

MUNICIPAL ANNUAL REPORT 2012/2013



MASILONYANA
LOCAL
MUNICIPALITY

(Draft) 2012-2013

MLM

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CHAPTER 1

COMPONENT A: EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

MAYOR'S FOREWORD

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

Such annual reporting is also required from South African 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. Furthermore, Mayors are required to table such reports in their Councils within seven months after the end of each financial year.

Finally, I would like to express my sincere gratitude to all Councillors, the newly appointed municipal manager and his officials, the communities of Masilonyana Council and our stakeholders for their dedication, support and co-operation, which enabled the institution to record service delivery progress during the year under review. Special mention must be

made the municipal manager for conducting an environmental scan during his first two months of his appointment, which assisted us to prepare a more realistic and achievable Integrated Development Plan for the coming financial year 2013/14.

COMPONENT B: EXECUTIVE SUMMARY

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 Corporate 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

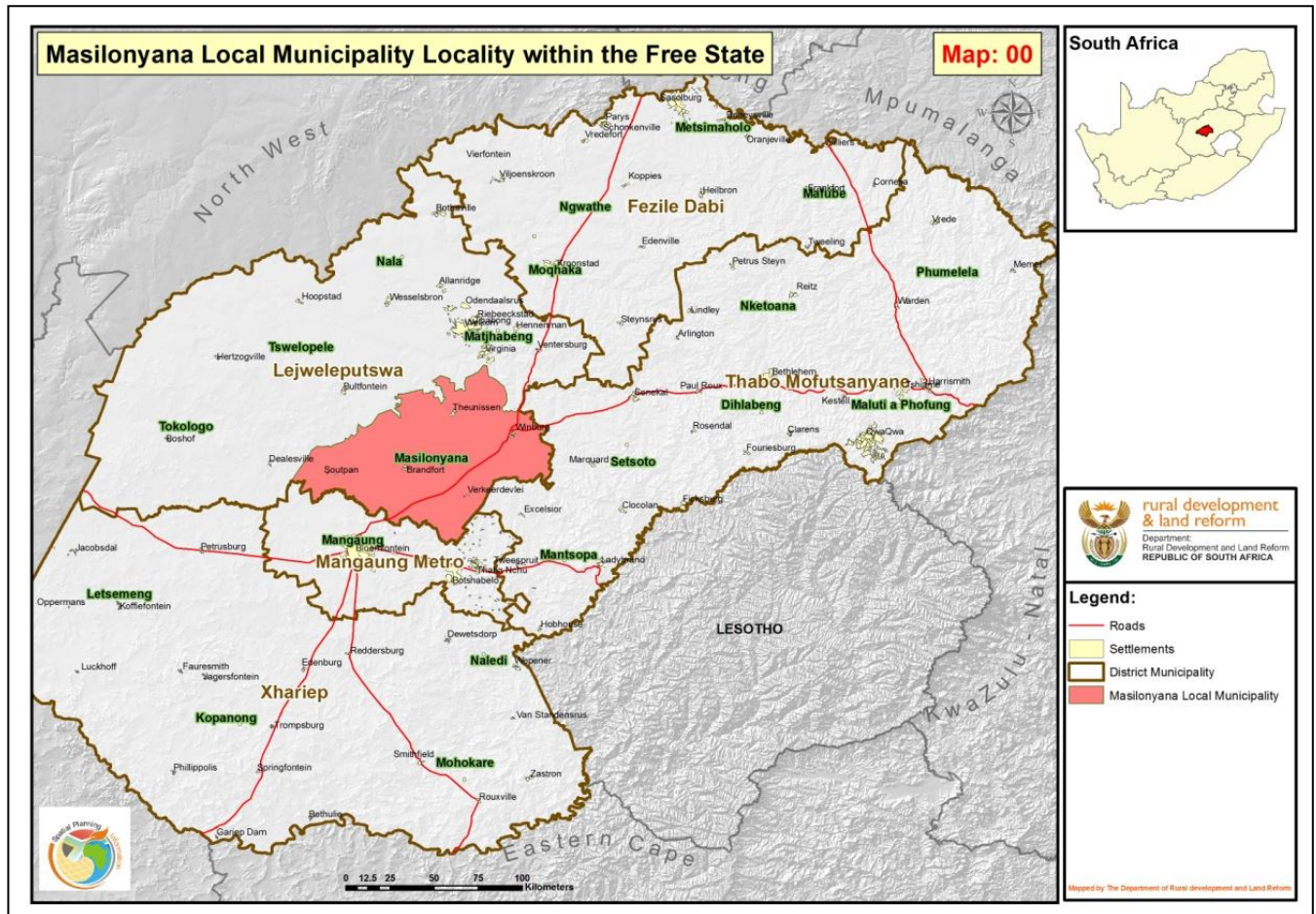
Municipal Manager

1.3 MUNICIPAL FUNCTIONS, LOCATION & DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

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



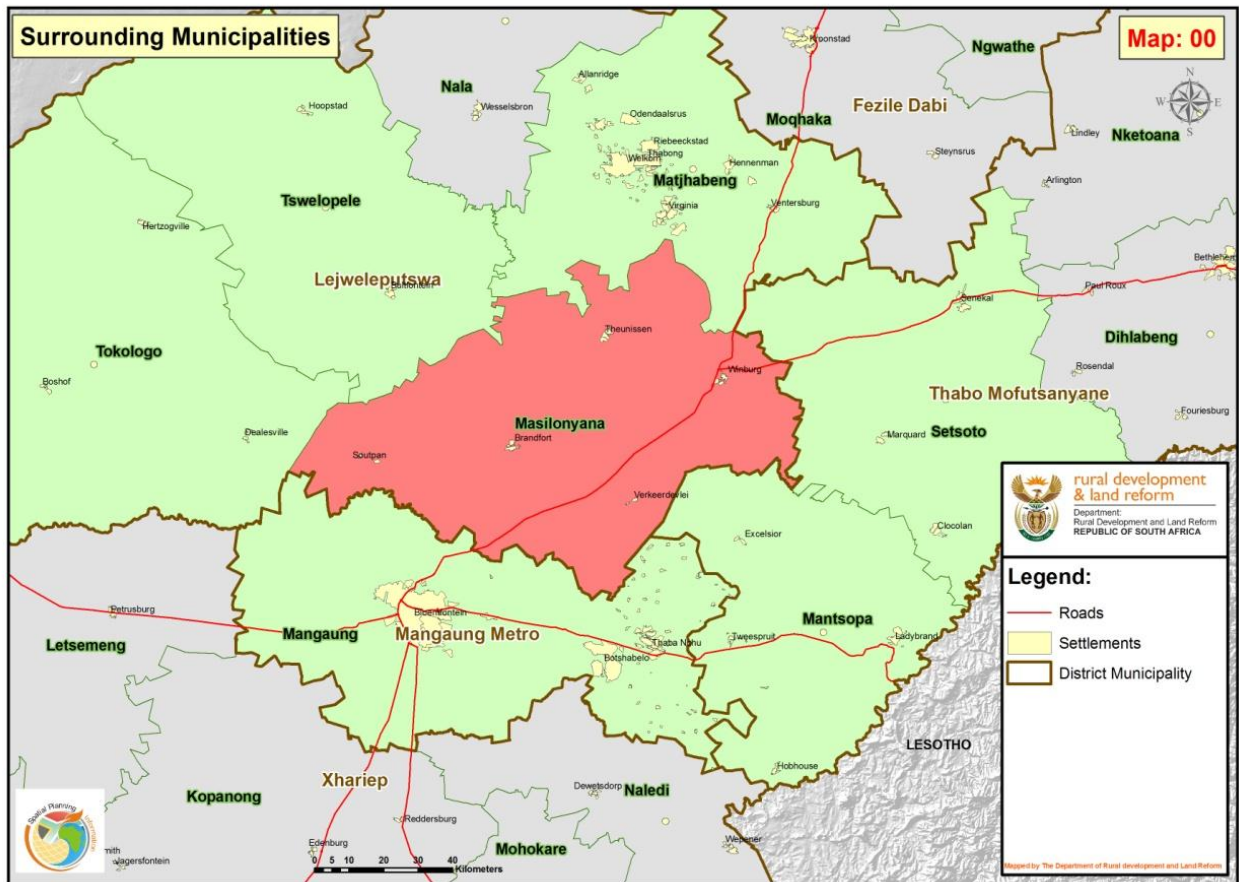
Map 1: Location of Masilonyana within the provincial jurisdiction.

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 there 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/ Makeletla: 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	CS 2007	Census 2011
Males	32 587 (50.6%)	-	31 961 (50.5%)
Females	31 824 (49.4%)	-	31 374 (49.5%)

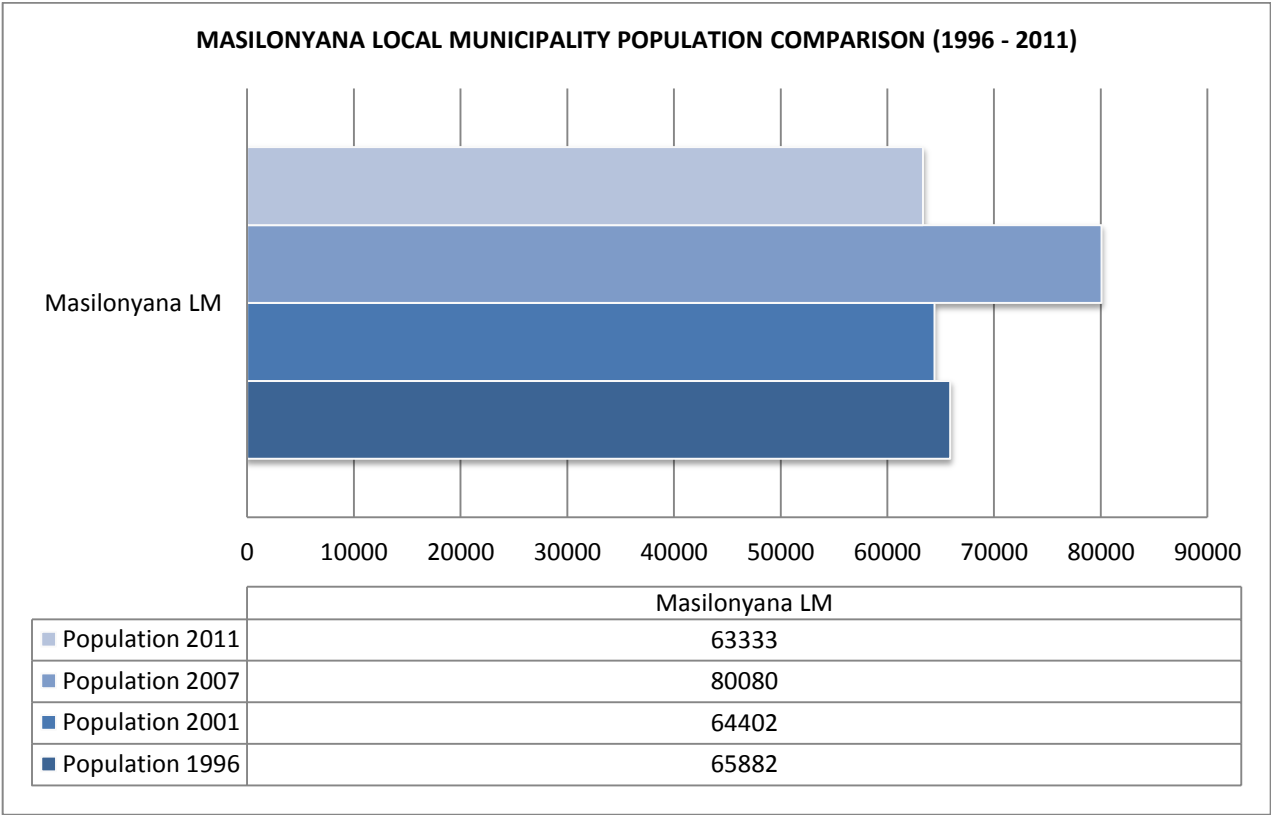
Racial distribution of population

	Census 2001		CS 2007		Census 2011	
Black African	59 252	92.0%	-	-	58 015	91.6%
White	4 320	6.7%	-	-	4 216	6.7%
Coloured	821	1.3%	-	-	726	1.1%
Indian or Asian	18	0.0%	-	-	209	0.3%
Other	-	-	-	-	168	0.3%

Age distribution of population

	Census 2001		CS 2007		Census 2011	
0 – 4 years	6 100	9.5%	-	-	6 906	10.9%
5 – 14 years	13 081	20.3%	-	-	11 961	18.9%
15 – 34 years	23 692	36.8%	-	-	21 761	34.4%
35 – 64 years	18 086	28.1%	-	-	19 016	30.0%
65 years and older	3 452	5.4%	-	-	3 689	5.8%

Population of Masilonyana



Source: Census Statistics 1996 –2011

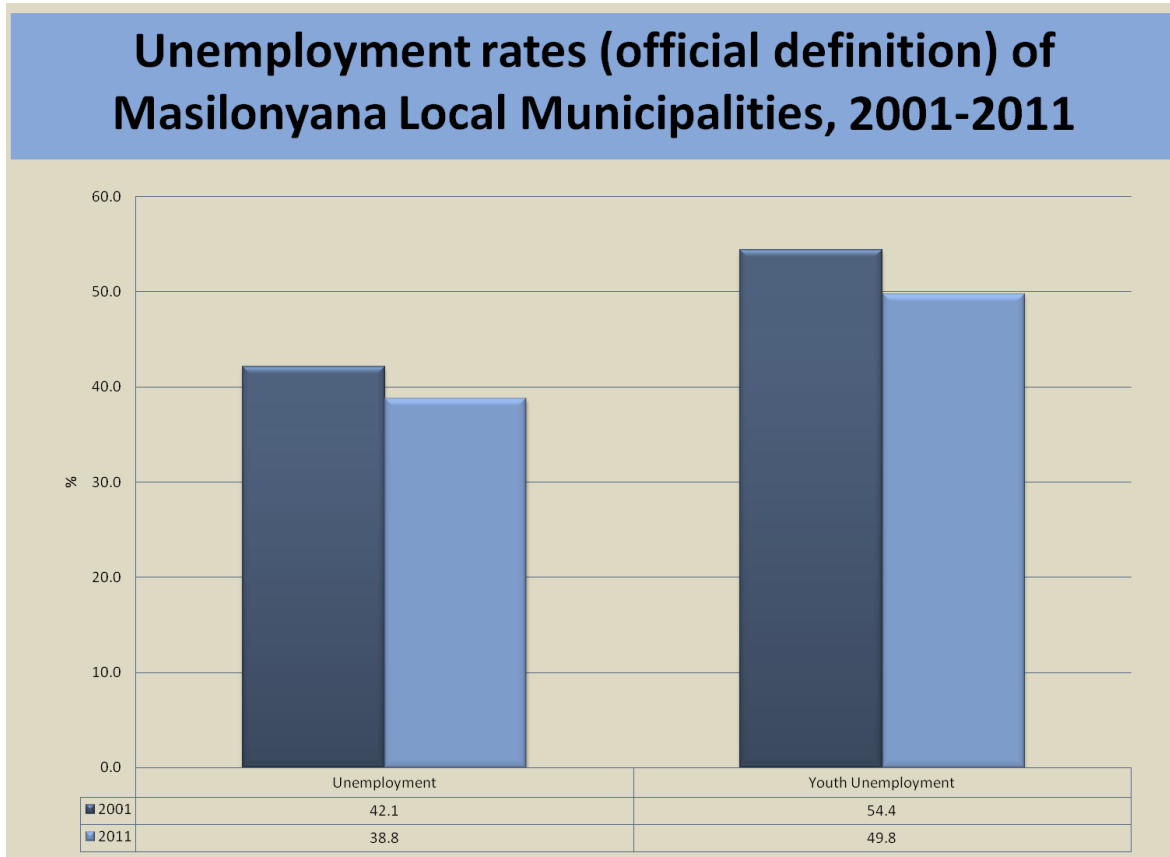


Figure: Employment situation (Source Stats SA 2001 – 2011)

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.

LOCAL PROFILE

1.4 SERVICE DELIVERY OVERVIEW

1.5 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 - Year 1			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income			
Rates	4143566.00	-4143566.00	-
Grants	128173.00	128173.00	7170854.00
Taxes, Levies and tariffs	-	-	-
Other	355 562	355 562	15 743 615
Sub Total	4627301.00	-3659831.00	22914469.35
Less Expenditure	158 833 146	10 178 436	169 011 582
Net Total*	154205845.00	13838266.62	-146097112.27
<i>* Note: surplus/(defecit)</i>			

Operating Ratios

Operating Ratios		2013 Adjusted for GRAP Impairment	2012
Total Expenses			
Employee Cost			
Repairs and Maintenance			
Finance Charges and Depreciation			

The employee costs in relation to total expenses remained consistent at 38.44% (2011 – 38.73%) It's at the upper end of acceptable norms and the Municipality might experience difficulties in affording the filling of critical vacancies. Repairs and Maintenance at 3.27% (2011 – 2.96%) is considered below the norms, indicating the Municipality cannot afford to maintain its infrastructure operations. Finance charges and depreciation at 3.13% (2011 – 3.59%) is low due to the low level of gearing (minimal long term debts) of the balance sheet at below R 6 million and depreciation charges of approximately R 1.8 million per annum.

Capital Expenditure

Capital Expenditure	2013	2012	2011
Original Budget	45,542	30,642,000	29,061,000
Adjustment Budget		30,642,000	29,061,000
Actual		30,642,000	35,823,422

1.6 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.

Skill 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 Work 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:

1. The physical environment of a server room is rigorously controlled;
2. Raised Floors: for easy access of wires and cables;
3. Backup power consists of one or more uninterruptible power supplies and or generators;
4. 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
5. 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 fiber 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.

AUDITOR GENERAL'S REPORT

1.3 STATUTORY ANNUAL REPORT PROCESS

Annual report of Masilonyana 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	
Council adopts Oversight report	December
Oversight report is made public	
Oversight report is submitted to relevant provincial councils	
Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

COMPONENT D: 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 a risk management function, 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 be informed 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.

WEBSITE

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets 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 Systems Act (2011/12) and resulting scorecards	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 a 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>		

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality did not conduct any public satisfaction surveys. However, the municipality plans to do a satisfaction survey, depending on availability of funding, 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 are 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 is the Mayor and the Speaker.

The Mayor of Masilonyana Local Municipality is honourable Councillor KS 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 intergrade development plan*
- *Recommend or determine the best way to deliver those strategies*
- *Identify and develop criteria in terms of which progress in the implementation of the strategies and programmes can be evaluated*
- *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 directions 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 the 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 other functions of the Speaker are:

- *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 may be delegated to it from time to time.

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

2.1 POLITICAL STRUCURE

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

COUNCILLORS

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

. 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 Executive 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.

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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 ADMISTRATIVE STRUCTURE

	STRUCTURE	Function
<u>MANAGERS</u>	CHIEF FINANCIAL OFFICER Me M Mokoena	<i>Revenue, Expenditure, Asset and Liability Management; Budgeting and</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 & Recreation, Arts & 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 participates in all district, 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 structures and this has promoted good inter relations, best practices and information sharing amongst stakeholders.

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DISTRICT INTERGOVERNMENTAL STRUCTURES

The main structure is the District Coordinating Forum (DCF) in which the Executive Mayor and Municipal Manager participate this 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

2.5 PUBLIC MEETINGS

The municipality managed to establish functional ward committees in all 21 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, 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.

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.

2.4 WARD COMMITTEES

The municipality managed to establish functional ward committees in all 21 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, 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

IDP PUBLIC PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment	Yes/No
Criteria*	
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 MI /d while the demand is over 6MI. 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.

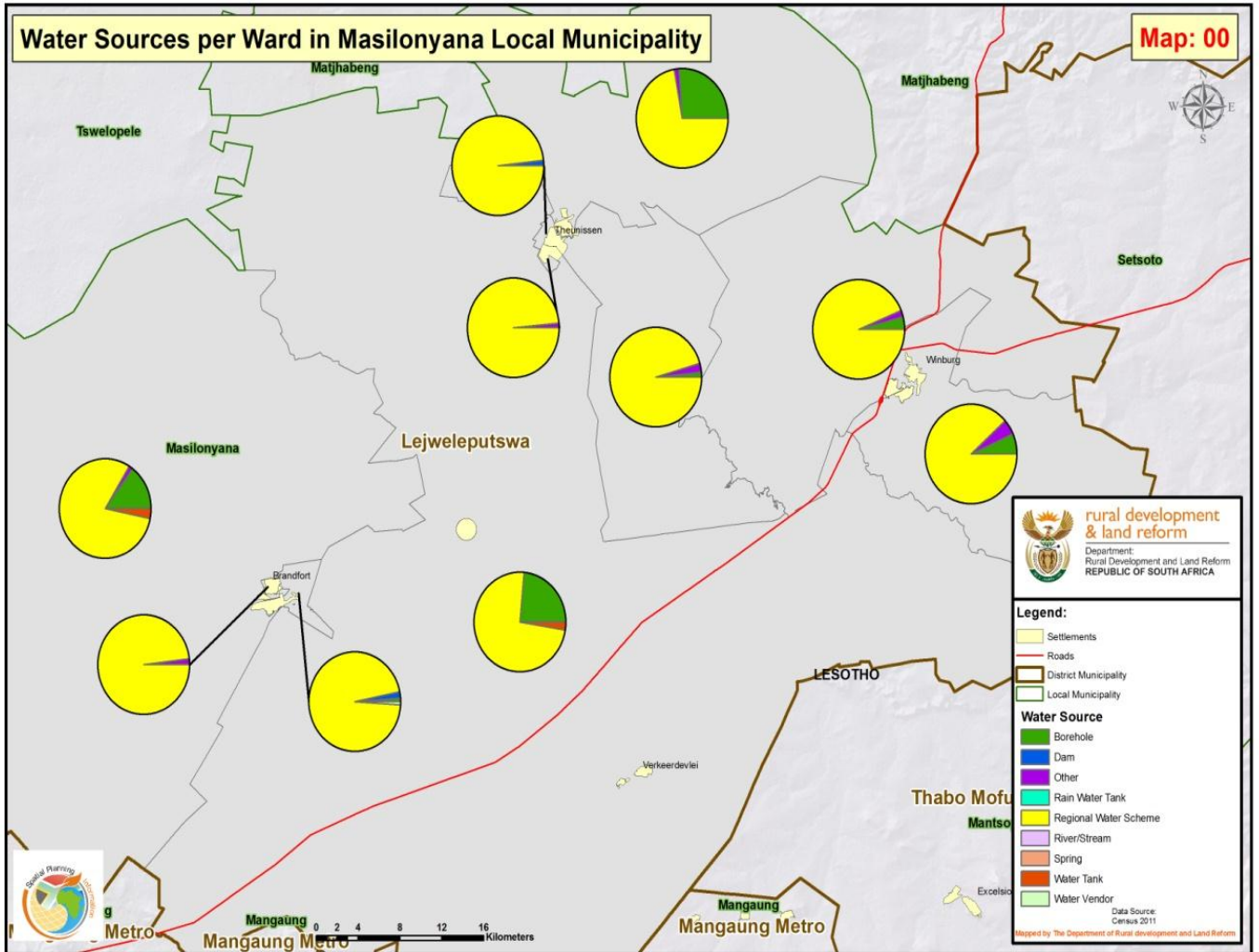
The Brandfort water treatment plant phase 1 had been upgraded. A business plan for phase 2 has been submitted to MIG for funding.

DWA had supported the municipality with R6 million for the upgrading of Brandfort bulk water pipe line and the Winburg boreholes projects.

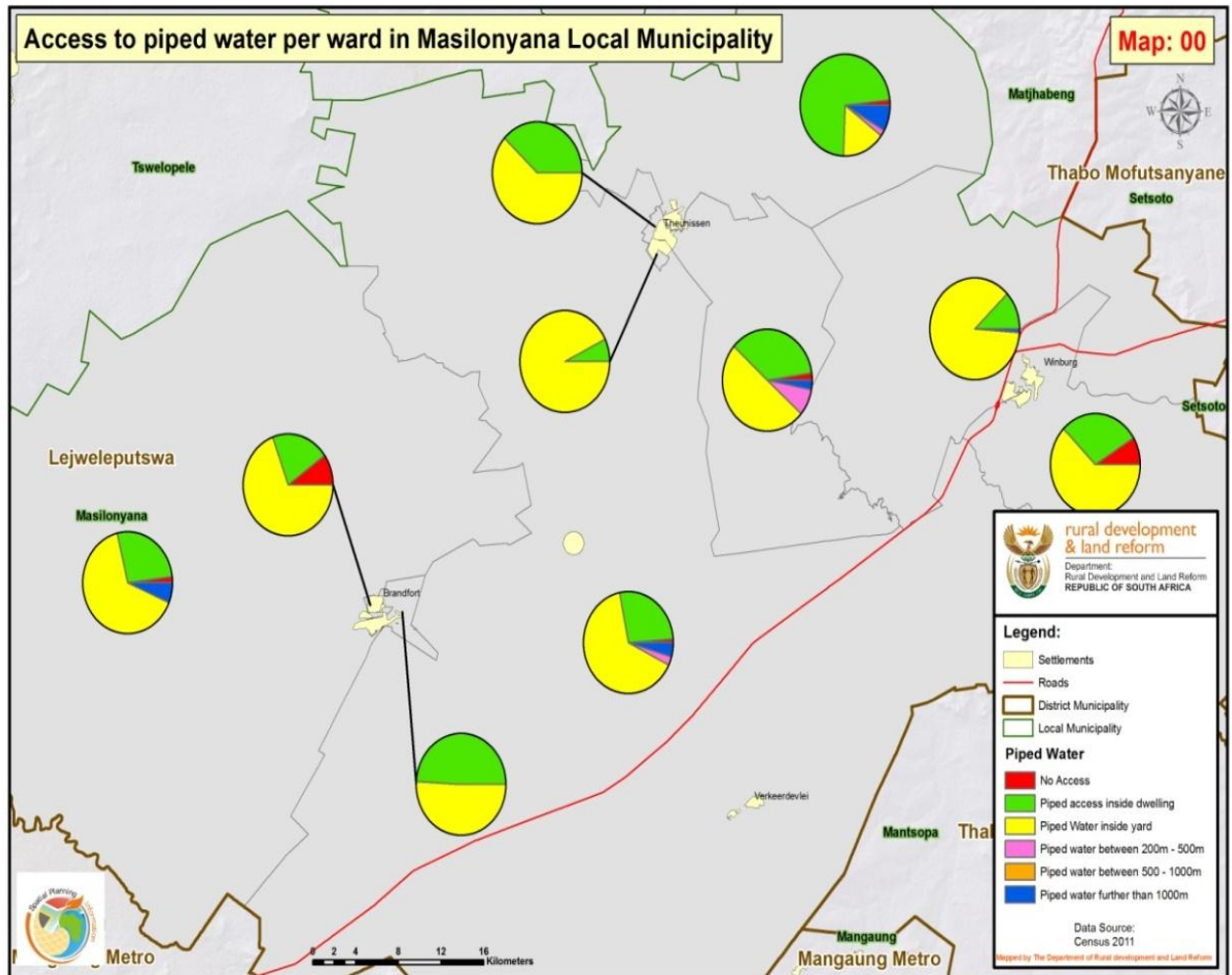
BLUE AND GREEN DROP

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					

WATER SERVICE DELIVERY LEVELS

Water Service Delivery Levels				
Description	Households			
	2009/10	2010/11	2011/12	2012/13
	No.	No.	No.	No.
<u>Water:</u> (above min level)				
Piped water inside dwelling				3949
Piped water inside yard (but not in dwelling)				12318
Using public tap (within 200m from dwelling)				1838
Other water supply (within 200m)				1872
<i>Minimum Service Level and Above sub-total</i>				
<i>Minimum Service Level and Above Percentage</i>				19977
<u>Water:</u> (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)				550
No water supply				
<i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>				550
* - To include informal settlements				T 3.1.3

Households – Water Service Delivery Levels below minimum

Households – Water Service Delivery Levels below minimum						
Description	2009/10	2010/11	2011/12	2012/13		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Total households			550			
HHs below minimum service level						
Proportion of HHs below minimum service level						
Informal Settlements			N/A			

WATER SERVICE OBJECTIVES TAKEN FORM IDP/SDB

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

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%
86					
4 - 6	43	42		1	2.3%
43					
7 - 9					
10 - 12	15	12		3	20%
15					
13 – 15					
16 – 18					
19 – 20					
Total					

FINANCIAL PERFORMANCE- WATER SERVICES

Financial performance 2011/2012:Water Services					
	2011/12		2012/13		
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17,173,561	3,474,998	12,949,621	20,648,559	20,648,559
Expenditure: Employees	4,288,778	5,081,164	5,081,164	4,546,104	535,060
Repairs and Maintenance	1,044,716	924,527	712,361	712,361	332,355
Other	252,932	238,615	544,571	544,571	291,639
Total Operational Expenditure	5,451,920	6,338,096	6,338,096	5,843,752	494,344
Net Operational Expenditure	7,497,701	14,310,463	14,310,463	11,329,809	2,980,654

CAPITAL EXPENDIUTURE

Capital Expenditure 2012/13:Water Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Winburg /Makeleketla upgrading of existing waste water treatment works	14 584 500,00		3 110 408,32		Construction
Brandfort/Majwemasweu Ugrading of Water Purification Plant	13 058 531,00				Construction
Theunissen/Masilo: Installation of 3720 water meters, 2 Zone Meters and 4 Bulk Water Meters	10 013 760,00				Construction
Verkeerdevelei/Tshepong: Installation of 505 domestic water meters, 2 Zone Meters and 5 Bulk Water Meters	1 722 540,00				Construction
Brandfort/Majwemasweu: Installation of 2719 Water Meters, 3 Zone Water Meters and 3 Bulk Water Meters	7 503 252,00				Construction
Soutpan/Ikgomotseng:Installation of 1027 Water Meters, 2 Zone Meters and 5 Bulk Water Meters	3 259 716,00				Construction
Winburg/Makeleketla: Installation of 3122 Water Meters and 3 Zone Meters	8 513 976,00				Construction
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate</i>					

Water Service Policy Objectives taken from IDP/SDBIP

- To ensure provision of clean drinkable water as per RDP STD.

SANITATION SERVICE DELIVERY LEVELS

Sanitation Service Delivery				
Description	*Households			
	2008/09 Outcome No.	2009/10 Outcome No.	2010/11 Outcome No.	2011/12 Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)				
Flush toilet (with septic tank)				
Chemical toilet				
Pit toilet (ventilated)				
Other toilet provisions (above min. service level)				
<i>Minimum Service Level and Above sub-total</i>				
<i>Minimum Service Level and Above Percentage</i>				
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet				
Other toilet provisions (below min. service level)				
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>				
Total				
*Total number of households including informal settlements				

HOUSE HOLDS- SANITATION DELIVERY LEVELS BELOW THE MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2009/10	2010/11	2011/12	2012/13		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households			17 548			
Households below minimum service level			2 650			
Proportion of households below minimum service			15,1			
Informal Settlements						

SANITATION POLICY SERVICES OBJECTIVES TAKEN FROM IDP/SDBIP

- Eradicate all sanitation backlogs by 2014

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	86	64	22	26%	86
4 - 6	43	42	1	2.3%	43
43					
7 - 9					
10 - 12	15	12	3	20%	15
15					
13 - 15					
16 - 18					
19 - 20					
Total					

FIANNACAIL PERFOAMNCE- SANITATION SERVICES

Financial performance 2011/2012: Sanitation Service					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17,173,561				
Expenditure: Employees	4,288,778				
Repairs and Maintenance	1,044,716				
Other	252,932				
Total Operational Expenditure	5,451,920				
Net Operational Expenditure	7,497,701				

CAPITAL EXPENDITURE – SANITATION SERVICES

Capital Expenditure 2012/13: Sanitation Services					
Capital Project	2011/12	2012/13			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Theunissen/Masilo: bucket eradication for 1140 erven (+ 53 toilets from savings)	12 260 000,00		6 629,37		
Winburg/Makeleketla: Eradication of 1261 buckets	28 571 963,00		3 110 408,32		
Soutpan/Ikgomotseng: Eradication of 400 buckets	6 439 368,00		107 160,74		

Employees – 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	16	5	11	69%	16
4 - 6	6	6	0	0%	6
7 - 9					
10 - 12	3	3	0	0%	3
13 – 15					
16 – 18					
19 – 20					
Total					

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 3 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents recalculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated.*

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 have backlogs, 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.
<u>Energy:</u> (above minimum level)Electricity (atleast min.service level) Electricity - prepaid (min.service level) <i>Minimum Service Level and Above sub-total</i>				
<i>Minimum Service Level and Above</i>				
<u>Energy:</u> (below minimum level) Electricity (< min.service level) Electricity - prepaid (< min. service level) Other energy sources <i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>				
Total number of households				

Households – Electricity Service Levels below the Minimum

Households - Electricity Service Delivery Levels below the minimum						
Description	2008/10	2009/11	2010/12	Households		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
2012/13						
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service						
Informal Settlements						
Total households						
Households ts below minimum service level						
Proportion of households ts below minimum service level						

Electricity Service Policy Objectives taken from IDP/SDBIP

- Ensure electricity provision in all households in Masilonyana

Table28: Financial Performance – Electricity Services

Financial performance 2011/2012: Electricity Service					
Details	2011/12		2012/13		
	Actual	Original Budget	Adjustmen t Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Capital Expenditure – Electricity Services

Capital Expenditure 2012/13: Electricity Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Masilonyana: Installation of 6 Highmast lights for all the five towns	450 000,00		20 354,33		
Winburg/Makeleketla: Construction of 1,5km residential distributor streets phase 2	13 179 153,00		1 264 417,41 Design & Tender		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

3.4 WASTE MANAGEMENT (THIS SECTION TO 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 landfill 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 put strain on services since we do not have a qualified mechanic
- Illegal dumping sites
- Fencing and regulation of landfill sites

WASTE MANAGEMENT SERVICE DELIVERY LEVELS

Waste Management Service Delivery Level				
Description	2012/13			
		Actual No.	Actual No.	Actual No
Solid Waste Removal: (Minimum level)			8 839	15 391
Removed at least once a week				
<i>Minimum Service Level and Above sub-total</i>			8 839	15 391
<i>Minimum Service Level and Above percentage</i>			50.3%	87.6%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week				1
Using communal refuse dump			1 071	600
Using own refuse dump			6 275	550
Other rubbish disposal			0	0
No rubbish disposal				
Below Minimum Service Level sub-total Below			8 736	2
Minimum Service Level			49.7%	12.4%
Total number of households			17 575	17 575

Households – Waste Management Service Delivery Levels below the Minimum

Households – Waste Management Service Delivery Levels below the minimum						
Description	Households					
	2009/10	2010/11	2011/12	2012/13		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No	Actual No.
Formal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service						
Informal Settlements						
Total households						
Households below minimum service level						
Proportion of households below 0020 below						

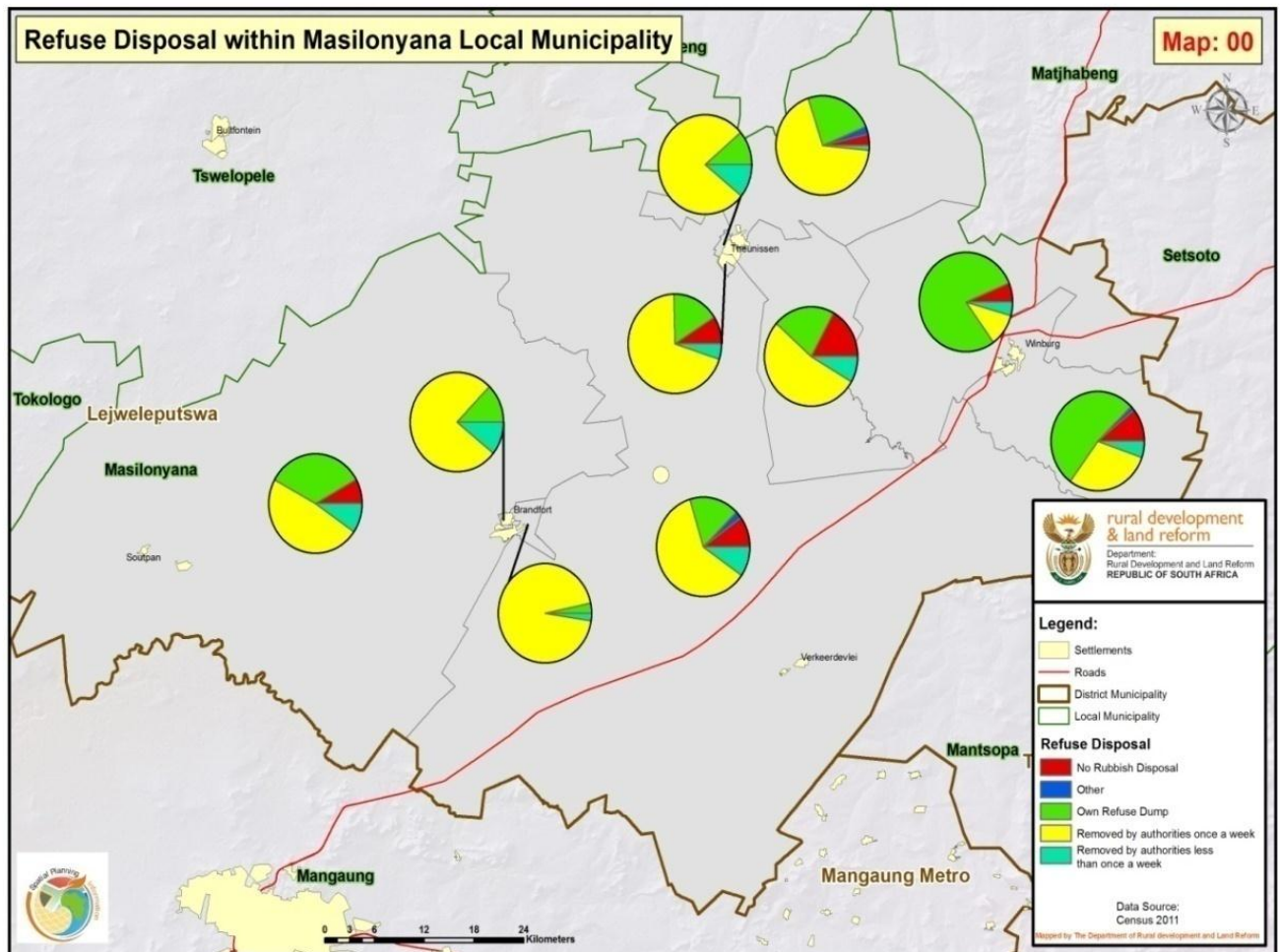
Waste Management Service Policy Objectives taken from IDP/SDBIP

Key Performance indicators	Baseline 2010/11	Annual Target 2011/12	Actual Performance 30 June 2012	Reasons for non or under performance	Corrective measures taken or to be taken

Employees – Waste Management Services

<i>Job Level</i>	<i>2011/12</i>		<i>2012/13</i>		
	<i>Employees</i>	<i>Posts</i>	<i>Employees</i>	<i>Vacancies (Full time Equivalent)</i>	<i>Vacancies(as a % of total post)</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>
<i>0 - 3</i>	<i>71</i>	<i>71</i>	<i>71</i>	<i>71</i>	<i>60%</i>
<i>4 - 6</i>	<i>24</i>	<i>24</i>	<i>5</i>	<i>18</i>	<i>95%</i>
<i>7 - 9</i>					
<i>13 -15</i>	<i>5</i>	<i>5</i>		<i>5</i>	<i>100%</i>
<i>16 - 18</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>100%</i>
<i>19 - 20</i>					
<i>Total</i>					

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
Total Operational Revenue	6,358,152	14,769,450	14,769,450	8,446,778	6,322,672
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
Total Operational Expenditure	6,863,365	10,319,865	10,319,865	7,393,784	2,926,081
Net Operational Expenditure	505,213	4,449,585	4,449,585	1,052,994	3,396,591

Table 35: Capital Expenditure – Waste Management Services

Capital Expenditure 2012/13: Waste Management Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Brandfort/Majwemasweu: Upgrading of the Waste Disposal Site	3 618 036,00		Design & Tender		

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 Settlement; 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

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

HOUSING BACKLOGS

SERVICED NUMBER OF SITES AVAILABLE	HOUSING DEMAND WAITING LIST	FORMAL / INFORMAL SETTLEMENTS	NUMBER OF ERVEN 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 2011/12	Annual Target 2012/13	Actual Performance 30 June 2012	Reasons for non or under performance	Corrective measures taken or to be taken
Reduce housing backlogs	10%	5%	0%	Province did not allocate units for Masilonyana	Engagement with Provincial CoGTA

Employees -Housing Services

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (Full time Equivalent)	Vacancies(as a % of total post)
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>
0 - 3			10	2	
4 - 6	1	5	4	4	95%
7 - 9					
13 -15	1	1	1	1	100%
16 - 18					
19 - 20					
Total					

Financial Performance–Housing Services

Financial performance : Hoosing Services					
	2011/12	2012/13			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36,917				
Expenditure:					
Employees	850,965				
Repairs and Maintenance	27,552				
Other	78,147				
Total Operational Expenditure	956,664				
Net Operational Expenditure	-919,747				

CAPITAL EXPENDITUER-HOUSING SERVICES

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

3.6 INTRODUCTION TO 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-litres 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 the registered indigent households is financed by National Government through the local government equitable share received in terms of the annual Division of Revenue Act.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

The core function of the unit includes:

- Regravelling and scraping of the unpaved Roads.
- Construction and Rehabilitation of Roads.
- Installing and upgrading of storm water.
- Road maintainance 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.

3.8 STORM WATER

The main purpose of the storm-water management function in the Randfontein Local Municipality is to mitigate flooding and increase the lifespan of the road infrastructure. The main focus areas are:

- Cleaning of the storm-water pipes;
- Replacing broken pipes and kerb inlets;
- Installing new storm-water systems, construction of open channels and sub-soil drains;
- Construction of gabions.

The road network is not very good and the municipality prioritise the projects to address the water and sanitation due to the high backlog. R8 million projects had been implemented in Soutpan and Verkeerdevlei. Another one was implemented in Winburg to address the road and storm water challenges

- Gravel Road Infrastructure

Gravel Road				
Kilometres				
	Total gravel roads	New gravel roads	Gravel roads upgraded	Gravel roads graded/maintained
2010/11				
2011/12				
2012/13		0	0	1

Tarred Road Infrastructure

Tarred Road					
Kilometre					
	Total tarred roads	New tar roads	Existing tar roads re-	Existing tar roads re-	Tar roads
2010/11					
2011/12		1	0.2	0	
2012/13					

Cost of Construction/Maintenance

Cost of						
Grave						
Tar						
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2010/11						
2011/12		59.06	0		0	0
2012/13						

Roads Services Policy Objectives taken from IDP/SDBIP

Key Performance indicators	Baseline 2010/11	Annual Target 2011/12	Actual Performance 30 June 2012	Reasons for non or under performance	Corrective measures taken or to be taken

EMPLOYEE ROAD SERVICES

			<i>Employees: Roads Service</i>		
<i>2011/12</i>			<i>2012/13</i>		
<i>Job Level</i>	<i>Employees</i>	<i>Posts</i>	<i>Employees</i>	<i>Vacancies (Full time Equivalent)</i>	<i>Vacancies(as a % of total post)</i>
	<i>No</i>	<i>No</i>	<i>NO</i>	<i>No</i>	
<i>0 - 3</i>					
<i>4 - 6</i>			10	30	75%
<i>7 - 9</i>				16	100%
<i>13 -15</i>			3	1	33%
<i>16 - 18</i>					
<i>19 - 20</i>					
<i>Total</i>					

FINANCIAL PERFORMANCE _ RAOD SERVICES

Financial performance 2011/12: Roads Services					
	2011/11	2013			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	8,776,357	883,593	883,593	9,302,938	- 8,419,345
Repairs and Maintenance	1,262,014	184,530	184,530	1,426,075	- 1,241,546
Other	5,858,243	828,893	828,893	6,209,738	- 5,380,845
Total Operational Expenditure	15,896,614	1,897,016	1,897,016	16,938,752	- 15,041,736
Net Operational Expenditure	- 15,896,614	- 1,897,016	- 1,897,016	- 16,938,752	15,041,736

Chapter 4

COMPONENT A: ORGANIZATIONAL PERFORMANCE SCORECARD

This chapter gives an account of organizational development performance with reference to the municipal workforce. Attention will be paid to the management of municipal workforce, workforce capacity building and workforce expenditure.

Municipal Workforce

The majority of Masilonyana workforce is mostly dominated by male employees, 90% of employees are African (blacks). No persons with disability were recruited during the financial year under review. The municipality did not also have foreign nationals appointed for 2012/13. The table below gives an account of the municipal workforce.

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.

Skill 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 Work 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.

INTRODUCTION TO THE MUNICIPAL PERSONEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Department	Employees 2011/12	Employees 2012/13
General workers	4	4
Mayor	3	3
Speaker	6	6
Municipal Manager	16	16
Corporate Services	18	18
Town Hall and Offices	18	18
Finance	35	31
Social & Community Services	11	11
Cemeteries	5	5
Libraries	10	10
Housing	6	6
Traffic	1	1
Parks	26	
Refuse	51	51
Sewerage	49	49
Public Works	62	62
Water	29	29
Electricity	6	6
Technical Services	44	44
Total	417	413

CHAPTER 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE

R thousand	2012			2013		
	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget	Actual
Revenue By Source						
Property rates	14,455	14,455	14,455			15,075,772
Property rates - penalties & collection charges						
Service charges - electricity revenue	25,150	22,150	25,150			21,787,305
Service charges - water revenue	15,021	15,021	15,021			15,760,310
Service charges - sanitation revenue	15,783	15,783	15,783			
Service charges - refuse revenue	8,184	8,184	8,184			9,066,312
Service charges – other	(855)	(855)	(855)	-	5,812	5,812
Rental of facilities and equipment	174	174	174	105,970	36,688	142,658
Interest earned - external investments	50	50	783	321,456	(160,497)	160,959
Interest earned - outstanding debtors	3,096	3,096		12,500,000	2,503,523	15,003,523
Dividends received	11	11	6	-	5,812	5,812
Fines	67	67	57	15,614	33,512	49,126
Licences and permits						
Agency services						
Transfers recognised – operational	74,392	74,392	74,749			
Revenue	53	53	53			
Gains on disposal of PPE						
Total Revenue (excluding capital transfers and contributions)	155,580	155,580	155,580			

Expenditure By Type						
Employee related costs	44,976	44,976	47,562	50,445,206	(5,412,033)	55,857,239
Remuneration of councillors	4,835	4,835	5,052	5,702,754	426,470	5,276,284
Debt impairment	31,437	31,437	20,593	20,531,022	20,531,022	-
Depreciation & asset impairment	3,100	3,100	493,027	1,900,000	1,900,000	-
Finance charges	514	514	2,529	-	45,034	45,034
Bulk purchases	23,575	23,575	25,991	26,950,000	(1,235,051)	28,185,05
Other materials	7288	7,288	4,477			
Contracted services	500	500	500			
Transfers and grants	-	-	-			
Other expenditure	25,180	25,180	30,650			
Loss on disposal of PPE						
Total Expenditure	144,405	144,405	629,881			
Surplus/(Deficit)	526	526	-487,119			
Transfers recognised – capital	30,322	30,322	30,322			
Contributions recognised – capital	-	-	-			
Contributed assets						
Surplus/(Deficit) after capital transfers & contributions	30,848	30,848	-456,797			
Taxation						
Surplus/(Deficit) after taxation	30,848	30,848	-456,797			
Attributable to minorities						
Surplus/(Deficit) attributable to municipality	30,848	30,848	-456,797			

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

FINANCIAL PERFORMAMNCE OF OPERATIONALSERVICES						
						R' 000
Description	2011/12		2012/13			2012/13 Variance
	Actual	Original Budget	Adjustment Budgeted	Actual	Original Budget	Adjustments Budget %
<u>Operational Costs:</u>						
Water	14,638,928		(8,658,623)	13,805,598	22,464,221	
Waste Water(Sanitation)						
Electricity	16,472,834					
Waste Management				(5,356,538)		
Housing			(212,114)	891,466	1,103,580	
Component A: sub-total						
Storm water Drainage						
Roads						
Transport						
Component B: sub-total						
Planning						
Local Economic Development						
Component B: sub-total						
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total						

Community & Social Services						
Environmental Protection						
Health						
Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total						
Total Expenditure						

5.2 GRANTS

GRANT PERFORMANCE

GRANT						
Description	2011/12			2012/13		
	Actual	Budget	Adjusted Budgets	Actual	Budget	Adjusted Budgets
National Government:						
Equitable Share	72,369.831	72,369.	(72,369.831)	81,091.000	-	(81,091.000)
Municipal Systems Improvement	790,000	800	800	-		
Department of Water Affairs						
Levy replacement						
Other transfers/grants	1,589		1,250			
Provincial Government:						
Health subsidy Housing	81,900		(81,900)			
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
District Municipality:						
Total Operating Transfers and Grants						

Grants Received from Other Sources

Grants Received from Other Sources						
DETAILS OF DONOR	Actual Grant 2011/12	Actual Grant 2012/13	Municipal Contribution 2012/13	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						

5.3 MANAGEMENT

TREATMENT OF THREE LARGEST ASSET ACQUIRED IN 2012/13

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2012/13				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2009/10	2010/11	2011/12	2012/13
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2009/10	2010/11	2011/12	2012/13
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2008/09	2009/10	2010/11	2012/13
			-	
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

T 5.3.2

REPAIRS AND MAINTANANCE

Repair and Maintenance Expenditure: 2012/13				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
REPAIRS AND MAINTANANCE	12,592,986	8,093,488	4,499,498	64.27%

SOURCES OF FUNDING

Capital Expenditure - Funding Sources 2011/12 to 2012/13						
R' 000						
Details	Year 2011/12	Year 2012/13				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
External loans	5 334 341	554 931	536 598	5 002 802	-3.30%	801.5%
Public contributions and donations	-	-	-	-	-	-
Grants and subsidies	105 328 269	128 173	44 782	120 467 462	-65.06%	-6.01%
Other	-	-	-	-	-	-
External loans	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Water and sanitation	11 473	22 464 221	(1 537 830)	20 926 391	-106.85%	-6.85%
Electricity	628	661	30 883 578	26 366 409	(4 517 169)	3887%
Housing	-	-	-	-	-	-
Roads and storm water	-	-	-	-	-	-
Other	-	-	-	-	-	-
Water and sanitation	-	-	-	-	-	-
Electricity	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Roads and storm water	-	-	-	-	-	-
Other	-	-	-	-	-	-

SOURCES

TYPE	2013	2012
MIG	7 888 682	30,322,000
MSIG	81,091,000	71,635,000
EQUITABLE SHARE	-	1,250,000
FMIG	-	790,000
SPECIAL ASISTANCE (COGTA)	-	-
HOUSING GRAND	-	30,322,000
TOTALS	88,979.682	134,319.000

CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2012/13			Variance: 2012/13	
	Original Budget	Adjust ment Bu	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A –MIG/FS/0575/S/07/08	27 486 154,00		25455048,93		
B -	20 406 000,00		-		
C - MIG/FS/0748/CF/09/10	18 132 858,00		-		
D -MIG/FS/0587/S/07/07	14 584 500,00		2 964 091,41		
E – MIG/FS/0874/R,ST/12/12	13 179 153,00		-		
<i>* Projects with the highest capital expenditure in Year 0</i>					
MIG/FS/0575/S/07/08 - A					
Objective of Project	Winburg/Makeleketla: Eradication of 1261 buckets				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Improved service delivery				
- B					
Objective of Project	Brandfort/Majwemasweu Ugrading of Water Purification Plant-Phase 2				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizens the control over their household water bill and the opportunity to save money by reducing how much they use. Improved service delivery				
MIG/FS/0859/W/11/11 - C					
Objective of Project	Installation of 3122 Water Meters and 3 Zone Meters in Winburg/Makeleketla				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizens the control over their household water bill and the opportunity to save money by reducing how much they use. Improved service delivery				
MIG/FS/0857/W/11/11 - D					
Objective of Project	Installation of 2719 Water Meters, 3 Zone Water Meters and 3 Bulk Water Meters in Brandfort/Majwemasweu				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizens the control over their household water bill and the opportunity to save money by reducing how much they use. Improved service delivery				

MIG/FS/0822/R,ST/11/11 - E	
Objective of Project	Construction of 0.8km residential distributor streets in Winburg/Makeleketla
Delays	Planning processes
Future Challenges	Capacity in PMU
Anticipated citizen benefits	Improved service delivery

Service Backlogs

Service Backlogs as at 30 June Year 0				
	*Service level above minimum		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and * informal settlements.*

MIG Expenditure

Municipal Infrastructure Grant (MIG)* Expenditure 2012/13 on Service backlogs						
					R' 000	
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport				%	%	
<i>Roads, Pavements & Bridges</i>				%	%	
<i>Storm water</i>				%	%	
Infrastructure - Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure - Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
Total				%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the

CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013		
	30 JUNE 2013	30 JUNE 2012
	R	R
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Taxation	3 202 014	(400 783)
Sale of goods and services	49 998 998	53 106 027
Grants	105 071 000	113 200 037
Interest income	783 086	959 301
Other receipts	1 178 570	1 188 138
Payments		
Employee costs	(52 256 190)	(50 563 185)
Suppliers	(56 791 447)	(76 760 712)
Finance costs	(1 525 271)	(1 955 263)
	-	
Cash generated by operations	49 660 759	38 773 561
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(52 127 157)	(35 823 422)
Purchase of Investment property	-	(5 650 196)
Proceeds from the disposal of investments	3 028	5 478 190
Purchase of Intangible Assets	-	-
Increase in Long-term Receivables	(25 945 828)	
Decrease/(Increase) in Non-current Investments	-	-
Net Cash from Investing Activities	(52 124 129)	(35 995 428)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term liabilities	(1 650 556)	(1 737 014)

Employee benefit payment	(1 162 556)	(654 564)
Increase / (Decrease) in Consumer Deposits		
Net Cash from Financing Activities	(2 813 112)	(2 391 578)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(5 276 482)	386 555
Cash and Cash Equivalents at the beginning of the year	1 287 269	527 000
Cash and Cash Equivalents at the end of the year	(3 429 025)	1 287 269
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4 716 294)	760 269

NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(2,660)	-
NET INCREASE/ (DECREASE) IN CASH HELD	1,518	7,754	15,155
Cash/cash equivalents at the year begin:	(905)	(905)	203
Cash/cash equivalents at the year-end:	613	6,849	15,358

BORROWING AND INVESTMENTS

The municipality is not highly geared and able to meet its long term obligations. The long term loans decreased over last year, with employee benefits and provisions being raised as per GRAP standards.

Actual Borrowings

Actual Borrowings: 2009/10 to 2012/13			
R' 000			
Instrument	2010/11	2011/12	2012/13
Municipality			
Long-Term Loans (annuity/reducing balance)	3,784,099	3,687,8	
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	2,734,746	1,445,0	
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	6,518,846	5,132,889	

Municipal Investments

Municipal Investments			
R' 000			
Investment* type	2010/11	2011/12	2012/13
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	6,563,75	1,287,26	
Deposits - Public Investment			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other	82,114	79,086	
Municipality Total	6,645,	6,645,86	

SUPPLY CHAIN MANAGEMENT

The Supply Chain Unit consists of one official only and as such is not regarded as being functional as per section 155 of the MFMA. The Supply Chain Policy should be reviewed to ensure compliance with S112 of the MFMA. During the period of administration, no bid committees were established and this contributed to non-compliance with SCM procedures and irregular expenditure. Contracts were concluded with some suppliers without following the related bid procedures, further contributing to irregular expenditure.

Supply Chain Non-Compliance	2013	2012
Unauthorised Expenditure	519,743,649	519,743,649
Fruitless Expenditure	525,966	849,082
Irregular Expenditure	164,046,667	133,071,845

GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

GRAP 25 Employee benefits
Unknown

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated and for early adoption of the GRAP 104 and the accounting policy based on the GRAP 25. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 –
Inventories

GRAP 16 –
Investment Property

GRAP 17 –
Property, Plant and Equipment

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

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.