



2011-12

# DRAFT ANNUAL REPORT 2011/12

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## CHAPTER 1: MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENTA: MAYOR`S FOREWORD

#### MAYOR`S FOREWORD

##### a. Vision

During the year 2011/2012 which falls during the first year of our current political term, major steps were undertaken by the Makhuduthamaga Municipality in making sure that we provide democratic and accountable governance in developmental local government.

##### b. Key Policy Developments

This annual report aims to enhance governance and accountability and forms part of a cycle of ongoing planning, monitoring and evaluation that begins with the formulation and annual review of the Integrated Development Plan ( IDP) . The process of the compilation of this annual report indicates the importance of a people centred local government where municipalities are politically and legally bound to account to its constituencies on service delivery and the use of public resources.

The Constitution of the Republic of South Africa places certain requirements on municipalities and these include:

- The provision of democratic and accountable government for local communities.
- To ensure the provision of services to communities in a sustainable manner.
- To promote social and Economic development.
- To promote a safe and Healthy environment and
- To encourage the involvement of communities and community organisations in the matters of Local Government.

Central to the above objects of Local Government, the municipality has embarked on strategies to promote rural development, food security and land reform in partnership with provincial and national government to spread the benefits of economic growth beyond the urban areas.

##### c. Key Service Delivery Improvements

In terms of meeting the basic needs of residents, the Makhuduthamaga Municipality has been and is still working towards addressing issues that the financial year preceding the year under review prescribed for us to resolve and they included electrification, provision of roads and storm water, funding of SMMEs which has translated to job creation. Evidence on challenges addressed will be reported in detail on the performance highlights that are linked to the Integrated Development Plan.

#### **d. Public Participation**

We recognise the significance of public participation and the momentum it brings to developmental local government and good governance. In fulfilling this recognition, the municipality has during the year under review traversed the total municipal area to solicit view and aspirations of communities for inclusion in the reviewed IDP and budget.

#### **e. Future Actions**

I am aware that we as public representatives and in service of our communities have to ensure that we are accountable to the public for effective and efficient service delivery, sound political governance, professional management and clean administration. To give effect to this goal, myself and my Executive Committee have committed to undertake the following initiatives to improve on service delivery:

- Improved customer service.
- Clean and effective administration.
- Skills development within the municipality
- Upgrading our ICT infrastructure
- Addressing the social state of our people.
- Responsible spending of tax payer's money on roads and bridges and electrification.

#### **f. Agreements / Partnerships**

We Have during the reporting period established a special partnership with the National Department of Rural Development and Land Reform on the Comprehensive Rural Development Programme ( CRDP), which is a ward based development intervention at Wards 9, 11 and 18.

#### **g. Conclusion**

I would like to thank all those who have committed themselves to the process of delivery during the year under review , especially the Executive Committee, Councillors, and Executive staff who worked tirelessly to ensure the provision of collective and strategic leadership, in ensuring that we meet the targets as set out in the Integrated Development Plan for the 2011/2012 year under various challenges.

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

**COUNCILLOR M.A. MATLALA**

**MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW



During the 2011/12 financial year, the Makhuduthamaga Municipality intensified its efforts to reduce poverty, promote social economic development and in providing accessibility to communities in a form of access roads and bridges.

The provision of basic services is a responsibility endowed by the Constitution of the Republic of South Africa to the sphere of local government. Despite the many challenges experienced due to our inability to attract and retain competent staff at a strategic level, we remain resolute in addressing the challenges experienced by the Makhuduthamaga Municipality. These challenges which manifest themselves in infrastructure backlogs, environmental challenges, household electrification will not deter officials and Councillors to ensure that service delivery remains in the fore when planning and executing municipal objectives and strategies.

Good Governance practices ensure that the Makhuduthamaga Municipality remains accountable, transparent, responsive, effective and efficient, equitable and that it follows the rule of law. The community is informed about the Integrated Development Planning processes and their role in contributing towards development.

The IDP should help the municipality to address the basic needs of its citizens . During the reporting period, more advances were made in the Municipal Infrastructure and Basic Services . the following developmental areas that were part of good performance need special reference:

**Municipal Infrastructure and Basic Services:** An increase number of citizens of Makhuduthamaga Municipality began to enjoy an increase in access regarding quality roads and bridges and access to energy respectively, include but are not limited to the Construction of Dikaton / Malaka bridge, Construction of access road to Mohlala Tribal office, electrification of Diphagane village and installation of high mast lights at Tshehlwaneng Taxi rank.

**Economic Development:** The Makhuduthamaga Municipality took a conscious decision to be involved in assisting and supporting Small Medium and Micro Enterprises. More than ten SMMEs were supported during the 2011/2012 financial year.

**Institutional Transformation and Development:** During this period, efforts were made to establish all core municipal systems required by law. The following policies were developed and approved by Council;

**Financial viability:** The municipality has received a qualified Audit report from the Auditor General. Besides the success we have registered this year, there have been some challenges experienced. The previous year's report and IDP have reported a crippling loss of personnel holding critical and scarce skills. This position seems to be going unabated into the year under review.

This annual report seeks to draw the attention of all stakeholders to take stock of the implementation of the IDP during the reporting period. As partners in development, you are called upon to interact with this report which is fundamental in the implementation, monitoring and evaluation of the successes of these intervention measures.

I wish to extend my gratitude to the Mayor, Executive Committee and Councillors for their guidance and demonstrating the political will to assure the Makhuduthamaga community that their needs are taken care of.

I also express my gratitude to all employees of the municipality for their remarkable effort and commitment to the realization of the municipal objectives.

I therefore, present this 2011/2012 annual report

M.E. MOROPA

MUNICIPAL MANAGER

## **1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **INTRODUCTION TO BACKGROUND DATA**

The Makhuduthamaga Municipality forms part of the Sekhukhune District Municipality. The municipality is completely rural, dominated by traditional land ownership. The municipality covers an area of approximately 2096 km<sup>2</sup>, and is made up of 146 settlements, with a population of 300 206 people and 56 642 households, which amounts to more than 24% of the district. Similar to most rural municipalities in the country, the Makhuduthamaga Municipality, is characterised by a weak economic base, poor infrastructure, major service delivery backlogs, dispersed human settlements and high poverty levels.

The function of water and sanitation is assigned to the Sekhukhune District Municipality.

### **1.2.1 VISION AND MISSION**

The Makhuduthamaga Local Municipality committed itself to the vision and mission of:

#### **Vision**

“A developmental Municipality that provides needs satisfying sustainable services”

#### **Mission**

“To strive for a people centred Municipality that delivers sustainable services underpinned by the following principles:

- Efficiency
- Effectiveness
- Economy
- Integration and
- Accountability

## Values

In achieving the Vision and Mission, Makhuduthamaga Municipality subscribe to the following values and supporting principles that reflect what the organisation views as important in the conducting of its business.

- High standard of professional ethics.
- Consultation: Regular consultation with the people about the services MLM provides
- Access: Increase access to services especially people disadvantaged by attitude related barriers.
- Courtesy: treatment of customers with courtesy and consideration.
- Information: provide more and better information about services
- Openness and transparency: Tell people about how MLM runs, its departments , costs and who is in charge.
- Redress
- Value for money

### 1.2.1 DEMOGRAPHIC INFORMATION

#### Wards

The Makhuduthamaga Municipality is structured into the following 31 wards:

ward	areas/ villages
1	Ga –Tshehla, Hlalanikahle and Kutupu
2	Phokoane,Phokoane(Toishi),Mogudi and Mabintane
3	Mokgapaneng, Makoshala and Phokoane(Malegale, Mapaeng
4	Rietfontein and Vierfontein
5	Maserumule Park,Mohlwarekoma,Leeukraal and Matlakatle A and B
6	Eenzaam Trust,Phatantshwana A and B,Eenzaam Stam and Mare
7	Thoto,Malaka,Ntoane, Manthlanyane, Manotong, Dikotone and Setebong
8	Caprivi,Brooklyn,Mathousand,Hlahlani,Pelepele Park and Mochadi
9	Riverside, Morgenson
10	Mogorwane,Moripane,Phushulang,Mokwete(Ngwanamatlang) and Moloi
11	Molepane,Mokwete,Makalaneng and Vergelegen A
12	Moretsele,Makgeru,Ratau,Makgane
13	Tshehlwaneng, Mogashoa Manamane, Schonoord (Phase Four) and Mogashoa Ditlhakaneng
14	Sekele,Moela,Kgopane,Maloma, Emkhondweni(Dlamini) and Legapane
15	Mohlake,Ga-Mphakane,Houpakranz,Komane-Tswele,Magolego and Maila Mapitsane
16	Seopela,Mashegwana Tswaledi,Mashegwana Legare and Kotsiri
17	Dihlabaneng, Manganeng, Mashite and Mathibeng(Ga Toona) and Manganeng(Kgolane)
18	Jane Furse RDP,Vergelegen B,Dichoueng and Moraba
19	Madibong,Maseleseleng,Mamone and Mashupye
20	Mamone Tisane,Phaahla,Lobethal,Mamone(Rantho, Manyeleti),
21	Madibong(Mashishing),Mamone (Mohlala) and Vergelegen C
22	Malegale, Lekgwareng, Tjatane, Tjatane extension and Madibaneng
23	Manganeng(Ramphelane), Maila Segolo,Dinotji,Mathibeng and Marulaneng
24	Diphagane,Marishane,Phaahla
25	Maololo,Mashabela,Mohwelere,Molebeledi,Machacha and Selepe, Mashabela(Ga-Marodi)
26	Mathapisa,Kome,Ntshong,Kgarethuthu,Soetveld, Masakeng ,Marishane(Bothaspruit),Kutopo
27	Mabopane,Manare,Mamatjekele and Masemola(Moshate)
28	Thabampshe,Tswaing,Khuloane,Wonderboom,Apel Cross,Mahwibitswane ,Mahlakole,Vlakplaats and Moji RDP
29	Malope,Mahlolwaneng,Mashoanyaneng,Maraganeng, Mphane and Makgwabe
30	Krokodile,Setlaboswane, Legotong,Serageng,Masanteng and Mogaladi
31	Mamatsekele,Masehlaneng,Vlakplaats,Masehuswane,Motseleope,Eenkantan,Makhutso,Legotong, Semahlakole and ,Marishane(Sephoto,Hopefield)

Table 1: Municipal Wards

THE 2011 CENSUS, FOUND MAKHUDUTHAMAGA POPULATION AT ABOUT 274 358,157 SETTLEMENTS AND 56 642 HOUSEHOLDS

Table:MLM language, gender and population group

	Black African	Coloured	Indian or Asian	White	Other	Unspecified
<b>LIM473: MLM</b>						
Male						
Afrikaans	278	4	1	17	-	-
English	776	6	42	1	18	-
IsiNdebele	1 108	-	3	1	12	-
IsiXhosa	183	-	-	-	-	-
IsiZulu	1 767	-	1	1	-	-
Sepedi	112 332	27	55	39	18	-
Sesotho	217	1	1	-	3	-
Setswana	557	-	1	-	2	-
Sign language	209	-	1	1	-	-
SiSwati	1 843	-	2	-	1	-
Tshivenda	189	-	1	-	16	-
Xitsonga	305	-	1	1	4	-
Other	579	1	110	-	74	-
Unspecified	-	-	-	-	-	-
Not applicable	452	10	2	5	-	-
Female						
Afrikaans	336	6	1	13	1	-
English	847	1	14	2	6	-
IsiNdebele	1 321	-	4	-	4	-
IsiXhosa	171	-	-	-	-	-
IsiZulu	2 085	-	-	1	-	-
Sepedi	143 431	34	58	58	16	-
Sesotho	225	-	2	-	1	-
Setswana	654	-	1	-	-	-
Sign language	256	-	2	-	-	-
SiSwati	2 182	-	2	1	-	-
Tshivenda	116	1	3	-	4	-
Xitsonga	193	-	-	-	5	-
Other	202	1	17	-	14	-
Unspecified	-	-	-	-	-	-
Not applicable	751	14	1	10	2	-

Source: Census 2011

## EMPLOYMENT PROFILE FOR MAKHUDUTHAMAGA

### Labour market indicators in Makhuduthamaga local Municipality

Industry	2007	2008	2009
Population total	266771	267318	269281
Population (working age)	144900	147335	150438
Employed Formal and informal	18338	19431	20402
Unemployed	26353	23846	20980
Unemployment rate (%)	59.0%	55.1%	50.7%
Labour force participation rate (%)	30.8%	29.4%	27.5%

Source: Quantec Regional Economic Database 2011

### Employment by sector in Makhuduthamaga local municipality

Sector	2008	2009	2010	2010 %
Agriculture, forestry and fishing	950	1137	1150	6%
Mining and quarrying	174	142	174	1%
Manufacturing	890	903	911	4%
Electricity, gas and water	145	155	150	1%
SE:Construction	2165	2471	2494	12%
Wholesale and retail trade, catering and accommodation	6925	7411	7478	37%
Transport, storage and communication	699	727	738	4%
Finance, insurance, real estate and business services	339	297	269	1%
Community, social and personal services	3448	3395	3761	19%
General government	3698	3765	3186	16%
Total	19431	20402	20310	100%

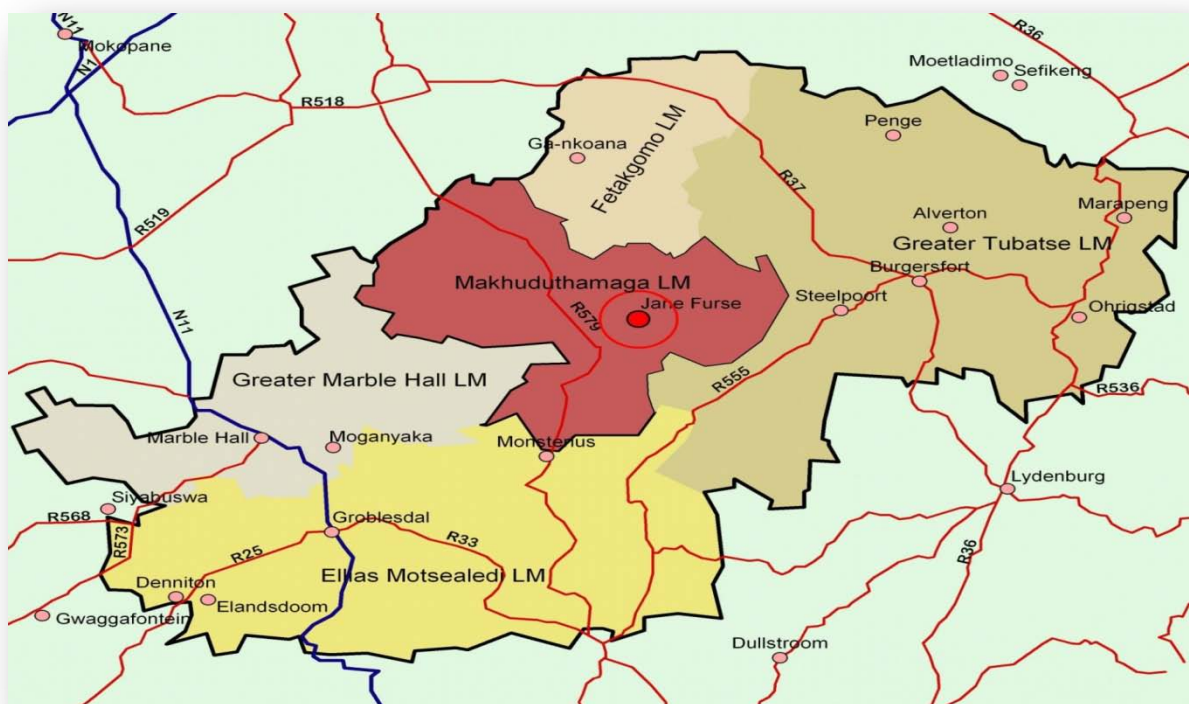
Source: Quantec Regional Economic Database 2011

### Income levels within Makhuduthamaga

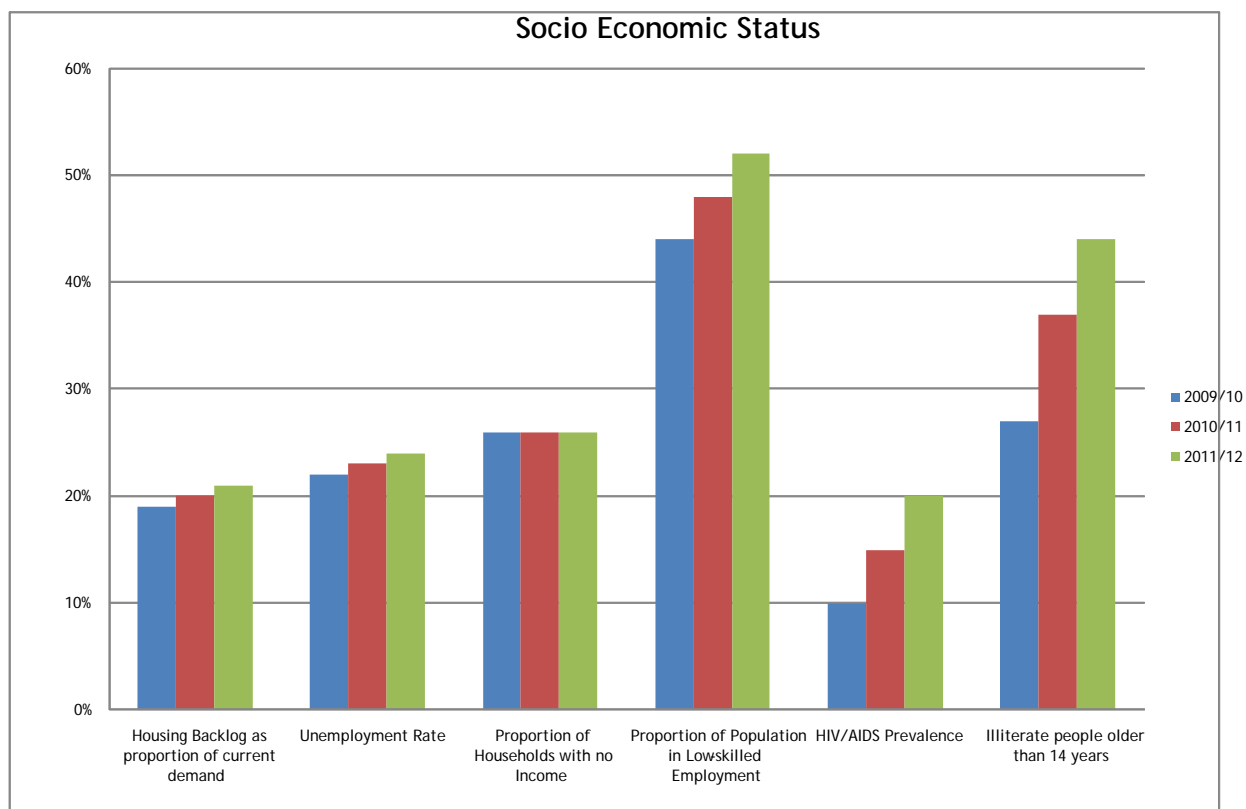
STATISTICS SOUTH AFRICA, 2007 ANNUAL HOUSEHOLD INCOME =		
Income Categories	No.	Population (%)
No income	144,105	54.85%
R 1 - R 4 800	60,966	23.2%
R 4801 - R 9 600	8,279	3.15%
R 9 601 - R 19 200	32,154	12.24%
R 19 201 - R 38 400	2,128	0.81%
R 38 401 - R 76 800	2,637	1%

R 76 801 - R 153 600	3,829	1.46%
R 153 601 - R 307 200	718	0.27%
R307 201 - R 614 400	57	0.02%
R 614 401 - R 1 228 800	9	0.003%
R 1 228 801 - R 2 457 600	235	0.1%
R 2 457 601 or more	-	0%
Response not given	5911	2.25%
Institutions	1 698	0.65%
Total	262731	100%

Source: Statistics South Africa, 2007 (Community Survey)



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment rate	Proportion of households with no income	Proportion of population in low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
2009/10						
2010/11					3403	
2011/12	13 258	33 347	117 387	256 423		146 951



Overview of neighborhoods within `Name of Municipality`		
Settlements Type	Households	Population
<b>Towns</b>		
Jane Furse	2137	9132
Sub-Total		
<b>Townships</b>		
Moji (Apel Cross)		
Jane Furse RDP		
Sub-total		
<b>Rural Settlements</b>		
156	54 261	262 821
Sub-total		
<b>Informal Settlements</b>		
Sub-total		
Total	5396	271953

Natural Resources	
Major Natural Resource	Relevance to Community
Historical places for tourism e.g caves, Manche Masemola and Sekhukhune I graves	for tourism
Pure Leolo mountain waters	
Protea flowers	
various medicinal plants	

COMMENT ON BACKGROUND DATA:

The following general challenges are experienced by the Makhuduthamaga Municipality: PA	CHALLENGES	OPPORTUNITIES
Spatial Rationale	land for development is controlled by traditional authorities	Enough land for development purposes
Service Delivery and Infrastructure Development	Basic Services Backlogs not reduced Bulk Services not Fast-tracked	Growing the local economy through infrastructure and basic services
Local Economic Development	Lack of major economic activities	There is potential for economic development
Good Governance and Public Participation	Building capacity in communities to develop effective participation	the willingness of communities to be involved in municipal activities and programmes
Financial viability and Management	Lack of revenue base	Exploring alternative revenue
Municipal Transformation and Organisation Development	Retention of skilled personnel and capacity building	Strengthened Institution

### 1.3 SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

The municipality has during the reporting period managed the implementation of Roads and storm water funded through Municipal Infrastructure Grant and the Equitable Share. Provision was also made for the maintenance of roads and storm water throughout the municipal area. Sixteen projects were implemented during 2011/2012, but could not be completed due to limited capacity in the relevant departments. Key positions were not filled due to the inability to attract skilled and personnel that meet the minimum competency requirements. Most of the roads and storm water projects for the reporting period will be completed in the 2012/13 financial year.

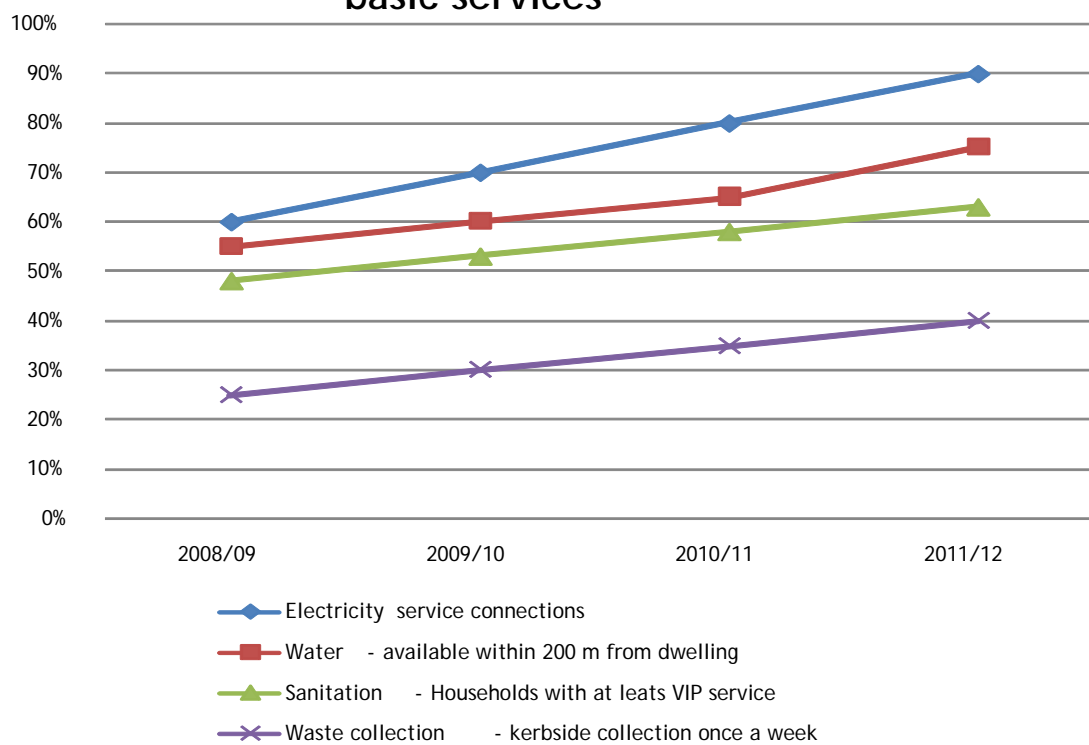
Department of Energy. The following projects were implemented during the reporting period and will also be completed in 2012/13 due to various challenges such as delays in energising and changes in projects due to poor capacity:

- Masemola Manare – Mabopane
- Setlaboswane
- Vierfontein D
- Brooklyn and High mast lights in Tshehlwaneng , Glen Cowie and Jane Furse.

The district municipality performs the function that deals with the provision of water and sanitation.

Major challenges experienced include the one of limited financial resources to meet the needs as reflected in the IDP, limited water sources , poor or limited energy capacity,

## Proportion of households with access to basic services



## 1.4 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

In terms of the assessment of the going concern, The municipality assets exceeds their liability and there is sufficient cash flow, to meet all the short and long term commitment, hence the financial are prepared on the going concern basis.

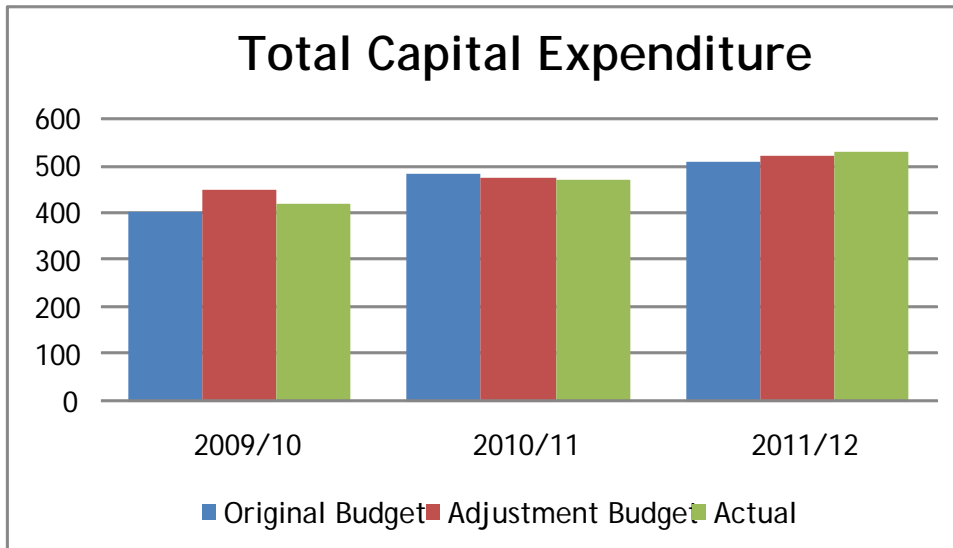
Financial Overview – 2011/12			
			R`000
Details	Original Budget	Adjustment Budget	Actual
Income	Income	R 49,655	R 61,131
Grants	Grants	R 128,589	R 130,121
Taxes, Levies & Tariffs	Taxes, Levies & Tariffs	R 0.03	R 0.03
Other	Other	R 0	R 0
Sub Total	Sub Total	R 178,244	R 191,251
Less Expenditure	Less Expenditure	R 117,859	R 154,686
Net Total	Net Total	R 60,385	R 36,565
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	31%
Repairs & Maintenance	13%
Finance Charges & Depreciation	8%

#### COMMENT ON OPERATING RATIOS:

Employee costs is at the expected norms at 31%, the variance for repairs and maintenance was caused by repairs of municipal building which was budgeted for but not done during the year and finance charges and depreciation variance was caused by the project which was expected to be completed during the financial year which were completed and for finance charges the municipality only have two leased machines in the current year hence the difference.

Total Capital Expenditure 2009/10 – 2011/12			
			R`000
Detail	2009/10	2010/11	2011/12
Original budget			R 70,969
Adjustment budget			R 60,231
Actual			R 64,802



## 1.5 AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT 10/11

The municipality has during the 2011/2012 financial year obtained a qualified audit opinion. The qualification was on none review of the residual values and useful lives of movable assets at each reporting date in accordance with the Standard of Generally Recognized Accounting Practise (GRAP) - GRAP 17, the calculation on provision for debt impairment not as per south African Statement of Generally Accepted Accounting Practise, IAS 39, No contract management system in place for the identification and recognition of contracts to obtain reasonable assurance that all commitments were properly recorded and irregular expenditure incurred during the financial year and not included in note 3 to the financial statements as required by section 32 of the MFMA.

## 1.6 STATUTORY ANNUAL REPORT PROCESS

	Activity	Timeframe
1	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
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles and have delegated its executive function to the Mayor and the Executive Committee. The primary role of the Executive Committee is to identify the needs of the municipality, prioritise them and recommend to Council strategies and programmes to address priority needs. Apart from the role of decision making, Councillors are actively involved in community work and various social programmes in the municipal area.

Good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It makes sure that the views of minorities are considered and voices of the vulnerable are listened to.

### PERFORMANCE HIGHLIGHTS ON GOOD GOVERNANCE

- The IDP process plan was adopted on time by Council and a notice was given to the public
- IDP and budget road-shows were held at all wards and valuable contributions were collected and considered in the final IDP.
- Mayoral Bursary fund was publicly and more than ten students were awarded bursaries for tertiary institutions.
- Makhuduthamaga Youth Council meetings were held during the reporting period.
- Audit of performance information: The Municipality has struggled with the Auditing of performance information and the Auditor General has noted it. The internal Audit has performed a functionality audit of the Performance Management System and has carried out a request to audit the validity of the evidence supporting reported performance information.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE


### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA S52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

POLITICAL STRUCTURE		
Photos		Function
	<b>MAYOR</b> (Cllr M.A Matlala)	
	<b>SPEAKER</b> (Cllr M. Makaleng)	
	<b>CHIEF WHIP</b> (Cllr M.S. Matlala)	
<i>Photos (optional)</i>	<b>EXECUTIVE COMMITTEE</b> Cllr H.R. Masemola	Head Infrastructure
	Cllr A. Mampana	Head Finance
	Cllr N.M. Matjomane	Head Economic Development and Planning
	Cllr M.E Mndebele	Head Community Services
	Cllr M.O. Nchabeleng	Head Corporate and Shared Services
	Cllr M.P.Lerobane	Deputy Head Infrastructure

Cllr K.R. Maisela

Deputy Head  
Finance

Cllr M.M. Tala

Deputy Head  
Economic  
Development  
and Planning

Cllr M.F. Madiba

Deputy Head  
Corporate and  
Shared Services

#### COUNCILLORS

Below is a table that categorises Councillors within their specific political parties and wards

name of Councillor	Capacity	Political Party	Ward Representing / Proportional
Mohlala Magetlane Johannes	Ward Councillor (1)	ANC	Ward
Boshielo Tamong Jackson	Ward Councillor - 2	ANC	Ward
Leshalabe Makopi Mavis	Ward Councillor -3	ANC	Ward
Mabitla Poulus	Ward Councillor -4	ANC	Ward
Mankge Ntuwe Herman	Ward Councillor -5	ANC	Ward
Thokwane Kgalake Zacharia	Ward Councillor -6	ANC	Ward
Mapitsing Tswaledi Jerry	Ward Councillor -7	ANC	Ward
Malaka Mamphoko Jonas	Ward Councillor -8	ANC	Ward
Maphanga Tshepo David	Ward Councillor -9	ANC	Ward
Makweng Chipane Frank	Ward Councillor -10	COPE	Ward
Chego Kgwediebotse David	Ward Councillor -11	ANC	Ward
Rankoe Tabane Peter	Ward Councillor -12	ANC	Ward
Mohloba Seroba Jane	Ward Councillor -13	ANC	Ward
Tshela Ntsebeng Ben	Ward Councillor -14	ANC	Ward
Mashilo Mohube Margaret	Ward Councillor -15	ANC	Ward
Seopela Makalan Judas	Ward Councillor -16	ANC	Ward
Nkadimeng Seponkane Pauline	Ward Councillor -17	ANC	Ward
Mashigo Ntebaleng Lilly	Ward Councillor -18	ANC	Ward
Mabatane Mathale Klaas	Ward Councillor -19	ANC	Ward
Manaleng Maphoko Joyce	Ward Councillor -20	ANC	Ward
Maapea Skhotsho Robert	Ward Councillor -21	ANC	Ward
Selala Mathabeng	Ward Councillor -22	ANC	Ward

Joseph			
Ntobeng Mohube Michael	Ward Councillor -23	ANC	Ward
Manchidi Mogotla Jonas	Ward Councillor -24	ANC	Ward
Diketane Selege Paul	Ward Councillor -25	ANC	Ward
Lethuba Maukama Paulos	Ward Councillor -26	ANC	Ward
Diale Kotupo Elizabeth	Ward Councillor -27	ANC	Ward
Mahlare Maseane Bertha	Ward Councillor -28	ANC	Ward
Mosehla Magedi Linkie	Ward Councillor -29	ANC	Ward
Boshielo Motseke Lorraine	Ward Councillor -30	ANC	Ward
Sefoka Matlatlo Nicholas	Ward Councillor -31	ANC	Ward
Nkadimeng Setume Mary		ANC	proportional
Matlala Makaeya Alfred		ANC	proportional
Mahlase Merah		ANC	proportional
Monakedi Jerry		ANC	proportional
Maisela Kanyane Rinah		ANC	proportional
Mampuru Sekokobale		ANC	proportional
Nchabeleng Olga		ANC	proportional
Matjomane Namudi Moses		ANC	proportional
Makgoga Nkoane Hilda		ANC	proportional
Malaka Mogobe Sam		ANC	proportional
Mndebele Mattie Emily		ANC	proportional
Mampuna Macheng Abel		ANC	proportional
Maleka Bogajane Patricia		ANC	proportional
Masemola Ramutuku Hudson		ANC	proportional
Maitula Maladimo Mina		ANC	proportional
Mokhabela Queen Emma		ANC	proportional
Makaleng Mpilo Magdeline		ANC	proportional
Makobe Masele Johannes		ANC	proportional
Lerobane Matjudubane Paulina		ANC	proportional
Tala Mathope Andrew		ANC	proportional
Mafate Chukudu Esther		ANC	proportional
Madiba Mathume Frans		COPE	proportional
Mohlala Morake Godfrey		COPE	proportional
Maabane Daniel Kaledi		COPE	proportional
Madingwana Reuben		AZAPO	proportional
Thokoane Matshehle Joseph		ANC	proportional
Mashianoke Manonyane Frank		ANC	proportional
Manchidi Mogoane		PAC	proportional
Dolamo Mampuerunyane Bennet		APCA	proportional
achaba Makgorometsa Gift		SAMEPA	proportional

### Executive Committee

The Mayor of the Municipality Cllr M.A. Matlala assisted by the Executive Committee heads the Executive arm of Council.

The name and portfolio of each member of the Executive Committee is listed in the table below:

NAME OF MEMBER	PORTFOLIO
H.R. Masemola	Infrastructure
A.Mampana	Finance
N.M.Matjomane	Economic Development and Planning
M.E.Mndebele	Community Services
M.Nchabeleng	Corporate and shared Services
M.P. Lerobane	Deputy Head Infrastructure
M.E.Madiba	Deputy Head Corporate and Shared Services
R.K.Maisela	Deputy Head Finance
M.A.Tala	Deputy Head Economic Development and Planning

### PORTFOLIO COMMITTEES

Section 80 committees are permanent Committees that specialise in a specific functional area of the municipality and make decisions depending on their delegated powers. Section 79 Committees are permanent or temporary committees reporting to Council. These committees do not have decision making powers and are usually set up to investigate or consider a particular issue and make recommendations to Council

The following committees were established by Council Resolution No 32 and 33 of 2011 respectively:

COMMITTEE	HEAD	S 79 COMMITTEE
Budget and Treasury	Mampana Abel	S 79 Committee
Community Services	Mndebele Emily	S 79 Committee
Corporate Services	Makaleng Mpilo	S 79 Committee
Local Economic Development	Lerobane Pauline	S 79 Committee
Planning	Matjomane Moses	S 79 Committee
Infrastructure	Masemola Hudson	S 79 Committee

Municipal Public Accounts Committee	Whippery of Council	Petitions Rules and Ethics Committee
Mampuru Ignatius	Mampuru Ignatius	Maleka Patricia
Malaka Jonas	Nchabeleng Olga	Marikge Herman
Ntobeng Michael	Mafate Esther	Chego David
Mashilo Lillian	Ntobeng Michael	Tshehla Ben
Nkadimeng Mary	Mashigo Lillian	Diale Makopane
Manchidi Mogoane	Mohlala Magetlane	Boshielo Jackson
Manaleng Maphoko	Machaba Gift	Dolamo Bennet
Selala Joseph	Maabane Daniel	Monakedi Jerry
Leshalabe Jane	Madingwane Reuben	Kgoshi Seopela
Mohloba Jane		
Kgoshi Ratau		

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of administration and has to serve as chief custodian of service delivery and implementation of political priorities. The Municipal Manager is assisted by his direct reports, which constitute the Senior/ Executive Management Team, whose structure is outlined in the table below. The vacancy rate reflected on the administrative structure is a reflection of the challenges the municipality faces in attracting skilled executive directors due to the rural nature of the area. During the reporting period, there were only two appointments at a director level and the remainder were on a rotational acting position.

official	designation	filled/ vacant	performance agreement signed
M.E.Moropa	Acting Municipal Manager	vacancy filled on 1 June 2012	Yes ( 1 June 2012)
M.E. Moropa	Director Corporate Services	filled	yes
D. Diale	Chief Financial Officer	filled	Yes

### TOP ADMINISTRATIVE STRUCTURE

### Function



**MUNICIPAL MANAGER ( 1 June 2012)**  
(M.E.Moropa )

Ex Dirs Photo  
Dires Optional

**DIRECTOR: CHIEF FINANCIAL OFFICER**  
Dorothy Diale

**DIRECTOR: CORPORATE SERVICES**  
MOGOBADI MOROPA ( until 30 May 2012)

**DIRECTOR: Infrastructure**  
(Vacant)

**DIRECTOR: Community Services**  
(Vacant )

**DIRECTOR: Economic Development and Planning**  
( Vacant)

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Constitution of the Republic of South Africa reflects on the Government of the Republic as “constituted as national, provincial and local spheres of government, which are distinctive, inter-dependent and interrelated”. It thus established some principles of cooperative and intergovernmental relations, which all organs of state within each sphere must adhere to.

## 2.3 INTERGOVERNMENTAL RELATIONS

### INTERGOVERNMENTAL STRUCTURES

Government at all levels identified the need to work closely and in consultation with each other. The responsibility of Intergovernmental Relations is assigned to the office of the Municipal Manager, where interaction and coordination of programmes and activities with all spheres of government and parastatals is managed.

Engagements took place throughout the year both at an ad-hoc or project based by different line departments. The Municipality actively participates in the, Batho Pele Forum, Provincial Service Complaints Forum, District Batho Pele Forum, Provincial and District CFO Forum, MIG forum, District IDP Forum, District Cluster Committees and other forums set up by SALGA.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers to the development of a culture of community participation within municipalities. For this purpose, a municipality must encourage and create conditions for the local community to participate in the affairs of the municipality. Such participation is required in terms of:

- the preparation of the Integrated Development Plan
- establishment and implementation of the Performance Management System.
- preparation of the municipal budget

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Local Government has a legal obligation to ensure regular and effective communication within the community. The Constitution of the Republic of South Africa, 1996, imposes an obligation on Local Government communicators and require a high level of transparency, accountability, openness, participatory democracy and direct communication with communities to improve their quality of lives.

Communities also have a right and responsibility to participate in local government affairs and decision making. The South African Government is committed to the principles of Batho Pele and this simply means that those who are elected to represent communities (Councillors) and those who are employed to serve communities (Municipal Officials) must always put people first in what they do.

For communication to be effective, it must focus on the issues that are shown to impact on the constituents' perceptions, quality of service, value for money and efficiencies. Good customer care is of paramount importance and analysis here shows that residents of Makhuduthamaga view the municipality's service delivery in a positive light, except for a few common issues of service delivery in the water and road infrastructure sectors that were raised.

A Communication Strategy links the community to the Municipality's programmes for the year. Below is a communication checklist of the compliance to the communication requirements of local government:

communication activities	Yes/ No
Communication Unit	yes
Communication strategy	yes
Communication policy	no
Customer satisfaction Survey	yes
Functional Complaint Management System	yes
Newsletters distributed at least quarterly	no

### WARD COMMITTEES

The purpose of Ward committees is;

- To promote participation from the community to inform Council decisions
- To ensure effective communication between Council and the community.
- To assist the Ward Councillor with consultation and feed back to communities.

Public Meetings					
Nature and purpose of meeting	Date of events	Number of participating Municipal Councilors	Number of participating Municipal administrators	Number of community members attending	Dates and manner of feedback given to community
IDP stakeholder Consultation Programme					
Youth Month Celebration	16 June 2011				
Batho Pele Build Up	17 October 2011				

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
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?	no
Do the IDP KPIs align to the Section 57 Managers	yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	no
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
* Section 26 Municipal Systems Act 2000	

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance is the set of processes, practices policies and laws affecting in which an institution is directed and controlled. Corporate governance also includes the relationships among various stakeholders and the goals for which the institution is governed.

## 2.6 RISK MANAGEMENT

### THE NEED FOR RISK MANAGEMENT

Risk need to be identified, evaluated and addressed on a continuous basis before such risk can impact negatively on the Municipal service delivery capacity.

### RISK MANAGEMENT UNIT'S HIGHLEVEL RESPONSIBILITIES

- Developing the overall Enterprise Risk Management vision, risk management strategy, policy, as well as applicable appetite and tolerance levels;
- Communicating the risk management policy, strategy and implementation plan to all stakeholders within MLM;
- Setting up MLM's risk management structure and reporting lines;
- Continuously drive the risk management process towards best practice;
- Developing common risk assessment methodology aligned to MLM's objectives at strategic, tactical and operational levels;
- Coordinating risk management within MLM on regular basis;
- Sensitising management timeously of the need to perform risk assessment for all major changes, capital expenditure, projects, institutional restructuring and similar events;
- Ensuring that processes such as reporting within MLM are completed efficiently and effectively;
- Assisting management in developing and implementing risk responses;
- Ensuring that effective information system exist to facilitate overall risk management improvement within MLM;
- Continuously transfer risk management principles and policies, through training interventions, to all stakeholders within MLM;
- Performing PEST (EL) analysis to identifying emerging risks facing MLM for further actions and interventions;
- Collating and consolidating results of various assessments within MLM;
- Analysing results of risk assessment process to identify trends, within the risk and control profile, and develop necessary high level control interventions to manage the said trends;
- Overseeing MLM-wide security operations for the safe guarding of its people, movable and immovable assets/property;
- Compiling the necessary reports for management ,Risk Management Committee and Audit Committee; and
- Proving input into the development of and subsequent review of MLM's fraud prevention plan, business continuity plans.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83© of the MSA refers to the implementation of effective bidding structures to minimize the possibility of Fraud and Corruption. , while Section 112(1) ( m)(i) of the MFMA identify supply chain measures to be enforced to combat fraud and corruption , favouritism and unfair and irregular practices. Section 115 (1) of the MFMA further states that the accounting officer must take steps to ensure mechanisms and separation of duties in a Supply Chain Management System to minimize the likelihood of corruption and fraud

#### Strategies and policies

strategy	developed yes/no	date adopted
Fraud prevention strategy	yes	

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The Municipality has approved a Supply Chain Policy. Various committees have been established in line with the Supply Chain Policy and Regulation. There is however a need to conduct training for the committees in the 2012/13 financial year to promote efficiency of the Supply Chain Process.

T2.8.1

By-laws introduced during 11/12					
Newly Developed	Revised	Public Participation conducted prior to adoption of By-Laws (Yes/no)	Dates of Public Participation	By-Laws gazette (yes/no)	Date of Publication
none	none	n/a	n/a	n/a	n/a

## 2.9 WEBSITES

Municipal website: content and currency of material		
Documents published on the municipality's /entity's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	no	
All current budget related policies	no	
The previous annual report (2010/11)	yes	
The annual report (2011/12) published / to be published	no	
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	yes	
All service delivery agreements (2011/12)	no	
All long term borrowing contracts (2011/12)	n/a	
All supply chain management contracts above a prescribed value (give value) for 2011/12	no	
An information statement containin 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 2011/12 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	no	
PPP agreements referred to in section 120 made in 2011/12	n/a	
All quartely reports tabled in the council in terms of section 52 (d) during 2011/12	no	
Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged touse their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments		

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

A municipal Website is an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation , promotes stakeholder involvement amd ensures stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires each municipality to place key documents on their websites, including the Intergrated Development Plan, the annual budget, adjustment budget and all other related documents and policies. The municipality has experienced challenges with the Website service provider and intend to address the shortfall with the service provide

## 2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFCATION LEVELS

The Municipality did not conduct a public satisfaction survey in the past two financial years. The plan is to conduct it in the 2012/13 financial year.

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

This chapter provides information on the strategic performance of the Makhuduthamaga Municipality and will indicate how well the municipality is meeting its objectives, and which policies, strategies and processes are working.

This chapter deals with strategic performance highlights in terms of the IDP, performance on basic service delivery as well as backlogs addressed by the Municipal Infrastructure Grant projects.

### COMPONENT A: BASIC SERVICES

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

#### INTRODUCTION TO BASIC SERVICES

The municipality performs the following functions in relation to the provision of Basic Services:

- Electricity
- Roads and storm water
- Repair and maintenance of existing infrastructure
- provision of Free Basic electricity

### 3.1 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

The Municipality has entered into a service level agreement with the national Department of Energy for the provision of household connections. These are handed over for maintenance to the Department after the completion of the projects. The municipality experiencing challenges with household electrification in the major part of Makhuduthamaga due to the following challenges:

- Illegal connections to households
- limited capacity
- new extensions of residential sites for post connections
- budgetary constraints

The Municipality had a target of 1299 units in the post connection priority list and backlogs for the reporting period. This target will not be met due to limited or an absence of capacity.

Electricity service policy objectives taken from IDP								
Service objectives xxx  <								

Employees; Electricity Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	2	2	1	1	33.3%
4-6					
7-9	1	1	1		
10-12					
13-15					
16-18					
19-20					
Total					
Capital Expenditure 2011/12; Electricity Services					
					R'000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All	10 000 000.00	n/a			
Project A	6 840 000.00				
Project B	1 932 000.00				
Project C	2 496 000.00				
Project D	2 400 000.00				
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.3.8					

**COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:**

The projects that were initially planned for household electrification were not done due to lack of capacity in their respective areas. The areas with capacity were identified where the projects were implemented. This had an impact on the timely completion of projects and most were finally completed in the 2012/13 financial year. This reported challenge may be addressed by the building of substations in consultation with the electricity regulators and ESKOM

### 3.2 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### INTRODUCTION TO WASTE MANAGEMENT

The Municipality has been assisted by the service provider on refuse removal for the past three financial years. There is partial formal refuse removal service rendered by Provincial Government on behalf of the municipality rolling-out collection at Municipal nodal points and all the waste are been disposed at the Municipal Land fill site. The Municipality does not have household or street collection of waste. The majority (88%) of the population utilize their own dumps for this purpose. These dumps are usually located within the individual household property. This has to date posed serious challenges on waste management because very little budget was allocated for waste management. In 2011/12 public consultations of waste management by-law were held and the process towards promulgation will continue through 2012/13.

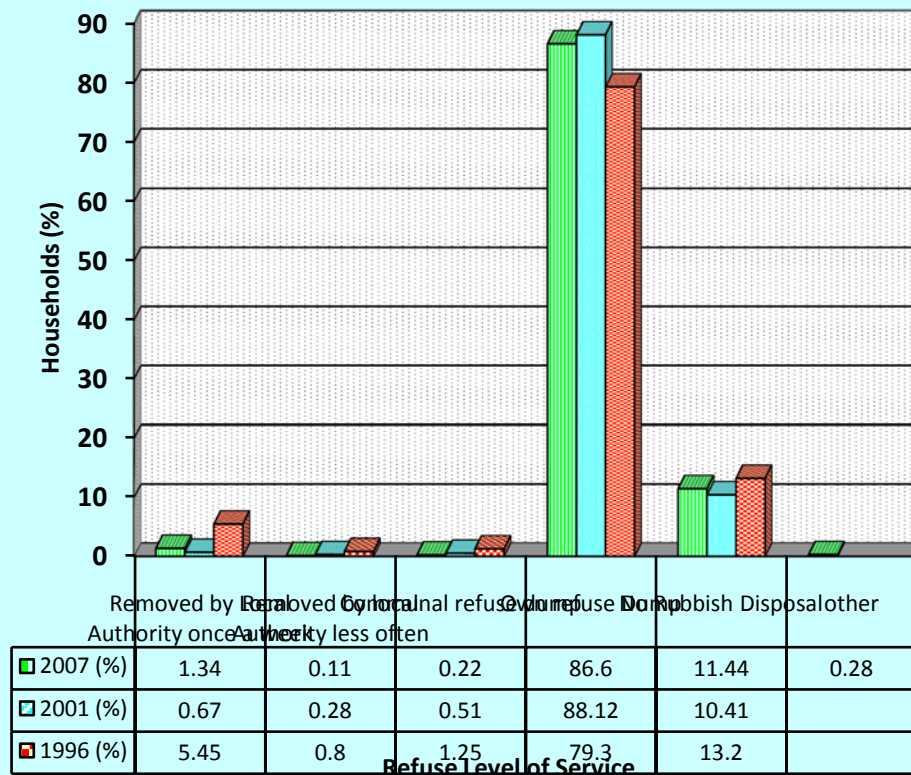
Makhuduthamaga Municipality is planning to roll out waste management through EPWP approach in the financial year 2012-2013 using its own waste management equipments and system. The EPWP approach to waste management in Makhuduthamaga as forward planning is aimed at achieving the following objectives.

- ✓ Promotion of a healthy , clean and safe environment
- ✓ Create awareness to communities about waste management and its hierarchy
- ✓ Job creation through Expanded Public Works Programme
- ✓ Adhere to ministerial determination and all policies related to EPWP projects
- ✓ Promotion of innovation and creativity on waste recycling
- ✓ Competitive and cost effective waste collection and revenue generation

	Households					
Refuse Service Level	2007	2007(%)	2001	2001 (%)	1996	1996 (%)
Removed by local authority at least once a week	720	1.34	363	0.67	2677	5.45
Removed by local authority less often	59	0.11	154	0.28	391	0.80
Communal refuse dump	121	0.22	279	0.51	616	1.25
Own refuse dump	46 467	86.6	47758	88.12	38945	79.30
No rubbish disposal	6 137	11.44	5643	10.41	6485	13.20
Other	151	0.28				

Total	53 654	100.00	54198	100.00	49114	100.00
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**Refuse Disposal, 2007 Community Survey**



### 3.3 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Makhuduthamaga Municipality only provides Free Basic Electricity to the indigent. There is, however a need to review the indigent policy in the 2012/13 financial year. The municipality has set a target of 10000 beneficiaries to receive Free Basic Electricity in the 2011/12 financial year.

Free basic services to low income households										
	Total	Number of households								
		Households earnings less than R1.100 per month								
			Free basic water		Free basic sanitation		Free basic electricity		Free basic refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2009/10			n/a	n/a	n/a	n/a			n/a	n/a
2010/11			n/a	n/a	n/a	n/a			n/a	n/a
2011/12		1000	n/a	n/a	n/a	n/a	7526	81.5	n/a	n/a
T3.6.3										

Free Basic service policy objectives taken from IDP												
Service objectives          Service indicators (i)	Outline service targets											
		Previous year  (iii)		Previous year  (iv)	Current year  (v)		Current year  (vi)		Current year  (vii)	Current year  (viii)	Following year  (ix)	
Service objective : to improve FBE benefit to all qualifying beneficiaries												
provision of FBE as per approved indigent register				3000 000.00	4 000 000.00							5 000 000.00

## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm-water drainage).

### 3.4 ROADS

#### INTRODUCTION TO ROADS

The Municipality has developed a road master plan that specifies the conditions of the roads throughout the municipal area and further proposes a priority list for intervention. The municipality has the following related strategic objectives for the reporting period:

- To improve access to viable roads and facilitate tarring.
- To facilitate provision of storm water drainage for passable roads

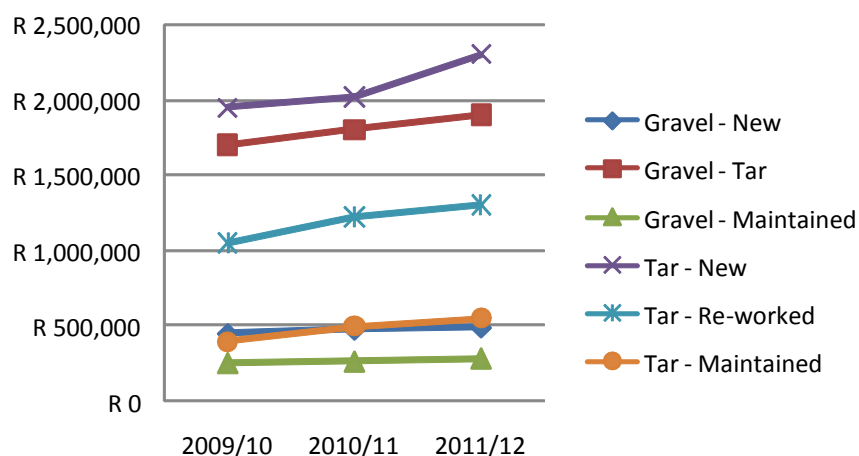
These objectives were funded from the MIG and the Equitable Share, however the municipality needs more resources, both financial and human to be able to address the backlog as planned,.

Gravel road infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Asphalt	Kilometers Gravel roads graded/maintained
2009/10	145	11	10	298
2010/11	331	3	6	370
2011/12	300	0	10	425

Asphalted Road Infrastructure					
	Total Asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2009/10	6	6	0	0	0
2010/11	6	6	0	0	0
2011/12	10	10	0	0	0

Cost of construction/maintenance						
	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2009/10	450000	23556	3000	23556	0	3000
2010/11	475000	25000	2000	25000	0	4000
2011/12	0	36000	5400	36000	0	2500

## Road Infrastructure costs



T3.7.5

Employees: roads services					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	1	
4-6	2	2	2	1	
7-9	3	3	3	1	
10-12	2	2	2	0	
13-15	0	0	0	0	
16-18	4	4	4	2	
19-20	1	1	1	1	
<b>Total</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>6</b>	

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Capital expenditure 2011/12: Road Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
<b>Total all</b>					
A-construction Madibong Road	9692		7218	34%	280
B- access road Masemola Tribal Office	7329		6153	19%	150
C-Access road to Treatment plant - Riverside	4841		4000	21%	320
D- Construction Maila Mapitsane	4153		3508	18%	90

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

T3.7.9

### 3.5 WASTE WATER (STORMWATER DRAINAGE)

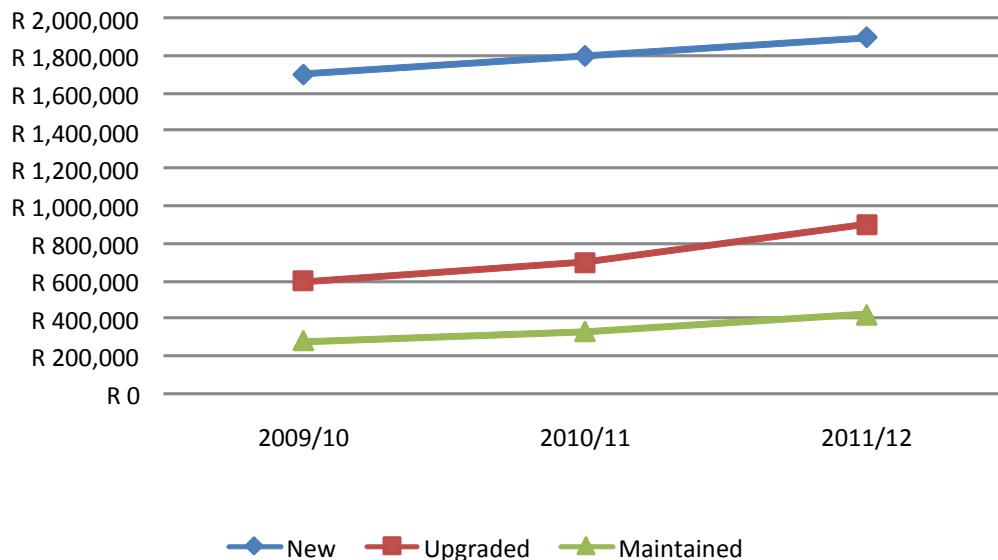
#### INTRODUCTION TO STORMWATER DRAINAGE

The municipality has major challenges relating to storm water drainage , during the reporting period the municipality appointed a service provider to develop a stormwater management plan which is used to guide and inform the municipality on the priorities per ward and ranking them according to needs. Another service provider was contracted solely to maintain roads and mostly storm water drainages .

Storm water Infrastructure				Kilometers
	Total storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2009/10	145	15	10	100
2010/11	160	20	12	120
2011/12	166	25	14	140

Cost of construction/maintenance				R' 000
	Storm Water Measures			
	New	Upgraded	Maintained	
2009/10	1 700	600	280	
2010/11	1 800	700	330	
2011/12	1900	900	420	

#### Stormwater infrastructure costs



Employees: Storm Water Services					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	3	3	1	2	
4-6	2	2	1	1	
7-9	1	1	0	1	
10-12					
13-15					
16-18					
19-20					
Total	6	6	2	4	
Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.9.6					

Financial performance 2011.12: Storm Water services					
R'000					
Details	2010/22	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs & Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total operational expenditure	195	732	750	744	2%
Net operational (service) expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual					
T3.9.7					

Capital expenditure 2011/12: Storm Water Services					
R'000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.9.8					

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

The long term goal of the municipality is to promote LED through coordination and facilitation of local, provincial and national initiatives. The following economic development sectors were prioritised during the reporting period: Agriculture, tourism, with particular emphasis on funding coordination and SMME development.

The challenges experienced with physical planning relate to land ownership and control. There is a high level of land invasion by communities and the allocation of land by traditional Authorities disregard the proposals in the Spatial Development Framework

### 3.6 PLANNING

#### INTRODUCTION TO PLANNING

main strategies	Challenges	achievements
Engage DLGH, and Traditional authorities on land use issues to create a conducive environment for sustainable development	land invasion	1 land use summit held
enforcement and implementation of land development policies	non compliance with the SDF Proposals	none
stakeholder engagement for easy and prompt land acquisition	Municipality does not have adequate land for development	1 traditional authority committed to allocate 126 ha of land for development

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
Planning application received	5	3	NONE	NONE	N/A	N/A
Determination made in year of receipt	1	0				
Determination made in following year	0	0				
Applications withdrawn	0	0				
Applications outstanding at year end	4	3				

T3.10.2

Planning policy objectives taken from IDP									
Service Objectives	Outline service targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		*Previous year		*Previous year	Current year		*Current year	*Current year	*following year
Service indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To ensure improved Land Use Management	1 Land use summit	1 Land Use summit	1 Land Use Summit	1 Land Use Summit	1 Land Use Summit	to hold 1 land use summit held	1 Land Use summit		
to ensure land acquisition for infrastructure investments and development	number of hectares acquired	none	n/a	n/a	land parcel acquired for Jane Furse Township establishment	1 traditional authority agreed to avail 126 ha	n/a		
to ensure the creation of sustainable environment and land use management	1 village planned	number of villages demarcated	500 Erven planned for apel Cross	1 village demarcated	1 village planned	facilitation and completion of Mohlwarekoma	1 village planned and demarcated		

employees: Planning Services					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	0	
4-6	2	2	2	0	
7-9					
10-12					
Total	3	3	3	0	

### 3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The long term goal of the Makhuduthamaga municipality is to promote LED through coordination and facilitation of local, Provincial and national economic initiatives. The Municipality prioritised agriculture, and tourism with particular emphasis on funding coordination and SMME development.

#### The municipality supported the following projects under the SMME Support project

Segwahleng Stone Crushing	The project was supported with a borehole , two jojo tanks (5000 ltr each) and water pump machine.
Moretsele poultry	Erection of poultry house ,borehole , water pump machine , jojo tank and stand
Mabodibeng dairy farming	The project was funded with a borehole , two jojo tanks (5000 ltr each) and water pump machine.
Seredibeng ma Africa co op	The project was supported with a borehole , two jojo tanks (5000 ltr each) and water pump machine.
Apel cross hawkers	The project was supported with a borehole , two jojo tanks (5000 ltr each) and water pump machine.

Employees: Local Economic Development Services					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	n/a	0
4-6					
7-9	2	2	2		0
10-12					
13-15					
16-18					
19-20					
Total	3	3	3		0

Financial performance 2011.12: Local Economic Development services					
R'000					
Details	2010/11	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)					
Expenditure:					
Employees	1'758'982.78	2'350'164.36	0	2'350'164.36	
Repairs & Maintenance					
Other	1'272'176.61	1'158'018.74	0	1'158'018.74	
Total operational expenditure					
Net operational (service) expenditure	3'031'159.39	3'508'183.10	0	3'508'183.10	

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### INTRODUCTION TO SPORT AND RECREATION

Makhuduthamaga Municipality does not have Sport and Recreation Policy and an official dedicated for sport and recreation for the past three financial years there were no major capital projects established by the Municipality. The existing infrastructure on sports and recreation was as a result of inter-governmental relations intervention and donations from other sports related institutions. In 2009/10 the Municipality received a donation from SAFA and Lottery for the erection of Artificial Turf in Jane worth 7 million rand.

The IDP strategic objectives on Sport and Recreation are:-

- Develop a policy framework for the governance of sport at local level that is in concert with the national and provincial sport and recreation policy.
- Make sport and recreation accessible to all people in the local area.
- Facilitate the establishment of the broad inclusive Municipal sports council to facilitate sports and recreation in the Municipality
- Create the infrastructure required for the delivery of sport and recreation given that the club is the basic unit of sport and recreation, the local authorities are an important link in the value chain.
- Ensure the existence of programs that develop the human resource potential in sport and recreation.
- Effect international agreements in concert with provincial government, as reached by National government for the purpose of sharing technology, skills transfer and the development of sport and recreation

### 3.8 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Employees: Child Care, Aged Care, social programmes					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3					
4-6					
7-9	2	4	2	0	50%
10-12	0	2	0	2	100%
13-15					
16-18					
19-20					
Total	2	6	2	2	

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

### 3.9 EXECUTIVE AND COUNCIL

## INTRODUCTION TO EXECUTIVE AND COUNCIL

T3.69.2

[illegible]

Employees: The Executive and Council					
Job level	2010/11	2011/12			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	49	42	42	0	0%
10-12	07	14	14	0	0%
13-15	3	3	3	0	0%
16-18	1	1	1	0	0%
19-20	1	1	1	0	0%
Total	61	61	61	0	0%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial performance 2011.12: The Executive and Council					
R' 000					
Details	2010/22	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)					
Expenditure:					
Other Employees					
Repairs & Maintenance					
Other					
Total operational expenditure					
Net operational (service) expenditure					
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual					

Capital expenditure 2011/12: The Executive and Council					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					

### 3.10 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

**Delete Directive note once comment is complete** – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T3.70.1

Debt recovery								
Details of the types of account raised and recovered	2010/11		2011/12			2012/13		
	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 %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %
Property Rates								
Electricity – B								
Electricity - C								
Water – B								
Water – C								
Sanitation								
Refuse								
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								

T3.70.2

Concerning T3.70.2

**Delete Directive note once table is complete** – The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T3.70.2.1

Financial Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target	Actual	Actual	Target	Target	Target
		*Previous year		*Previous year	*Current year		*Current year	*Current year	*following year
	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service indicators (i)									
Service objective xxx									

<p>Note: this stamen should include no more than the top four priority service objectives. The indicators and targets specified above (column (i) and (ii) must be incorporated in the indicator set for each municipality to which they apply. These are universal municipal indicators. Previous year refers to the targets that were set in the 2010/11 Budget/IDP round. Current year refers to the targets set in the 2011/12 Budget/IDP round. Following year refers to the targets set in the 2012/13 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of IDP and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
T3.70.3									

Employees: Financial Services					
Job level	2010/11	2011/12			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	3	3	3	0	0%
4-6	8	13	8	5	3%
7-9	10	13	10	3	2%
10-12	1	3	1	2	1%
13-15	1	1	1	0	0%
16-18					
19-20					
Total	21	33	21	10	8%
<p>Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					
T3.70.4					

Financial performance 2011/12: Financial Services					
R'000					
Details	2010/22	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)					
Expenditure:					
Other Employees					
Repairs & Maintenance					
Other					
Total operational expenditure					
Net operational (service) expenditure					
<p>Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual</p>					
T3.70.5					

Capital expenditure 2011/12: Financial Services					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.70.6					

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

**Delete Directive note once comment's completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from 2008/09 and/or previous year actuals, or expected future variations).

T3.70.7

### 3.11 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

**Delete Directive note once comment is complete** – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T3.71.1

# SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

T3.71.2

Human Resource Services Policy objectives taken from IDP									
Service Objective s	Outline service targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		*Previous year		*Previous year	*Current year		*Current year	*Current year	*followin g year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service  indicators (i)	(ii)								
Service objective: Strengthen institutional efficiency and governance to ensure effective service delivery in the municipality.									
Ensure realistic human resource development and effective human resource management	Develop electronic time management.	Develop electronic time management.	None	Install electronic time management systems.	Install electronic time management systems.	None.	SCM process on.	Utilise electronic time monitoring system.	Upgrade system.
	Pension management	Reconcile pensions monthly	Done monthly	Manage pensions.	To reconcile pensions monthly.	Recon done monthly	Recon done monthly	Continue to improve standard.	Manage pensions
		Fill all critical posts.	Filled posts 81		None.	None.	None.	Finalise the process.	Implement the results.
	Quarterly organisational reports generated	Review		Review organisational structure.	Review and implement organisational structure.	Organisational structure reviewed and adopted by Council.	Organisational structure reviewed& adopted by Council.	Improved organisational structure.	Implement Org structure
	SALGA job evaluation in place.	Monitor & implement SALGA job evaluation	Process abandoned.	Job evaluation	To implement wage curve agreements	Process failed.	None.	Conduct staff reengineering.	Implement results.

	Hr policies reviewed & adopted by Council.	Implementation of adopted HR policies.	None.	Review HR policies.	Review HR policies.	None.	None.	Review	Ensure compliance to HR policies.
	Bursary management policy in place.	Develop and implement HR strategy	None.	Create HR strategy.	None	None	None	HR policies annually	Reviewed policies.
	Bursary fund strategic plan implemented	10 bursaries to be awarded.	6 bursaries awarded.	Manage municipal bursary fund.  Implement bursary fund's strategic plan.	Manage municipal bursary fund.  Implement bursary fund strategic plan.	All fund's financial commitments were met. Bursary committee had 1 meeting.	Budget allocated utilised fully.  Bursary committee met once.	Create HR strategy.  Increase amount of the fund.	Implement HR strategy.  Monitor utilisation of funds.
	ATR & quarterly reports compiled and submitted to LGseta on time	To implement WSP.	2011/12 WSP/ ATR submitted to LGseta on 30/06/2011	Compile WSP & Annual Training/ quarterly report.	Compile WSP & Annual Training/ quarterly report.	WSP & Annual Training & quarterly reports compiled and submitted to LG seta.	WSP & Annual Training & quarterly report compiled and submitted to LG seta annually.	To implement the plan entirely.  Comply with Skills development Act.	To review strategic plan.  Comply with Skills development act.
	Train all staff members.	All staff & Councillors must be trained according to job descriptions	60% staff trained.  95% Councillors trained.	Staff training and development.	Staff training and development.	60% of Councillors & staff trained.	100% of Councillors trained & 70% staff trained	Implement WSP	Update WSP annually
	Learnership policies developed and implemented.	Make provisions for mandatory and voluntary internship.	4 Finance interns employment	Develop a policy & plan for learnerships.	Develop a policy & plan for learnerships.	Draft policy in place	None	Adopt policy	Review and adopt policy
	OHS committee functional and policy available.	Develop OHS policy	None	Develop OHS policy.	Develop OHS policy.	Draft policy in place.	Compliance with OHSA and implement risk assessment report	20 fire extinguishers serviced 02 fire extinguishers installed. 10 smoke detectors installed. 01 evacuation drill performed	100% compliance to OHSA.
	None	None	None	Develop employee wellness program.	Develop employee wellness program.	Draft policy in place.	To implement employee wellness program	02 employee wellness activities (01 health activity, 01	Implement adopted Employee wellness policy.

	Employment equity plan reviewed and adopted by Council.	Implement Employment equity plan.	Employment Equity Report submitted to the Department of Labour.	Review employment equity plan.	Review employment equity plan.	Draft EEP in place.	To balance gender equity in a workplace	team building) 100% implementation.	To comply with EEP.
	Ensure compliance to applicable labour legislation	Establish a functional Local Labour Forum.	Local Labour Forum established. 4 ordinary & 2 special meetings held. New Chairpersons appointed.	Strengthen local labour forum.	Strengthen local labour forum.	LLF was workshoped. Sub Committees established and workshoped.	To promote and maintain good labour practice.	12 LLF meetings held.  100% implementation of LLF resolutions	To improve compliance to the collective agreement.

Note: this stamen should include no more than the top four priority service objectives. The indicators and targets specified above (column (i) and (ii) must be incorporated in the indicator set for each municipality to which they apply. These are universal municipal indicators. Previous year refers to the targets that were set in the 2010/11 Budget/IDP round. Current year refers to the targets set in the 2011/12 Budget/IDP round. Following year refers to the targets set in the 2012/13 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of IDP and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T3.71.3

Employees: Human Resource Services					
Job level	2010/11	2011/12			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3					
4-6	1	1	1	0	0%
7-9	3	4	3	1	0.6%
10-12	1	2	1	1	0.6%
13-15	1	1	1	0	0%
16-18					
19-20					
Total	6	8	6	2	1%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.71.4

Financial performance 2011/12: Human Resource Services					
Details	2010/22	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)					
Expenditure:					
Other Employees					
Repairs & Maintenance					
Other					
Total operational expenditure					
Net operational (service) expenditure					
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual					
T3.71.5					

Capital expenditure 2011/12: Human Resources Services					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A	R1000 000.	R 00.00	R 00.00		
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.71.6					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

**Delete Directive note once comment's completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from 2008/09 and/or previous year actuals, or expected future variations).

T3.71.7

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

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

(ICT can be better leveraged to effective administration service delivery and socio economic development and are therefore integral to the functionality of any well run Municipality. In terms of the crucial role ICT play the focus area are internal ICT system process and infrastructure. ICT has become an integral part of doing business today, it cuts a cross all aspect components and process in the municipality. Service delivery priorities for ICT is to ensure that the municipality has efficient and effective backup system, ICT officials are trained, all municipal sites are connected through internet and lease the photocopier and printers . the need of the municipality to have ICT manager should be taken into considerations.

T3.72.1

#### SERVICE STATISTICS FOR ICT SERVICES

T3.72.2

ICT Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual		Target	
		*Previous year	(iv)	*Previous year	*Current year	(vii)	*Current year	*Current year	*following year
(i)	(ii)	(iii)		(v)	(vi)		(viii)	(ix)	(x)
Service objective :ensure provision of adequate and reliable information management system									
Strengthen institutional efficiency and governance to ensure effective delivery in the municipality.		Install and maintain intranet	the actual performance for this target is none as LAN restructuring has to be done first		Procurement and renewal of software licence	Fire wall licensed renewed			VPN establishment
		Develop preventative maintenance plan on IT			Leasing of copiers and printer	Copier and printers leased			LAN restructuring for main building

		infrastructure							
		To develop IT policies	Draft policies in place		Increasing of network access points for the main office	None			Intranet Connectivity
		Procure and install IT equipments	ICT equipments procured		ICT infrastructure				Upgrade server room
		Design master system plan( MSP)	Master plan in place		ICT system and infrastructure maintenance SLA	Budget cuts			Installation of electronic documents management system
		Connect for Corporate APN			Maintenance SLA fire detector	SLA fire detector maintained			Acquiring ICT equipments
		Register with DBSA for LG-NET connectivity	The project is complete		Design MSP and DRP	DRP Completed and approved by council			Renew ICT software's and SLA
		Upgrade current telephone system to Telkom	The research analysis has been done	Municipality is using	ICT Training	ICT officials attended training			Website management done
		Site office connectivity	The project was not archived and it will be implemented in the next financial year (2011/12)	Other municipal site office are not connected to the main office	Procurement and installation of backup system	Service provider appointed for backup system			Install and maintain SLA fire detector system
		Upgrade financial system server	The research analysis has been done by Budget and treasury	The municipality was using a munisoft system for the previous years	Site office connectivity	Installation of network infrastructure is completed			Maintenance of ICT system
		Signing of SLA with SITA for website management	SLA is in place and signed	NO SLA with SITA signed	Website and internet maintenance	Website management maintained			Upgrading Domain and ICT repairs

**Note:** this stamen should include no more than the top four priority service objectives. The indicators and targets specified above (column (i) and (ii) must be incorporated in the indicator set for each municipality to which they apply. These are universal municipal indicators. Previous year refers to the targets that were set in the 2010/11 Budget/IDP round. Current year refers to the targets set in the 2011/12 Budget/IDP round. Following year refers to the targets set in the 2012/13 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of IDP and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T3.72.3

Employees: ICT Services					
Job level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3					
4-6					
7-9	2	3	2	1	0.6%
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	3	4	3	1	0.6%
Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.72.4					

Financial performance 2011/12: ICT Services					
R' 000					
Details	2010/22	2011/12			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)					
Expenditure:					
Other Employees					
Repairs & Maintenance					
Other					
Total operational expenditure					
Net operational (service) expenditure					
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual					
T3.72.5					

Capital expenditure 2011/12: ICT Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.72.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

( ICT is responsible for the establishment and support of information management and technology systems. The section also replaced obsolete IT assets, renewed software license and upgraded the network infrastructure, the server environment and the e-mail system. The service provider appointed for installation of ICT backup system. 75% of ICT software licence renewed, site connectivity for two satellite offices has been connected and website and internet maintained)



# ANNUAL PERFORMANCE REPORT AND SCORE CARD 2011/12

# CHAPTER 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

The municipality performs the following functions :

- Implement municipal bursary fund.
- Compile WSP, annual training and quarterly reports.
- Provide staff training.
- To create database for unemployed graduates.
- To develop a plan for learnership

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	10/11		11/12		
	No. Employees	No. Approved posts	No. of employees	No. of vacancies	% of vacancies
Water	0	0	0	0	0%
Waste Water (sanitation)	0	0	0	0	0%
Electricity	1	1	1	0	0%
Waste Management	0	2	1	1	50%
Housing	See electricity				
Waste Water (Storm water Drainage)	1	1	1	0	0%
Roads	5	10	8	2	20%
Transport	0	0	0	0	0%
Planning	8	10	8	2	20%
Local Economic Development	4	4	3	1	25%
Planning (Strategic & Regulatory)	61	61	61	0	0%
Community & social services	4	14	4	10	71%
Environmental protection	1	1	1	0	0%
Health	0	0	0	0	0%
Security & safety	12	32	12	20	63%
Sport & recreation	1	1	1	0	0%
Corporate Policy offices & other	23	33	23	10	30
<b>Totals</b>	<b>141</b>	<b>170</b>	<b>141</b>	<b>29</b>	<b>17%</b>

Headings follow the order of services as set out in Chapter 3. Service totals should equate to those included in the chapter 3 employee schedules. Employee and approved posts numbers are as at 30 June.

# CHAPTER 4

Vacancy Rate: 11/12			
Designation	*Total approved posts  No.	*Variances (Total time that vacancies exist using fulltime equivalents)  No.	*Variances (as a proportion of total posts in each category)  %
Municipal Manager	1	29	28
CFO	1	0	
Other S57 Managers (excluding Finance Posts)	4	29	25
Other S57 Managers (Finance posts)	5	29	24
Municipal Police	0	0	0
Fire Fighters	0		
Senior Management: Levels 13-15 (excluding Finance Posts)	Same as S57 post mentioned above.		
Senior Management: Levels 13-15 (Finance Posts)	Same as S57 post mentioned above.		
Highly skilled supervision: Levels 9-12 (excluding Finance posts)	23	29	6
Highly skilled supervision: Levels 9-12 (Finance posts)	26	29	3
<b>Total</b>	<b>60</b>	<b>29</b>	<b>-31</b>
Note: *for posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.			

Turn-over Rate			
Details	Total Appointments as of beginning of financial year  No.	Terminations during the financial year  No.	Turn-over Rate*
2009/10			
2010/11			
2011/12	83		
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year			

## COMMENT ON VACANCIES AND TURNOVER:

- 70% of vacant posts during the reporting period were advertised and processed.
- Section 57 posts have remained at a minimum of 12 months unfilled because of not attracting competent candidates; however, two positions were successfully processed and filled. The posts of Municipal Manager and Director Economic Development & Planning were filled.
- The filling of the Municipal Manager post left us with a vacancy of Director Corporate services.
- The turnover rate has remained static/ stable because the municipality is in the rural area where competition for scarce skills with affluent areas is high.
- The unemployment rate is high thus people are likely to stay with the first employer.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

- The municipality has developed an Employment Equity Plan in terms of the Act.
- To ensure that the workplace is free of unfair discrimination (direct and indirect) against anyone on one or more on grounds of being designated group and others in terms of Section 9 of the Constitution read with Section 5 & 6 (1) of the Employment Equity Act No. 55 of 1998.
- To achieve equity in the workplace by complying with Section 20 of the Employment Equity Act.
- Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and
- To implement comprehensive affirmative action, education, training and development measure to redress historic and existing inequalities, imbalances, prejudices and injustices in the workplace in order to transform the Makhuduthamaga Municipality into a non-racial, non-sexiest council.
- To address imbalances in the composition of the internal labour force with special reference to race and gender by means of an employment equity plan, until such time as the staff composition of the Makhuduthamaga Municipality is representative of the labour market at all organisational levels.
- To ensure job security of those employees who are proficient in their positions with the implementation of affirmative action programmes.
- To establish a staff composition that is able to serve all members of the community effectively and fairly taking due cognizance of culture and ethnic diversity.

# CHAPTER 4

## 4.2 POLICIES

HR Policies & Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			28 Oct 2008
2	Attraction & Retention	0		28 Oct 2008
3	Code of conduct for employees	100%	2008	28 Oct 2008
4	Delegations, Authorisation & responsibility	0	2008	28 Oct 2008
5	Disciplinary Code & Procedures	100%	2008	28 Oct 2008
6	Essential Services	0	2008	28 Oct 2008
7	Employee Assistance/ wellness	0	2008	28 Oct 2008
8	Employment Equity	100%	2008	28 Oct 2008
9	Exit Management	0	2008	28 Oct 2008
10	Grievance Procedures	100%	2008	28 Oct 2008
11	HIV/AIDS	100%	2008	28 Oct 2008
12	Human Resource & Development		2008	28 Oct 2008
13	Information Technology	100%	2008	28 Oct 2008
14	Job Evaluation	0	2008	28 Oct 2008
15	Leave	100%	2008	28 Oct 2008
16	Occupational Health & Safety	0	2008	28 Oct 2008
17	Official Housing	0	2008	28 Oct 2008
18	Official Journeys	100%	2008	28 Oct 2008
19	Official Transport to attend funerals	0	2008	28 Oct 2008
20	Official working hours and overtime	100%	2008	28 Oct 2008
21	Organisational rights	0	2008	28 Oct 2008
22	Payroll Deductions	100%	2008	28 Oct 2008
23	Performance Management & Development	0	2008	28 Oct 2008
24	Recruitment, selection & Appointments	100%	2008	28 Oct 2008
25	Remuneration Scales & Allowances	0	2008	28 Oct 2008
26	Resettlement	100%	2008	28 Oct 2008
27	Sexual Harassment	100%	2008	28 Oct 2008
28	Skills development	0	2008	28 Oct 2008
29	Smoking	100%	2008	28 Oct 2008
30	Special skills	0		28 Oct 2008
31	Work Organisation	0		28 Oct 2008
32	Uniforms & protect clothing	0		28 Oct 2008
33	Other			28 Oct 2008
34	All budget related policies used during the reporting policies were approved with the budget by council.			
35	The municipality has also developed draft ICT policies.			
NB	The municipality has during the reporting period developed draft HR Policies.			

# CHAPTER 4

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

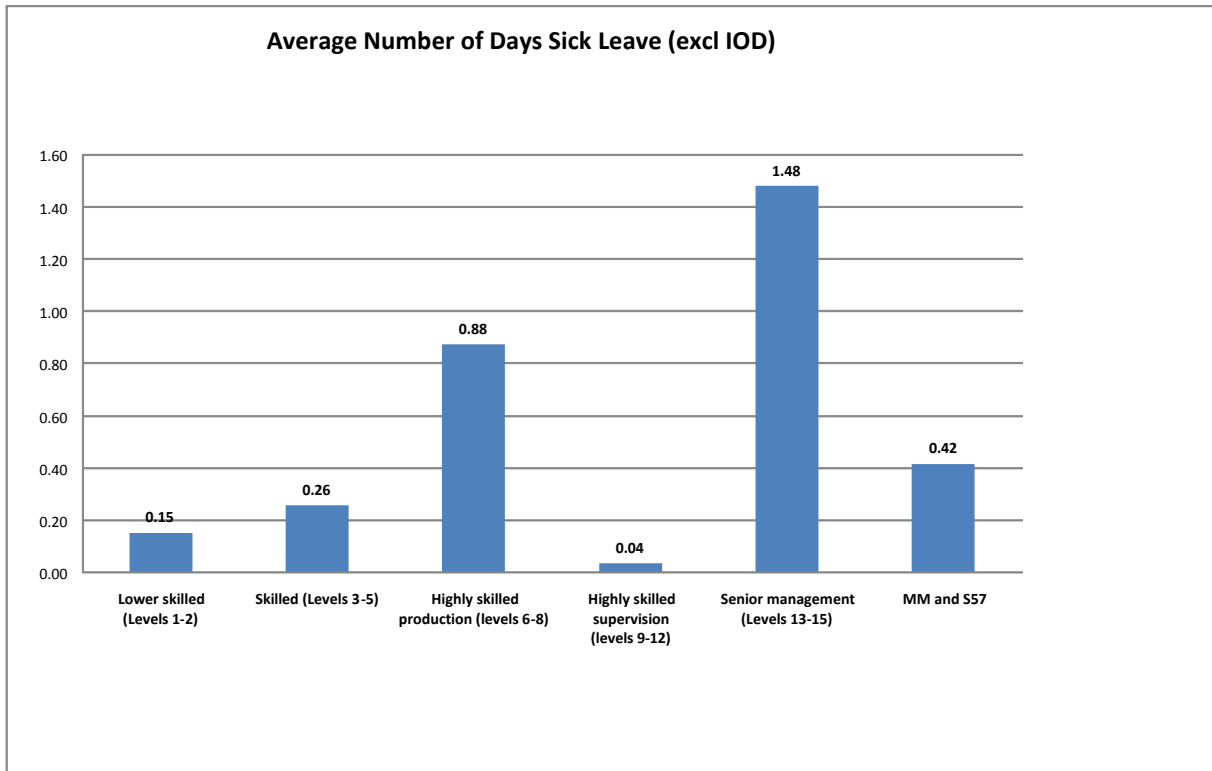
Number and cost of injuries on duty					
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
	Days		%	Days	R`000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>

Number of days and cost of sick leave (excluding injuries on duty)						
Designations	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per employees	Estimated cost
	Days	%	No.	No.	Days	R`000
Lower skilled (level 1-2)						
Skilled (level 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (level 9-12)						
Senior management (levels 13-15)						
MM & S57						
<b>Total</b>						

\*Number of employees in post at the beginning of the year

\*Average calculated by taking sick leave in column 2 divided by total employees in column 5

# CHAPTER 4



## COMMENT ON INJURY AND SICK LEAVE:

- No injury on duty incidences were recorded for the period under review.
- The municipality has a committee dealing with occupational health and safety measures within the municipal environment.
- The Municipality has manual and electronic leave management system which it uses for monitoring and management of leaves.
- There is no Municipal doctor, however sick leave notes are required from registered medical practitioners.
- Personal records of sick leaves taken are kept.

# CHAPTER 4

Number and period of suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
Accountant: Expenditure	Fraud, bribery and dishonesty.	11/04/2011	Case finalised and employee guilty. Sanction is that he be moved to a post lower than his, with no financial implications.	30/11/2011

Disciplinary action taken on cases of financial misconduct			
Position	Nature of alleged misconduct and value of any loss to the municipality	Disciplinary action taken	Date finalized
Accountant: Expenditure	Fraud, bribery and dishonesty.	Demoted to a lower post with no financial implications.	30/11/2011

## COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

- Delay caused by further consultations.
- Three postponements.
- Request by employee representative for postponement as results of other commitments.
- The employer requested postponement due to other commitments.
- Unavailability of witnesses.

# CHAPTER 4

## 4.4 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designation	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 11/12 R'000	Proportion of beneficiaries within group %
Lower skilled (levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior Management (levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
<b>Total</b>		0	0	0	0%

# CHAPTER 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality has developed a workplace skills plan in line with the Skills development Act, 1998, which is adopted by Council annually before submission to LGseta on the 30<sup>th</sup> of June.

The municipality has taken 60% of its workforce for training and workshops in terms of their skills audit/ personal development plan.

Budget constraint is a major challenge when implementing the workplace skills plan.

Training Committee is appointed but not functional and is ineffective.

Poor attendance of classes due work commitments.

T4.5.0

## 4.5 SKILLS DEVELOPMENT AND TRAINING.

Skills Matrix														
Management	Gender	Employees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June 2012											
		No.	Learnerships			Skills programme & other short courses			Other forms of training			Total		
			Actual 30 June 2011	Actual 30 June 2012	Target	Actual 30 June 2011	Actual 30 June 2012	Target	Actual 30 June 2011	Actual 30 June 2012	Target	Actual 30 June 2011	Actual 30 June 2012	Target
MM & S57	Female	1					1						1	
	Male	1					0						0	
Councilors, senior officials & managers	Female	29					8		22				30	
	Male	54					20		40				60	
Technicians & associate professionals	Female	17					6		8				14	
	Male	26	2				10		6				18	
Professionals	Female	12	2				7		9				18	
	Male	4	2				4		2				8	
Sub Total	Female	59					22		35				57	
	Male	85					34		48				82	
Total		288	6				112		174				288	

T4.5.1

# CHAPTER 4

Financial competency development: progress report						
Description	A Total number of officials employed by municipality (Regulation 14 (4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: competency assessment completed for a and B (regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of officials that meet prescribed competency levels (Regulation 14(4)(a))
Financial officials	15	0	15		0	0
Accounting officer	1	0	1		0	0
Chief Financial Officer	1	0	1		1	0
Senior Managers		0			0	0
Any other financial officials		0			0	0
Supply Chain Management officials	8	0	8	4	0	0
Heads of SCM units	1	0	1		0	0
SCM senior managers		0			0	0
Total	26	0	26	4	1	0
*This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T4.5.2						

# CHAPTER 4

Skills Development Expenditure										
Management Level	Gender	Emplo yees as at the beginn ing of the financi al year	Original Budget and Actual Expenditure on skills development 2011/12							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Origina l Budget	Actual	Original Budget	Actu al	Original Budget	Actu al	Original Budget	Actual
MM and S57	Female	1			0		0		0	0
	Male	1			0		0		0	0
Legislators, senior officials and managers	Female	28			87898.00		5760.00		93658.00	87898.00
	Male	53			227318.81		6400.00		233718.80	227318.81
Professionals	Female	12			26137.50		0		26137.50	26137.50
	Male	14			86022.50		0		86022.50	86022.50
Technicians and associate professionals	Female	7			98800.00		0		98800.00	98800.00
	Male	2			28198.86		0		28198.86	28198.86
Clerks	Female	7			18000.00		0		18000.00	18000.00
	Male	2			8999.99		0		8999.99	8999.99
Service and sales workers	Female	7			57398.00		0		57398.00	57398.00
	Male	10			16800.00		0		16800.00	16800.00
Plant and machine operators and assemblers	Female	1			0		0		0	0
	Male	7			19722.00		0		19722.00	19722.00
Elementary occupation	Female				0		0		0	0
	Male				0		0		0	0
Sub Total	Female				288233.50		5760.00		293993.50	288233.50
	Male				387062.16		6400.00		393462.15	387062.16
%* and *R value of municipal salaries (original budget) allocated for workplace skills plan									%*	*R
T4.5.3										

## THE MUNICIPALITY HAS A SKILLS DEVELOPMENT PLAN WHICH ADDRESSES THE FOLLOWING:

- WSP developed for both staff and councillors.
- Skills audit is completed by all new employees and updated annually.
- Municipal bursary fund is established for prospective students from within the municipality targeting individuals from underprivileged families.
- Internship programs available for finance and other disciplines and funded by the FMG.
- Funding is from FMG and equitable share. It is normally not adequate to meet the training demands of the WSP.
- The expenditure is always high and budget adjustment done for the remainder of the year.

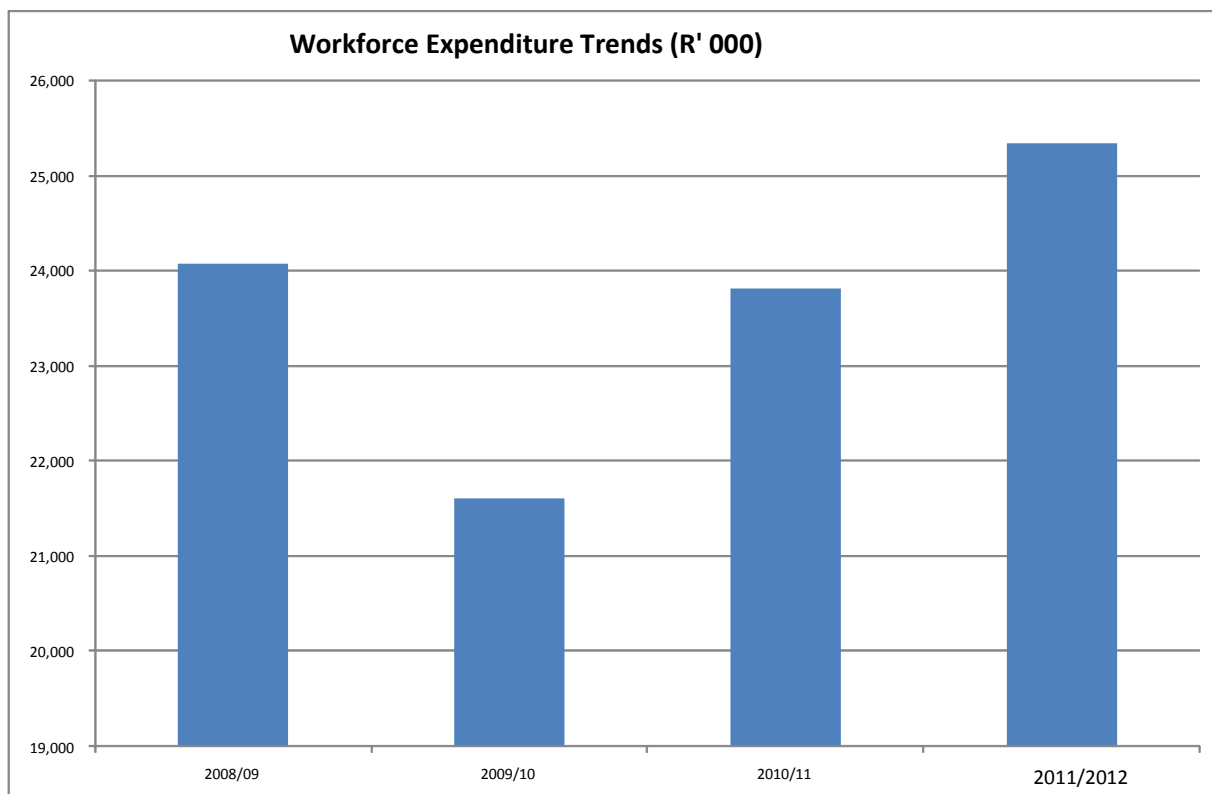
# CHAPTER 4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

- To ensure compliance to relevant legislation.
- To ensure that funds allocated are utilised efficiently and appropriately.
- Council approves organisational structure and its budget.
- Only posts approved in terms of organisational structure are filled and are budgeted for.
- To utilise personnel to achieve organisational goals and objectives.

### 4.6. EMPLOYEE EXPENDITURE



#### COMMENT ON WORKFORCE EXPENDITURE:

**Delete Directive note once comment is complete** – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year

T4.6.1.1

# CHAPTER 4

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (level 1-2)	Female	0
	Male	0
Skilled (level 3-5)	Female	0
	Male	0
Highly skilled production (levels 6-8)	Female	0
	Male	0
Highly skilled supervision (level 9-12)	Female	0
	Male	0
Senior management (levels 13-15)	Female	0
	Male	0
MM & S57	Female	0
	Male	0
Total		0

Employees whose salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
NONE				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
NONE				

DISCLOSURES OF FINANCIAL INTERESTS	
All councillors disclosed all their financial interest in line with the PM Regulations 805 of 2006.	

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

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

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

According to the MFMA, the Annual Financial Statements of the Municipality must be submitted to the Auditor-General within two months after the end of the financial year. The Annual Financial Statements for 2011/2012 were submitted to the Auditor-General and National and Provincial Treasuries within the prescribed timeframe on 31 August 2012 and are attached hereto as Annexure A.

The financial statement have been prepared on accrual basis of accounting. These annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Municipality fully complied with the GRAP standards for the compilation of the 2011/2012 Annual Financial Statements. The Municipality received a qualified audit opinion for the 2011/2012 financial year.

Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.

# Chapter 5

## 5.1. STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Description	2010/11	Current year 2011/12			2011/12 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget
<b>Financial Performance</b>						
Property Rates	24, 906,459	24, 046,860	41,443,710	41 358 051	42%	-0.2%
Service charges	-	-	-	-	0%	0%
Investment revenue	3,048,256	3,500,000	8,623,445.46	3,671,638	5%	-135%
Transfers recognised – operational	114,143,476	128,589,000	130,121,000	128,573,000	0%	-1%
Other own revenue	6,577,126	22,109,054	11,064,614	10,007,377	-121%	-11%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>148,675,317</b>	<b>178,244,914</b>	<b>191,251,769</b>	<b>183,610,066</b>	<b>3%</b>	<b>-4%</b>
Employees costs	20,952,976	39,742,167	33,120,902	25,671,515	-55%	-29%
Remuneration of councillors	13,496,393	14,400,000	13,800,547	13,951,429	-3%	1%
Depreciation & asset impairment	8,747,844	3,187,986	3,187,986	9,618,467	-67%	67%
Finance charges	-	300,000	110,000	8,730	-3,336%	-1,160%
Materials and bulk purchases	-	-	-	-	0%	0%
Transfers and grants	3,260,347	-	-	4,279,906	0%	0%
Other expenditure	70,074,199	60,229,369	104,467,467	89,094,583	32%	-17%
<b>Total Expenditure</b>	<b>116,531,759</b>	<b>117,859,522</b>	<b>154,686,902</b>	<b>142,624,630</b>	<b>17%</b>	<b>-8%</b>
<b>Surplus (deficit)</b>	<b>32,143,558</b>	<b>60,385,392</b>	<b>36,564,867</b>	<b>40,976,706</b>	<b>-47%</b>	<b>11%</b>
Transfers recognised – capital	33,401,000	41,659,000	44,159,000	40,128,612	-4%	-10%
Contributions recognised – capital & contributed assets	-	-	-	-	0%	0%
<b>Surplus (deficit) after capital transfers &amp; contributions</b>	<b>65,544,558</b>	<b>102,044,392</b>	<b>80,723,868</b>	<b>81,114,048</b>	<b>49%</b>	<b>0.5%</b>
Share of surplus (deficit) of associates	65,544,558	102,044,392	80,723,868	81,114,048	49%	0.5%
<b>Surplus (deficit) for the year</b>						
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	-	-	-	-	-	-
Transfers recognised – capital	33,401,000	60,385,000	44,159,000	40,128,612	-50%	-10%
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-
<b>Total source of capital funds</b>						
<b>Financial position</b>						
Total current assets	126,815,069	49,739,070	190,624,092	170,220,779	70%	12%
Total non- current assets	117,085,637	342,991,207	323,073,026	164,011, 200	-109%	97%
Total current liabilities	19,958,830	1,005,361	1,005,361	28 972 740	97%	97%
Total non-current liabilities	-	1,440,000	32,587,545	203 315	-	-
Community wealth/equity	-	390,285,916	480,104,213	-	-	-
<b>Cash flows</b>						
Net cash from (used) operating	27,347,214	104,932,378	73,252,457	63,594,188	-65%	-15%
Net cash from (used) investing	17,764,310	100,582,200	80,664,019	57,888,626	74%	-39%
Net cash from (used) financing	-	-	-	203,315	0%	0%
<b>Cash/cash equivalents at the year end</b>						
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	76,006,203	10,791,608	115,197,985	81,909,992	-	-41%
Application of cash and investments	-	-20,468,639	1,005,361	-	0%	0%
<b>Balance – surplus (shortfall)</b>		<b>31,260,247</b>	<b>114,192,623</b>		<b>0%</b>	<b>0%</b>
<b>Asset management</b>						
Asset register summary (WDV)	-	-	179,822,893	164,011,200	-	-10%
Depreciation & asset impairment	8,747,844	3,187,986	3,187,986	9,618,467	67%	67%
Renewal of existing assets	-	4,200,000	4,053,537	-	-	-
Repairs and maintenance	11,225,549	11,682,469	18,182,469	15,940,001	27%	-14%
<b>Free services</b>						
Cost of free basic services provided	2,560,087	3,000,000	3,000,000	3,495,633	14%	-
Revenue cost of free services provided	-	3,000,000	-	-	-	-
<b>Households below minimum service level</b>						
Water	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Refuse	-	-	-	-	-	-v
Variances are calculated by dividing the difference between actual & original /adjustments budget by the actual. Table is aligned to MBRR table 1						

# Chapter 5

Financial performance of operational services						
R `000						
Description	2009/10	2010/11			2011/12 variance	
	Actual	Original budget	Adjustment budget	Actual	Original budget	Adjustment budget
Operating cost						
Water						
Waste water (sanitation)						
Electricity	0	3,000	3,000	3,495	3,000	3,000
Waste management						
Housing						
<b>Component A: sub-total</b>	<b>0</b>	<b>3,000</b>	<b>3,000</b>	<b>3,495</b>	<b>3,000</b>	<b>3,000</b>
Waste water (storm water drainage)						
Roads	55,395	47,172	47,172	1,079	70,970	60,920
Transport						
<b>Component B: sub-total</b>						
Planning						
Local Economic Development						
<b>Component B: sub-total</b>						
Planning (strategic & regulatory)						
LED						
<b>Component C: Sub-total</b>						
Community & social services						
Environmental protection						
Health						
Security & safety						
Sport & recreation						
Corporate policy offices & other						
<b>Component D: sub-total</b>						
<b>Total expenditure</b>						
In this table operational income (but not levies or tarrifs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

T5.1.2

## COMMENT ON FINANCIAL PERFORMANCE:

The actual income for the 2011/2012 financial year is 4 percent lower than the budgeted amount of R191.2 million. The variance is due to that was traffic station was not in full operation during the year while we expected the two traffic stations to be in full operating during budgeting.

The actual expenditure for the 2011/2012 financial year is 8% lower than the budgeted amount of R154.7 million. The variance is due to impairment of government debtors which was not implemented as this debtors are state entities will be able to pay and vacancies which were budgeted for but were either not filled on time or not filled at all.

T5.1.3

# Chapter 5

## 5.2 GRANTS

Grant Performance						
Description	2009/10	2010/11		2011/12 variance		
	Actual	Budget	Adjustments budget	Actual	Original budget %	Adjustments budget %
<b>Operating transfers and grants</b>						
<b>National Government:</b>						
Equitable share	111,893,476	126,283,000	126,283,000	126,283,000	0%	0%
Municipal systems improvement	750,000	790,000	790,000	790,000	0%	0%
Department of Water Affairs						
Levy Replacement						
Other transfers/grants (MIG and DOE)	34,901,000	41,628,612	41,628,612	41,628,612	0%	0%
<b>Provincial Government</b>	<b>147,544,476</b>	<b>168,701,612</b>	<b>168,701,612</b>	<b>168,701,612</b>	<b>0%</b>	<b>0%</b>
Health subsidy	0	0	0	0	0%	0%
Housing						
Ambulance subsidy						
Sports & recreation						
Other transfers/grants (insert description)						
<b>District municipality</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0%</b>
<b>(Insert description)</b>						
<b>Other grant providers:</b>						
<b>(Insert description)</b>						
<b>Total operating transfers &amp; grants</b>	<b>147,544,476</b>	<b>168,701,612</b>	<b>168,701,612</b>	<b>168,701,612</b>	<b>0%</b>	<b>0%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by actual						
T5.2.1						

### COMMENT ON OPERATING TRANSFERS AND GRANTS:

All conditional grants were received as per the DoRA.

Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L**.

T5.2.2

# Chapter 5

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The main project was to perform a physical verification of Property, Plant and Equipment (PPE) and prepare a fixed asset register according to the standards of GRAP 17. As the abovementioned is a continuous process the following additional procedures were followed towards establishing a complete asset register at 30 June 2012:

- Review the Accounting Policy and Asset Management Policy regarding PPE.
- New Asset Register compiled on ACCPAC system, which was fully operational from 1 July 2011.
- Identification and determine values of infrastructure assets by CORPMD.
- Review of useful lives of items of PPE recognised in the Annual Financial Statements.
- Unbundling of assets.

Asset verifications are done on a quarterly basis by the Budget and Treasury Department.

During the year ended 30 June 2012, the municipality performed the unbundling of infrastructure assets, with retrospective from 01 July 2009. Unbundling of infrastructure assets was performed during the year by the qualified engineer from Nemurango Consulting Engineers. The gross replacement principle was applied in the components of infrastructure.

The Municipality fully complied with the GRAP 17 standard for the compilation of the 2011/2012 Annual Financial Statements.

The Asset Register is reconciled to the general ledger on a monthly basis.

T5.3.1

TREATMENT OF THE THREE LARGEST ASSETS				
Assets 1				
Name	Construction of Madibong Road			
Description	Upgrading of gravel road to pavement surfaced road.			
Asset Type	Infrastructure Assets - Roads			
Key staff involved	Assets Management and Infrastructure Department			
Staff responsibilities	Management and Maintenance of the Asset			
Asset Value	2008/09	2009/10	2010/11	2011/12
				7,218,184
Capital implications	Grant funding			
Future purpose of asset	To provide better access roads to and from residential areas			
Describe key issues	Delays in completion of the on time			
Policies in place to manage asset	Municipal Assets Management Policy, GRAP 17 and MFMA.			

# Chapter 5

Assets 2				
Name	Construction of Access road to Masemola Tribal Office			
Description	Upgrading of gravel road to tar surfaced road			
Asset Type	Infrastructure Assets – Roads			
Key staff involved	Assets Management and Infrastructure Department			
Staff responsibilities	Management and Maintenance of the Asset			
Asset Value	2008/09	2009/10	2010/11	2011/12
				6,153,174
Capital implications	Grant funding			
Future purpose of asset	To provide better access roads to and from residential areas			
Describe key issues	Potholes			
Policies in place to manage asset	Municipal Assets Management Policy, GRAP 17 and MFMA			

Asset 3				
Name	Access Road to Water Treatment – Riverside			
Description	Upgrading of gravel road to tar surfaced road			
Asset Type	Infrastructure Assets – Roads			
Key staff involved	Assets Management and Infrastructure Department			
Staff responsibilities	Management and Maintenance of the Asset			
Asset Value	2008/09	2009/10	2010/11	2011/12
				4,007,372
Capital implications	Grant funding			
Future purpose of asset	To provide better access roads to and from residential areas			
Describe key issues	Delays in completion of the on time			
Policies in place to manage asset	Municipal Assets Management Policy, GRAP 17 and MFMA			
T5.3.2				

## COMMENT ON ASSET MANAGEMENT:

For Madibong road – there were challenges of realignment of about 200m of the road due to the development of new shopping centre next to the road, which also affected the fence of one household.

For water treatment - there were challenges, delays on surfacing of the road due to weather charges during June/July.

For other project no challenges were identified.

Repair and maintenance expenditure 2011/12				
	Original budget	Adjustment budget	Actual	Budget variance
Repairs and maintenance expenditure	9,682,469	17,232,469	15,940,001	(1,292,468)
T5.3.4				

## COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

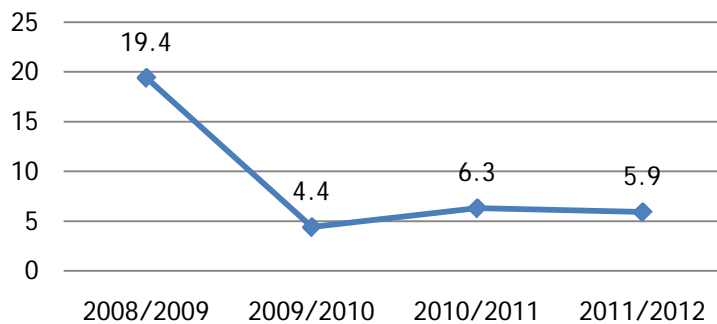
Spending on repairs and maintenance was at an acceptable level with 92.49% of the budget spent. The target is to spend at least 100% of the repairs and maintenance budget in future years to ensure all of Council's assets are maintained at an acceptable level so that service interruptions are minimized

The variance was caused by repairs and maintenance of municipal building which was budgeted for but not done during the year

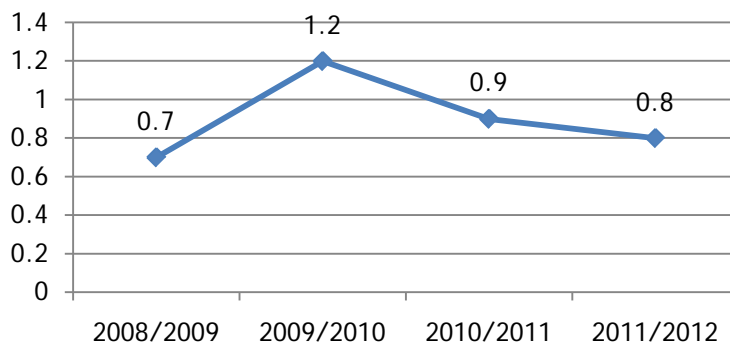
# Chapter 5

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

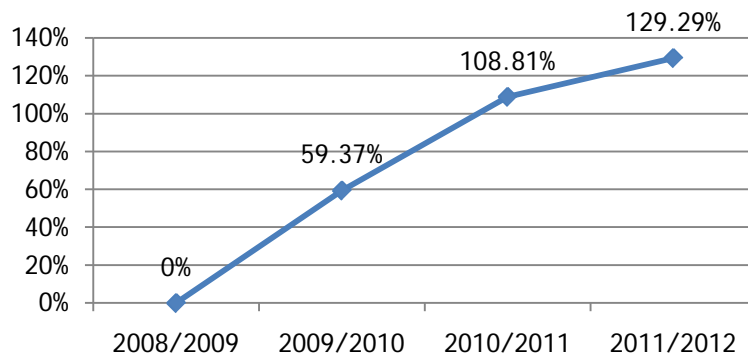
### Liquidity Ratio



### Cost Cover

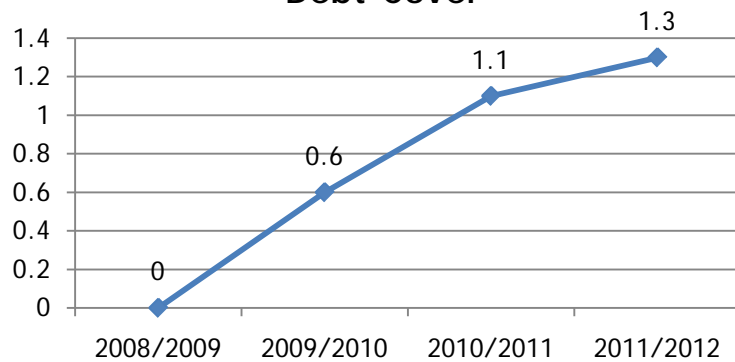


### Outstanding Debtors to Revenue

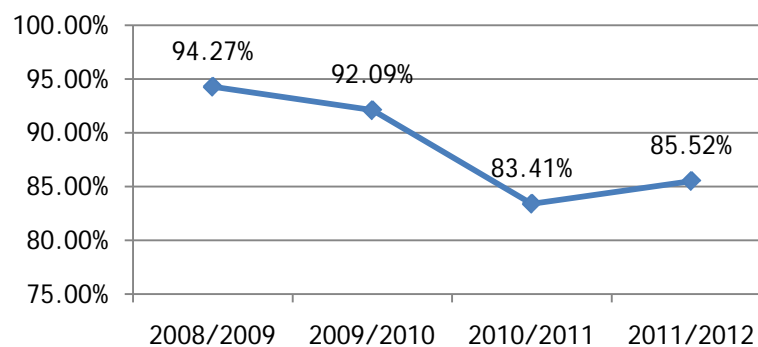


# Chapter 5

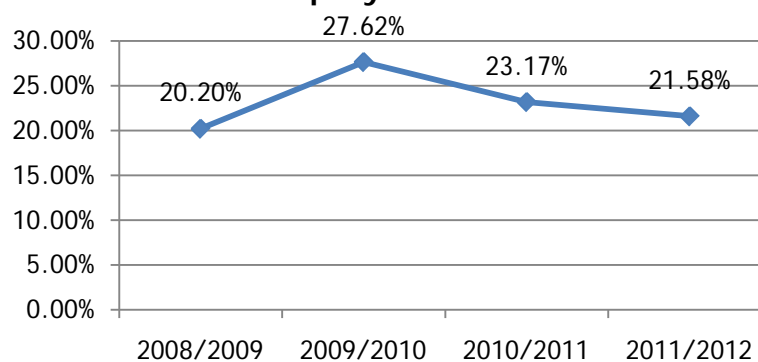
## Debt Cover



## Creditors System Efficiency

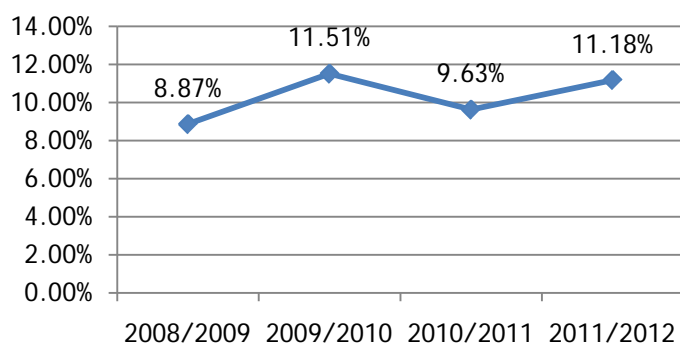


## Employee Cost



# Chapter 5

## Repair and Maintenance



### COMMENT ON FINANCIAL RATIOS:

The Municipality is in a very liquid position, with current assets of a more five times of the current liabilities. The ratio has however deteriorated from the 2010/2011 financial year to the current year.

Cost coverage which is an indicator of the available cash and investments as against the required monthly fixed operating expenditure to keep the municipal machinery running achievement was a cover of 0.8 times which is in line with the benchmark figure. This outcome serves to confirm the liquid position of the Municipality.

Percentage of net debtors to annual revenue ratio measures the extent of the net debtors (total debtors less provision for doubtful debts/ impairment) as a percentage of revenue of the municipality. The ideal percentage of the net debtors to annual income ratio should be 20%. However, the outcome for 2011/12 is 129.29%. The outcome is indicative of the debt collection challenges facing the municipality, with about 14.07% of our debtor's book being doubtful or impaired. Debt coverage ratio is 1.3 which has increased from the prior year rate of 1.2. This is mainly as a result of low debt collection exposure of the municipality.

Creditor system efficiency measures proportion of creditors that were paid within 30 days by the municipality. The municipality paid 85.52% of creditors within prescribed limit of 30 days which improved from the previous year rate of 83.41%

T5.4.9

# Chapter 5

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

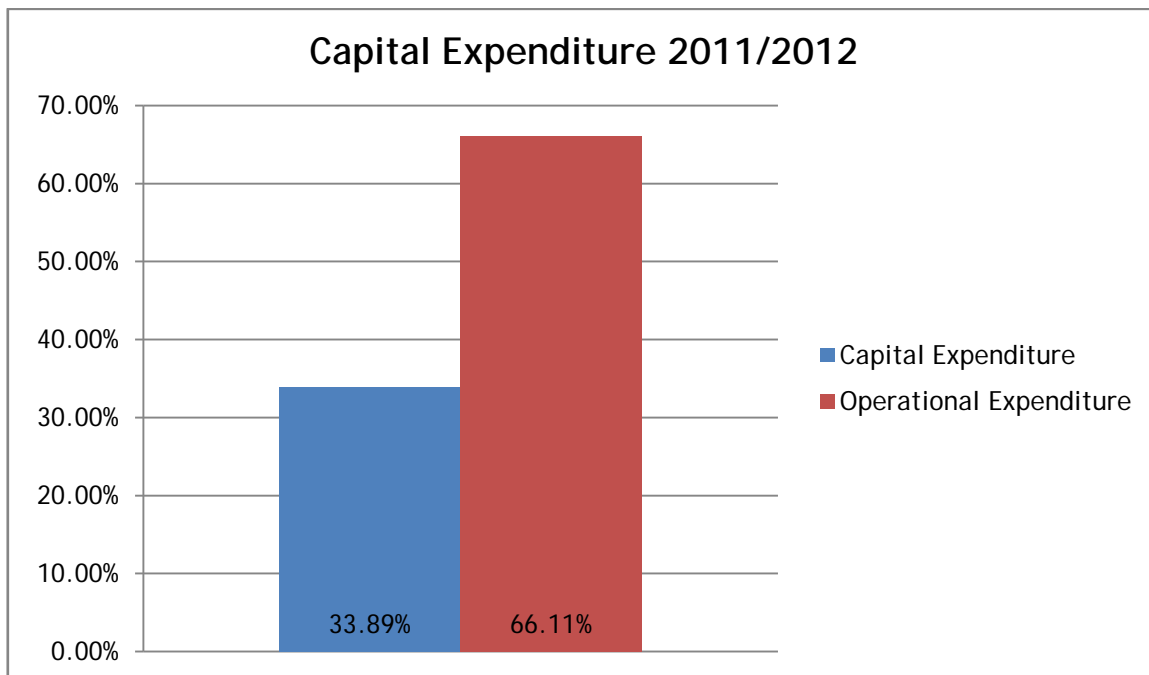
### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants.

Refer to 5.7 for capital spending on the five largest projects implemented in the 2011/2012 financial year.

T5.5.0

## 5.5 CAPITAL EXPENDITURE



T5.5.1

# Chapter 5

## 5.6 SOURCES OF FINANCE

Capital Expenditure – funding sources 2010/11 -2011/12						
R'000						
Details	2010/11	2011/12				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External Loans	0	0	0	0	0%	0%
Public contributions and donations	0	0	0	0	0%	0%
Grants and subsidies	147,544,476	168,701,612	168,701,612	168,701,612	0%	0%
Other						
<b>Total</b>						
<b>Percentage of finance</b>						
External Loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	0	0	0	0	0
Other						
<b>Capital Expenditure</b>						
Water and Sanitation						
Electricity						
Housing						
Roads and storm water						
Other						
<b>Total</b>						
<b>Percentage of expenditure</b>						
Water and Sanitation						
Electricity						
Housing						
Roads and storm water						
Other						
<b>T5.6.1</b>						

### COMMENT ON SOURCES OF FUNDING:

A percentage capital charge to total expenditure for the year is 33.89% for the year, which indicated that the municipality is investment more on infrastructure development.

T5.6.1.1

# Chapter 5

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital expenditure of 5 largest projects*					
R`000					
Name of project	Current year			Variance current year	
	Original budget	Adjustment budget	Actual expenditure	Original variance (%)	Adjustment variance (%)
A-Construction of Madibong roads	9,692,964.00	0.00	7,218,184.09	34%	0%
B-Construction of Access roads to Masemola tribal office	6,300,000.00	0.00	6,153,174.44	2%	0%
C-Electrification of Vierfontein D	7,125,000.00	0.00	6,510,120.59	9%	0%
D-Access roads to water treatment	4,841,992.72	0.00	4,000,371.64	21%	0%
E-Construction of Maila Mapitsane bridge	4,153,452.35	0.00	3,508,547.79	18%	0%
*Projects with the highest capital expenditure in 11/12					
Name of project – A	Construction of Madibong roads & stormwater				
Objective of project	To construct a proper roads				
Delays	Construction of mall				
Future challenges	None				
Anticipated citizen benefits	Accessible by all road user				
Name of project – B	Construction of access roads to Masemola Tribal Office				
Objective of project	To construct a proper roads				
Delays	None				
Future challenges	None				
Anticipated citizen benefits	Accessible by all road user				
Name of project – C	Electrification of Vierfontein D				
Objective of project	To provides electricity to citizen				
Delays	Waiting long period to get permit(wet land permit)				
Future challenges	None				
Anticipated citizen benefits	Access to electricity				
Name of project – D	Access roads to water treatment				
Objective of project	To construct a proper roads				
Delays	Under ground water				
Future challenges	None				
Anticipated citizen benefits	Roads will be easily accessed by users				
Name of project – E	Construction of Maila Mapitsane access bridge				
Objective of project	To construct clear and proper bridge				
Delays	None				
Future challenges	None				
Anticipated citizen benefits	Citizen will able to cross easily				
T5.7.1					

# Chapter 5

## COMMENT ON CAPITAL PROJECTS:

For madibong road – there were challenges were realignment of about 200m of the road due to the development of new shopping centre next to the road, which also affected the fence of one household.

For water treatment - there were challenges, delays on surfacing of the road due to weather charges during June/July.

For other project no challenges were identified.

T5.7.1.1

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Water & Sanitation – The local municipality does not have any function to provide water this is the function of the district municipality.

Electricity – Makhudathamaga does not provide any services regarding electricity they only have free basic electricity where they give it to indigent customers and also they have high mast project were the main challenges there is that Eskom those not have capacities on those area identified.

Household connections area regulated by a service level agreement between the Municipality and the Department of Energy, however these projects are transferred to the Department of Energy upon completion.

Service Backlogs as at 30 June 2012				
	*service level above minimum standard		**service level below minimum standard	
	No. HHs	%HHs	No. HHs	%HHs
Water	19441	36%	37201	64%
Sanitation	7818	10%	48824	90%
Electricity	50741		5901	
Waste management	45911	88%	10731	
Housing			7381	
% HHs are the service above/below minimum standard as a proportion of total HHs. `housing` refers to *formal and ** informal settlements				

# Chapter 5

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Effective cash management should be a priority for local governments. It requires timely collections and disbursements, and prudent yet effective investment strategies.

One of the most important functions for a local government is sound cash management, which ensures adequate cash availability, proper safeguarding of assets, and maximum investment yield. Providing for sound cash management will assure that investments are optimized for the best possible return.

The key management features of the Municipality are to:

- > Actively monitor cash flow
- > Accelerate collection of receipts
- > Optimize timing of disbursements
- > Maximize interest earnings while maintaining lawful, prudent, and properly secured investments.

Some of these functions, such as managing receipts and disbursements, are day-to-day. Others, such as planning your investment strategy, have a longer-term outlook.

# Chapter 5

## 5.9. CASH FLOW

Cash Flow Outcomes				
				R`000
Description	2010/11	Current Year 2011/12		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash Flow From Operating Activities</b>				
<b>Receipts</b>				
Ratepayers and other	26,159,559	42,155,914	40,155,914	42,154,223
Government – operating	114,143,476	128,589,000	130,121,000	128,573,000
Government – capital	33,401,000	41,659,000	44,159,000	40,128,612
Interest earned - debtors	2,924,866	0	4,773,445	6,745,089
Interest earned – investment	3,048,256	3,500,000	3,850,000	3,671,638
Other revenue – Vat Recovery	0	0	0	0
Licenses & permit	2,399,160	4,000,000	4,000,000	2,466,116
Movements in Current Assets	(29,137,617)	0	0	(52,056,015)
<b>Payments</b>				
Suppliers and employees	(125,339,765)	(114,671,536)	(153,696,902)	(117,093,655)
Finance charges	0	(300,000)	(110,000)	(8,730)
Other Expenditure	0	0	0	0
Movements in Current Liabilities	(251,720)	0	0	9,013,910
<b>Net Cash From (Used) operating activities</b>	<b>27,347,215</b>	<b>104,932,378</b>	<b>73,252,457</b>	<b>63,594,188</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				659,786
Decrease (increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital Assets	(17,764,310)	(100,582,200)	(80,664,020)	(58,548,412)
<b>Net Cash From (Used) investing activities</b>	<b>(17,764,310)</b>	<b>(100,582,200)</b>	<b>(80,664,020)</b>	<b>(57,888,626)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Finance Lease				203,315
Borrowing long term/ refinancing				
<b>Payments</b>				
Repayment of borrowing				
<b>Net Cash From (Used) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,315</b>
<b>Net Increase/(Decrease) in cash</b>	<b>9,582,904</b>	<b>4,350,178</b>	<b>(7,411,563)</b>	<b>5,908,877</b>
Cash/cash equivalents at the year begin	65,178,258	47,906,816	74,680,539	74,761,162
Cash/cash equivalents at the year end	74,761,162	52,256,994	67,268,976	80,670,039
<b>Source: MBRR SA7</b>				<b>T5.9.1</b>

# Chapter 5

## COMMENT ON CASH FLOW OUTCOMES:

Financial viability of the entity is continuing to improve as reflected in the improving cash flows. The increased cash balances had a positive effect on the interest earned category which shows a 25% increase from the previous financial year.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.10 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The Municipality has developed policies and procedures that comply with the supply chain Management Regulation and these policies have been implemented.

No councillors are members of the bid committees.

There are five officials in the supply chain management unit and are in the process of acquiring minimum competency level. There is no one who has already acquired the minimum competency level.

The Auditor general noted an irregular expenditure as a result of contravention of the supply chain management regulation.

### 5.11 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the 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 ensures that municipal accounts are comparable and more informative for the municipality. It also ensures 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 Municipality fully complied with the GRAP standards for the compilation of the 2011/2012 Annual Financial Statements.

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: 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 S45 states that the results of performance measurement... must be audited annually by the Auditor-General

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2010/11

#### 6.1 AUDITOR GENERAL REPORTS 2010/11

Auditor-General Report on Financial Performance 2010/11	
Audit Report status*: Completed	Disclaimer Opinion
Non-Compliance Issues	Remedial Action Taken
Note:* The report's status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	
T6.1.1	

Auditor-General Report on Service Delivery Performance 2010/11	
Audit Report status*:Completed	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Water Infrastructure assets recognised by the municipality	All water related assets were transferred to the district
Assets- Budget exceeded	Budget is being checked before any order is been made.
Incorrect recognition of accrual in the financial statements.	Chief Financial Officer reviews the annual financial statement prior before being finalised.
Management has not considered the general key performance indicators as prescribed by the MSA	The municipality will ensure that all relevant key performance indicators as prescribe in terms of section 43 of the Act are included in the integrated development plan
T6.1.2	

# Chapter 6

## COMPONENT B: AUDITOR-GENERAL OPINION 2011/12

### 6.2 AUDITOR GENERAL REPORT 2011/12

Auditor-General Report on Financial Performance 2011/12	
Audit Report status*:Completed	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Commitments incomplete and do not tie to financial statements	Reconcile the contract register, Retention schedule and Work in progress schedule will be updated regularly to and reviewed to ensure that all project that are not completed at year end are included in the commitment schedule
Tenders awarded using the incorrect preference points system	Scrutinize the entire expenditure cash book to identify payments made in contravention of supply chain management policy. Adjust irregular expenditure disclosure note in the annual financial statement. The report for irregular expenditure will be provided to the Municipal Manager and the Council for condoning.
Awards made to persons in service of the state	Declaration of interest form will be cascaded down to project below R 200 000.00
Annual report not submitted to the Auditor-General	The municipality will ensure that the 2011/12 annual report is submitted to AG, Treasury, and Provincial department responsible for local government on time immediately after tabled to council.
Suppliers did not declare interest in state organisations	Declaration of interest form will be cascaded down to project below R 200 000.01
Tenders not awarded to highest bidder	Tenders will be awarded to the highest in terms of the points. If the Municipality feels the contractor will not be in a position to complete the projection time, the contractor will then be convened.
80/20 Preference point system not used to award quotations	All bids received will be checked against the threshold in order to determine if continue with the evaluation or re-advertise.
Provision for doubtful bad debts not in accordance with the IAS 39	The municipality will take into consideration past payment history in prior years and current when calculating the provision for debtors and debtors will be grouped per category in order to comply with South African Statement of Generally Accepted Accounting Practise, IAS 39, financial instruments recognition measurement
Inadequate impairment assessment conducted	During the execution of final assets verification both immovable and movable assets will be assessed for impairment in terms of GRAP 17 paragraph 61. Residual values and useful lives of all classes of assets will be assessed). CorpMD consulting will also assist hence they assisted the municipality with the unbundling and assessment of useful lives of immovable assets.
Payments not made within 30 days	A system have been updated were it will alert the expenditure department when to make a payment before it reaches 30 days.
<p>Note:* The report's status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual Report but following the receipt of the Auditor-General Report on Financial Performance 2011/12</p>	

T6.2.1

# Chapter 6

Auditor-General Report on service delivery Performance 2011/12	
Audit Report status*:Completed	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Inaccurate information reported in the annual performance report	Management will design and implement mechanisms, systems and processes that monitor measurement and review of performance in respect of key performance indicators and targets.
Performance of service providers	The municipality will ensure that annual performance report reflect the performance of service providers during the year and the development targets set by the municipality for the following year
Targets not achieved and measurable objectives not indicated	The municipality will ensure that targets set are achieved and intervention measures are taken to address non performance.
Prior year comparisons were not adequately documented in the annual performance report.	Municipality will ensure that prior year comparisons are adequately documented in the annual performance report.
Performance Management System not implemented	Municipality will ensure performance management system is implemented that is in line with the requirements set out in section 38 of the Municipal Systems Act
Management has not considered the general performance indicators as prescribed by the MSA	The municipality will ensure that all relevant key performance indicators as prescribe in terms of section 43 of the Act are included in the integrated development plan
There is no system in place to monitor performance	Municipality will ensure that it has appropriate performance information systems so that it is able to fulfil their accountability reporting responsibilities as set out in the MFMA and MSA.
The community was not notified of the adoption of the IDP	The municipality will ensure that they notify the public of the adoption of the IDP within 14 days from the date of adoption.
Non publication of approved SDBIP	Municipality will ensure that the approved SDBIP is made public within 10 days from the date of mayor's approval.
Non compliance with section 24 (3) of the MFMA	Municipality will ensure that the approved annual budget and the approved SDBIP are submitted to the National Treasury and the relevant provincial treasury within ten working days.
Progress reported in the annual performance report is not supported by valid supporting documentation at year end	Municipality will establish a performance management unit to ensure that the annual performance report is accurate and supporting documentation exists for progress achieved.
Poor alignment between the IDP,SDBIP and Annual Performance report	Municipality will ensure that all planned objectives are reported in the annual performance report.
No targets documented on the SDBIP	The municipality will monitor preparation of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP) and review their contents to ensure that targets are documented for all identified key performance indicators as required by the above mentioned regulations and all planned indicators and related targets are reported in the annual performance report.
No proper system in place for collecting, collating and recording information.	The accounting officer will ensure that municipality has appropriate system or mechanism to collect, collate and verify information

# Chapter 6

Measures to improve targets not disclosed in the annual performance report	Municipality will ensure that the annual performance report is adequately reviewed and it contains all information required by laws and regulations
*This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor-General Report on service delivery performance 2011/12.	

## AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2008/09

AS PER ANNEXURE.

### COMMENTS ON AUDITOR-GENERAL'S OPINION 2011/12:

Since the commencement of this municipality the municipality was getting a disclaimer audit opinion and in June 2012 which is 2011/2012 financial year the municipality managed to obtain a qualified audit opinion which indicates that the municipality is improving and it will be able to get unqualified audit opinion in 2012/2012 year.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements/ with the exception of those items and for those reasons given at **Appendix S (delete '/...' if not applicable)**.

Signed (Chief financial Officer)..... Dated

# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.

# GLOSSARY

<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

# GLOSSARY

<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES

## APPENDICES

### APPENDIX A– FUNCTIONS OF MUNICIPALITY

Municipal/Entity Functions		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	no	
Building Regulations	yes	
Child Care facilities	yes	
Electricity and gas reticulation	no	
Fire fighting services	no	
Local tourism	yes	
Municipal airports	yes	
Municipal planning	yes	
Municipal Health Services	no	
Municipal Public Transport	yes	
Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	yes	
Storm water management systems in built up areas	yes	
Trading regulations	yes	
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	no	
<i>Continued next page</i>		

Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to entity (Yes/No)
Constitution schedule 5, Part B Functions:		
Beaches and amusement facilities	no	
Billboards and the display of advertisements in public places	yes	
Cemeteries, funeral parlours and crematoria	yes	
Cleansing	yes	
Control of public nuisance	yes	
Control of undertakings that sell liquor to the public	no	
Facilities for the accommodation, care and burial of animals	yes	
Fencing and fences	yes	
Licensing of dogs	yes	
Licensing and control of undertakings that sell food to the public	yes	
Local amenities	yes	

# APPENDICES

Local sport facilities	yes	
Markets		
Municipal abattoirs	yes	
Municipal parks and recreation	yes	
Municipal roads	yes	
Noise pollution	yes	
Pounds	yes	
Public places	yes	
Refuse removal, refuse dumps and solid waste disposal	yes	
Street trading	yes	
Street lighting	yes	
Traffic and parking	yes	
*if municipality: indicate (yes or No); * if entity: provide name of entity		TD

## APPENDIX B – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of ward councillor and elected ward committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Number of quarterly public ward meetings held during year
1		yes			
2		yes			
3		yes			
4		yes			
5		yes			
6		yes			
7		yes			
8		yes			
9		yes			
10		yes			
11		yes			
12		yes			
13		yes			
14		yes			
15		yes			
16		yes			
17		yes			
18		yes			
19		yes			
20		yes			
21		yes			
22		yes			
23		yes			
24		yes			
25		yes			
26		yes			
27		yes			

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28		yes			
29		yes			
30		yes			
31		yes			
TE					

## APPENDIX C: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Neighbourhood development Partnership Grant	N/A	N/A	N/A	%	%	
				%	%	
				%	%	
Public Transport Infrastructure and Systems Grant	N/A	N/A	N/A	%	%	
				%	%	
				%	%	
				%	%	
Other Specify:				%	%	
Integrated National Electrification Program Grant	7,500,000	10,000,000	10,000,000	25%	0%	
Financial Management Grant	1,500,000	1,500,000	1,500,000	%	%	
Municipal System Improvement Grant	790,000	790,000	790,000	%	%	
Total	9,790,000	12,290,000	12,290,000	25%	0%	
*this includes neighbourhood development partnership grant, public transport infrastructure and systems Grant and any other grant excluding municipal infrastructure grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
TL						

### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The Integrated National Electrification Program Grant was increased by R 2 500 000.00.

Other grants were received as per the budget.

**Delete Directive note once comment is complete** – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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# APPENDICES

## APPENDIX D: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX D (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital expenditure – New Assets programme*							
Description	2010/11	2011/12			Planned capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by asset class</b>							
<b>Infrastructure – Total</b>	13,041,161	70,969,700	60,231,920	64,802,831	113,433,000	125,100,000	112,081,766
Infrastructure: Road transport – Total	13,041,161	70,969,700	60,231,920	64,802,831	113,433,000	125,100,000	112,081,766
Roads, pavements & Bridges	13,041,161	70,969,700	60,231,920	64,802,831	113,433,000	125,100,000	112,081,766
Storm water							
<b>Infrastructure: Electricity – Total</b>							
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water – Total</b>							
Dams & Reservoirs							
Water Purification							
Reticulation							
<b>Infrastructure: Sanitation – Total</b>							
Reticulation							
Sewerage Purification							
<b>Infrastructure: Other – Total</b>							
Waste Management							
Transportation							
Gas							
Other							
<b>Community – Total</b>							
Parks & Gardens							
Sportsfields & Stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page

# APPENDICES

Capital Expenditure – new assets programme*							
R'000							
Description	2010/11	2011/12			Planned Capital Expenditure		
	Actual	Original budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by asset class</b>							
<b>Heritage assets total</b>	-	-		-	-	-	-
<i>Buildings</i>							
<i>other</i>							
Investment properties – total	-	-		-	-	-	-
<i>Housing development</i>							
<i>Other</i>							
<b>Other assets</b>	3,387,7643	-		8,131,406	6,415,9000	3,43,275	5,953,120
General vehicles	-	3,319,600	3,119,600	2,860,547	2,000,000	-	-
Specialised vehicles							
Plant & Equipment							
Computers	760,741	1,250,000	1,250,000	955,936	1,000,000	1,450,000	2,782,560
hardware/equipment	1,023,402	300,000	900,000	845,423	315,900	333,275	3,170,560
Furniture & other office equipment							
Abattoirs							
Markets	1,603,500	6,900,000	2,500,000	3,268,500	1,500,000	-	-
Civic land and buildings		1,500,000	1,500,000	200,000	1,600,000	1,700,000	-
Other buildings							
Other Land	-	-		-	-	-	-
Surplus Assets – (investment or inventory)							
Other	-	-		-	-	-	-
<b>Agricultural Assets</b>							
<i>List sub-class</i>							
	-	-		-	-	-	-
<b>Biological assets</b>							
<i>List sub-class</i>							
	1,335,506	-	-	2,895	-	-	-
<b>Intangibles</b>							
<i>Computers–software &amp; programming</i>							
<i>Other (list sub-class)</i>							
<i>Total capital expenditure on renewal of existing assets</i>							
<b>Specialized vehicles</b>							
Refuse							
Fire							
Conservancy							
Ambulances							
*Note: information for this table may be sourced from MBRR (2012: Table SA34a)							
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# APPENDICES

## APPENDIX D (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure – upgrade/Renewal programme*							
Description	R`000						
	2010/11	2011/12			Planned Capital Expenditure		
	Actual	Original budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by asset class</b>							
<b>Infrastructure –total</b>	-	-		-	-	-	-
<b>Infrastructure: road transport-total</b>	-	-		-	-	-	-
Roads, pavements & bridges							
Storm water							
<b>Infrastructure: electricity –Total</b>							
Generation	-	3,000,000	4,053,537	1,915,404	-	-	-
Transmission & Reticulation							
Street lighting							
<b>Infrastructure: water – total</b>							
Dams & Reservoirs	-	-		-	-	-	-
Water purification							
Reticulation							
<b>Infrastructure: Sanitation – total</b>							
Reticulation	-	-		-	-	-	-
Sewerage purification							
<b>Infrastructure: other Total</b>							
Waste management	-	-		-	-	-	-
Transportation							
Gas							
Other							
<b>Community</b>							
Parks & Gardens							
Sportfields & Stadia							
Swimming Pools							
Community Halls							
Libraries	-	-		-	-	-	-
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>							
Buildings							
Other							
	-	-		-	-	-	-

Capital Expenditure – upgrade/Renewal programme\*

# APPENDICES

R'000							
Description	2010/11	2011/12			Planned Capital Expenditure		
	Actual	Original budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b><u>Capital expenditure by asset class</u></b>							
<b><u>Investment properties</u></b>	-	-		-	-	-	-
Housing development							
other							
<b><u>Other assets</u></b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & Equipment							
Computers – hardware/equipment							
Furniture & other office equipment							
Abattoirs							
Markets							
Civic land and buildings							
Other buildings							
Other Land							
Surplus Assets – (investment or inventory)							
Other							
<b><u>Agricultural Assets</u></b>	-	-		-	-	-	-
List sub-class							
<b><u>Biological assets</u></b>	-	-		-	-	-	-
List sub-class							
<b><u>Intangibles</u></b>	-	-		-	-	-	-
Computers–software & programming							
Other (list sub-class)							
Total capital expenditure on renewal of existing assets	-	-		-	-	-	-
<b><u>Specialized vehicles</u></b>							
Refuse							
Fire							
Conservancy							
Ambulances							
*Note: information for this table may be sourced from MBRR (2012: Table SA34b)							
TM.2							