



# ANNUAL REPORT

## 2012/13

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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**

## 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



## 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

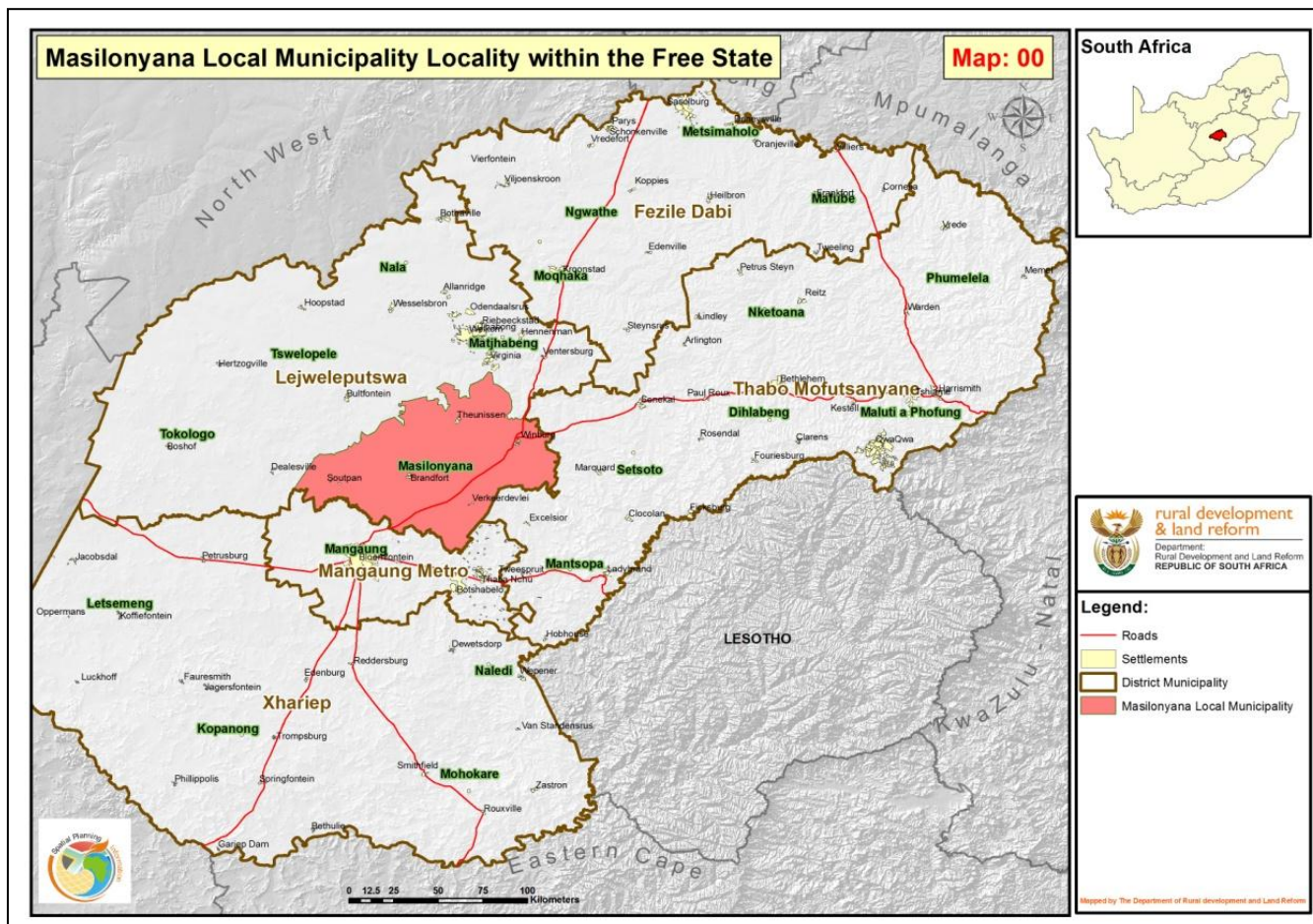
- Mining dominates GDP at (24%)
- Agriculture (17%)
- Community Services (13%)
- Manufacturing/retail are small contributors who need a new injection and focus
- Low household incomes.

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.

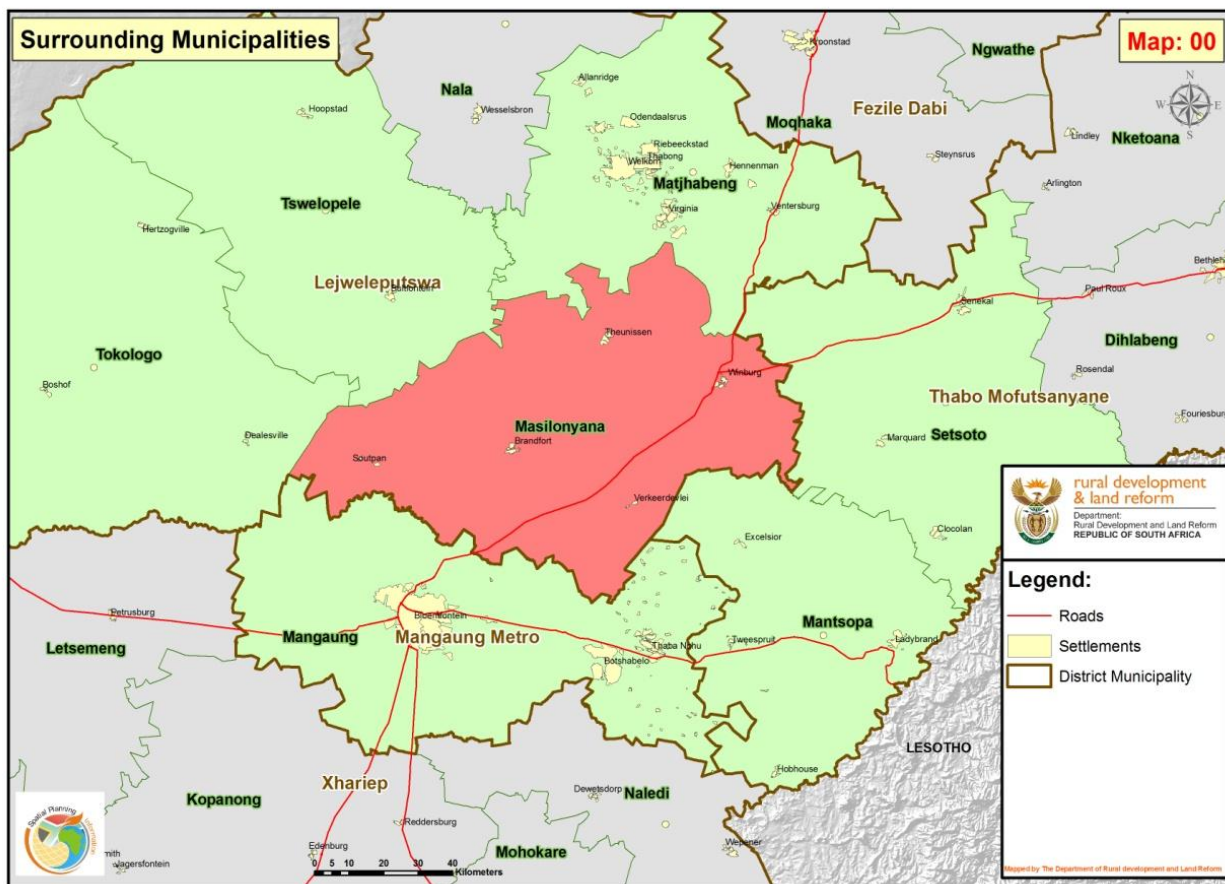
Masilonyana Local Municipality is situated in the Free State which is one of the nine provinces in South Africa. The Free State province is situated in the centre of South Africa, making it one of the most accessible provinces due to its location in respect of the rest of South Africa. The Free State 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.

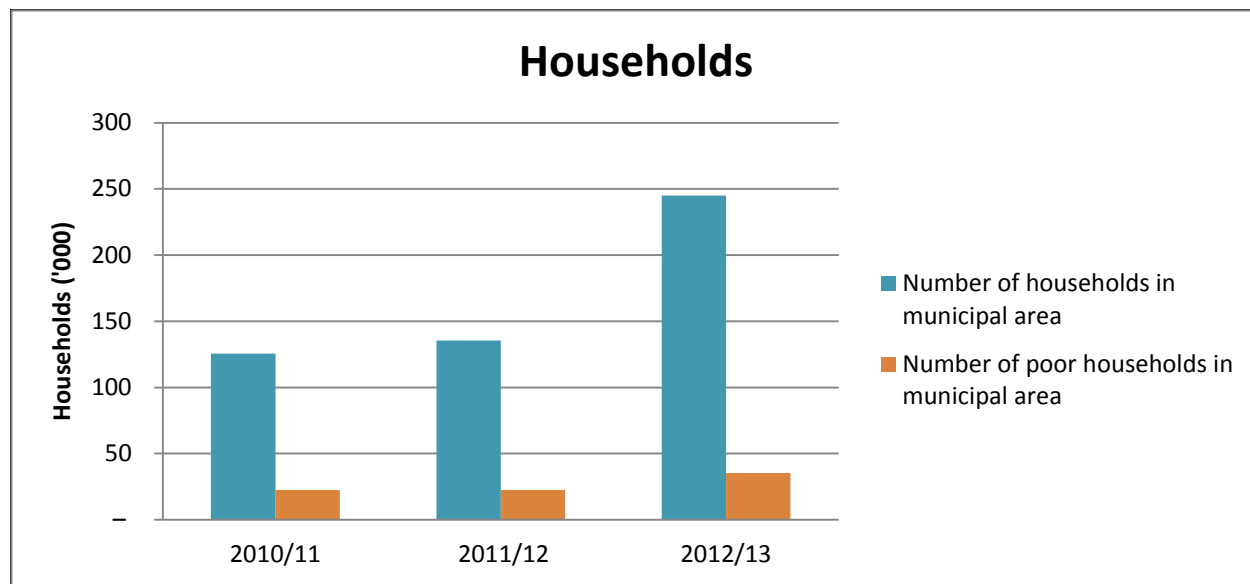


**Soutpan/ Ikgomotseng:** Soutpan is a very small town that was established due to the existence of salt in the immediate surroundings of the town. The town is still producing a vast amount of salt and the current inhabitants of Soutpan are employed by the salt production industry.

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 Census2001, 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%)

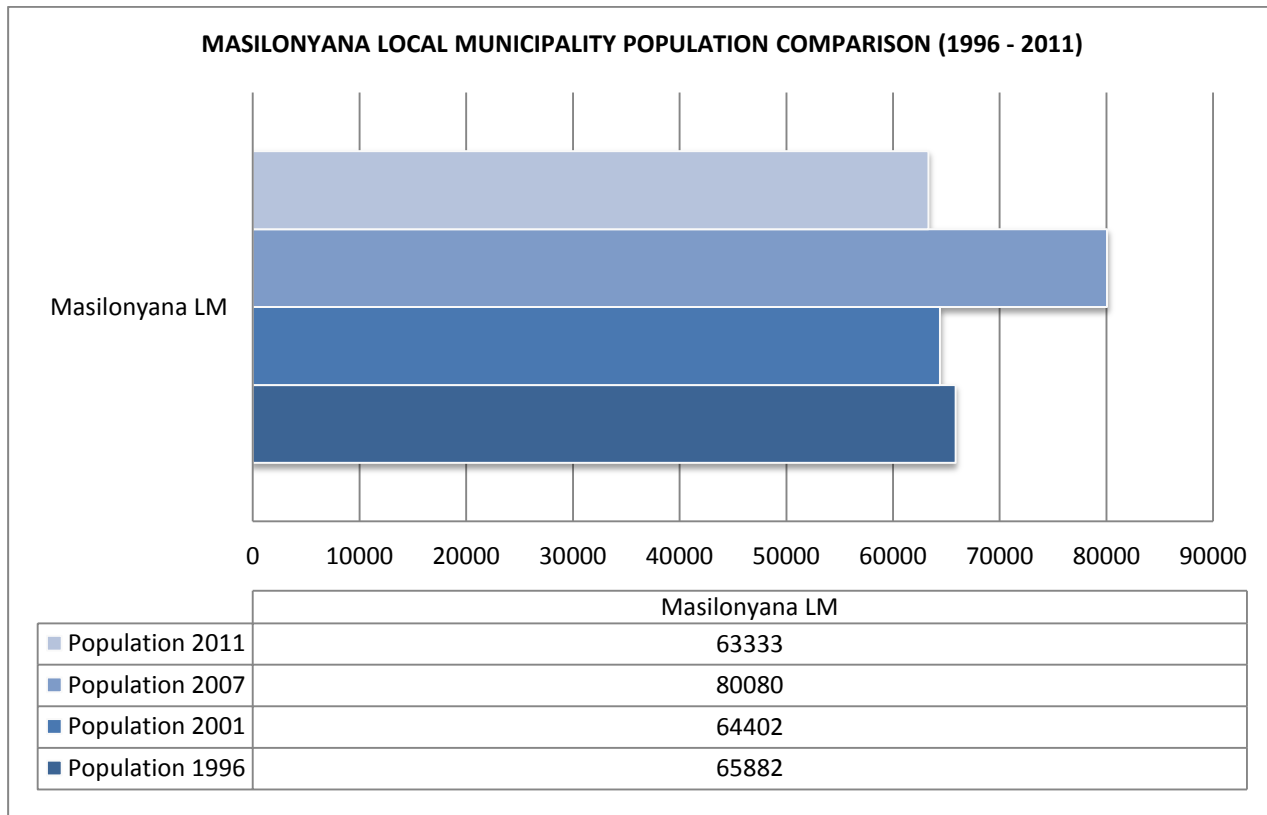
### Racial distribution of population

	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

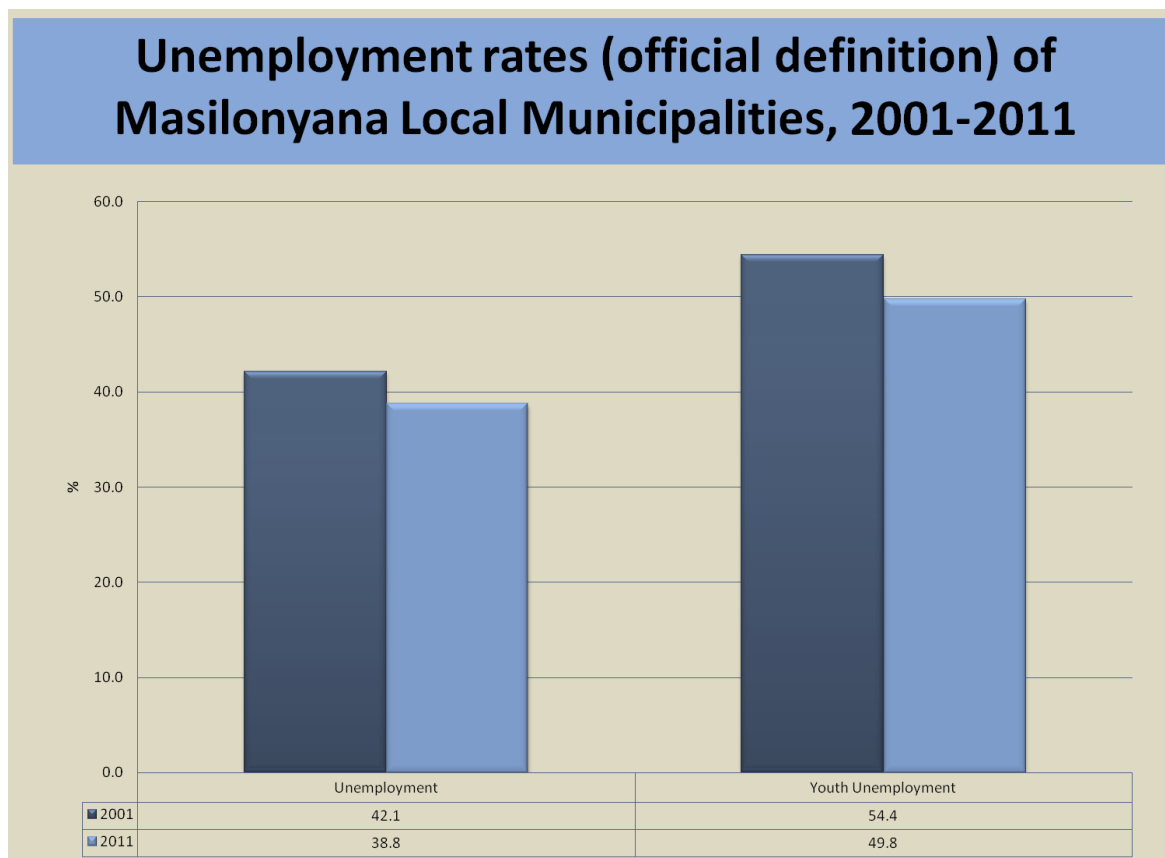
	Census 2001		CS2007		Census 2011	
0– 4 years	6	9.5	-	-	6	10.9
5– 14 years	13	20.3	-	-	11	18.9
15– 34 years	23	36.8	-	-	21	34.4
35-64 years	18	28.1	-	-	19	30.0
65 years and older	3	5.4	-	-	3	5.8

## Population of Masilonyana



Source: Census Statistics 1996 –2011

## Employment, Age and Population Statistics



*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

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

### 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			
			R' 000
Details	Original Budget	Adjustment Budget	Actual
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
<b>Net Total*</b>	<b>24 578 305</b>	<b>19 066 451</b>	<b>28 233 681</b>



## 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 depreciation/ impairment costs.



## Capital Expenditure

Capital Expenditure	2013	2012	2011
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>

## **1.4 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.



## 1.5 AUDITOR GENERAL'S REPORT

Please see the attached AG's Report for details.

## 1.6 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	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

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's/Entity's Website</b>	<b>Yes/No</b>	<b>Publishing Date</b>
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>		



## **PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

### **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 S.J 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 STRUCURE

<i>PHOTOS</i>	
FUNCTION	
<b>MAYOR:</b> K.S Koalane	<i>Overall political responsibility for sound governance and service delivery</i>
<b>SPEAKER:</b> S.J Mabitla	<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>EXCUTIVE SUMMARY:</b>	
<ul style="list-style-type: none"> <li>• Councillor KSKoalane</li> <li>• Councillor MEModise</li> <li>• Councillor Tsoaela</li> <li>• Councillor PTBotha</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 this 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 this 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 complements 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 between the municipality and communities and represent the aspirations, and needs of the community.

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

## 2.6 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 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.

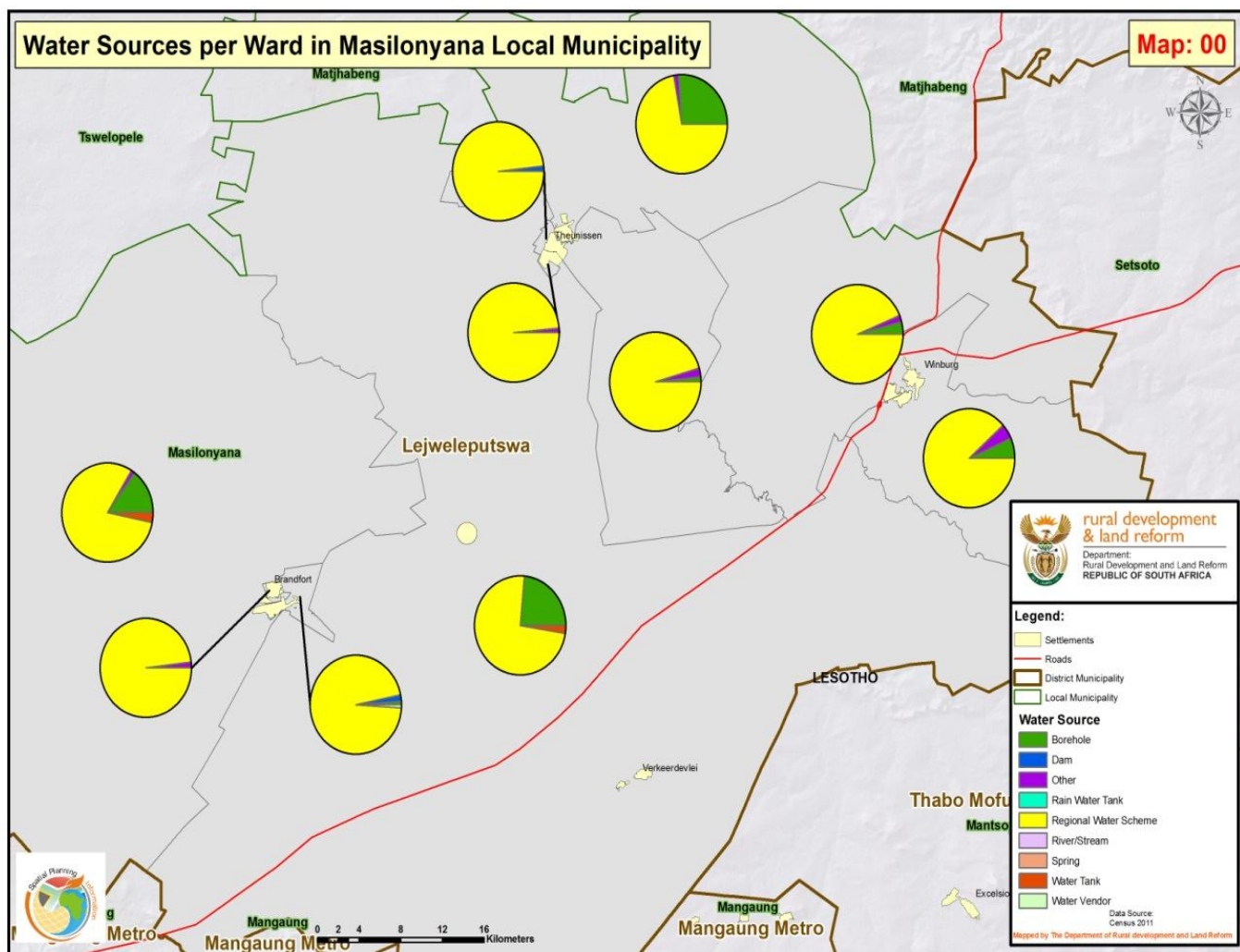
The Brandfort water treatment plant phase1 had been upgraded. A business plan for phase2 has been submitted to MIG for funding.

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**

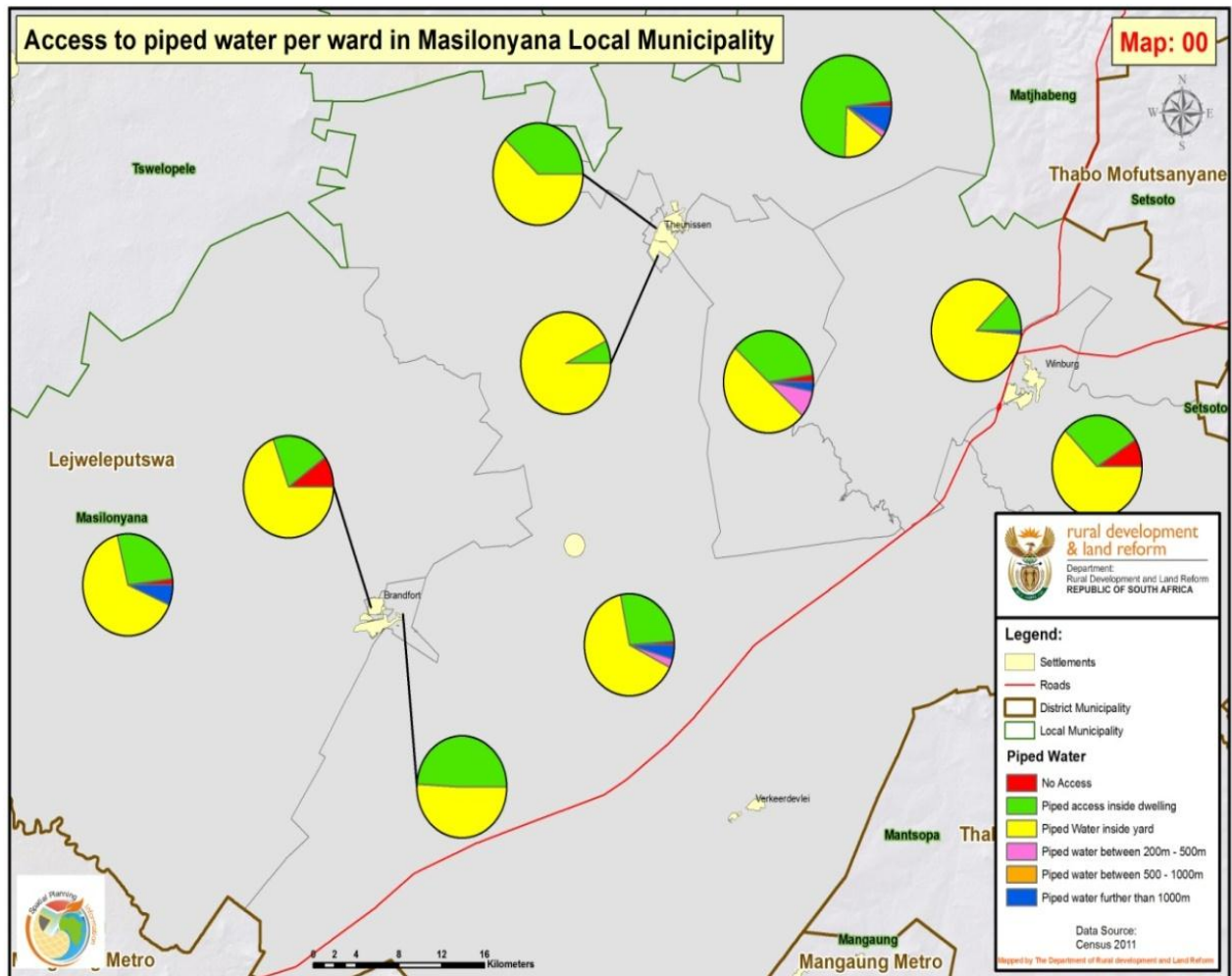
The municipality performed badly and a budget had been put aside to correct this situation. The municipality continues to perform below set standards as per the Department of Water Affairs requirement.

## 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 water was unable to be measured due to the unavailability meters.

## WATER SERVICE DELIVERY LEVELS

Water Service Delivery Levels				
Description	Households			
	2009/10 Actual No.	2010/11 Actual No.	2011/12 Actual No.	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(within200mfromdwelling)				
- Other water supply(within200m)				
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 than200m from dwelling)	1183	1183	1000	1000
-Other water supply (morethan200mfromdwelling)				
-No water supply				
Below Minimum Service Level sub-total.	7%	7%	6%	6%
Below Minimum Service Level Percentage				
	1183	1183	17548	17548
<b>Total number of households*</b>				



## WATER SERVICE OBJECTIVES TAKEN FROM 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
<b>Functional water treatment works producing quality potable water</b>	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
<b>Replaced asbestos water pipe network</b>	Old asbestos water pipes	Strive towards providing/Supplying quality drinking water	Payment of retention		
<b>Water network with functional Isolation valves</b>	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	2012/13				
	Actual	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>
Expenditure:					
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>
<i>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.</i>					



## CAPITAL EXPENDITURE- WATER SERVICES

Capital Expenditure 2012/13:Water Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	18015555	6398425	44071775	59	44071775
Upgrading of water purification plant Brandfort/Majwemasweu	480000	1320501	13058531	96%	13058531
Installation of 3720 water metres, 2 zone metres and 5 bulk water metres Theunissen/Masilo	5604000	1857230.64	10013760	44%	10013760
Installation of 505 domestic water metres, 2 zone metres and 5 bulk water metres Verkeerdevlei/Tshepong	75000	299660.00	1722540	95%	1722540
Installation of 2719 water metres, 3 zone water metres and 5 bulk water metres Brandfort/Majwemasweu	3473755	1042263.59	7503252	14%	7503252
Installation of 1027 water metres, 2 zone water metres and 5 bulk water metres Soutpan/Ikgomotseng	2739400	228010	3259716	16%	3259716
Installation of 3122 water metres and 3 zone metres	5643400	1920455	8513976	34%	8513976
<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
	40	40	40	40
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>	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>*Total number of households including informal settlements</b>				



## HOUSE HOLDS- SANITATION DELOIVERY LEVELS BELOW THE MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Description	2009/10	2010/11	2011/12	2012/13		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	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



## SANITATOIN 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
<b>Final planning and designs of the WWTW to be upgraded</b>	Overloaded WWTW	Develop & Submit Business Plan	Registered project & conclude tender process		
<b>2265 Flushing toilets</b>	Eradicate bucket system	Ensure equitable access to sanitation services			
<b>400 Flushing toilets</b>	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					
	2011/12	2012/13			
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 224 197	322 4197	21 557 331	85%	47 271 331
Theunissen/Masilo: bucket eradication for 1140 erven (+ 53 toilets from savings)	6 629	6 629	12 260 000	99%	12 260 000
Winburg/Makeleketla: Eradication of 1261 buckets	3 110 408	3 110 408	28 57963	-9%	28 571 963
Soutpan/Ikgomotseng: Eradication of 400 buckets	107 160	107 160	6 439 368	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.
<u>Energy:</u> (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%
<u>Energy:</u> (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>	16961	16961	17548	<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	2012/13		
	No.	No.	No.	Original Budget No.	Adjusted Budget No	Actual 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
<b>Provide street lighting for all towns within MLM</b>	Dysfunctional street lights	Installation of High-mast lights for all the five towns	Registered the project & conclude tender process		
<b>Electricity supply to formal households</b>	Electricity backlogs	Address all identified electricity supply to HH's	All formal HH's are provided with electricity		
<b>Increase current electricity capacity</b>	Stretched or strained electricity capacity	Increase current electricity capacity	Submit Application to DOE		



## FINANCIAL PERFORMANCE – ELECTRICITY SERVICES

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

## 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
<b>TOTAL</b>	20 354.33	20 354.33	450 000.00	95%	450 000.00
Masilonyana: Installation of 6 Highmast lights for all the five towns	20 354.33	20 354.33	450 000.00	95%	450 000.00
<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 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 Using own refuse dump Other rubbish disposal No rubbish disposal Below Minimum Service Level sub-total Below Minimum Service Level Total number of households			1 0716 270	1 6005500
			8736	2
			49.7%	12.4%
			<b>17575</b>	<b>17575</b>



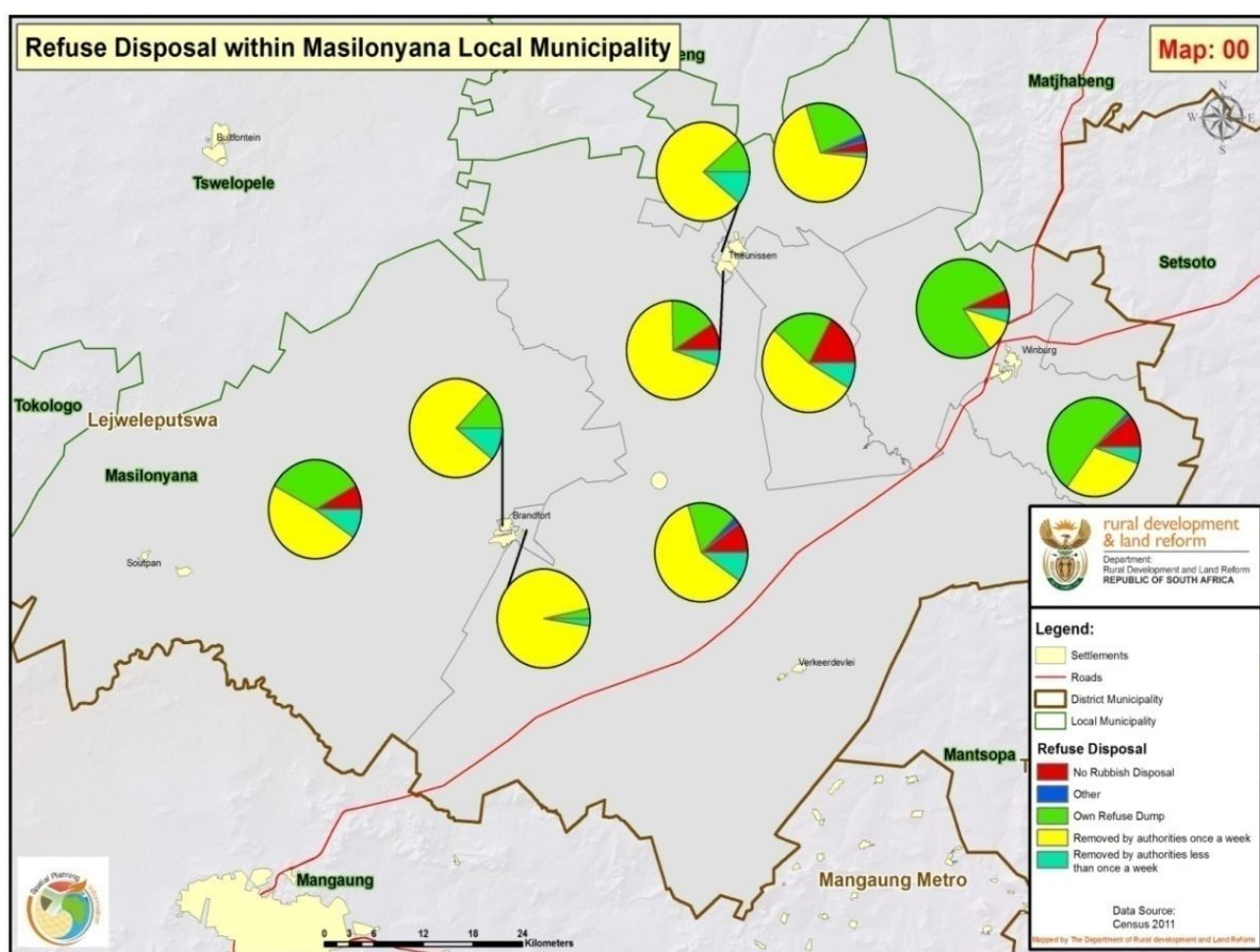
## WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP/SDBIP

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

2011/12			2012/13		
Job Level	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					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1272010	1272010	3 618036	65%	3 618036
Brandfort/Majwemasweu: Upgrading of the Waste Disposal Site	1272010	1272010	3 618036	65%	3 618036
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

### 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			
Yearend	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

i			2012/13		
Job Level	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					
TOTAL					

## FINANCIAL PERFORMANCE-HOUSING SERVICES

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

## CAPITAL EXPENDITURE-HOUSING SERVICES

Capital Expenditure 2012/13: Housing Services					
	2012/13				
Capital Project	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 register 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
<b>Equitable access to recreational facilities</b>	Unequal access	Provide equal access to recreational facilities	Maintain sports facilities		
			User-friendly library service		
			Cleaned all parks		
			Manage & monitor utilization of community halls & other facilities		
Maintain recreational facilities	No plan	Develop maintenance plan			

## 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

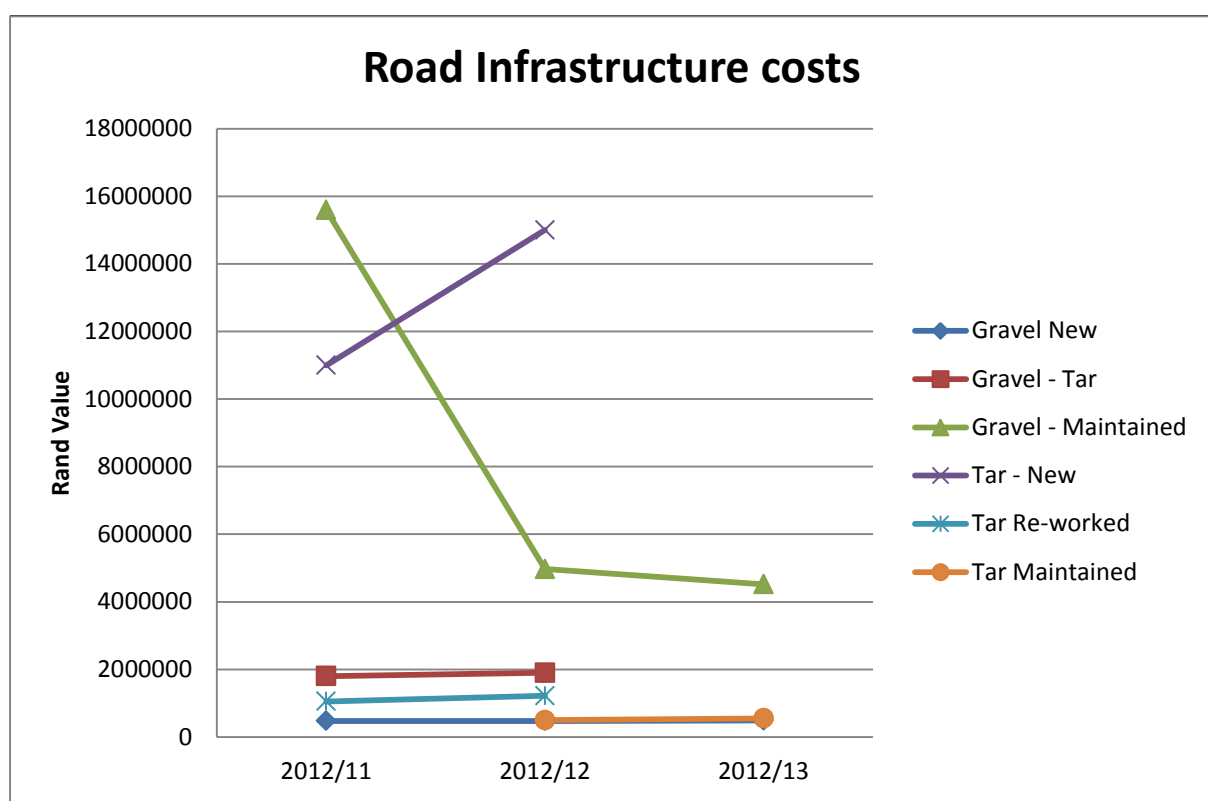
#### TARRED ROAD INFRASTRUCTURE

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						
		Grave		Tar		
	New	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
<b>Maintain municipal roads</b>	Potholes on major roads	Reseal all potholes on major roads	Implemented EPWP to patch potholes	Limited financial resources	Compiled close-out report
<b>Develop new roads</b>	Gravel roads	Construction of residential distributor roads & storm-water	1km tarred		



## EMPLOYEE ROAD SERVICES

Employees: Roads Service					
2011/12			2012/13		
Job Level	Employees	Posts	Employees	Vacancies (Full time Equivalents)	Vacancies(as a % of total post)
	No	No	NO	No	
0 - 3		76	20	50	66%
4 - 6	10	24	10	14	58%
7 - 9		3	0	3	100%
10-12	3				
13 -15		5	4	1	20%
16 - 18					
19 - 20					
Total					

## FINANCIAL PREFORMANCE \_ ROAD SERVICES

Financial performance 2011/12: Roads Services					
Details	2011/12	2012/13			
	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	15,896,64	1,897,016	1,897,016	16,938,72	- 15,041,736
<b>Net Operational Expenditure</b>	<b>15,896,64</b>	<b>1,897,016</b>	<b>1,897,016</b>	<b>16,938,2</b>	<b>5,041,736</b>



## CAPITAL EXPENDITURE 2012/13: ROADS SERVICES

Capital Expenditure 2012/13 Sanitation Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	238820		13778757	98%	13778757
Winburg/Makeleketla: Construction of 0.8km residential distributor streets	112 403	-	599 604	98%	5 996 040
Winburg/Makeleketla: Construction of 1,5km residential distributor streets phase	1 26 417	-	13 179 153	99%	13 179 153
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					



### **3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)**

This function is not performed by the Municipality.

### 3.9 WASTE WATER (STORM WATER DRAINAGE)

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.

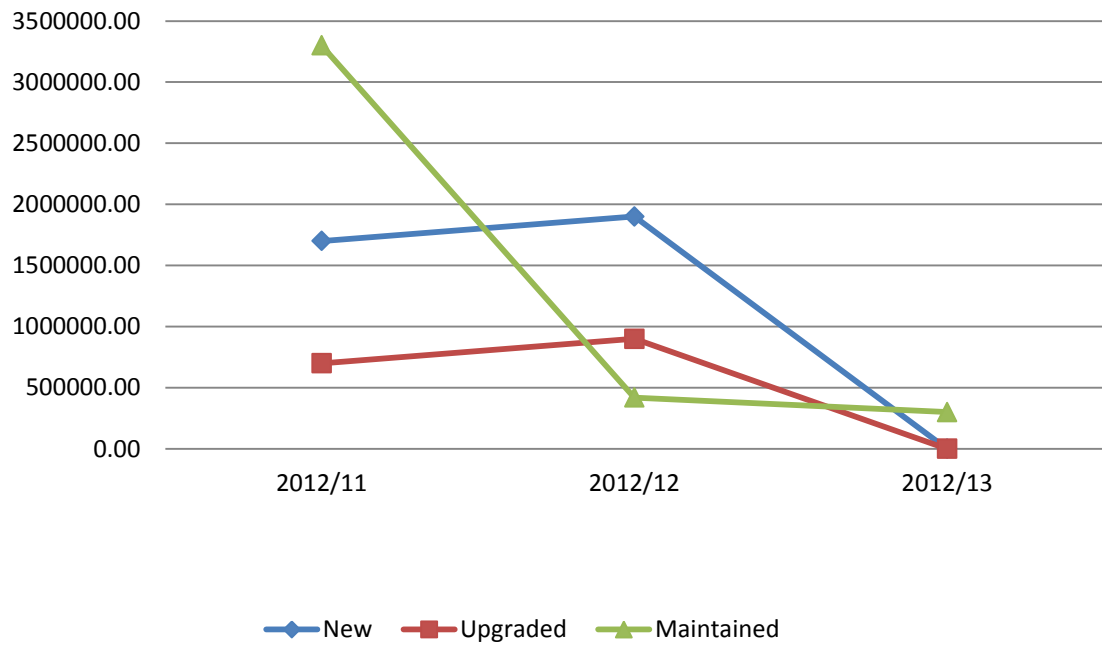
The road network is not very good and the municipality prioritise the projects to address the water and sanitation due to the high backlog. R8 million projects had been implemented in Soutpanand, Verkeerdevlei and another one was implemented in Winburg to address the road and storm water challenges

Storm water Infrastructure				Kilometre
	Storm Water Measures	New Storm Water Measures	Storm Water Measures Upgraded	Storm Water Measures Maintained
2010/11	129 km	0	0	5km
2011/12	129 km	0	3 km	20km
2012/13	131 km	0	0	10km

Cost of Construction/Maintenance			
Storm Water Measures			
	New	Upgraded	Maintained
2010/11	1700000	700000	3300000
2011/12	1900000	900000	420000
2012/13	-	-	300 000



### Stormwater infrastructure costs





## STORM WATER 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
Functional storm water drainage		R3,188,007	Complete	Poor workmanship due to EPWP	Appoint a sub-contractor with capacity to train our labour



## EMPLOYEES- STORM WATER SERVICES

Employees- Storm 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	5	71	19	52	73%
4-6	0	29	19	10	34%
7-9	0				
10-12	1	10	6	4	40%
13-15					
16-18					
19-20					
Total					

## FINANCIAL PERFORMANCE: STORM WATER SERVICE

Financial performance : Storm Water Service				
Details	2012/13			
	Actual	Original Budget	Adjustment Budget	Variance to Budget
<b>Total Operational Revenue:</b>	<b>18 286 322</b>	<b>161 885</b>		11%
<b>Expenditure:</b>				
Employees	3 61222	48 935		86%
Repairs and Maintenance	-	-	-	-
Other	-	-	-	-
Total Operational Expenditure	3 612 22	48 935		86%
<b>Net Operational Expenditure</b>	<b>179 251</b>	<b>112 951</b>		37%

## Capital Expenditure: Storm Water Services

Capital Expenditure 2012/13: Storm Water Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Upgrading of storm water drainage Winburg/Makeleketla	140000	140000			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Rezoning	
	2011/12	202/13	2011/12	2012/13	2011/12	2012/13
Planning application received	1	0	0	1	52	40
Determination made in year of receipt	0	0	0	0	48	32
Determination made in following year	0	0	0	0	4	17
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	1	0	0	1	4	17



## PLANNING 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
Review integrated development plan	2011/12 IDP	Develop process plan			
		2013 budget approved by council in an ordinary council setting	2013 approved by council in an ordinary council setting		
		Ensure public participation	Public was notified & requested to submit verbal or written representation		
Review service delivery budget implementation plan		Submit SDBIP to the mayor 14 days after approval of IDP & Budget	Submitted to the mayor		



## EMPLOYEE SERVICES- PLANNING SERVICES

Employees-Planning 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					
4-6		1		1	100%
7-9					
10-12	1	1		1	100%
13-15		1	2	1	100%
16-18					
19-20					
Total					

## FINANCIAL PERFORMANCE: PLANNING SERVICE

FINANCIAL PERFORMANCE :PLANNING SERVICE					
	2011/12	2012/13			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue:</b>					
<b>Expenditure:</b>					
Employees					
Repairs and Maintenance					-
Other					-
Total Operational Expenditure					
<b>Net Operational Expenditure</b>					

The was no revenue nor expenditure realised

## CAPITAL EXPENDITURE PLANNING SERVICES

Capital Expenditure 2012/13: Planning Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

No major capital projects were budgeted for in the 2012/13 financial year

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component encompasses: libraries; community halls; cemeteries; special programmes,

### 3.11 LIBRARIES

#### SERVICE STATISTICS FOR LIBRARIES:

	Membership
2010/11	24 995
2011/12	25 044
2012/13	25 166

#### Employee-Libraries

Employees- Libraries 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	4	6	4	2	33%
4-6	4				
7-9		10	5	5	10%
10-12					
13-15					
16-18					
19-20					
Total					



## FINANCIAL PERFORMANCE \_LIBRARY SERVICES

Financial performance 2011/12: Library Services					
	2011/11	2013			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		(48 020)	(48 020)		
Expenditure:					
Employees	1 080 400	1 080 400	1 080 400	1 955 225	
Repairs and Maintenance					
Other					
Total Operational Expenditure	1 080 400	1 080 400	1 080 400	1 955 22	
<b>Net Operational Expenditure</b>					

## CAPITAL EXPENDITURE-LIBRARY SERVICES

Capital Expenditure 2012/13: Library Services					
	2012/13				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Brandfort Construction of sports centre	1523856	1523 856	18132858	92%	
Winburg Construction of sports centre	5338274	5338274	7401208.00	28%	
Construction of Soutpan community hall & sport complex	314524	314524			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

### 3.12 CEMETORIES AND CREMATORIUMS

#### NUMBER OF CEMETERIES

NUMBER OF CEMETERIES	
	NUMBER
THEUNISSEN	5
WONDBURG	5
BRANDFORT	5
VERKEERDEVLEI	3
SOUTPAN	3
<b>TOTAL</b>	<b>21</b>

#### NUMBER OF CEMETERIES OPENED

NUMBER OF CEMETERIES OPENED DURING THE 2012/13	
	NUMBER
THEUNISSEN	352
WONDBURG	152
BRANDFORT	211
VERKEERDEVLEI	100
SOUTPAN	30
<b>TOTAL</b>	<b>845</b>



## EMPLOYEES- CEMETERIES SERVICES

Employees- Cemeteries 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	10	10	1	9	90%
4-6		15	6	9	60.0%
7-9	5				
10-12			2	2	
13-15					
16-18					
19-20					
Total		15	9	20	150%

## **COMPONENT D: ENVIRONMENTAL PROTECTION**

### **3.13 BIO-DIVERSITY: LANDSCAPE**

This function is not performed by the municipality

## **COMPONENT F: HEALTH**

This component includes: clinics; ambulance services; and health inspections.

### **3.14 CLINICS**

The Municipality does not perform the above function.

### **3.15 AMBULANCE SERVICES**

The Municipality does not perform the above function.

### **3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION**

The Municipality does not perform the above functions.

## COMPONENT G: SECURITY AND SAFETY

This component includes only traffic police; the fire and disaster management, functions are performed by the District.

### 3.17 POLICE

#### Police Service Data

Traffic Police Service Data				
	2010/11	2011/12		2012/13
	Actual No.	Estimate No.	Actual No.	Actual No.
Number of road traffic accidents during the year	11	8	4	2
Number of by-law infringements attended	6	5	1	1
Number of police officers in the field on an average day	1	1	1	1
Number of police officers on duty on an average day	1		1	1



## EMPLOYEES-POLICE SERVICES

Employees-Police 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		2	5	3	150%
4-6		46		46	100%
7-9		6		6	100%
10-12	1	3		3	100%
13-15					
16-18					
19-20					
Total					



## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### INTRODUCTION TO CORPORATE POLICY OFFICES, Etc.

*-This is not the municipality's competency*

### 3.24 EXECUTIVE AND COUNCIL

**This component includes: Executive office (mayor; councillors; and municipal manager).**

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The executive is established in terms of chapter 4 of the Internal Structures and functionaries (ss 42-82) and Part 1 of Executive committees (ss 42-53) of the Local Government Municipal Structures Act 117 of 1998. An Act which regulates the establishment of an executive with regards to certain types of municipalities. It is composed of 8 (eight) members of the Mayoral committee each member of the committee chairs a section 80 committee. Refer to Appendices A.

The duty of the Executive is to assist the executive Mayor in the execution of her duties and also to attend to responsibilities assigned to them by the Executive Mayor.

The municipal Council is established in terms of Section 157 (1) of the Constitution and Section 22 (1) of the Local Government Municipal Systems Act. Which stipulates that council of the Metropolitan or Local consists of councillors elected in accordance with schedule 1? It is composed of the Speaker of council who presides at meetings of the council and must ensure that council meets at least quarterly, the Chief Whip who is appointed by council and has to ensure that councillors attend to their Duties and account to their constituencies and gives political management of council meetings and councillors elected in terms of schedule 1.

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Councillors attend to different initiatives as per their programmes or those emanating from both National or Provincial spheres of government. Programmes differ from health, education environment, local economic development etc. through Private Partnerships; a few projects have been established with a view of fighting poverty and bettering the lives of our people.

**Employee: Executive and Council**

<b>Employees: The Executive and Council</b>					
<b>Job Level</b>	<b>2011/12 Employees No.</b>	<b>Post No</b>	<b>2012/13 Employees No.</b>	<b>Vacancies (fulltime equivalents) No.</b>	<b>Vacancies (as a % of total Costs) %</b>
0-3		0	0		
4-6		2	2		
7-9		5	5		
10-12		5	5		
13-15		2	2		
16-18					
19-20					
<b>Total</b>		<b>14</b>	<b>14</b>		

**Financial Performance**

<b>Financial performance Year 2013/13: The Executive Council</b>					
	<b>2011/12</b>	<b>2012/13</b>			
<b>Details</b>	<b>Actual</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue:</b>	<b>35 688 741</b>	<b>41 032 500</b>	<b>41 032 500</b>	<b>41 032 500</b>	
<b>Expenditure:</b>					
Employees	4 804 107	4 407 754	4 020 000	4 407 754	
Repairs and Maintenance	-	-	-	-	-
Other	5 756 753	5 852 292	5 942 40	5 876 446	
<b>Total Operational Expenditure</b>	<b>10560860</b>	<b>10260046</b>	<b>9 962 400</b>	<b>10284199</b>	
<b>Net Operational Expenditure</b>	<b>25127881</b>	<b>30772454</b>	<b>42954900</b>	<b>-30748301</b>	

Capital Expenditure Year 2012/13: The Executive Council					
	2012/13				
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



### 3.25 FINANCIAL SERVICES

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2012		2013			2014	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	12 91991			5 948 186	60.91 %		
Water-B				5 097 935			
Water-C	12,831,64			3 811 028	51.11 %		
Electricity-B	16 472834			1 481 316			
Electricity-C				10 326 268			
Sanitation	12,949,621			9 656 620			
Refuse	6,358,152			4 623 471			
Other							

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

## Financial Service Policy Objectives Taken From IDP

Key Performance indicators	Baseline: 2011/12	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Submission to the Office of the Auditor General and to Treasury by 31 August 2010	2011/12 IDP	100%	100%		
% of GRAP compliant FMS implemented		30%	70%		
Various policies, in compliance with relevant legislative framework, must be adopted by Council and be implemented accordingly		40%	40%		
Expenditure management is as dictated in the MFMA		100%	40%		
% of Existing accounts screened and rectified (data cleansing/purification)		100%	100%		



**Employees: Financial Services**

<b>Employees: Financial Services</b>					
<b>Job Level</b>	<b>2011/12 Employees No.</b>	<b>Post No</b>	<b>2012/13 Employees No.</b>	<b>Vacancies (fulltime equivalents) No.</b>	<b>Vacancies (as a % of total Costs) %</b>
0-3		8	4		
4-6		19	16		
7-9		0	0		
10-12	24	16	10		
13-15	2	5	2		
16-18	1				
19-20					
<b>Total</b>	<b>27</b>	<b>48</b>	<b>32</b>		

**Financial Performance: Financial Services**

<b>Financial performance 2011/12: Financial Services</b>					
	<b>2011/12</b>	<b>2013</b>			
<b>Details</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	5 440 318	14 785 604	15 055 986	15 055 986	
<b>Expenditure:</b>					
Employees	4 756 045	6 092 490	6 122 490	6 122 490	
Repairs and Maintenance	5 076	365 143	214 700	199 674	
Other	9 875 895	9 443 110	10 474 760	11 340 926	
<b>Total Operational Expenditure</b>	<b>14637016</b>	<b>15900743</b>	<b>16811950</b>	<b>17663090</b>	
<b>Net Operational Expenditure</b>	<b>-9196698</b>	<b>-1115139</b>	<b>-1805964</b>	<b>-2607104 -</b>	



## Capital Expenditure: Financial Services

Capital Expenditure Year 2012/13: Financial Services					
2012/13					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



### 3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This section encompassed I information and technology services

#### Introduction to Information and Communication services

The Current IT environment is as follows:

#### - BUSINESS APPLICATIONS

Business Application			
Application	O/S	Vendor	Users
Pastel Evolution	Microsoft Operating system	SagePastel	27
PayDay	Microsoft Operating system	PayDay	3
Database	SQL 2008	Municipality	1
Municipal Billing	Microsoft Operating system	SagePastel	27

#### - INFRASTRUCTURE (SERVER/LAN/WAN)

SERVER/LAN/WAN	LOCATION	O/S	Application
IBM Server	Finance	Win Server 2008 std	Pastel Evolution Municipal Billing Terminal services Microsoft SQL 2008 MS Office 2003 Kaspersky antivirus Fingerprint access control software
HP Server	Municipal Manager's Office	Win Server 2008 r2	Kaspersky antivirus  Fingerprint access control software
Cable and wireless LAN/WAN	Finance	Microsoft Windows	Kaspersky antivirus  MS Office 2007/10/13
Wireless and cable LAN/WAN	Municipal Manager's Office	Microsoft Windows	Kaspersky antivirus  MS Office 2007/10/13



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Wireless and Cable LAN/WAN	Commando	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Human Resource	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Housing	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Wireless and Cable LAN/WAN	Corporate	Microsoft Windows	Kaspersky antivirus Ms Office 2007/10/13
Cable LAN/WAN	Winburg	Microsoft Windows	Kaspersky antivirus MS Office 2007/10/13
Cable LAN/WAN	Brandfort	Microsoft Windows	Kaspersky antivirus
VSAT and cable LAN/WAN	Soutpan	Microsoft Windows	Kaspersky 2012 MM Office 2007/10/13
3G, VSAT and cable LAN/WAN	Verkeerdevlei	Microsoft Windows	Kaspersky antivirus MM Office 2007/10/13



**SERVICE STATISTICS FOR ITC SERVICES**

**THE FOLLOWING ARE SERVICES MADE DURING 2012/13:**

- Installation of Software (both servers and workstations = 34)
- Repairs: 15
- Purchases: 9

**CHALLENGES INCURRED:**

1. ICT is under staff (only 1 person is servicing entire municipality)
2. ICT does not have enough resources (equipment and software)
3. Current network connection (Telkom VPN) is very slow
4. ICT Budget is decentralized
5. Website, Internet and VPN is not paid on time.
6. ICT Policies not yet approved by council



## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES Policy Objectives Taken From IDP

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
Organisational Structure reviewed & approved by Council					
PMS developed, approved and implemented					
HR policies to be reviewed, approved by Council and implemented					
Employment Equity Plan approved by Council					
Skills Development Plan approved by Council					
Local Labour Forum Meetings					



Employees: Information and Communication Technology (ict) Services

Employees: Information and Communication Technology (ict) 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					
4-6					
7-9					
10-12	24	1	1		
13-15	2				
16-18	1				
19-20					
Total	27	1	1		

Financial Performance: Information and Communication Technology (ict) Services

Financial performance Year 2013/13: : Information and Communication Technology (ict) Services					
Details	2011/12	2012/13			
	Actual	Actual	Original Budget	Adjustment Budget	Variance to Budget
<b>Total Operational Revenue:</b>	35 688 741	41 032 500	41 032 500	41 032 500	
<b>Expenditure:</b>					
<b>Employees</b>	4 804 107	4 407 754	4 020 000	4 407 754	
<b>Repairs and Maintenance</b>	-	-	-	-	-
<b>Other</b>	5 756 753	5 852 292	5 942 400	5 876 446	
<b>Total Operational Expenditure</b>	10560860	10260046	9 962 400	10284199	
<b>Net Operational Expenditure</b>	25127881	30772454	42954900	-30748301	



Capital Expenditure: Information and Communication Technology (ict) Services

Capital Expenditure Year 2012/13: Financial Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					



## Service Policy Objectives Taken From IDP

Key Performance indicators	Baseline: 2011/12	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or to be taken
Organisational Structure reviewed & approved by Council		30 August 2012	25%		
PMS developed, approved and implemented		31 December 2012	25%		
HR policies to be reviewed, approved by Council and implemented		8 Policies	-		
Employment Equity Plan approved by Council		-	-		
Number of Reports submitted to Council		30 November 2012	-		
Skills Development Plan approved by Council		30 August 2012			
Number of Training programmes		6	25%		



Number of Meetings		8	25%		
Number of Employees		-	-		
Number of Awareness Meetings		4	12.5%		
Policy approved by Council		1 Policy	-		
Workplace Skills Plan and Personal Development Plans		Plan & strategy developed & implemented	25%		
Employment Equity Plan and Strategy		Plan & strategy developed & implemented	-		



## Employees: Human Resource Services

Employees: Human Resource 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					
4-6		5	3		
7-9					
10-12	24	5	2		
13-15	2	1	0		
16-18	1				
19-20					
Total	27	11	5		

## Financial performance 2011/12: Human Resource Services

Financial performance 2011/12: Human Resource Services					
Details	2011/12	2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
<b>Expenditure:</b>					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>					

## Capital Expenditure Year 2012/13: Human Resource Services

Capital Expenditure Year 2012/13: Human Resource Services					
Capital Project	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					



### **3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

**This component includes: property; legal; risk management and procurement services**

## 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	
Mayor	3	
Speaker	6	
Municipal Manager	16	6
Corporate Services	18	15
Town Hall and Offices	18	13
Offices		11
Sport Facilities		4
Finance	35	30
Social & Community Services	11	4
Cemeteries	5	7
Libraries	10	13
Housing	6	3
Traffic	1	0
Security		2
Parks	26	21



**EMPLOYEE TOTALS, TURNOVER AND VACANCIES CONTINUED...**

<b>Department</b>	<b>Employees 2011/12</b>	<b>Employees 2012/13</b>
Refuse	51	50
Sewerage	49	40
Septic Tank/ Night Soil		22
Public Works	62	28
Water	29	43
Electricity	6	5
Technical Services	44	7
<b>Total</b>	<b>417</b>	<b>324</b>

## CHAPTER 5

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION

**Chapter 5** encompasses information regarding financial performance and highlights detail accomplishments carried out by the municipality using GRAP as guiding framework for reporting.

The chapter comprises of the following components:

- Component A: Statements of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

#### INTRODUCTION TO FINANCIAL PERFORMANCE

Based on the Financial Performance of the Municipality a deficit is reported for the fiscal year under review. This resulted to an unfavourable expenditure of employee costs and Remuneration of councillors. These costs have to be reduced in order for the municipality to recover the loss and meet intended objectives.

There's no analysis made on depreciation and impairments due to the fact that Assets are currently revaluated; hence comments on assets will be pending until a true valuation of assets is provided.



## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE						
R' 000						
Description	Year 2011/12	Current Year: 2012/13			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	14 455	10 359	10 359	15 075	31%	31%
Service charges	63 283 120	55 177 824	22 066	1 164	-4740263%	-1796%
Investment revenue	49 500	50	322	186	73%	-73%
Transfers recognised - operational	74 392 000	83 391	83 391	71 549	-17%	-17%
Other own revenue	3 399 579	12 907 689	137	25 417	-50684%	99%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>141 138 654</b>	<b>68 179 313</b>	<b>116 275</b>	<b>113 391</b>	<b>-60028%</b>	<b>-3%</b>
Employee costs	44 923 900	48 934 751	50 502	55 857 239	12%	100%
Remuneration of councillors	4 834 816	5 249 679	5 703	5 276 284	1%	100%
Depreciation & asset impairment	3 100 000	4 000 000	4 000	24 601 019	84%	100%
Finance charges	513 560	555	555	1 474 432	100%	100%
Materials and bulk purchases	23 575 000	30 736	26 950	28 185 051	100%	100%
Transfers and grants	10 649 392	-	-	120 467 462	-	-
Other expenditure	67 457 055	71 419 437	50 478	23 126 662	-209%	100%
<b>Total Expenditure</b>	<b>155 053 723</b>	<b>129 635 158</b>	<b>138 188</b>	<b>258 988 149</b>	<b>50%</b>	<b>100%</b>
<b>Surplus/(Deficit)</b>	<b>-13 915 069</b>	<b>-61 455 845</b>	<b>-21 913</b>	<b>-258 874 758</b>	<b>76%</b>	<b>100%</b>
Transfers recognised - capital	30 322	990	44 782 000			



STATEMENTS OF FINANCIAL PERFORMANCE continued...

STATEMENTS OF FINANCIAL PERFORMANCE						
						R'000
Description	2012/12	Current Year 2012/13			Year 1 : Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Contributions recognised - capital & contributed assets	-	750	-	-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	16 406 931	-59 716 102	44 760 087	-258 874 758	77%	117%
Share of surplus/ (deficit) of associate						
<b>Surplus/(Deficit) for the year</b>	16 406 931	-59 716 102	44 760 087	-258 874 758	77%	117%
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>	34	45	44			
Transfers recognised - capital	142	542	782			
	30 322 000	44	44			
		868	782			
Public contributions & donations	-	-	-	-	0%	0%
Borrowing	-	-	-	-	0%	0%
Internally generated funds	3820	675				
		45				
<b>Total sources of capital funds</b>	34 142	542	44 782 000	0		
<b><u>Financial position</u></b>						
Total current assets	15	24				
	623	434	18 883 000	78 923 759	69%	76%
Total non-current assets	104	138	138 217			
	641	217	000	572 022 050	76%	76%
Total current liabilities	61 707	62 717	62 717 000	54 614 189	-15%	-15%



<b>STATEMENTS OF FINANCIAL PERFORMANCE</b>						
<b>R'000</b>						
Description	2011/12	Current Year: 2012/13			Year 1 : Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Total non-current liabilities	9 646	6 922	6 922 000	20 759 867	67%	67%
Community wealth/Equity	48 912	93 012	87 433 000	0		
<b>Cash flows</b>						
Net cash from (used) operating	–	49 898 305	0	49 660 759	0%	100%
Net cash from (used) investing	–	(44 782)	0	-28 409 199	-58%	100%
Net cash from (used) financing	–	(2 724)	0	2 813 112	197%	100%
<b>Cash/cash equivalents at the year end</b>	–	2 392	0	4 716 294	49%	100%
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	5 097 000	10 649 8	5 097 000	0		
Application of cash and investments	56 594 (51 497)	256 2 392	16 614 000	0		
<b>Balance - surplus (shortfall)</b>			-11 517 000	0		
<b>Asset management</b>						



**STATEMENTS OF FINANCIAL PERFORMANCE continued...**

STATEMENTS OF FINANCIAL PERFORMANCE						
						R'000
Description	2011/12	Current Year: 2012/13			Year 1: Varrience	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Asset register summary (WDV)	101 340	134 916				
Depreciation & asset impairment	3 100	4 000	4 000 000	0		
Renewal of Existing Assets	-	-	0	0		
Repairs and Maintenance	7 288	7 674	7 675 000	0		
<b>Free services</b>						
Cost of Free Basic Services provided	0	10 068 918	10 068 918			
Revenue cost of free services provided	0	19 688 209	19 688 209			
<b>Households below minimum service level</b>						
Water:	0					
Sanitation/sewerage:	0					
Energy:	0					
Refuse:	0					



## FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES

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



**FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES CONTINUED...**

FINANCIAL PERFORMAMNCE OF OPERATIONAL SERIVICES						
DESCRIPTION	2011/12		2012/13			2012/13 ARRAINCE
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget %
<b>Component C: sub-total</b>						
Community & Social Services						
Environmental Protection						
Health Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
<b>Component D: sub-total</b>						
<b>Total Expenditure</b>						

## 5.2 GRANTS

### GRANT PERFORMANCE

GRANT						
Description	2011/12			2012/13		
	Actual	Budget	Adjusted Budgets	Actual	Budget	Adjusted Budgets
<b>National Government:</b>						
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				36 782 000	-	
Levy replacement						
Other transfers/grants	1,589		1,250			
<b>Provincial Government:</b>						
Health subsidy Housing	81,900		(81,900)			
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants[insert description]						
<b>District Municipality:</b>						
<b>Total Operating Transfers and Grants</b>						



## 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
<b>Parastatals</b>						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
<b>Private Sector/Organisations</b>						
A-"Project1"						
A-"Project2"						
B-"Project1"						
B-"Project2"						
<i>Provide a comprehensive response to this schedule</i>						

### Comment

The municipality did not receive any other grants for the financial year under review



### 5.3 MANAGEMENT TREATMENT OF THREE LARGEST ASSET ACQUIRED IN 2012/13

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2012/13				
Asset1				
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				
Asset2				
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				

Asset3				
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				

#### Comment on Three Largest Assets acquired

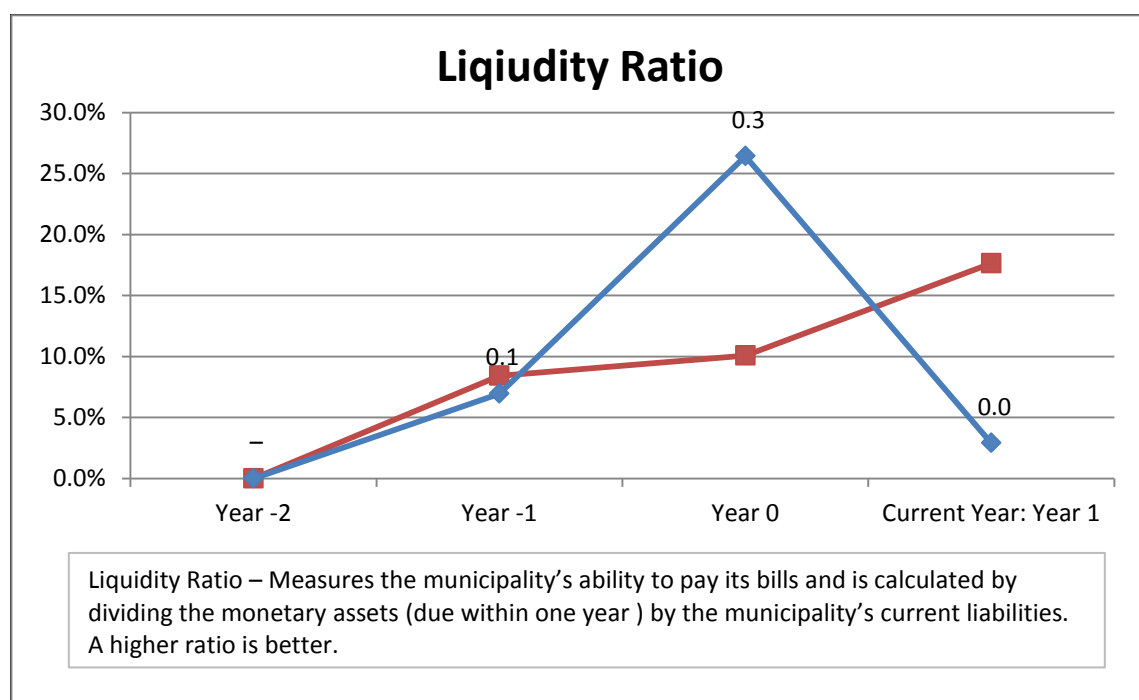
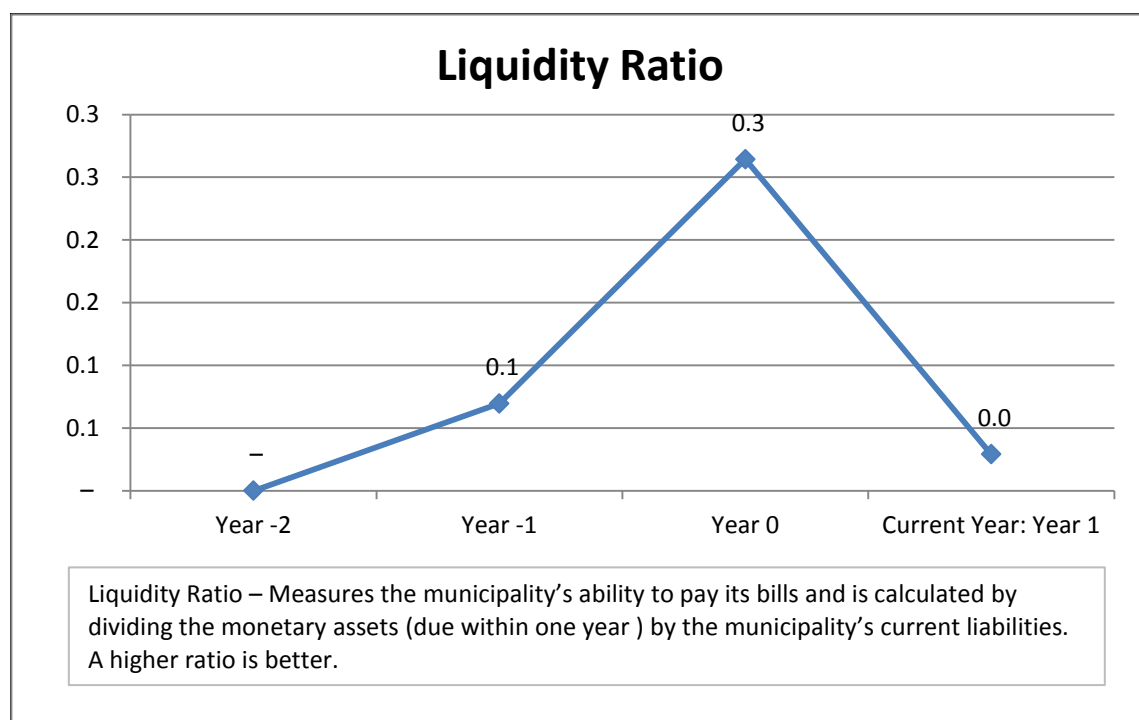
The municipality is currently in the process of asset verification and valuation

### REPAIRS AND MAINTANANCE

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

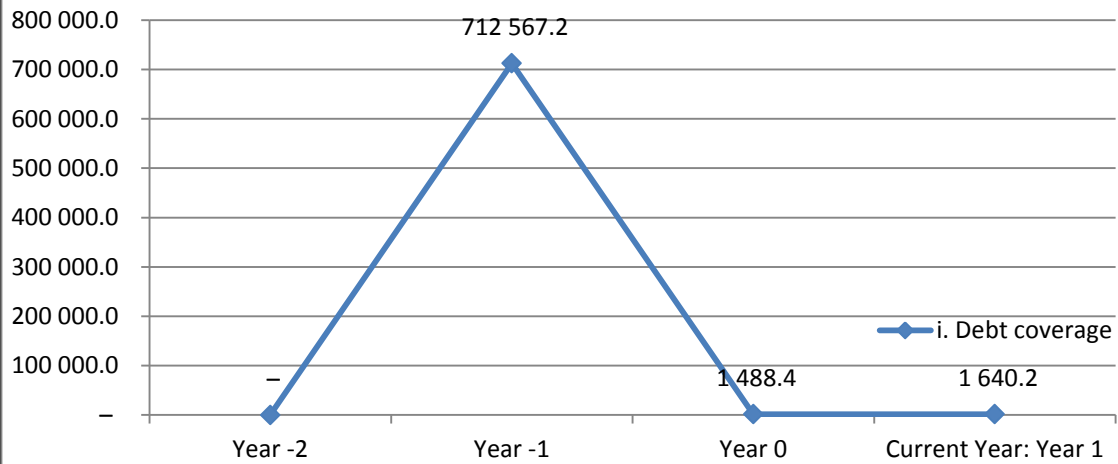


## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



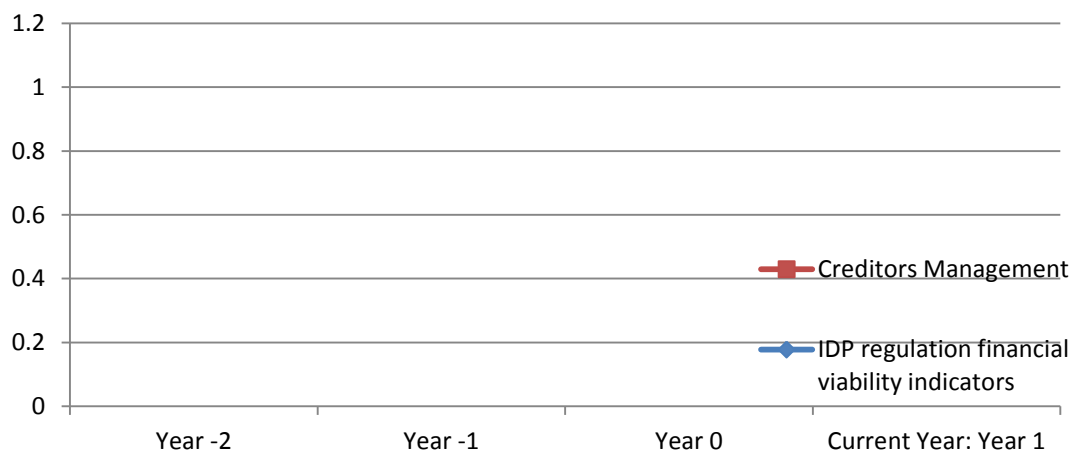


## Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

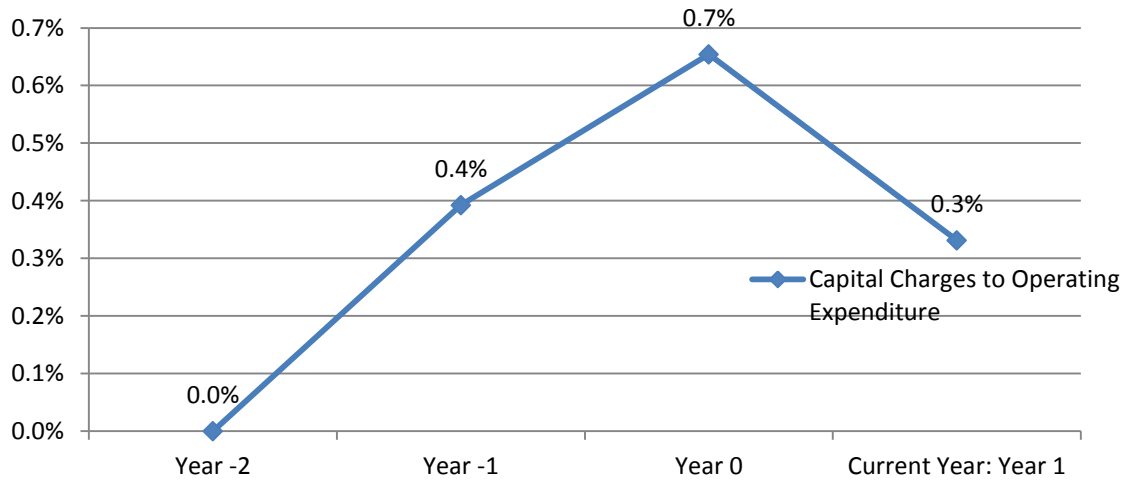
## Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

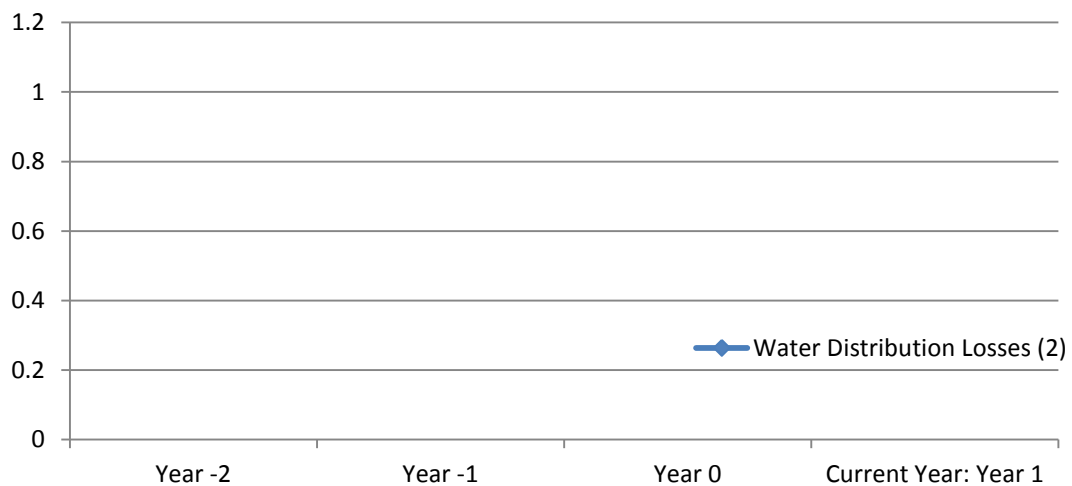


## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

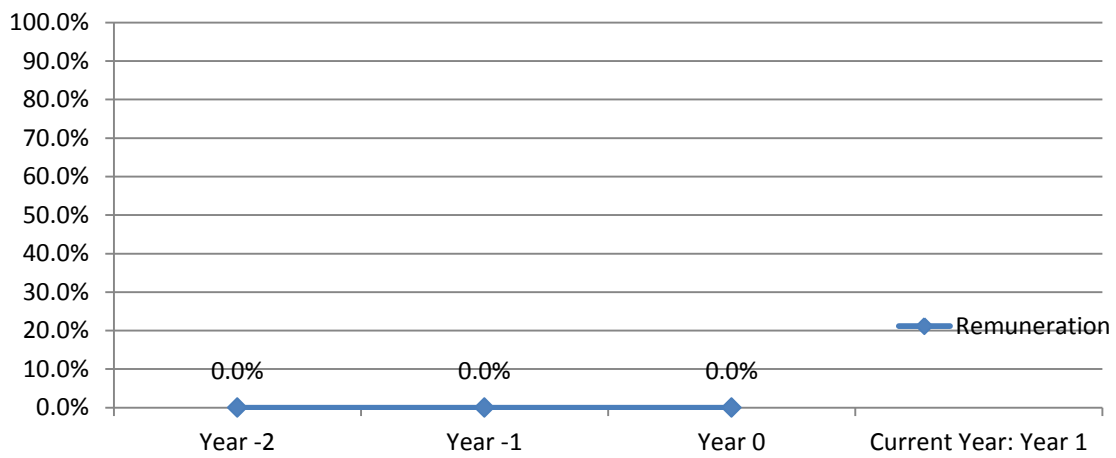
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.



## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.



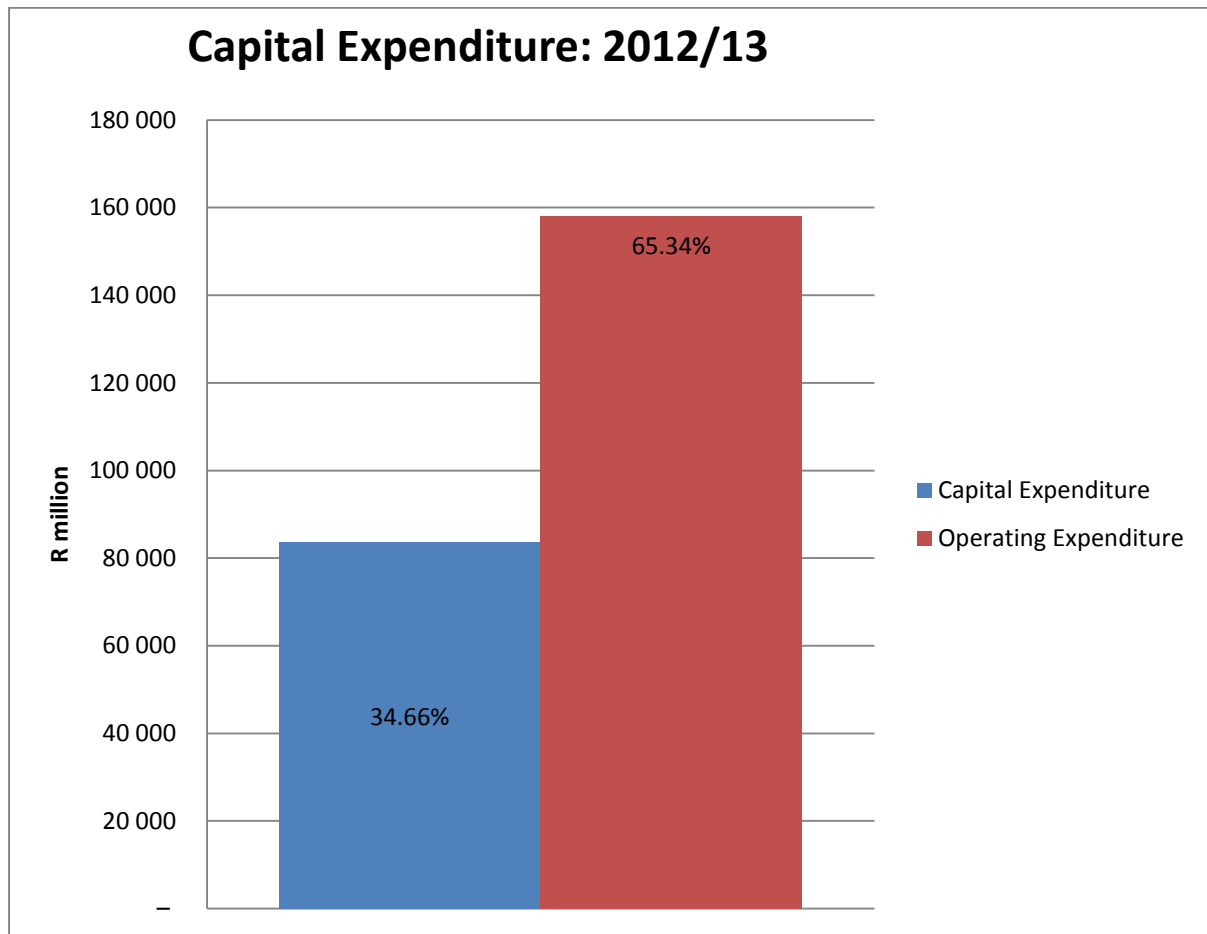
## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

***CAPITAL EXPENDITURE:*** Capital expenditure includes costs incurred on the acquisition of fixed or movable assets, construction of projects and any subsequent expenditure that increases the earning capacity of an existing asset. The cost of acquisition not only includes the cost of purchases but also any additional costs incurred in bringing the asset into its present location and condition (e.g. Delivery Costs, Installation Cost, Replacement Cost, Up gradation Costs, etc.). Capital expenditure is funded from grants, borrowings and operating expenditures; surpluses and any other applicable external funding.



## 5.5 CAPITAL EXPENDITURE





## 5.6 SOURCES OF FUNDING

Capital Expenditure - Funding Sources 2011/12 - 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 (%)
Source of finance							
	External loans	5 334	555	537	5 003	-3.30%	801.52%
	Public contributions and donations	-	-	-	-	-	-
	Grants and subsidies	105 328	128 173	44 782	120 467	-65.06%	-6.01%
	Other	-	-	-	-	-	-
<b>Total</b>		<b>110 663</b>	<b>128 728</b>	<b>45 319</b>	<b>125 470</b>	<b>-68.36%</b>	<b>795.51%</b>
Percentage of finance							
	External loans	4.82%	0.43%	1.18%	3.99%	4.83%	100.76%
	Public contributions and donations	-	-	-	-	-	-
	Grants and subsidies	95.18%	99.57%	98.82%	96.01%	95.17%	-0.76%
	Other	-	-	-	-	-	-
Capital expenditure							



	Water and sanitation	22	34 313	4 289	22 721	-87.50%	-33.78%
	Electricity	-	30 884	4 517	26 366	-85.37%	-14.63%
	Housing	-	1 104	997	2 100	-9.68%	90.32%
	Roads and storm water	4 970	950	469	481	-50.46%	-49.36%
	Other	-	-	-	-	-	-
<b>Total</b>		<b>4 992</b>	<b>67 250</b>	<b>9 334</b>	<b>51 669</b>	<b>-331.91%</b>	<b>-7.45%</b>
<i>Percentage of expenditure</i>							
	Water and sanitation	0.44%	51.02%	45.95%	43.97%	26.4%	453.7%
	Electricity	-	45.92%	48.40%	51.03%	25.7%	196.4%
	Housing	-	1.64%	10.68%	4.06%	2.9%	- 1212.9%
	Roads and storm water	99.56%	1.41%	-5.02%	0.93%	45.0%	662.8%
	Other	-		-	-	-	-

## SOURCES

TYPE	2013	2012
MIG	36 782 000	30 322 000
MSIG	800 000	71 635 000
EQUITABLE SHARE	81 091 000	1250 000
FMG	1 500 000	790 000
SPECIAL ASISTANCE (COGTA)	-	-



HOUSING GRAND	-	30 322 000
TOTALS	120 173 000	134 319 000

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CapitalExpenditureof5 largest projects*					
Name of Project	Current:2012/13			Variance:2012/13	
	Original Budget	Adjustment Budget	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		-		
*ProjectswiththehighestcapitalexpenditureinYear0					
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 Upgrading of Water Purification Plant-Phase 2				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizensthecontrolovertheirhouseholdwaterbillandtheopportunitytosavemoneybyreduc				
MIG/FS/0859/W/11/11-C					
Objective of Project	Installationof3122WaterMetersand3ZoneMetersinWinburg/Makeleketla				
Delays	Planning processes				
Future Challenges	Capacity in PMU				
Anticipated citizen benefits	Giving citizensthecontrolovertheirhouseholdwaterbillandtheopportunitytosavemoneybyreduc				



<b>MIG/FS/0857/W/11/11-D</b>	
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 consumption
<b>MIG/FS/0822/R,ST/11/1</b>	
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



## 5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS- OVERVIEW

Service Backlogs as at 30 June Year 0				
Households (HHs)				
	*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 Adjustment		
<b>Infrastructure-Road transport</b>				%	%	
<i>Roads, Pavements &amp; Bridges</i>				%	%	
<i>Storm water</i>				%	%	
<b>Infrastructure-Electricity</b>				%	%	
<i>Generation</i>				%	%	
<i>Transmission &amp; Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
<b>Infrastructure- Water</b>				%	%	
<i>Dams &amp; Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
<b>Infrastructure-Sanitation</b>				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
<b>Infrastructure-Other</b>				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
<b>Other Specify:</b>				%	%	
				%	%	
				%	%	
<b>Total</b>				%	%	
<p>* MIG is a government grant program designed to fund are diction 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  Difference between actual and original/adjustments budget by the actual.</p>						



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

#### Cash Flow Outcomes

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013		
	30 JUNE 2013	30 JUNE 2012
	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
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
<b>Payments</b>		
Employee costs	(52 256 190)	(50 563 185)
Suppliers	(56 791 447)	(76 760 712)
Finance costs	(1 525 271)	(1 955 263)
<b>Cash generated by operations</b>	<b>49 660 759</b>	<b>38 773 561</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
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
<b>Net Cash from Investing Activities</b>	<b>(52 124 129)</b>	<b>(35 995 428)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term liabilities	(1 650 556)	(1 737 014)
Employee benefit payment	(1 162 556)	(654 564)
<b>Net Cash from Financing Activities</b>	<b>(2 813 112)</b>	<b>(2 391 578)</b>



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<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5 276 482)</b>	<b>386 555</b>
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
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4 716 294)</b>	<b>760 269</b>

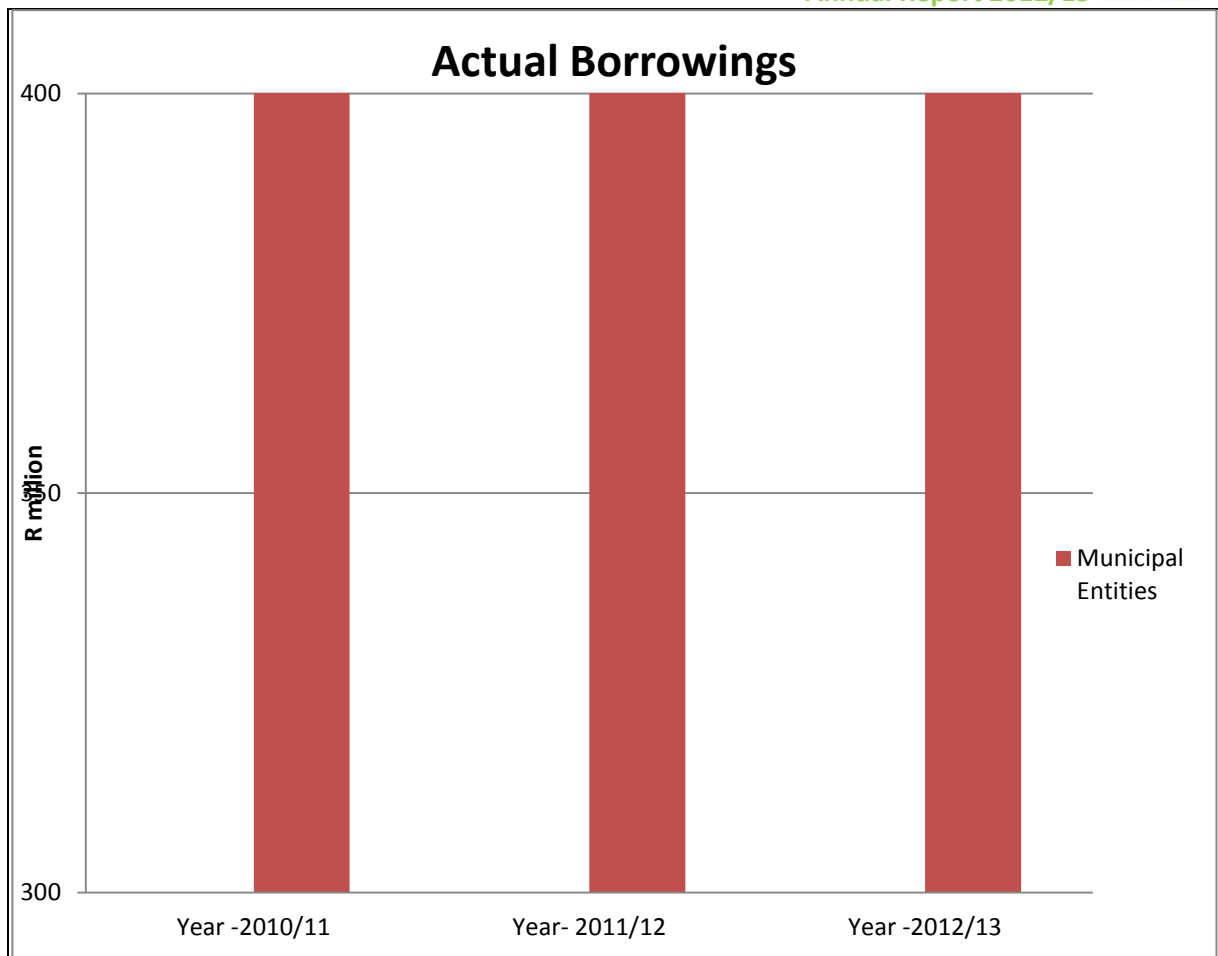
## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO LONG-TERM BORROWINGS 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: 2010/11 - 2012/13			
	R' 000		
Instrument	Year -2010/11	Year- 2011/12	Year -2012/13
<b><u>Municipality</u></b>			
Long-Term Loans (annuity/reducing balance)	6 518 846	20 695 925	3 629 963
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	3 884 767	2 734 746	1 372 839
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>10 403 613</b>	<b>23 430 671</b>	<b>5 002 802</b>
<b><u>Municipal Entities</u></b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>			





## Municipal Investments

Municipal			
			R'000
Investment*type	2010/11	2011/12	2012/13
	Actual	Actual	Actual
<b>Municipality</b>			
Securities-NationalGovernment			
ListedCorporateBonds			
Deposits-Bank	6,563,75	1,287,26	
Deposits-			
Deposits-CorporationforPublicDeposits			
BankersAcceptanceCertificates			
NegotiableCertificatesofDeposit-Banks			
GuaranteedEndowmentPolicies(sinking)			
RepurchaseAgreements -Banks			
MunicipalBonds			
Other	82,114	79,086	
<b>MunicipalityTotal</b>	<b>6,645,</b>	<b>6,645,8</b>	

### 5.11 PUBLIC PRIVATE PARTNERSHIPS

- The municipality have not entered into any public private partnership.



## 5.12 SUPPLYCHAINMANAGEMENT

### COMMENT ON SUPPLY CHAIN MAGENT

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 MFM. 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 lasted bid procedures further contributing to irregular expenditure.

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



### 5.13 GRAP COMPLIANCE

GRAP is the an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice 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) inaccordancewithSection122(3)of the Municipal Finance Management Act,(Act No 56 of2003).The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

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 off setting 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:“TransitionalProvisionsforMediumand Low Capacity Municipalities” issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

## 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.