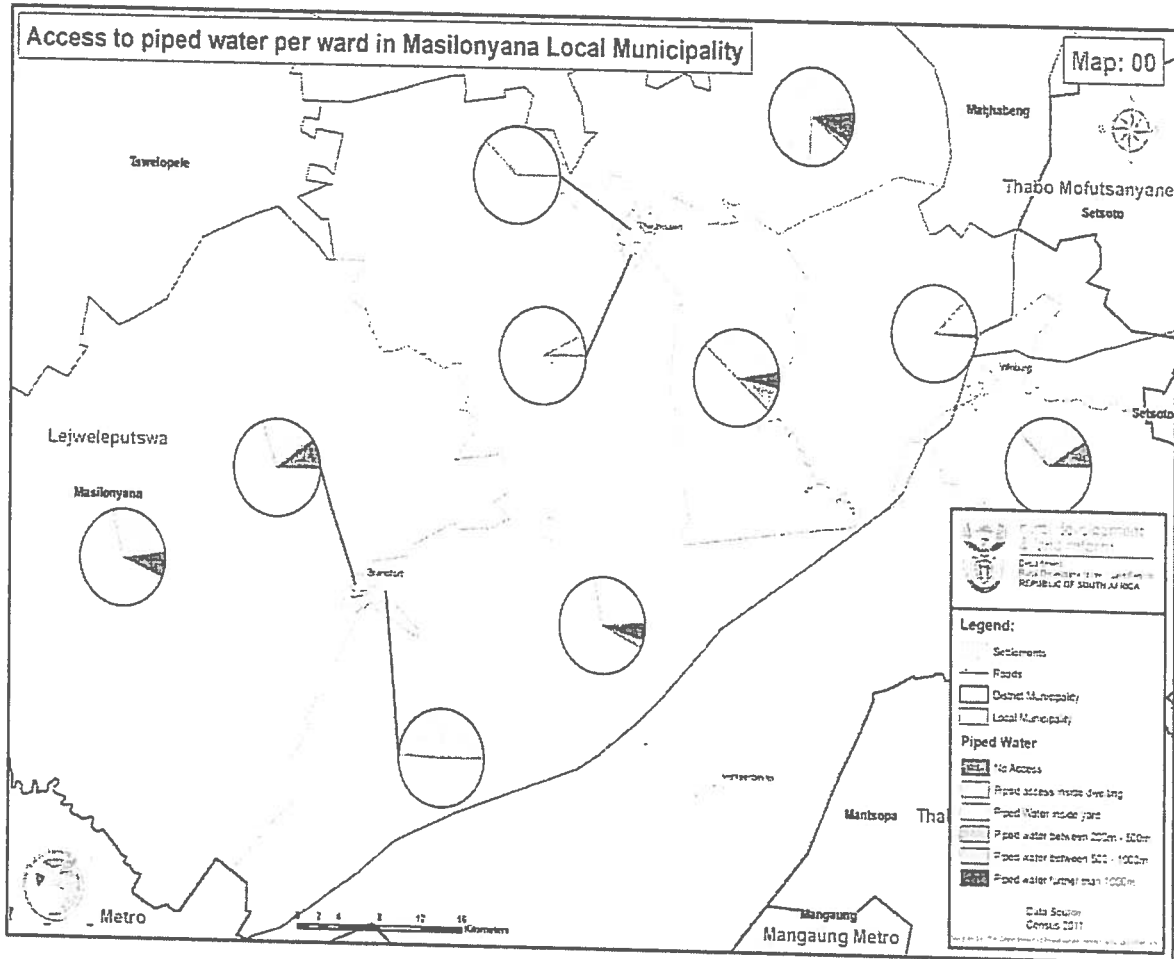


### Water sources in municipality





### Access to piped water in the municipality





### TOTAL USE OF WATER BY SECTOR

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable Water Losses
2011/12					
2012/13					

- For the year 2012/13 consumption by sector was not be measured.

### WATER SERVICE DELIVERY LEVELS

Description	Water Service Delivery Levels			
	2009/10 Actual No.	2010/11 Actual No.	2011/12 Actual No.	Households 2012/13 Actual No.
<b>Water: (above min level)</b>				
-Piped water inside dwelling	16365	16365	16548	16548
-Piped water inside yard (but not indwelling)				
-Using public tap (within 200m from dwelling)				
- Other water supply (within 200m)				
Minimum Service Level and Above sub-total	16365	16365	16548	16548
Minimum Service Level and Above Percentage	93%	93%	94%	94%
<b>Water: (below min level)</b>				
-Using public tap (more than 200m from dwelling)	1183	1183	1000	1000
-Other water supply (more than 200m from dwelling)				
-No water supply				
Below Minimum Service Level sub-total.	7%	7%	6%	6%
Below Minimum Service Level Percentage				
<b>Total number of households*</b>	1183	1183	17548	17548



**WATER SERVICE OBJECTIVES TAKEN FROM IDP /SDBIP**

Key Performance indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Functional water treatment works to ensure quality potable water	Drinking water below RDP STD	Strive towards providing/Supplying quality drinking water	Submit water samples to a credible laboratory & Completed the project & compiled close-out report	Limited financial resources	Engaged DWA
Replaced asbestos water pipe network	Old asbestos water pipes	Strive towards providing/Supplying quality drinking water	Payment of retention		
Water network with functional Isolation valves	Old water network & isolation valves	Identify solutions & repair costs	Payment of retention	Limited financial resources	



## EMPLOYEES- WATER SERVICES

EMPLOYEES- WATER SERVICES					
Job Level	2011/12 Employees No.	Post No	2012/13 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	86	64		22	26%
4-6	43	42		1	2.3%
7-9					
10-12	15	12		3	20%
13-15					
16-18					
19-20					
Total					

## FINANCIAL PERFORMANCE- WATER SERVICES

Financial Performance Year 1: Water Services						R'000
Details	Actual	2012/13				
		Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	<b>14 639</b>	<b>11 765</b>	<b>11 765</b>	<b>15 760</b>	<b>25%</b>	
<b>Expenditure:</b>						
Employees	50 502	48 935	50 502	2 132	21%	
Repairs and Maintenance	252932	9245275	544571	1 955 226	100%	
Other	35 521	43 638	50 478	111282	39%	
<b>Total Operational Expenditure</b>	<b>86 276</b>	<b>93 498</b>	<b>101 524</b>	<b>1 957 469</b>	<b>95%</b>	
<b>Net Operational Expenditure</b>	<b>71 637</b>	<b>81 733</b>	<b>89 759</b>	<b>1 941 709</b>	<b>96%</b>	

*Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*



### CAPITAL EXPENDITURE- WATER SERVICES

Capital Expenditure 2012/13:Water Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Upgrading of water purification plant Brandfort/Majwemasweu	480000	1320501	13058531	96%	
Installation of 3720 water metres, 2 zone metres and 5 bulk water metres Theunissen/Masilo	5604000	1857230.64	10013760	44%	
Installation of 505 domestic water metres, 2 zone metres and 5 bulk water metres Verkeerdevlei/Tshepong	75000	299660.00	1722540	95%	
Installation of 2719 water metres, 3 zone water metres and 5 bulk water metres Brandfort/Majwemasweu	3473755	1042263.59	7503252	14%	
Installation of 1027 water metres, 2 zone water metres and 5 bulk water metres Soutpan/Ikgomotseng	2739400	228010	3259716	16%	
Installation of 3122 water metres and 3 zone metres	5643400	1920455	8513976	34%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



### 3.2 WASTE WATER (SANITATION) PROVISION

#### SANITATION SERVICE DELIVERY LEVELS

Sanitation Service Delivery				
Description	*Households			
	2009/10 Outcome No.	2010/11 Outcome No.	2011/12 Outcome No.	2012/13 Actual No.
<b><u>Sanitation/sewerage:(above minimum level)</u></b>				
Flush toilet (connected to sewerage)	9413	12051	14858	14 498
Flush toilet (with septic tank)	40	40	40	40
Chemical toilet				
Pit toilet(ventilated)				
Other toilet provisions(above min. service level)				
<i>Minimum Service Level and Above sub-total</i>	9453	12091	14898	14 538
<i>Minimum Service Level and Above Percentage</i>	56%	71%	85%	82%
<b><u>Sanitation/sewerage:(below minimum level)</u></b>				
Bucket toilet	7508	4870	2650	3010
Other toilet provisions(below min. service level)				
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>	7508	4870	2650	3010
<i>Below Minimum Service Level Percentage</i>	44%	29%	15%	18%
<b>Total</b>	16961	16961	17548	17 548
<b><i>*Total number of households including informal settlements</i></b>				





### HOUSE HOLDS- SANITATION DELIVERY LEVELS BELOW THE MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Description	2009/10	2010/11	2011/12	Households		
	Actual	Actual	Actual	2012/13		Actual
	No.	No.	No.	Original Budget No.	Adjusted Budget No.	No.
<b>Formal Settlements</b>						
Total households	16961	16961	17548			17548
Households below minimum service level	2650	4870	22650			3010
Proportion of households below minimum service level	44%	29%	15%			18%
<b>Informal Settlements</b>						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						

T3.2.4

- The municipality does not sanitation services to informal settlements



**SANITATION POLICY SERVICES OBJECTIVES TAKEN FORMIDP/SDBIP**

Key Performance indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Final planning and designs of the WWTW to be upgraded	Overloaded WWTW	Develop & Submit Business Plan	Registered project & conclude tender process		
2265 Flushing toilets	Eradicate bucket system	Ensure equitable access to sanitation services			
400 Flushing toilets	Eradicate bucket system	Ensure equitable access to sanitation services			



## EMPLOYEE SANITATION SERVICES

Job Level	2011/12 Employees No.	Post No	2012/13 Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total Costs) %
0-3	83	76	44	32	42%
4-6	43	42	18	24	57%
43		0	0	0	0%
7-9		15	6	9	60%
10-12	15				
15					
13-15					
16-18					
19-20					
<b>Total</b>					



### CAPITAL EXPENDITURE - SANITATION SERVICES

Capital Expenditure 2012/13: Sanitation Services					
Capital Project	2011/12	2012/13		Variance from original budget	Total Project Value
	Budget	Adjustment Budget	Actual Expenditure		
Total All					
Theunissen/Masilo: bucket eradication for 1140 erven (+ 53 toilets from savings)	6 629.37	6 629.37	12260000	99%	12 260 000
Winburg/Makeleketla: Eradication of 1261 buckets	3 110 408	3110408.	28 57963	-9%	28 571 963
Soutpan/Ikgomotseng: Eradication of 400 buckets	107 160.74	107160.74	6 439 368.00	98%	6 439 368.00



### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The electricity supply is covered in most households and only two towns, 190 households in Winburg (150) and Soutpan (40). There is a shortage of supply to the households in farms.

Due to safety issues basic electricity is only provided to indigent households in formal townships but is not provided to informal settlements/households. Although access to free basic services in respect of electricity appears low, the statistic included relates only to conventional meters. Free basic issues are made through our prepaid system. Approximately all tokens are issued each month in respect of the 100kWh electricity.

#### ELECTRICITY SERVICE DELIVERY LEVELS

Electricity Service Delivery				
Description	Households			
	2009/10 Outcome No.	2010/11 Outcome No.	2011/12 Outcome No.	2012/13 Actual No.
<i>Energy</i> : (above minimum level )				
Electricity (at least min. service level)	9413	12051	17358	16365
Electricity-prepaid (min. service level)	-	-		-
<i>Minimum Service Level and Above sub-total</i>	9413	12051	17358	16365
<i>Minimum Service Level and Above</i>	55%	71%	98%	93%
<i>Energy</i> : (below minimum level)				
Electricity (<min. service level)	7548	4870	190	1183
Electricity-prepaid (<min. service level)				
Other energy sources				-
<i>Below Minimum Service Level sub-total</i>	7548	4870	190	
<i>Below Minimum Service Level Percentage</i>				
<b>Total number of households</b>	<b>16961</b>	<b>16961</b>	<b>17548</b>	<b>17548</b>

- There municipality does not supply prepaid services



### HOUSEHOLDS- ELECTRICITY SERVICE LEVELS BELOW THE MINIMUM

Households- Electricity Service Delivery Levels below the minimum						
Description	2009/10	2010/11	2011/12	Households		
	Actual	Actual	Actual	Original Budget	2012/13	
	No.	No.	No.		Adjusted Budge	Actual
	No.	No.	No.	No.	No	No.
<b>Formal Settlements</b>						
Total households	16961	16961	17548	-	-	17548
Households below minimum service level	7548	7548	190			1183
Proportion of households below minimum service				-	-	
<b>Informal Settlements</b>	45%	45%	1%	0%	0%	7%
Total households						
Households below minimum service level						
Proportion of households below minimum service level						

- The Municipality does not supply Electricity to Informal settlements



**ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP**

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Provide street lighting for all towns within MLM	Dysfunctional street lights	Installation of High-mast lights for all the five towns	Registered the project & conclude tender process		
Electricity supply to formal households	Electricity backlogs	Address all identified electricity supply to HH's	All formal HH's are provided with electricity		
Increase current electricity capacity	Stretched or strained electricity capacity	Increase current electricity capacity	Submit Application to DOE		



## FINANCIAL PERFORMANCE - ELECTRICITY SERVICES

Financial performance : Housing Services					
Details	1-Dec-11			2012/13	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16793	22068	161985	8027	-18%
Expenditure:					
Employees	987	48935	50502	44963	-9%
Repairs and Maintenance	1 188	1943576	1943576	4842	-40%
Other	-	43638	50478	23045	-89%
Total Operational Expenditure	987	2036149	2044556	72850	-27%
Net Operational Expenditure	15806	-2014081	-1882571	-64823	-30%

## CAPITAL EXPENDITURE-ELECTRICITY SERVICES

Capital Expenditure 2012/13: Electricity Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>TOTAL</b>					
Masilonyana: Installation of 6 Highmast lights for all the five towns	20 354.33	20 354.33	450 000.00	95%	450 000.00

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)*





### 3.4 WASTE MANAGEMENT (THIS SECTION INCLUDES: REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### INTRODUCTION TO WASTE MANAGEMENT

- Household waste was collected each week in different sections in the residential areas in all units
- Illegal dumping sites were cleared, however the programme was not fully implemented due to the shortage of TLBs
- Compacting of land fill sites was done twice during the year
- Food for waste programme (EPWP) was implemented in all units and it is assisting in terms of waste management

#### Challenges

- Filling of critical posts like drivers and personnel on service delivery
- Non-existence of yellow fleet compromised service delivery
- Repairs and maintenance of vehicle also puts strain on services since we do not have a qualified mechanic
- Illegal dumping sites
- Fencing and regulation of land fill sites

#### WASTE MANAGEMENT SERVICE DELIVERY LEVELS

Waste Management Service Delivery Level				
Description	2010 Actual No.	2011 Actual No.	2012 Actual No.	2013 Actual No
<b>Solid Waste Removal:(Minimum level)</b> Removed at least once a week			8839	15391
<i>Minimum Service Level and Above sub-total</i>			8839	15391
<i>Minimum Service Level and Above percentage</i>			50.3%	87.6%
<b>Solid Waste Removal:(Below minimum level)</b> Removed less frequently than once a week				
Using communal refuse dump			1 071 627	1 600 550
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level sub-total Below Minimum Service Level			8736	2
Total number of households			49.7%	12.4%
			17575	17575



**WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP /SDBIP**

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Improve waste management	Limited landfill site	Upgrading current waste management capacity	Registered project & conclude tender process		
Ensure regular refuse collection		Collect refuse regularly	Monitored employee performance & conducted spot checks		

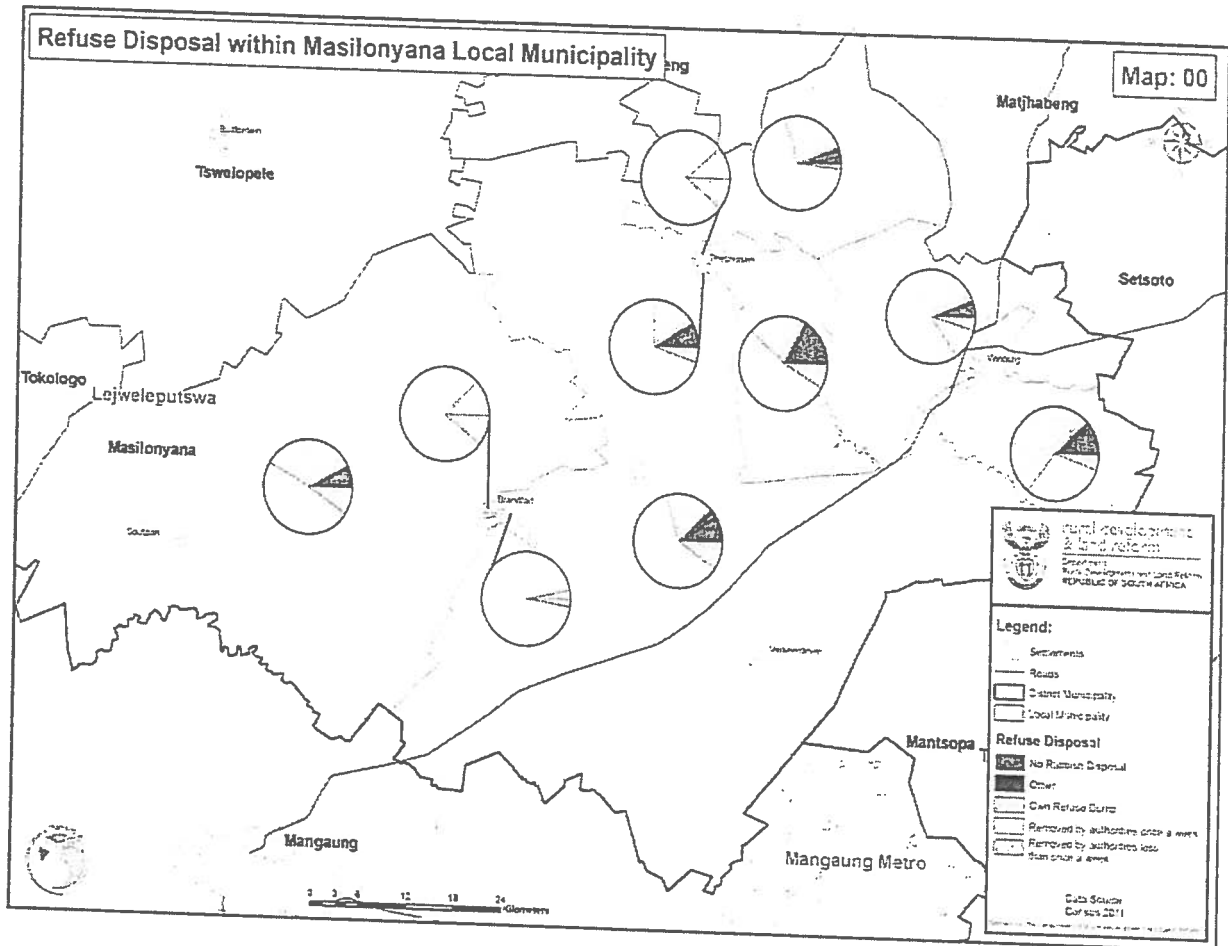


### Employees-Waste Management Services

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No.	No.	No.	No.	%
0 - 3	71	72	38	34	47%
4 - 6	24	24	14	10	42%
7 - 9		0	0	0	
13 -15	5	5	2	3	60%
16 - 18	1				
19 - 20					
Total					



### Refuse disposal within the municipality





## FINANCIAL PERFORMANCE-WASTE MANAGEMENT SERVICES

Financial performance : Waste Management Service					
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>6,358,152</b>	<b>14,769,450</b>	<b>14,769,450</b>	<b>8,446,778</b>	<b>6,322,672</b>
Expenditure:					
Employees	3,215,264	4,871,196	4,871,196	3,420,494	1,450,702
Repairs and Maintenance	161,167	355,575	355,575	183,144	172,431
Other	3,486,934	5,093,094	5,093,094	3,790,146	1,302,948
<b>Total Operational Expenditure</b>	<b>6,863,365</b>	<b>10,319,865</b>	<b>10,319,865</b>	<b>7,393,784</b>	<b>2,926,081</b>
<b>Net Operational Expenditure</b>	<b>505,213</b>	<b>4,449,585</b>	<b>4,449,585</b>	<b>1,052,994</b>	<b>3,396,591</b>

## CAPITAL EXPENDITURE-WASTE MANAGEMENT SERVICES

Capital Expenditure 2012/13: Waste Management Services					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Brandfort/Majwemasweu: Upgrading of the Waste Disposal Site	1272010	1272010	3 618036	65%	3 618036

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)*



### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

Allocation of housing is the mandate of the Provincial Department of Human Settlements; the municipality is responsible for the beneficiary management, we currently have eight thousand two hundred and twenty three (8223) beneficiaries on the waiting list.

#### PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

Yearend	Percentage of households with access to basic housing		
	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHs informal
2009/10			
2010/11			
2011/12	15 391	14 214	92%
2012/13	15391	1177	92%

#### HOUSING BACKLOGS

Serviced number of sites available	Housing demand waiting list		Formal / informal settle	Number of even needed for township establishment	Allocation needed over 3 years period per town		
					2012	2013	Currently
THEUNISSEN	38	1450	0	2000	0	750	750
BRANDFORT	1	1200	(784) shacks	1500	0	750	750
WINBURG	108	53	(180) shacks in township *	1000	0	500	500
SOUTPAN	0	45	(56) SHACKS	100	0	50	50

Although the Municipality has continued to provide housing opportunities to the people, it must be mentioned that the number of people who qualify for housing subsidy, is growing on daily basis, especially because people continue to migrate to the areas within the municipal jurisdiction in search of employment opportunities.



**HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP**

Key Performance indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Ensure provision of housing	Informal settlements	Facilitate provision of housing	Identify land for human settlement		
			Develop beneficiary database		
			Submit waiting list to Department of Human Settlement		



### EMPLOYEES-HOUSING SERVICES

Job Level	i		2012/13		
	Employee s	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No.	No.	No.	No.	%
0 - 3		0	0	0	
4 - 6	1	6	3	3	50%
7 - 9		1	1	0	0%
13 -15	1	2	1	0	0%
16 - 18		1	1	0	0%
19 - 20					
<b>TOTAL</b>					

### FINANCIAL PERFORMANCE-HOUSING SERVICES

Financial performance : Housing Services					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	36917	1031000	1031000	268712	-284%
<b>Expenditure:</b>					
Employees	850965	744980	744980	51550	-1345%
Repairs and Maintenance	27552	-	-	13624	-
Other	78147	-	-	13624	-
<b>Total Operational Expenditure</b>	956664	744980	744980	78797	-845%
<b>Net Operational Expenditure</b>	-919747	286020	286020	189914.46	-51%



**CAPITAL EXPENDITURE-HOUSING SERVICES**

Capital Expenditure 2012/13: Housing Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					

There was no capital expenditure in housing services for year 2012/13



### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION FREE BASIC SERVICES AND INDIGENT SUPPORT

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

A summary of the free basic services package is set out below:

- All registered indigents, including consumers in the rural areas, will receive 50 kWh of electricity per month fully subsidized.
- All registered indigents will receive 10 kilo-liters of water per month fully subsidized.
- All registered indigents shall be fully subsidized for refuse removal.
- All registered indigents shall be fully subsidized for sewerage.
- All registered indigents shall be fully subsidized for the payment of property rates.
- In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.
- All registered indigents shall be fully subsidized for the payment of site rental.

The cost of the social package of their registered indigent households is financed by National Government through the local government equitable share received in terms of the annual Division of Revenue Act.



**FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY OBJECTIVES TAKEN FROM IDP /SDBIP**

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Update indigent register	Few indigents registered	80% of indigents registered	40% registered	Lack of human resource to update data	Engagements with cdw's to assist with registration and update data
Ensure equitable access of services by registered indigents	There are discrepancies	100%	70%	Corrupted data	Engagements with indigents data purification



## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

The core function of the unit includes:

- Graveling and scraping of the unpaved Roads.
- Construction and Rehabilitation of Roads.
- Installing and upgrading of storm water.
- Road maintenance in general.

The main challenges faced are the aged infrastructure and the inadequate budget for both capital projects and the maintenance of existing infrastructure. The objectives of the Roads Storm Water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects. This creates a situation where roads that should be stripped and reconstructed are repaired and rehabilitated whereas they have exceeded their useful life. This results in high maintenance costs, which result in added pressure on an already limited maintenance budget.

### GRAVEL ROAD INFRASTRUCTURE

Gravel Road				
	Total gravel roads	New gravel roads	Gravel roads upgraded	Kilometres Gravel roads graded/maintained
2010/11	142,51	0	0	0.2
2011/12	134,91	0	7,6	0.1
2012/13	131,9	0	0	3

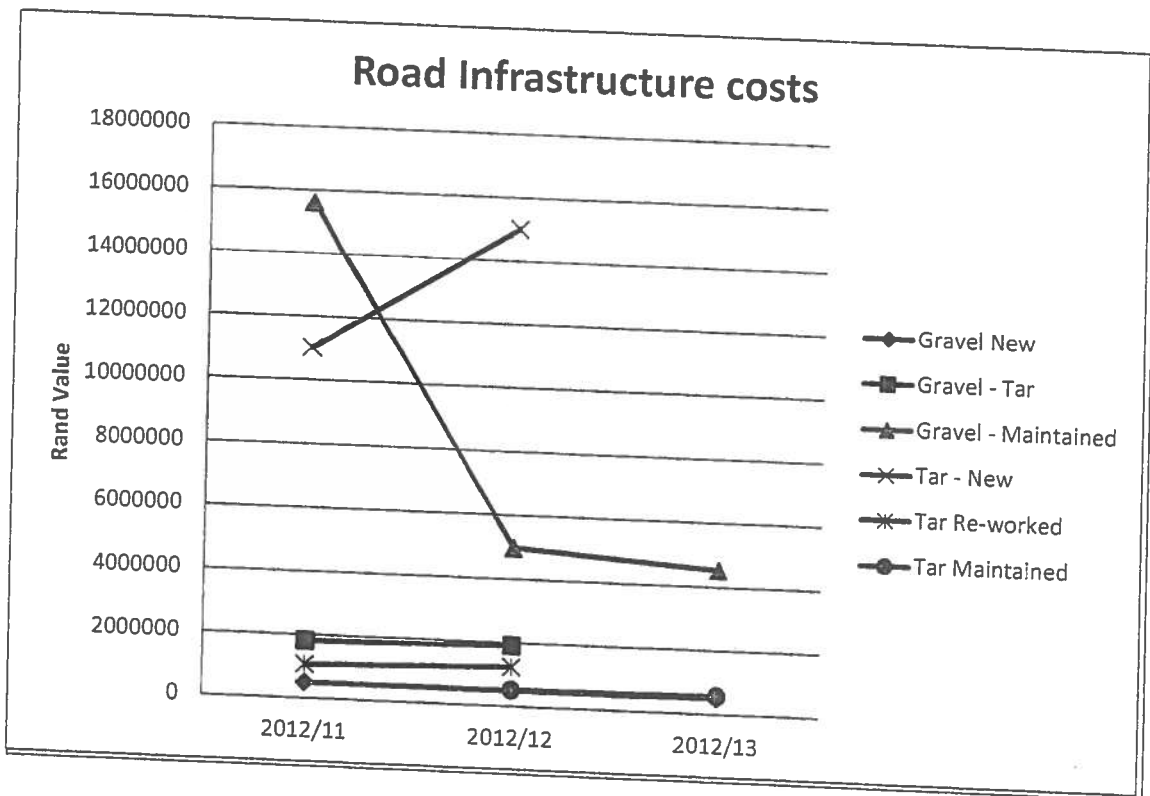
### TARRED ROAD INFRASTRUCTURE

Tarred Road					
	Total tarred roads	New tar roads	Existing tar roads-	Existing tar roads	Kilometre Tar roads
2010/11	66,66	7,6	0	0	0
2011/12	69,66	3,0	0	0	3
2012/13	59,05	0	0	0	3



### COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance						
	New	Gravel		Tar		
		Gravel-Tar	Maintained	New	Re-worked	Maintained
2010/11	0	0	12 591 00	11 000 000	0	0
2011/12	0	0	4 970 00	15 000 000	0	500 000
2012/13	0	0	4 518 00	0	0	500 000





**ROADS SERVICES POLICY OBJECTIVES TAKEN FROM IDP/SDBIP**

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non- or under-performance	Corrective measures taken or to be taken
Maintain municipal roads	Potholes on major roads	Reseal all potholes on major roads	Implemented EPWP to patch potholes	Limited financial resources	Compiled close-out report
Develop new roads	Gravel roads	Construction of residential distributor roads & storm-water	1km tarred		